

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

**AMENDMENT NO. 1
TO
FORM S-1
REGISTRATION STATEMENT**

*Under
The Securities Act of 1933*

Frontier Group Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

4512
(Primary Standard Industrial
Classification Code Number)

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

Frontier Center One
7001 Tower Road
Denver, CO 80249
(720) 374-4200

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Barry L. Biffle
President and Chief Executive Officer
Frontier Group Holdings, Inc.
Frontier Center One
7001 Tower Road
Denver, CO 80249
(720) 374-4200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Anthony J. Richmond, Esq.
Brian D. Paulson, Esq.
Latham & Watkins LLP
140 Scott Drive
Menlo Park, CA 94025
Telephone: (650) 328-4600
Facsimile: (650) 463-2600

Copies to:
Howard M. Diamond
General Counsel & Secretary
Frontier Group Holdings, Inc.
Frontier Center One
7001 Tower Road
Denver, CO 80249
Telephone: (720) 374-4200

Alan F. Denenberg
Davis Polk & Wardwell LLP
1600 El Camino Real
Menlo Park, CA 94025
Telephone: (650) 752-2000
Facsimile: (650) 752-2115

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

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 Exchange Act.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED _____, 2017.

Shares



Frontier Group Holdings, Inc.

Common Stock

This is the initial public offering of shares of our common stock. We are offering _____ shares. The selling stockholder identified in this prospectus is offering _____ shares of our common stock. We will not receive any of the proceeds from the sale of any shares by the selling stockholder.

It is currently estimated that the public offering price per share will be between \$ _____ and \$ _____. Currently, no public market exists for our shares. We intend to apply to have our common stock listed on the _____ under the symbol "FRNT."

Investing in our common stock involves risks that are described in the "[Risk Factors](#)" section beginning on page 18.

Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$ _____	\$ _____
Underwriting discounts and commissions ⁽¹⁾		
Proceeds to us (before expenses)		
Proceeds to the selling stockholder		

(1) See the "Underwriting" section beginning on page 167 for additional information regarding underwriting compensation.

The selling stockholder named herein has granted the underwriters an option to purchase up to _____ additional shares of common stock, at the initial public offering price, less the underwriting discount, for 30 days from the date of this prospectus. We will not receive any of the proceeds from the sale of shares by the selling stockholder upon any such exercise.

The underwriters expect to deliver the shares to purchasers on or about _____, 2017.

Citigroup	Deutsche Bank Securities	Evercore ISI	J.P. Morgan
BofA Merrill Lynch	Barclays	Cowen and Company	Credit Suisse
Goldman Sachs & Co. LLC	Raymond James		UBS Investment Bank

, 2017

LOW FARES DONE RIGHT[®]



Low Fares and a Dependable, Safe, On-Time and Friendly Customer Experience.



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We are responsible for the information contained in this prospectus or contained in any free writing prospectus prepared by or on behalf of us to which we have referred you. Neither we, the underwriters, nor the selling stockholder have authorized anyone to provide you with additional information or information different from that contained in this prospectus or in any free writing prospectus filed with the Securities and Exchange Commission and we take no responsibility for any other information that others may give you. We and the selling stockholder are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, operating results or financial condition may have changed since such date.

Until _____, 2017 (25 days after the date of this prospectus), all dealers that buy, sell, or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealer's obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside the United States: Neither we nor any of the underwriters have taken any action that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

SUMMARY

This summary highlights selected information about us and the common stock being offered by us and the selling stockholder. It may not contain all of the information that is important to you. Before investing in our common stock, you should read this entire prospectus carefully for a more complete understanding of our business and this offering, including our consolidated financial statements and the accompanying notes and the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Overview

Frontier Airlines is an ultra low-cost carrier whose business strategy is focused on *Low Fares Done Right*[®]. We offer flights throughout the United States and to select international destinations in Mexico and the Caribbean. Our unique and sustainable strategy is underpinned by our low cost structure and superior ULCC brand. As of March 31, 2017, we operated a fleet of 68 narrow-body Airbus A320 family aircraft, which we expect to grow to 121, including 80 A320neo (New Engine Option) family aircraft, by the end of 2021. In the 12 months ended March 31, 2017, we served approximately 15.4 million passengers across a network of 61 airports.

In December 2013, we were acquired by an investment fund managed by Indigo Partners LLC, or Indigo, an experienced and successful global investor in ultra low-cost carriers, or ULCCs. Following the acquisition, Indigo reshaped our management team to include experienced veterans of the airline industry. Working with Indigo, our management team developed and implemented our unique *Low Fares Done Right* strategy, which significantly reduced our unit costs, introduced low fares, provided the choice of optional services, enhanced our operational performance and improved the customer experience. Through the implementation of our new operating model, we have positioned our brand as a premier ULCC in the United States and have seen a dramatic improvement to our profitability.

The implementation of *Low Fares Done Right* has significantly reduced our cost base over the past three years by increasing aircraft utilization, transitioning to larger aircraft, maximizing seat density, renegotiating our distribution agreements, realigning our network, replacing our reservation system, enhancing our website, boosting employee productivity and contracting with specialists to provide us with select operating and other services. As a result of these and other initiatives, we have reduced our CASM (excluding fuel) from 7.89¢ for the year ended December 31, 2013 to 5.74¢ in the year ended December 31, 2016, and our Adjusted CASM (excluding fuel) from 7.89¢ for the year ended December 31, 2013 to 5.43¢ in the year ended December 31, 2016, an improvement of 27% and 31%, respectively. In 2016, this was one of the U.S. industry’s lowest unit operating costs. For the three months ended March 31, 2017 and 2016, our Adjusted CASM (excluding fuel) was 5.50¢ and 5.90¢, respectively. We believe that we are well positioned to maintain our relatively low unit operating costs through on-going strategic initiatives, including continuing our cost optimization efforts and further realizing economies of scale. For a discussion and reconciliation of Adjusted CASM to CASM, please see “Glossary of Airline Terms” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

In addition to low unit costs, a key component of our *Low Fares Done Right* success was establishing Frontier as a premier ULCC in the United States by 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 historically experienced on ULCCs globally.

We currently offer flexible optional services through both unbundled and bundled service options. In 2015, we introduced *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. In 2016, we expanded our bundled product offering with *The Perks*, which enables customers to book the same amenities included in *The Works*, excluding refundability and ticket changes, through third parties. We operate a customer-friendly digital platform that includes our website and mobile app, which makes booking and travel easy and more enjoyable for our customers. We also promote and sell products in-flight to enhance the customer experience. Our brand and product are also family-friendly, featuring popular animals on our aircraft tails, novelty cards for children and amenity packages tailored for families. We reward our repeat customers through our *Early Returns* frequent flyer program and also offer our *Discount Den* membership program, which provides subscribers with exclusive access to some of our lowest fares.

Low Fares Done Right differentiates Frontier from the historical ULCC model by providing a dependable and higher quality customer service experience than traditionally offered by such carriers. We pioneered this concept in the United States through our disciplined approach to operational reliability, modern fleet and comfortable cabin seating, including extra seat padding, and our *Stretch* seating option. Our focus on reliability and service allowed us to achieve a lower ratio of cancelled flights and a higher percentage of on-time arrivals as compared to Spirit Airlines (the other U.S. ULCC), according to the Department of Transportation, or DOT, for the year ended December 31, 2016. This high level of operational performance resulted in a reduction in the rate of our customers' complaints for the year ended December 31, 2016 as compared to 2015, according to DOT data. Our commitment to operational reliability is also reflected in our approach to recruiting, workforce training and employee engagement, which we believe enables us to offer a standardized and predictable travel experience. As an example of our rigorous training programs and focus on reliability, we were recently awarded the FAA's Aviation Maintenance Technician Diamond Award of Excellence for the fourth year in a row. 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. In addition, as a result of our *Low Fares Done Right* strategy of distinguishing our service offering from other airlines, including other ULCC airlines, we were able to generate a unit revenue premium over Spirit Airlines, the largest ULCC in the United States, during the 12 months ended March 31, 2017.

The low unit cost, high quality of service and dependability that make *Low Fares Done Right* successful have enabled us to implement a network strategy that primarily targets high fare or underserved markets, where our low fares stimulate new traffic flows. In addition, we also focus on providing air transportation from medium-sized markets (population between one and 4.7 million) to a wide range of VFR (visiting friends and relatives) and leisure destinations. As of March 2017, we served 28 of the 43 medium-sized markets in the United States, including Denver. Through this network strategy, we have built our current network around flights to and from airports that complement our Denver franchise, including Orlando, Las Vegas, Philadelphia, Cincinnati, Cleveland, Atlanta, Trenton, Chicago and Phoenix. This current network reflects significant diversification and a proactive effort to reduce our concentration in Denver. We reduced the number of our flights with either an origin or destination in Denver from over 90% as of December 2013 to approximately 40% as of March 2017. The diversification of our network since the beginning of 2014 has enabled us to reduce the impact of seasonality, increase revenue, increase utilization, lower unit costs and enhance profitability in each of 2014, 2015 and 2016.

We believe that our business model, including our focus on medium-sized markets and the use of low fares to stimulate demand, positions us to benefit from significant growth opportunities in the United States. According to the DOT, there were over 500 million domestic passengers in the United States during the 12 months ended September 30, 2016. Of these passengers, over 300 million paid a fare that was at least 30% above our cost basis per passenger during the same period, for the stage length associated with such fares. As a result, we believe that there are a significant number of markets in which we could operate profitably with our low fares, and we believe our entry into such markets could drive substantial passenger volume growth in those markets. For example, according to the DOT, in the 11 markets we entered in March and April 2015, industry passenger volumes increased by an average of approximately 41% in the six months ended September 30, 2016 as compared to the same period in

2014. During the six months ended September 30, 2016, we directly increased seat capacity in such markets by an average of 11% and we were the only ULCC operating in eight of the 11 markets, with Allegiant Travel Company offering service in one of the 11 markets (both before and after such periods) and Spirit Airlines commencing operations in two of the 11 markets during 2015.

According to the DOT, the 25-year (1991 to 2016) compound annual growth rate for domestic passenger traffic in the United States was approximately 2.1%. Based on this information, we believe that over the next 25 years, low fare offerings, such as those offered by ULCCs, could stimulate growth for over 850 additional narrow body aircraft covering over 2,000 domestic and international routes we can serve with A320 family aircraft. Of these routes, we believe there is an opportunity for over 650 new routes from medium-sized markets in the United States. As an additional indication of potential domestic passenger growth in North America, Boeing's "2016 Current Market Outlook" estimated that 2,620 new narrow body aircraft (net of retirements) would be added in North America by 2035, resulting in a total of 6,630 narrow body aircraft in operation.

The ULCC operating strategy is more mature in Europe than it is in the United States. For example, at the time Spirit Airlines adopted a ULCC model in 2007, three European ULCC airlines, EasyJet, Ryanair and Wizz Air, already had more than 4.5 times the number of aircraft in operation as did Allegiant Travel Company and Spirit Airlines. The size of the European ULCC airlines' operations is evidence of the substantial increases in passenger volumes they have been able to drive since their adoption of ULCC operating models, which first started in the mid-1990s. In particular, over the 15-year period from 2000 to 2014, according to World Bank and public filings of other carriers, total passenger volumes in Europe had a compound annual growth rate of approximately 4%, of which approximately 80% was attributable to ULCC growth and stimulation. According to World Bank and other public filings, over the same 15-year period, ULCCs in Europe grew their market share from approximately 5% of total domestic passengers in 2000 to approximately 38% of total domestic passengers in 2014, whereas in the United States, ULCCs only had a market share of approximately 3% of total domestic passengers in 2014.

Our Competitive Strengths

Our competitive strengths include:

Our Low-Cost Structure. Our low-cost structure has allowed us to reduce our unit operating costs, measured by our Adjusted CASM (excluding fuel), from 7.89¢ for the year ending December 31, 2013 to 5.43¢ for the year ending December 31, 2016, which is among the lowest of all airlines operating in the United States and compares to an average of 9.08¢ for legacy network carriers, which include American Airlines, Delta Air Lines, United Airlines, Alaska Airlines and Hawaiian Airlines, an average of 7.85¢ for LCCs, which include JetBlue Airways and Southwest Airlines, and 5.94¢ and 5.45¢ for Allegiant Travel Company and Spirit Airlines, respectively. Our low-cost structure is driven by several factors:

- **High Aircraft Utilization.** We have high aircraft utilization, which during 2016 averaged 12.6 hours per day. This compares to an average during 2016 of 10.1 hours per day for legacy network carriers, an average of 11.3 hours per day for LCCs, and 12.4 and 6.3 hours per day for Spirit Airlines and Allegiant Travel Company, respectively.
- **Modern Fleet and Attractive Order Book.** We operate a modern fleet composed solely of Airbus A320 family aircraft, which are recognized as having high reliability and low operating costs. Operating a single family of aircraft provides us with several operational and cost advantages, including the ability to optimize crew scheduling and training, and maintenance. Since 2013, we have steadily reduced the number of A319 aircraft in our fleet, replacing them with larger and more cost-efficient A320ceo and A320neo aircraft (180 to 186 seats) and A321ceo aircraft (230 seats). As of March 31, 2017, the average age of our fleet was approximately six years and we have taken delivery of over 25 new aircraft since the start of 2015. In addition, we have an attractive order book of new, fuel-efficient

aircraft, including, as of March 31, 2017, 75 A320neo family aircraft. As a result of our order book, we believe that the average age of our fleet will be approximately 4 years during 2019 and that once all A320neo aircraft are delivered through 2021, we will have the fastest adoption rate of A320neo aircraft (as a percentage of total fleet) among U.S. carriers.

- **Fuel Efficient Fleet.** In 2015, we were named one of the industry's most fuel-efficient airlines operating in 2014 by The International Council on Clean Transportation as a result of superior technology and operational efficiencies. Furthermore, the A320neo family aircraft that we have begun to place in service are estimated to deliver approximately 15% improved fuel efficiency compared to the prior generation of A320 aircraft.
- **High Capacity Fleet.** We have increased the seat density on our A319ceo aircraft from 138 seats to 150 seats and the seat density on our prior generation of A320 aircraft from 168 seats to 180 seats during 2015. Across our entire fleet, we have grown from an average of 145 seats per aircraft in 2013 to 176 seats per aircraft in the 12 months ended March 31, 2017, a 21% growth in the average number of seats per aircraft. Our fleet features new and lightweight slim-line seats, which eliminate excess weight and reduce fuel consumption per seat. As of March 31, 2017, we had the highest seat density per A320ceo/neo and A321ceo aircraft operated by any U.S. airline.
- **Low Cost Distribution Model.** For the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016 and 2015, approximately 67%, 62%, 63% and 58%, respectively, of our tickets were sold directly to customers through our direct distribution channels, including our website and mobile app, our lowest cost distribution channels, versus approximately 51% for the year ended December 31, 2014. We also reduced our distribution costs per passenger following the renegotiation of our distribution agreements.
- **Highly Productive Workforce and Specialist Providers.** We have a highly productive workforce with 4,692 passengers per full-time equivalent employee for the 12 months ended March 31, 2017. Where it is efficient for us to do so, we contract with third-party specialists to provide us with select operating and other services.

Our Superior Brand. We believe establishing our brand as a premier ULCC positions us to generate greater customer loyalty, which enabled us to generate a unit revenue premium over Spirit Airlines, the largest ULCC in the United States, during the 12 months ended March 31, 2017. Our superior brand is demonstrated by our significant number of repeat customers. According to a survey we conducted in February 2017, over 85% of our passengers surveyed were repeat customers and 61% had flown with us two or more times during the previous 12 months. 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 amenity packages tailored for families.
- A carefully designed look and feel, which is more upscale than traditional ULCCs, including our livery, our website and mobile applications, uniforms, seat design, on-board products and other graphical brand marketing components.
- A strong online presence with a customer-friendly digital platform that includes a new passenger reservation system, improved website and our mobile app.
- Our modern fleet with amenities such as extra seat padding, the widest economy middle seat on a narrow-body aircraft of any U.S. ULCC or LCC and our *Stretch* seating option, which provides a comfortable 33 inch seat pitch.

- In the year ended December 31, 2016, we achieved a lower ratio of cancelled flights and a higher percentage of on-time arrivals as compared to Spirit Airlines (the other U.S. ULCC), according to DOT.

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 grow profitability. This has enabled us to reduce the seasonality of our revenue, increase revenues, improve utilization, lower unit costs and enhance profitability in each of 2014, 2015 and 2016. The key features of our network include:

- A broad geographic footprint, which enables us to service a wide range of VFR and leisure destinations.
- A strong presence in medium-sized markets.
- A disciplined and methodical approach to both route selection and the removal of underperforming routes, which as of May 1, 2017, had resulted in our retention of over 78% of the new routes we started during 2016.
- 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 of VivaColombia, Executive Vice President for Spirit Airlines and held various management roles with US Airways and American Eagle Airlines, a regional airline subsidiary of American Airlines, Inc.
- James G. Dempsey, our Chief Financial Officer, previously served as Treasurer and Head of Investor Relations for Ryanair after serving in management roles with PricewaterhouseCoopers.
- James E. Nides, our Chief Operating Officer, previously served as Chief Operating Officer of Volaris and has extensive prior experience at Continental Express.
- Daniel M. Shurz, our Senior Vice President, Commercial, previously served in various roles with United Airlines and Air Canada.

Low Fares Done Right—Our Business Strategy

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 maintain our cost advantage, including by:

- Maintaining the high utilization levels we achieved in 2016.
- 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 and 230-seat A321ceo aircraft and the retirement of additional A319 aircraft.
- Taking a disciplined approach to our operational performance in order to reduce disruption.

A Superior ULCC Brand and High Unit Revenues. 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, to position our brand as a family-friendly ULCC.
- Continuing to improve penetration of our bundling options, including *The Works* and *The Perks*.
- Enhancing our *Early Returns* offering to improve reward opportunities for our branded credit card customers.
- Providing our customers a dependable, reliable, on-time and friendly experience.

Strong Growth Driven by an Expanding and Efficient Network. We intend to continue to utilize our disciplined and methodical approach to expand our network in an efficient manner, including by:

- Continuing to exploit overpriced and/or underserved markets across the U.S. and select international destinations in the Americas, including medium-sized markets, where a majority of our seat capacity was deployed during 2016.
- 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 seasonality fluctuations.

Strong 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 expansion of our fleet and network. Our capital structure is comprised of:

- Our cash and cash equivalents, of which we had a balance of \$535 million as of March 31, 2017.
- Our \$150 million pre-delivery financing facility, which we recently extended to 2019 and from which we had drawn \$133 million as of March 31, 2017.
- Our \$50 million pre-purchased miles facility, from which we had drawn \$39 million of the amount available as of March 31, 2017.

Our Relationship with Indigo

Indigo, our principal stockholder, is an established and successful investor in ULCCs around the world. Indigo has previously invested in several ULCC companies, including Spirit Airlines, Tigerair (formerly Tiger Airways), Volaris and Wizz Air, that completed initial public offerings following the successful implementation of a ULCC strategy under the guidance of Indigo and while Indigo was a significant investor.

Risk Factors

Our business is subject to numerous risks and uncertainties, including those highlighted in the section entitled “Risk Factors” following this prospectus summary, that represent challenges we face in connection with the successful implementation of our strategy and the growth of our business. We expect a number of factors to

cause our operating results to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance. Such factors include:

- the ability to operate in an exceedingly competitive industry;
- the price and availability of aircraft fuel;
- any restrictions on or increased taxes applicable to charges for non-ticket products and services;
- changes in economic conditions;
- threatened or actual terrorist attacks or security concerns;
- factors beyond our control, including air traffic congestion, adverse weather or increased security measures;
- our failure to implement our business strategy;
- our ability to control our costs;
- our ability to grow or maintain our unit revenues or maintain our non-ticket 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 maintain a large presence;
- our inability to maintain a high daily aircraft utilization rate;
- any changes in governmental regulation;
- our reputation and business being adversely affected in the event of an emergency, accident or similar public incident involving our aircraft or personnel or by negative publicity regarding our customer service;
- our ability to obtain financing or access capital markets;
- our ability to maintain our liquidity in the event one or more of our credit card processors were to impose holdback restrictions;
- 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; or
- our reliance on third-party specialists and other commercial partners to perform functions integral to our operations.

Our History

Our indirect, wholly-owned subsidiary, Frontier Airlines, Inc., or Frontier, was incorporated in 1994 to operate as an airline based in Denver, Colorado. In April 2008, Frontier filed for protection under the federal bankruptcy laws and ultimately emerged from bankruptcy in October 2009 through the acquisition of Frontier by a subsidiary of Republic Airways Holdings, Inc., or Republic. We were incorporated in September 2013 as a newly-formed corporation initially wholly-owned by an investment fund managed by Indigo to facilitate the acquisition of Frontier from Republic. That acquisition was completed on December 3, 2013.

Corporate Information

Our principal executive offices are presently located at Frontier Center One, 7001 Tower Road, Denver, Colorado 80249. In the fourth quarter of 2017, we expect to relocate our headquarters to 4545 Airport Way, Denver, Colorado 80239. Our general telephone number is (720) 374-4200 and our website address is www.FlyFrontier.com. We have not incorporated by reference into this prospectus any of the information on our website and you should not consider our website to be a part of this document. Our website address is included in this document for reference only.

Frontier Airlines®, Frontier®, the Frontier Flying F logo, *Low Fares Done Right*®, FlyFrontier.com®, *Early Returns*®, *Discount Den*®, *Stretch*SM, *The Works*SM and *The Perks*SM are trademarks of Frontier in the United States and other countries. This prospectus also contains trademarks and tradenames of other companies.

THE OFFERING

Common stock offered by us	shares.
Common stock offered by the selling stockholder	shares.
Common stock to be outstanding after the offering	shares
Underwriters' option to purchase additional shares	The selling stockholder may sell up to additional shares if the underwriters exercise their option to purchase additional shares.
Use of proceeds	<p>We estimate that we will receive net proceeds from this offering of approximately \$ million based on an assumed initial public offering price of \$ per share (the mid-point of the price range set forth on the cover page of this prospectus) and after deducting estimated underwriting discounts and estimated expenses of this offering payable by us.</p> <p>We intend to use the net proceeds to be received by us from this offering to fund the cash portion of our expected obligations under the Amended and Restated Phantom Equity Investment Agreement, dated as of December 31, 2013, or our Pilot Phantom Equity Plan, for the benefit of certain current and former pilots, who we refer to as the Participating Pilots, with the remaining net proceeds for general corporate purposes, including cash reserves, working capital, capital expenditures, including flight equipment acquisitions, sales and marketing activities and general and administrative matters. Please see "Use of Proceeds."</p> <p>An investment fund managed by Indigo is our controlling stockholder and the selling stockholder in this offering. We will not receive any of the proceeds from the sale of any shares by the selling stockholder. Please see "Principal and Selling Stockholder."</p>
Dividends	Immediately prior to the consummation of this offering, we intend to declare a dividend in the amount of \$ per share (representing an aggregate distribution of \$ million). Investors in this offering will not be entitled to participate in such dividend. We do not presently anticipate paying cash dividends after the completion of this offering.
Risk factors	Please see "Risk Factors" beginning on page 18 and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Proposed symbol	"FRNT"

The number of shares of our common stock outstanding after this offering is based on 5,237,756 shares outstanding as of March 31, 2017, and excludes:

- an aggregate of 262,856 shares of common stock issuable upon the exercise of outstanding stock options as of December 31, 2016 having a weighted-average exercise price of \$63.86 per share;
- an aggregate of 699,388 shares of common stock reserved for issuance pursuant to future awards under our 2014 Equity Incentive Plan, as amended, as of March 31, 2017, which will become available for issuance under our 2017 Equity Incentive Annual Plan after consummation of this offering;
- an aggregate of _____ shares of common stock reserved for issuance pursuant to future awards under our 2017 Equity Incentive Award Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan, which will become effective immediately prior to the consummation of this offering; and
- an aggregate of 231,000 shares of common stock reserved for issuance to the Participating Pilots pursuant to the Pilot Phantom Equity Plan (in connection with the offering contemplated hereby, 50% of the foregoing shares will be settled in cash through the establishment of a trust); see “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”

Except as otherwise indicated, information in this prospectus reflects or assumes the following:

- a _____-for-_____ split of our outstanding common stock, which will occur prior to the effectiveness of the registration statement of which this prospectus is a part;
- the filing and effectiveness of our amended and restated certificate of incorporation in Delaware and the adoption of our amended and restated bylaws, each of which will occur immediately prior to the consummation of this offering;
- no exercise of outstanding stock options subsequent to March 31, 2017; and
- no exercise of the underwriters’ option to purchase up to _____ additional shares of our common stock from the selling stockholder.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The following tables summarize the financial and operating data for our business for the periods presented. You should read this summary consolidated financial data in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, all included elsewhere in this prospectus.

We derived the summary consolidated statements of operations data for the years ended December 31, 2016, 2015 and 2014 from our audited consolidated financial statements included in this prospectus. We derived the summary consolidated statements of operations data for the three months ended March 31, 2017 and 2016 and the summary consolidated balance sheet data as of March 31, 2017 from our unaudited financial statements included in this prospectus. The unaudited summary consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals and non-recurring adjustments that have been separately disclosed) necessary to present fairly our financial position as of March 31, 2017 and the results of operations for the three months ended March 31, 2017 and 2016. Our historical results are not necessarily indicative of the results to be expected in the future, and results for the three months ended March 31, 2017 are not necessarily indicative of results to be expected for the full year.

	Year Ended December 31			Three Months Ended March 31,	
	2014	2015	2016	(unaudited) 2016 2017	
(in millions, except for share and per share data)					
Consolidated Statements of Operations Data:					
Operating revenues:					
Passenger	\$ 1,328	\$ 1,203	\$ 988	\$ 219	\$ 234
Non-ticket	265	401	726	149	196
Total operating revenues	1,593	1,604	1,714	368	430
Operating expenses:					
Aircraft fuel	538	369	343	63	102
Salaries, wages and benefits	258	285	287	71	133
Station operations	162	202	228	53	53
Aircraft rent	147	171	209	50	59
Sales and marketing	87	79	72	17	19
Maintenance materials and repairs	39	50	48	14	14
Depreciation and amortization	29	54	75	18	13
Special charge	—	43	—	—	—
Other operating	105	118	135	32	39
Total operating expenses	1,365	1,371	1,397	318	432
Operating income (loss)	228	233	317	50	(2)
Other expense (income):					
Interest expense	5	8	9	2	2
Capitalized interest	(1)	(3)	(6)	(1)	(1)
Interest income and other	—	—	(2)	—	(1)
Total other expense	4	5	1	1	—
Income (loss) before income taxes	224	228	316	49	(2)
Income tax expense (benefit)	84	82	116	19	(2)
Net income	\$ 140	\$ 146	\$ 200	\$ 30	\$ —
Earnings per share:					
Basic	\$ 26.12	\$ 26.60	\$ 36.76	\$ 5.59	\$ (0.65)
Diluted	25.75	26.15	36.23	5.48	(0.65)
Weighted average shares outstanding:					
Basic	5,203,058	5,247,477	5,236,978	5,243,374	5,236,301
Diluted	5,278,034	5,341,049	5,315,653	5,348,778	5,236,301
Unaudited Pro Forma Data(1):					
Pro forma earnings per share:					
Basic	\$	\$	\$	\$	\$
Diluted					
Pro forma weighted average shares outstanding:					
Basic					
Diluted					

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- (1) Immediately prior to the consummation of this offering, we intend to pay a dividend of \$ _____ per share (representing an aggregate distribution of \$ _____). Investors in this offering will not be entitled to participate in such dividend. Staff Accounting Bulletin Topic 1.B.3 requires that pro forma basic and diluted earnings per share be presented giving effect to the number of shares whose proceeds would be used to replace capital when dividends exceed current year earnings. The pro forma as adjusted earnings per share and pro forma as adjusted equivalent shares which give effect to the deemed issuance of the number of shares that would be required to generate net proceeds sufficient to make the dividend payment of \$ _____ million in the aggregate to our pre-IPO stockholders. The number of incremental shares that would be required to be issued to pay the dividend is based on the assumed initial public offering price of \$ _____ per share (the midpoint of the price range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and estimated offering expenses payable by us, resulting in net proceeds of \$ _____ per share. On this basis, the incremental shares were determined to be _____ and _____ for the three months ended March 31, 2016 and 2015, respectively, and _____, _____ and _____ for the year ended December 31, 2016, 2015 and 2014, respectively.

Non-GAAP financial data (unaudited):	Years Ended December 31,			Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	(in millions)				
Adjusted net income(1)	\$168	\$194	\$236	\$41	\$39
EBITDA(1)	257	287	392	68	11
Adjusted EBITDA(1)	301	345	436	79	73
Adjusted EBITDAR(1)	448	509	641	128	132

- (1) Adjusted net income, EBITDA, Adjusted EBITDA and Adjusted EBITDAR 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, Adjusted EBITDA and Adjusted EBITDAR have limitations as analytical tools. Some of the limitations applicable to these measures include: Adjusted net income, EBITDA, Adjusted EBITDA and Adjusted EBITDAR do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; EBITDA, Adjusted EBITDA and Adjusted EBITDAR do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; EBITDA, Adjusted EBITDA and Adjusted EBITDAR do not reflect changes in, or cash requirements for, our working capital needs; EBITDA, Adjusted EBITDA and Adjusted EBITDAR do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; 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, Adjusted EBITDA and Adjusted EBITDAR do not reflect any cash requirements for such replacements; and other companies in our industry may calculate Adjusted net income, EBITDA, Adjusted EBITDA and Adjusted EBITDAR differently than we do, limiting its usefulness as a comparative measure. Because of these limitations, Adjusted net income, EBITDA, Adjusted EBITDA and Adjusted EBITDAR should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

Further, we believe Adjusted EBITDAR is useful in evaluating our operating performance compared to our competitors because its calculation isolates 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 companies for reasons unrelated to overall operating performance. However, because derivations of Adjusted net income, EBITDA, Adjusted EBITDA and Adjusted EBITDAR 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, Adjusted EBITDA and Adjusted EBITDAR, as presented may not be directly comparable to similarly titled measures presented by other companies. In addition, Adjusted EBITDAR should not be viewed as a measure of overall performance since it excludes aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. For the foregoing reasons, each of Adjusted Net income, EBITDA, Adjusted EBITDA or Adjusted EBITDAR 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.

The following table presents the reconciliation of Net income and Adjusted net income for the periods presented below.

	Year Ended December 31,			Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	(in millions)				
Net income reconciliation (unaudited):					
Net income	\$140	\$146	\$200	\$ 30	\$ —
Unrealized hedging (gains) losses(a)	35	(35)	—	—	—
Lease Modification Program(b)	—	67	16	7	—
Pilot phantom equity(c)	6	43	40	10	18
Salaries, wages and benefits—severance(d)	3	—	—	—	—
Salaries, wages and benefits—flight attendant settlement(e)	—	—	—	—	43
Salaries, wages and benefits—other(f)	—	—	—	—	1
Adjusted net income before income taxes	184	221	256	47	62
Tax benefit related to underlying adjustments	(16)	(27)	(20)	(6)	(23)
Adjusted net income	\$168	\$194	\$236	\$ 41	\$ 39

The following table presents the reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDAR to Net income for the periods indicated below.

	Year Ended December 31,			Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	(in millions)				
EBITDA reconciliation (unaudited)					
Net income	\$140	\$146	\$ 200	\$ 30	\$ —
<i>Plus (minus):</i>					
Interest expense	5	8	9	2	2
Capitalized interest	(1)	(3)	(6)	(1)	(1)
Interest income and other	—	—	(2)	—	(1)
Provision for income taxes	84	82	116	19	(2)
Depreciation and amortization	29	54	75	18	13
EBITDA	\$257	\$287	\$ 392	\$ 68	\$ 11
Unrealized hedging (gains) losses(a)	35	(35)	—	—	—
Lease Modification Program (excluding depreciation)(b)	—	50	4	1	—
Pilot phantom equity(c)	6	43	40	10	18
Salaries, wages and benefits—severance(d)	3	—	—	—	—
Salaries, wages and benefits—flight attendant settlement(e)	—	—	—	—	43
Salaries, wages and benefits—other(f)	—	—	—	—	1
Adjusted EBITDA	\$301	\$345	\$ 436	\$ 79	\$ 73
Aircraft rent(g)	147	164	205	49	59
Adjusted EBITDAR	\$448	\$509	\$ 641	\$ 128	\$ 132

- (a) Represents adjustments for unrealized (gains) losses on our hedging contracts for anticipated fuel purchases as a result of hedge accounting on these cash flow hedges not being achieved.
- (b) Represents (i) a special charge of \$43 million in 2015, primarily relating to aircraft maintenance obligations and non-recoverable maintenance deposits associated with the early termination of leases for 10 of our A319 aircraft and (ii) accelerated depreciation of \$12 million and \$17 million for the years ended 2016 and 2015, respectively, and \$0 million and \$6 million for the three months ended March 31, 2017 and 2016, respectively, and aircraft rent of \$4 million and \$7 million for the years ended 2016 and 2015, respectively, and \$0 million and \$1 million for the three months ended March 31, 2017 and 2016, respectively, as a result of significantly shortened lease terms with respect to such aircraft.
- (c) Represents the impact of the change in value and vesting of phantom stock units pursuant to the Pilot Phantom Equity Plan. See “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”
- (d) Represents severance costs related to outsourcing of certain functions integral to our operations to third-party vendors as a part of the implementation of our new operating model.
- (e) Represents the \$40 million settlement and \$3 million of payroll taxes relating to the Letter of Agreement entered into with the union representing our flight attendants (AFA-CWA) on March 15, 2017. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Stock Based Compensation.”
- (f) Represents expenses associated with the ratification of labor agreements.
- (g) Excludes aircraft rent of \$4 million and \$7 million for the years ended 2016 and 2015, respectively, and \$0 million and \$1 million for the three months ended March 31, 2017 and 2016, respectively, included in Lease Modification Program (excluding depreciation).

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The following table presents our historical balance sheet data as of March 31, 2017, and on a pro forma as adjusted basis to give effect to (i) this offering and the application of the net proceeds received by us and (ii) a dividend expected to be paid immediately prior to the consummation of this offering.

	As of March 31, 2017	
	Actual	Pro forma As Adjusted(1)(2)
	(in millions)	
Balance Sheet Data (unaudited):		
Cash and cash equivalents	\$	535
Total assets		1,295
Long-term debt, including current portion		224
Stockholders' equity		278

- (1) The unaudited adjusted pro forma consolidated balance sheet gives effect to (i) the receipt of the estimated net proceeds by us from the sale of shares of our common stock offered by us (based on an assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, and the application of the net proceeds received by us, including the application of \$ million to fund into a trust the expected cash portion of our obligations under the Pilot Phantom Equity Agreement in connection with the completion of this offering (based on an assumed initial public offering price of \$ per share, the midpoint of the price range as set forth on the cover of this prospectus), and (ii) a dividend of \$ per share (representing an aggregate distribution of \$) expected to be paid immediately prior to the consummation of this offering. Please see "Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan."
- (2) Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share would increase or decrease, respectively, the amount of pro forma as adjusted cash and cash equivalents, total assets and stockholders' equity by \$ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 in the number of shares we are offering would increase or decrease, respectively, the amount of pro forma as adjusted cash and cash equivalents, assets and stockholders' equity by approximately \$ million (based on an assumed initial public offering price of \$ per share, the midpoint of the price range as set forth on the cover of this prospectus). The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

OPERATING STATISTICS

	Year Ended December 31,			Three Months Ended March 31,	
	2014	2015	2016	2016	2017
Operating Statistics (unaudited)(a)					
Available seat miles (ASMs) (millions)	12,332	15,229	18,366	4,034	4,882
Departures	92,184	97,222	99,369	22,248	23,647
Average stage length (statute miles)	897	1,002	1,060	1,074	1,124
Block hours	222,982	259,261	279,347	63,136	69,857
Average aircraft in service	54	56	61	59	65
Aircraft in service—end of period	54	61	66	59	68
Average daily aircraft utilization (hours)	11.4	12.6	12.6	11.8	11.9
Passengers (thousands)	12,203	13,184	14,937	3,263	3,711
Average seats per departure	147	154	173	167	182
Revenue passenger miles (RPMs) (millions)	11,152	13,400	16,015	3,534	4,201
Load factor (%)	90.4%	88.0%	87.2%	87.6%	86.0%
Passenger revenue per available seat mile (PRASM) (¢)	10.77	7.90	5.38	5.44	4.78
Non-ticket revenue per available seat mile (¢)	2.15	2.63	3.95	3.69	4.03
Total revenue per available seat mile (RASM) (¢)	12.92	10.53	9.33	9.13	8.81
Cost per available seat mile (CASM) (¢)	11.07	9.01	7.61	7.89	8.86
CASM (excluding fuel) (¢)	6.71	6.58	5.74	6.32	6.78
Adjusted CASM (¢)	10.71	8.51	7.30	7.47	7.58
Adjusted CASM (excluding fuel) (¢)(b)	6.63	5.86	5.43	5.90	5.50
Fuel cost per gallon (\$'s)	3.26	1.90	1.59	1.32	1.88
Fuel gallons consumed (thousands)	164,845	194,846	215,830	47,812	54,187
Employees (FTE)	3,653	2,981	3,163	3,008	3,473

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

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

GLOSSARY OF AIRLINE TERMS

Set forth below is a glossary of industry terms used in this prospectus:

“Adjusted CASM” means operating expenses, excluding special items, divided by ASMs. For a discussion of such special items and a reconciliation of Adjusted CASM to CASM, 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 and excluding special items, divided by ASMs. For a discussion of such special items and a reconciliation of Adjusted CASM to CASM, 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 sold in advance of travel.

“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” 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.

“DOT” means the United States Department of Transportation.

“EPA” means the United States Environmental Protection Agency.

“FAA” means the United States Federal Aviation Administration.

“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.

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

“NMB” means the National Mediation Board.

“Non-ticket revenue” consists primarily of revenue generated from air travel-related services such as baggage fees, seat selection fees, itinerary service fees, booking fees and on-board sales.

“Operating revenue per ASM,” “RASM” or “unit revenue” means total operating revenue divided by ASMs.

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

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

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

“PRASM” means passenger revenue divided by ASMs.

“RASM” 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.

“Stage-length adjustment” refers to an adjustment that can be utilized to compare CASM and RASM across airlines with varying stage lengths. All other things being equal, the same airline will have lower CASM and RASM as stage length increases since fixed and departure related costs are spread over increasingly longer average flight lengths. Therefore, as one method to facilitate comparison of these quantities across airlines (or even across the same airline for two different periods if the airline’s average stage length has changed significantly), it is common in the airline industry to settle on a common assumed stage length and then to adjust CASM and RASM appropriately. Stage-length adjusted comparisons are achieved by multiplying base CASM or RASM by a quotient, the numerator of which is the square root of the carrier’s stage length and the denominator of which is the square root of the common stage length. Stage-length adjustment techniques require judgment and different observers may use different techniques. For stage-length adjusted CASM and RASM comparisons in this prospectus, the stage length being utilized is the aircraft stage length.

“TSA” means the United States Transportation Security Administration.

“ULCC” means ultra low-cost carrier.

“VFR” means visiting friends and relatives.

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 prospectus, 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 a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. 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 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 will be materially adversely affected.

We face significant competition with respect to routes, fares and services. Within the airline industry, we compete with legacy network airlines, low-cost carriers, or LCCs, and other ultra low-cost carriers, or ULCCs, for airline passengers traveling on the routes we serve, particularly customers traveling in economy or similar classes of service. Competition on most of the routes we presently serve is intense, 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 no or little competition. In almost all instances, our competitors are larger than us and possess significantly greater financial and other resources than us.

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. 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, Southwest Airlines and United Airlines have recently announced that they are adding capacity in Denver in 2017. If a legacy network airline were to successfully develop a low-cost product or if we were to experience increased competition from LCCs or other ULCCs, our business could be materially adversely affected. Regardless of cost structure, 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 to match fares offered in many of its markets by ULCC carriers with resulting material adverse effects on the revenues of the airlines involved. Additionally, each of American Airlines, Delta Air Lines and United Airlines has begun to offer a so-called “basic economy” offering with reduced amenities designed specifically to compete against ULCC carriers which, if successfully implemented, could present a significant form of competition for us.

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 or new market entrants. For example, certain legacy network airlines have recently begun further segmenting the cabins of their aircraft in order to enable them to offer a new tier of reduced base fares designed to be competitive with those offered by us and other ULCCs. 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 operate their business with a lower cost structure than we can. If these competitors adopt and successfully execute a ULCC business model, our business could be materially adversely affected.

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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, and Alaska Airlines and Virgin America. In the future, there may be additional consolidation in our industry. Business combinations could significantly alter industry conditions and competition within the airline industry and could permit 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-ticket services required to 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 in the future may 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 been our largest individual operating expense, accounting for 24%, 20%, 25%, 27% and 39% of our operating expenses for the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016, 2015 and 2014, respectively. High fuel prices or increases in fuel costs (or in the price of crude oil) could have a material adverse effect on our business, results of operations and financial condition. Since August 2014, the price of aircraft fuel has fallen substantially, which has benefited us by lowering our expenses. However, because fuel prices are highly volatile, the price of jet fuel may increase significantly at any time. In addition, 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. Furthermore, prolonged low fuel prices could also reduce the benefit we expect to receive from the new-technology, more fuel efficient A320neo aircraft we have on order and have begun placing into service. 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.”

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 or other events affecting refinery production, transportation, taxes or 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.

We may not be able to increase ticket prices sufficiently to cover increased fuel costs, particularly when fuel prices rise quickly. We 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 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 for air travel.

As of March 31, 2017, we had hedges in place for approximately 71% of our projected fuel requirements for the remainder of 2017 and approximately 31% of our projected fuel requirements for 2018, with all of our then existing call options expected to be exercised or expire by the end of 2018. As of that date, our hedges consisted

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solely of out-of-the-money call options, although we have in the past and may in the future use other instruments such as options and collar contracts on jet fuel or highly correlated commodities, and fixed forward price contracts, or FFPs, which allow us to lock in the price of jet 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. In the future, our fuel hedge contracts could also contain margin funding requirements that could require us to post collateral to counterparties in the event of a significant drop in fuel prices. Additionally, our ability to realize the benefit of declining fuel prices will 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-ticket 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 three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016, 2015 and 2014, we generated non-ticket revenues of \$196 million, \$149 million, \$726 million, \$401 million and \$265 million, respectively. Our non-ticket revenue consists primarily of revenue generated from air travel-related services such as baggage fees, seat selection fees, itinerary service fees, booking fees and on-board sales. The Department of Transportation, or DOT, has rules governing many facets of the airline-consumer relationship, including, for instance, handling of consumer complaints, price advertising, tarmac delays, oversales and denied boarding process/compensation, ticket refunds, liability for loss, delay or damage to baggage, customer service commitments, contracts of carriage, 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. 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 U.S. Congress and the DOT have investigated 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-ticket 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-ticket ancillary services. See also "—We are subject to extensive and increasing regulation by the Federal Aviation Administration, the Department of Transportation, Transportation Security Administration and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business and financial results."

The demand for airline services is highly sensitive to changes in economic conditions, and another recession or similar economic downturn in the United States would 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 have historically reduced airline travel spending. For most passengers visiting friends and relatives, or VFRs, and cost-conscious leisure travelers, travel is a discretionary expense, and though we believe ULCCs are

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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 car travel or 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-ticket services, which can result in a decrease in average revenue per seat. 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. 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 would have a material adverse effect on our business, results of operations and financial condition.

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. On our domestic routes, particularly those with shorter stage lengths, we face competition from some other transportation alternatives, such as bus, train or automobile. In addition, technology advancements may limit the demand for air travel. For example, video conferencing and other methods of electronic communication may reduce the need for in-person communication and add a new dimension of competition to the industry as travelers seek lower-cost substitutes for air travel. If we are unable to stimulate demand for air travel with our low base fares or if we are unable to adjust rapidly in the event the basis of competition in our markets changes, it could have a material adverse effect on our business, results of operations and financial condition.

Threatened or actual terrorist attacks or security concerns 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 a domestic airline, 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 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; adverse weather conditions, such as hurricanes or blizzards; 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, increased security measures, new travel-related taxes and fees, adverse weather conditions, natural disasters and the outbreak of disease. Factors that cause flight delays frustrate passengers and increase costs and decrease revenues, which in turn could adversely affect profitability. The federal government singularly 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 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

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inefficient, indirect routes resulting in delays. In addition, there are currently proposals before Congress that could potentially lead to the privatization of the United States' air traffic control system, which could adversely affect our business. Further, implementation of the Next Generation Air Transport System, or NextGen, by the FAA would result in changes to aircraft routings and flight paths that could lead to increased noise complaints and lawsuits, resulting in increased costs. There are additional proposals before Congress that would treat a wide range of consumer protection issues, including, among other things, proposals to regulate seat size, which could increase the costs of doing business.

Adverse weather conditions and natural disasters, such as hurricanes, winter 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, point-to-point network, operational disruptions can have a disproportionate impact on our ability to recover. In addition, many airlines reaccommodate 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 pandemic or contagious diseases, such as ebola, measles, avian flu, severe acute respiratory syndrome (SARS), H1N1 (swine) flu, pertussis (whooping cough) and zika virus, could result in significant decreases in passenger traffic and the imposition of government restrictions in service and could have a material adverse impact on the airline industry. 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 us.

Some of our target growth markets include countries with less developed economies, legal systems, financial markets and business and political environments 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 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 materially adversely affect our reputation and could have a material adverse effect on our 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 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 war risk insurance from commercial underwriters excludes nuclear, radiological and certain other events. If we are unable to obtain adequate third-party war risk (terrorism) insurance or if an event not covered by the insurance we maintain were to take place, our business could be materially adversely affected.

Risks Related to Our Business

If we fail to implement our business strategy successfully, our business will be materially adversely affected.

Our growth strategy includes significantly expanding our fleet, increasing the frequency of flights and size of aircraft used in markets we currently serve, 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 are served primarily by higher cost airlines where 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 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 from 68 aircraft as of March 31, 2017 to a fleet of 121 by the end of 2021, 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 desirable 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 and will require additional personnel, equipment and facilities as we induct new aircraft and continue to execute our growth plan. In addition, we’ll require additional third-party personnel for services we do not undertake ourselves. An inability to hire and retain personnel, timely secure the required equipment and facilities in a cost-effective manner, efficiently operate our

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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 served by us 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 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, substantially all of which are currently open and are being negotiated. See “— Increased labor costs, union disputes, employee strikes and other labor-related disruption, including in connection with our current negotiations with the unions representing our pilots, flight attendants, maintenance controllers and aircraft appearance agents, may adversely affect our business, results of operations and financial condition.” We cannot guarantee we will be able to maintain our relatively low costs. If our cost structure increases 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-ticket revenues.

A key component of our *Low Fares Done Right* strategy was establishing Frontier as a premier ULCC in the United States by 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-ticket 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.

In addition, our business strategy includes maintaining our portfolio of desirable, value-oriented, non-ticket products and services. However, we cannot assure you that passengers will continue to perceive value in the non-ticket products and services we currently offer and regulatory initiatives could adversely affect non-ticket revenue opportunities. Failure to maintain our non-ticket revenues would have a material adverse effect on our business, results of operations and financial condition. Furthermore, if we are unable to maintain our non-ticket 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 31%, 22%, 21%, 21% and 19% of our total operating costs for the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016, 2015 and 2014, respectively. As of March 31, 2017, approximately 85% of our workforce was represented by labor unions and our labor agreements with our pilots, flight attendants, maintenance controllers and aircraft appearance agents are currently under negotiation with the unions representing such employees. 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. In addition, one or more of our competitors may significantly reduce their labor costs, thereby providing them with a competitive advantage over us. Furthermore, our labor costs may increase in connection with our growth. We may also become subject to additional collective bargaining agreements in the future as non-unionized workers may unionize.

Relations between air carriers and labor unions in the United States are governed by the Railway Labor Act, or 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 National Mediation Board, or 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.

Each of our collective bargaining agreements with our pilots, flight attendants, maintenance controllers and aircraft appearance agents are currently amendable and we are in negotiations with the union representing each group. See also “Business—Employees.” The outcome of our collective bargaining negotiations cannot presently be determined and 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 or other factors, to bear higher costs than we can. In addition, if we are unable to reach agreement with any of our unionized work groups in current or future negotiations regarding the terms of their collective bargaining agreements, we may be subject to work interruptions, stoppages or shortages. Any such action or other labor dispute with unionized employees could disrupt our operations, reduce our profitability or interfere with the ability of our management to focus on executing our business strategies. As a result, our business, results of operations and financial condition may be materially adversely affected based on the outcome of our negotiations with the unions representing our employees.

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 and brand.

We are highly dependent on markets served from airports where we maintain a large presence, including our operations in Denver as well as our operations in Orlando, Las Vegas, Chicago, Atlanta and Philadelphia. 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;

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- 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 particular markets and at particular airports;
- restrictions on competitive practices;
- the adoption of statutes or regulations that impact customer service standards, including security standards; and
- the adoption of more restrictive locally-imposed noise regulations or curfews.

Our existing lease at Denver International Airport terminates in December 2018. 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.

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 particular, we have generally experienced a higher volume of complaints when we implemented changes to our unbundling policies, such as charging for baggage. These complaints, together with reports of lost baggage, delayed and cancelled flights, and other service issues, are reported to the public by the Department of Transportation. In addition, we could become subject to complaints about our booking practices. 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 or aircraft unavailability.

We maintain a high daily aircraft utilization rate. Our average daily aircraft utilization was 11.9 hours, 11.8 hours, 12.6 hours, 12.6 hours and 11.4 hours for the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016, 2015 and 2014, 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 from various factors, many of which are beyond our control, including air traffic congestion at airports or other air traffic control problems or outages, 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 reaccommodate passengers or seek short-term substitute capacity at increased costs. 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 could have a material adverse effect on our business, results of operations and financial condition.

It has only been a limited period since our current business and operating strategy has been implemented.

Following our acquisition by an investment fund managed by Indigo Partners LLC, or Indigo, in 2013 and the implementation of our current business and operating strategy in 2014, we recorded net income of \$0 million, \$30 million, \$200 million, \$146 million and \$140 million for the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016, 2015 and 2014, respectively, which are higher levels of net income than we had previously achieved. For the year ended December 31, 2013, during which our predecessor owned Frontier for the first 11 months of the year, we recorded net income of \$12 million during the successor period and a loss of \$1 million during the predecessor period. While we recorded an annual profit for the years ended December 31, 2016, 2015 and 2014, we cannot assure you that we will be able to sustain or increase profitability on a quarterly or an annual basis. In turn, this may cause the trading price of our common stock to decline and may materially adversely affect our business.

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 International Civil Aviation Organization, or 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 generally participate with other airlines in fuel consortia and fuel committees at our airports, which 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 to reduce emissions of greenhouse gases.

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

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endangerment finding that aircraft engine green house gas, or 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, 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 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.

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 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.

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

As of March 31, 2017, our principal sources of liquidity were cash and cash equivalents of \$535 million. In addition, we had restricted cash of \$6 million as of March 31, 2017. Restricted cash includes certificates of deposit that secure letters of credit issued for particular airport authorities as required in certain lease agreements. Furthermore, as of March 31, 2017, we had access to a \$50 million pre-purchased miles facility from which we had drawn \$39 million of the amount available as of such date and we also had access to a \$150 million facility to finance a portion of certain pre-delivery payments, or PDPs, from which we had drawn \$133 million as of such date. These facilities are not adequate to finance our operations, and thus we will continue to be dependent on our operating cash flows and cash balances to fund our operations, provide capital reserves and to make scheduled payments on our aircraft-related fixed obligations, including substantial PDPs, on the aircraft we have on order. As of March 31, 2017, 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 lessors, 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

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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 lease and fixed obligations. Our inability to meet our obligations as they become due would 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 and CFM International, an affiliate of General Electric Company, and our current strategy is to rely on lessors to provide financing for our aircraft acquisition needs. As of March 31, 2017, we had an obligation to acquire 78 aircraft, including 75 A320neo family aircraft and three A321XLR aircraft by 2021, the first 45 of which we intend to finance with operating leases, including seven which are currently subject to committed operating leases and 38 which are subject to non-binding letters of intent. We intend to evaluate financing options for the remaining 33 aircraft. 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.

Our liquidity would be adversely impacted, potentially materially, in the event one or more of our credit card processors were to impose holdback restrictions for payments due to us from credit card transactions.

We currently have agreements with organizations that process credit card transactions arising from purchases of air travel tickets by our customers. Credit card processors may have financial risk associated with tickets purchased for travel which can occur several weeks after the purchase. As of March 31, 2017, we were not subject to any credit card holdbacks under our credit card processing agreements, although if we fail to meet 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. If our credit card processors were to impose holdback restrictions on us, the negative impact on our liquidity could be significant which could have a material adverse effect on our business, results of operations and financial condition.

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.

At present, we have existing aircraft commitments through 2021, the substantial majority of which are for Airbus' A320neo family aircraft equipped with the Leap engine manufactured by CFM International, an affiliate of General Electric Company. The A320neo includes next generation engine technology as well as aerodynamic refinements, large curved winglets, weight savings, a new aircraft cabin with larger hand luggage spaces and an improved air purification system. While the A320neo 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 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. If we are unable to realize the potential competitive advantages we expect to achieve through the implementation of the A320neo aircraft into our fleet, our business, results of operations and financial condition could be materially adversely affected. While we have the option to convert

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the A319neo aircraft in our order book to A320neo aircraft, we have not yet exercised this option. If we are unable to convert these A319neos to A320neos on acceptable terms or at all, our business could be adversely affected if the A319neo, none of which has yet been delivered, proves to be an undesirable configuration. 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.

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 March 31, 2017, the operating leases for five, 13 and three aircraft in our fleet are scheduled to terminate in the remainder of 2017, 2018 and 2019, 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, we currently have an obligation to acquire 78 aircraft by the end of 2021. 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 will likely occur at roughly the same time, meaning we will likely incur our heavy maintenance obligations across 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 weeks.

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 balance sheet. In addition, the terms of any lease agreements that we enter into 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 would 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 Policies and Estimates—Aircraft Maintenance.”

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 March 31, 2017, our 68 aircraft fleet consisted of 62 aircraft financed under operating leases and six aircraft financed under secured debt arrangements. For the three months ended March 31, 2017 and 2016 and the years

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ended December 31, 2016, 2015 and 2014, we incurred aircraft rent of \$59 million, \$50 million, \$209 million, \$171 million and \$147 million, respectively, and paid maintenance deposits net of reimbursements of \$9 million, \$3 million, \$32 million, \$23 million and \$15 million, respectively. As of March 31, 2017, we had future operating lease obligations of approximately \$2 billion and future principal debt obligations of \$228 million, of which \$101 million is due during the remainder of 2017. For the year ended December 31, 2016, we made cash payments for interest related to debt of \$6 million. In addition, we have significant obligations for aircraft and spare engines that we have ordered from Airbus and CFM International 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 improving 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 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 and other fixed cost 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 would 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 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. 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.

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

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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 global distribution systems, or GDSs, conventional travel agents and online travel agents, or 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-ticket revenues. These distribution channels are more expensive and at present have less functionality in respect of non-ticket 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 generally. 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-ticket 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 phone application, 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 electronic tickets, conduct check-in, board and manage our passengers through the airports we serve and provide us with access to global distribution systems, 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

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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 incursions of our information technology infrastructure could compromise the personally identifiable information of our passengers, prospective passengers or personnel 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, including email addresses and home addresses and financial data such as credit and debit card 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 computer viruses, hackers and other security issues. Recently, several high profile consumer-oriented companies have experienced significant data breaches, which have caused those companies to suffer substantial financial and reputational harm. 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 a data breach and its adverse financial and reputational consequences to our business. We are also subject to laws relating to privacy of personal data. 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. 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.

We are subject to increasing legislative, regulatory and customer focus on privacy issues and data security in the United States and abroad. 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. Additionally, we must manage evolving cybersecurity risks. The loss, disclosure, misappropriation of or access to the information of our customers, personnel or business partners or any failure by us to meet our obligations could result in legal claims or proceedings, liability or regulatory penalties.

We depend on a sole-source supplier for our aircraft and 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 and CFM International engines for all of our aircraft makes us vulnerable to any design defects or mechanical problems 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 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 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 Airbus or CFM International becomes unable to perform its contractual obligations and we must lease or purchase aircraft 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

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composition, any of which would have a material adverse effect on our business, results of operations and financial condition. 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 approximately 40% of flights as of March 2017 having Denver International Airport as either their origin or destination. 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. 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 incurrence 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 Federal Aviation Administration, the Department of Transportation, Transportation Security Administration 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, Congress has passed laws and the FAA, DOT and TSA have issued regulations, orders, rulings and guidance relating to the operation, safety, and security of airlines 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 extended tarmac delays, consumer complaints, price and airline advertising, oversales and involuntary denied boarding process, 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 issued its final regulations governing pilot rest periods and work hours for all airlines certificated under Part 121 of the Federal Aviation Regulations. The rule known as FAR 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, 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 license 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 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.

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In addition, the TSA mandates the federalization of certain airport security procedures and imposes additional security requirements on airports and airlines, most of which are funded by a per ticket tax on passengers and a tax on 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 maintaining authorizations issued to us by the DOT and the FAA. The FAA has the authority to issue 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. 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. The DOT has several ongoing investigations of our compliance with consumer protection requirements.

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 because 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 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.”

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, we may not be able to attract or retain qualified personnel or may be required to increase wages and/or benefits in order to do so. 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 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 Chief Financial Officer. Competition for highly qualified personnel is intense, and the loss of any executive officer, senior manager, or other key employee without 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, a private equity fund with significant expertise in the ultra low-cost airline industry. 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 and pursuant to which we pay Indigo a fee of \$1.5 million per year, plus expenses. Our engagement of Indigo pursuant to the Professional Services Agreement will continue until the date that Indigo and its affiliates own less than 10% of the 5.2 million shares of our common stock acquired by an affiliate of Indigo in December 2013. After this offering, Indigo 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. For a further description of our Professional Services Agreement, please see “Certain Relationships and Related Party Transactions—Management Services.” See also “—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.”

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 will incur significant legal, accounting and other expenses that we did not 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 Securities and Exchange Commission, or the SEC, and the listing rules of the . 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, and we could be subject to fines, sanctions and other regulatory action and potentially civil litigation.

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 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

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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. We cannot assure you that we will find profitable markets in which to operate during the winter season. Lower demand for air travel during the winter months could have a material adverse effect on our business, results of operations and financial condition.

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, 2018, 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 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 , regulatory investigations, civil or criminal sanctions and litigation, any of which would have a material adverse effect on our business, results of operations and financial condition.

We may become involved in litigation that may materially adversely affect us.

From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including patent, commercial, product liability, employment, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. In particular, 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. 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.

Our lack of membership in a marketing alliance could harm our business and competitive position.

Many airlines, including the domestic legacy network airlines (American, Delta and United) 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 code-sharing, frequent flyer program reciprocity, coordinated scheduling of flights to permit convenient connections and other joint marketing activities. Such arrangements permit an airline to market flights operated by other alliance members as its own. This increases the destinations, connections and frequencies offered by the airline and provides an opportunity to increase traffic on that airline's segment of flights connecting with alliance partners. We currently

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do not have any alliances with U.S. or foreign airlines. Our lack of membership in any marketing alliances 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.

Prior to this offering, there has been no public market for shares of our common stock, and an active public market for these shares may not develop or be sustained after this offering. We and the representatives of the underwriters determined the initial public offering price of our common stock through negotiation. This price does not necessarily reflect the price at which investors in the market will be willing to buy and sell our shares following this offering. In addition, 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;
- 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.

Purchasers of our common stock in this offering will experience immediate and substantial dilution in the tangible net book value of their investment.

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our common stock immediately after this offering. Therefore, if you purchase our common stock in this offering, you will incur an immediate dilution of \$ _____ in net tangible book value per share from the price you paid. In addition, as of March 31, 2017, we had outstanding options to purchase 262,856 shares of our capital stock, an aggregate of 699,388 shares of common stock reserved for issuance pursuant to future awards under our 2014 Equity Incentive Plan, an aggregate of _____ shares of common stock reserved for issuance pursuant to future awards under our 2017 Equity Incentive Award Plan and an aggregate of 231,000 shares of common stock reserved for issuance to the Participating Pilots pursuant to the Pilot Phantom Equity Plan (in connection with the offering contemplated hereby, 50% of the foregoing shares will be settled in cash through the establishment of a trust). The exercise of these outstanding options or the issuance of such reserved shares will result in further dilution. For a further description of the dilution that you will experience immediately after this offering, see “Dilution” elsewhere in this prospectus.

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 5,237,756 million shares of common stock outstanding as of March 31, 2017. All of the shares of common stock sold in this offering will be freely tradeable without restrictions or further registration under the Securities Act. The holders of substantially all of our outstanding shares of our common stock have signed lock-up agreements with the underwriters of this offering, under which they have agreed, subject to certain exceptions, not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, enter into a transaction which would have the same effect, without the prior written consent of certain of the underwriters, for a period of 180 days after the date of this prospectus. After this offering, an investment fund managed by Indigo, the holder of approximately 5.2 million shares of our common stock as of March 31, 2017, will be entitled to rights with respect to registration of such shares under the Securities Act pursuant to a registration rights agreement. Please see “Certain Relationships and Related Transactions—Registration Rights” elsewhere in this prospectus. 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.

When this offering is completed, an investment fund managed by Indigo will beneficially own approximately _____ % of our outstanding common stock, assuming no exercise of the underwriters’ option to purchase additional shares of our common stock from Indigo as the selling stockholder. 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.

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Until such time as Indigo beneficially owns 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. Investors in this offering will not be able to affect the outcome of any stockholder vote during such time. 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 Frontier, 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. According to a Form 20-F filed by Controladora Vuela Compañía de Aviación, S.A.B. de C.V. (an airline based in Mexico doing business as Volaris) with the SEC in April 2017, investment funds managed by Indigo Partners hold approximately 15.9% of the outstanding Series A Common Stock and 32.2% of the outstanding Series B Common Stock of Volaris and two of our directors, William A. Franke and Brian H. Franke, are members of the board of directors of Volaris. As of March 31, 2016, we did not compete directly with Volaris on any of our routes, but there can be no assurances that we will not do so in the future. Furthermore, neither Indigo, its portfolio companies, funds or other affiliates, nor any of their officers, directors, agents, stockholders, members or 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 certificate of incorporation will contain a provision renouncing our interest and expectancy in certain corporate opportunities.”

For additional information about our relationship with Indigo, please see “Certain Relationships and Related Party Transactions” and “Principal and Selling Stockholder” elsewhere in this prospectus.

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 to be in effect immediately prior to the consummation of this offering contain provisions that may make it difficult to remove

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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 no longer holds a majority of the voting rights of our common stock, actions to be taken by our stockholders may only be effected at an annual or special meeting of our stockholders and not by written consent;
- from and after such time as Indigo no longer holds a majority of the voting rights of our common stock, special meetings of our stockholders can 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 holds 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 holds 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 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 our company. We are subject to Section 203 of the Delaware General Corporation Law. 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. Furthermore, our amended and restated certificate of incorporation to be in effect immediately prior to the consummation of this offering of this offering specifies that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for most legal actions involving actions brought against us by stockholders. We believe this provision benefits us by providing increased consistency in the application of Delaware law by chancellors 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. However, the provision may have the effect of discouraging lawsuits against our directors and officers.

Our certificate of incorporation will contain a provision renouncing our interest and expectancy in certain corporate opportunities.

Our certificate of incorporation will provide 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 officers, directors, agents, stockholders, members or partners will have any duty to refrain from engaging,

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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 director, officer, partner 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. The terms of our certificate of incorporation are more fully described in “Description of Capital Stock.”

Our corporate charter and bylaws include provisions limiting ownership and voting by non-U.S. citizens.

To comply with restrictions imposed by federal law on foreign ownership of U.S. airlines, our amended and restated certificate of incorporation and amended and restated bylaws to be in effect immediately prior to the consummation of this offering restrict voting and control of shares of our common stock by non-U.S. citizens. The restrictions imposed by federal law currently require that no more than 24.9% of our stock be voted, directly or indirectly, or controlled by persons who are not U.S. citizens, that no more than 49.0% of our stock be held, directly or indirectly, by persons who are not U.S. citizens and that our president and at least two-thirds of the members of our board of directors and senior management be U.S. citizens. Our amended and restated certificate of incorporation and bylaws to be in effect immediately prior to the consummation of this offering 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 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 are currently in compliance with these ownership restrictions. See “Business—Foreign Ownership” and “Description of Capital Stock—Anti-Takeover Provisions of Our Certificate of Incorporation and Bylaws—Limited Ownership and Voting by Foreign Owners.”

We expect to be a “controlled company” within the meaning of the _____, and, as a result, expect to qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Following the consummation of this offering, we expect that Indigo will continue to control approximately _____% of our outstanding common stock. As a result, we expect to be a “controlled company” within the meaning of the _____ 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 _____, 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.

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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 . Our status as a controlled company could make our common stock less attractive to some investors or otherwise adversely affect its trading price.

After the consummation of this offering, we do not intend to pay cash dividends for the foreseeable future.

Immediately prior to the consummation of this offering, we intend to declare a dividend in the amount of \$ per share (representing an aggregate distribution of \$). Investors in this offering will not be entitled to participate in such dividend. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. 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.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- the competitive environment in our industry;
- changes in our fuel cost;
- changes in restrictions on, or increased taxes applicable to charges for, non-ticket products and services;
- the impact of worldwide economic conditions;
- air travel substitutes;
- threatened or actual terrorist attacks, global instability and potential U.S. military actions or activities;
- factors beyond our control, including air traffic congestion, weather, security measures, travel related taxes and outbreak of disease;
- our presence in international emerging markets;
- insurance costs;
- our ability to implement our business strategy successfully;
- our ability to keep costs low;
- our ability to grow or maintain our unit revenues or maintain our non-ticket revenues;
- increased labor costs, union disputes, employee strikes and other labor-related disruptions;
- our inability to expand or operate reliably and efficiently out of airports where we maintain a large presence;
- negative publicity regarding our customer service;
- our inability to maintain a high daily aircraft utilization rate;
- environmental and noise laws and regulations;
- our reputation and business being adversely affected in the event of an emergency, accident or similar public incident involving our aircraft or personnel;
- our liquidity and dependence on cash balances and operating cash flows;
- our ability to obtain financing or access capital markets;
- our ability to maintain our liquidity in the event one or more of our credit card processors were to impose holdback restrictions;
- 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;

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- aircraft-related fixed obligations that could impair our liquidity;
- our reliance on third-party specialists and other commercial partners to perform functions integral to our operations.
- our reliance on automated systems and the risks associated with changes made to those systems;
- use of personal data;
- our sole-source supplier for our aircraft and engines;
- our reliance on the Denver market;
- governmental regulation;
- our ability to attract and retain qualified personnel;
- loss of key personnel;
- reliance on private equity sponsor;
- operational disruptions;
- lack of marketing alliances; and
- other risk factors included under “Risk Factors” in this prospectus.

In addition, in this prospectus, the words “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “predict,” “potential” and similar expressions, as they relate to our company, our business and our management, are intended to identify forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date of this prospectus. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately \$ million, based on an assumed initial public offering price of \$ per share (the mid-point of the price range set forth on the cover page of this prospectus) and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any of the proceeds from any sale of shares in this offering by the selling stockholder, whether in the firm offering or upon any exercise of the underwriters' option to purchase additional shares. Each \$1.00 increase (decrease) in the assumed public offering price of \$ per share would increase (decrease) the net proceeds to us from this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, by approximately \$ million. We may also increase or decrease the number of shares we are offering. An increase (decrease) of 1,000,000 in the number of shares we are offering would increase (decrease) the net proceeds to us from this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, by approximately \$ million, assuming that the assumed offering price stays the same. We do not expect that a change in the offering price or the number of shares by these amounts would have a material effect on our intended uses of the net proceeds from this offering, although it may impact the amount of time prior to which we may need to seek additional capital.

We currently expect to use the net proceeds from this offering as follows:

- approximately \$ million to fund into a trust the expected cash portion of our obligations under the Pilot Phantom Equity Agreement for the benefit of the Participating Pilots in connection with the completion of this offering (assuming the mid-point of the price range set forth on the cover page of this prospectus); and
- the remainder for general corporate purposes, including cash reserves, working capital, capital expenditures, including flight equipment acquisitions, sales and marketing activities, and general and administrative matters.

Our expected use of the net proceeds to us from this offering represents our current intentions based upon our present plans and business condition. As such, our management will retain discretion over the use of the net proceeds from this offering.

Pending the use of the proceeds to be received by us from this offering, we intend to invest the net proceeds in interest-bearing, investment-grade securities, certificates of deposit or government securities.

DIVIDEND POLICY

Immediately prior to the consummation of this offering, we intend to declare a dividend in the amount of \$ _____ per share (representing an aggregate distribution of \$ _____ after giving effect to related adjustments for the benefit of holders of stock options and phantom equity units). Investors in this offering will not be entitled to participate in such dividend.

In February 2016 and February 2017, we paid cash dividends with respect to our common stock in the amounts of \$18.95 and \$28.85 per share, respectively (representing aggregate obligations of \$108 million and \$165 million, respectively, after giving effect to related adjustments for the benefit of holders of stock options and phantom equity units).

We do not presently anticipate paying cash dividends after the completion of this offering. 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.

CAPITALIZATION

The following table sets forth our cash and cash equivalents, current maturities of long-term debt and capitalization as of March 31, 2017:

- on an actual basis; and
- on a pro forma as adjusted basis to give effect to (i) this offering and the application of the net proceeds to be received by us and (ii) a dividend expected to be paid immediately prior to the consummation of this offering.

You should read this capitalization table together with our financial statements and the related notes appearing at the end of this prospectus, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section, and other financial information included in this prospectus.

	As of March 31, 2017	
	Actual	Pro Forma As Adjusted(1)(2)
	(unaudited)	
	(in millions)	
Cash and cash equivalents	\$ 535	\$
Current maturities of long-term debt	\$ 131	
Long-term debt, less current maturities	\$ 93	
Stockholders’ equity:		
Common stock (voting), \$0.001 par value, 12,000,000 shares of common stock (voting) authorized, 5,237,756 shares issued and outstanding; shares authorized, shares issued and outstanding pro forma as adjusted		
Common stock (non-voting), \$0.001 par value, 2,000,000 shares of common stock (non-voting) authorized, no shares issued and outstanding; shares authorized, issued and outstanding pro forma as adjusted		—
Preferred stock (non-voting), \$0.001 par value, 1,000,000 shares of common stock (non-voting) authorized, no shares issued and outstanding; shares authorized, issued and outstanding pro forma as adjusted		—
Additional paid-in capital	\$ 46	
Retained earnings	\$ 237	
Accumulated other comprehensive income (loss)	\$ (5)	
Total stockholders’ equity	\$ 278	
Total capitalization	\$ 502	

- (1) The unaudited adjusted pro forma capitalization table gives effect to (i) the receipt of the estimated net proceeds by us from the sale of shares of our common stock offered by us (based on an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, and the application of the net proceeds received by us, including the application of \$ _____ million to fund into a trust the expected cash portion of our obligations under the Pilots’ Phantom Equity Agreement dated December 3, 2013, or the Pilot Phantom Equity Plan, for the benefit of certain current and former pilots, who we refer to as the Participating Pilots, in connection with the completion of this offering (based on an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover of this prospectus), and (ii) a dividend of \$ _____ per share (representing an aggregate distribution of \$ _____) expected to be paid immediately prior to the consummation of this offering. See “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”

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- (2) Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share would increase or decrease, respectively, the amount of cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by \$ million (assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 in the number of shares we are offering would increase or decrease, respectively, the amount of cash and cash equivalents, stockholders' equity and total capitalization by approximately \$ million (based on an assumed initial public offering price of \$ per share, the midpoint of the price range as set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

The outstanding share information in the table above is based on 5,237,756 shares outstanding as of March 31, 2017, and excludes:

- an aggregate of 262,856 shares of common stock issuable upon the exercise of outstanding stock options as of March 31, 2017 having a weighted-average exercise price of \$63.86 per share;
- an aggregate of 699,388 shares of common stock reserved for issuance pursuant to future awards under our 2014 Equity Incentive Plan, as amended, as of March 31, 2017, which will become available for issuance under our 2017 Equity Incentive Annual Plan after consummation of this offering;
- an aggregate of shares of common stock reserved for issuance pursuant to future awards under our 2017 Equity Incentive Award Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan, which will become effective immediately prior to the consummation of this offering; and
- an aggregate of 231,000 shares of common stock reserved for issuance to the Participating Pilots pursuant to the Pilot Phantom Equity Plan (in connection with the offering contemplated hereby, 50% of the foregoing shares will be settled in cash through the establishment of a trust); please see "Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan."

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock immediately after the offering.

The historical net tangible book value (deficit) of our common stock as of March 31, 2017 was \$ million, or \$ per share. Historical net tangible book value per share is determined by dividing the net tangible book value by the number of shares of outstanding common stock. If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per share of our common stock.

After giving effect to our issuance of shares of common stock at an assumed initial public offering price of \$ per share of common stock, the mid-point of the range of the estimated initial offering price of between \$ and \$ as set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and estimated offering expenses payable by us, our pro forma net tangible book value as adjusted as of March 31, 2017 would have been approximately \$ million, or approximately \$ per pro forma share of common stock. This represents an immediate increase in pro forma net tangible book value of \$ per share to our existing stockholders and an immediate dilution of \$ per share to new investors in this offering.

The following table illustrates this dilution on a per share basis to new investors:

Assumed initial public offering price	\$
Historical net tangible book value per share as of March 31, 2017	\$
Pro forma decrease in net tangible book value per share	_____
Pro forma net tangible book value per share as of March 31, 2017	_____
Increase in pro forma net tangible book value per share attributable to this offering	_____
Pro forma net tangible book value per share, as adjusted ⁽¹⁾	_____
Dilution in pro forma net tangible book value per share to new investors in this offering	\$ _____

- (1) Pro forma net tangible book value per share, as adjusted, gives effect to (i) this offering and the application of \$ million of the net proceeds to be received by us to fund into a trust the cash portion of our expected obligations under the Amended and Restated Phantom Equity Investment Agreement, dated December 3, 2013, or the Pilot Phantom Equity Plan, for the benefit of certain current and former pilots, who we refer to as the Participating Pilots, in connection with the completion of this offering (based on the assumed initial public offering price of \$ per share, the mid-point of the price range set forth on the cover page of this prospectus), and (ii) a \$ million dividend expected to be paid immediately prior to the consummation of this offering. Please see “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”

Each \$1.00 increase or decrease in the assumed public offering price of \$ per share, the mid-point of the price range set forth on the cover page of this prospectus, would increase or decrease, respectively, our pro forma net tangible book value, as adjusted to give effect to this offering, by \$ million, or \$ per share, and the dilution per share to investors participating in this offering by \$ per share (assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same), after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. At the assumed public offering price per share, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, an increase of 1,000,000 in the number of shares we are offering would increase our pro forma net tangible book

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value, as adjusted to give effect to this offering, by approximately \$ million, or \$ per share, and decrease the dilution per share to investors participating in this offering by \$ per share, and a decrease of 1,000,000 in the number of shares we are offering would decrease our pro forma net tangible book value, as adjusted to give effect to this offering, by approximately \$ million, or \$ per share, and increase the dilution per share to investors participating in this offering by \$ per share. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing. We will not receive any of the proceeds from any sale of shares of our common stock in this offering by the selling stockholder, including if the underwriters exercise their option to purchase additional shares of our common stock from the selling stockholder; accordingly, there is no dilutive impact as a result of these sales.

The table below summarizes as of March 31, 2017, on a pro forma as adjusted basis described above, the number of shares of our common stock, the total consideration and the average price per share (i) paid to us by existing stockholders, and (ii) to be paid by new investors purchasing our common stock in this offering at an assumed initial public offering price of \$ per share (in thousands except per share and percentage data).

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average Price</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Per Share</u>
Existing Stockholders		%	\$	%	\$
New investors		%	\$	%	\$
Total		100%	\$	100%	

The outstanding share information in the table above is based on 5,237,756 shares outstanding as of March 31, 2017, and excludes:

- an aggregate of 262,856 shares of common stock issuable upon the exercise of outstanding stock options as of March 31, 2017 having a weighted-average exercise price of \$63.86 per share;
- an aggregate of 699,388 shares of common stock reserved for issuance pursuant to future awards under our 2014 Equity Incentive Plan, as amended, as of March 31, 2017, which will become available for issuance under our 2017 Equity Incentive Annual Plan after consummation of this offering;
- an aggregate of shares of common stock reserved for issuance pursuant to future awards under our 2017 Equity Incentive Award Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan, which will become effective immediately prior to the consummation of this offering; and
- an aggregate of 231,000 shares of common stock reserved for issuance to the Participating Pilots pursuant to the Pilot Phantom Equity Plan (in connection with the offering contemplated hereby, 50% of the foregoing shares will be settled in cash through the establishment of a trust); see “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”

If the underwriters exercise in full their option to purchase additional shares of our common stock from the selling stockholder, our existing stockholders would own % and our new investors would own % of the total number of shares of our common stock outstanding upon completion of this offering. The total consideration paid by our existing stockholders would be approximately \$ million, or %, and the total consideration paid by investors purchasing shares in this offering would be \$ million, or %.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

You should read the following selected consolidated historical financial and operating data below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements, related notes and other financial information included in this prospectus. The selected consolidated financial data in this section are not intended to replace the consolidated financial statements and are qualified in their entirety by the financial statements and related notes included in this prospectus.

We derived the selected consolidated statements of operations data for the years ended December 31, 2016, 2015 and 2014 and the selected consolidated balance sheet data as of December 31, 2016 and 2015 from our audited consolidated financial statements included in this prospectus. We derived the selected consolidated statements of operations data for the one-month period ended December 31, 2013 (Successor) and 11-month period ended November 30, 2013 (Predecessor) and the selected consolidated balance sheet data as of December 31, 2014 and 2013 from our consolidated financial statements not included in this prospectus. We derived the selected consolidated statement of operations and balance sheet data for 2012 from the unaudited consolidated financial statements of our Predecessor, not included in this prospectus. The vertical line is intended to separate the predecessor and successor periods to indicate that such data may not be directly comparable. We derived the selected consolidated statements of operations data for the three months ended March 31, 2017 and 2016 and the selected consolidated balance sheet data as of March 31, 2017 from our unaudited consolidated financial statements included in this prospectus. The unaudited financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals and non-recurring adjustments that have been separately disclosed) necessary to present fairly our financial position as of March 31, 2017 and the results of operations for the three months ended March 31, 2017 and 2016. Our historical results are not necessarily indicative of the results to be expected in the future, and results for the three months ended March 31, 2017 are not necessarily indicative of results to be expected for the full year.

	2013 Predecessor (from January 1, 2013 to November 30, 2013)		2013 Successor (from December 1, 2013 to December 31, 2013)				Three Months Ended March 31,		
	Year ended December 31, 2012 (unaudited)	November 30, 2013	Year Ended December 31,			2016 2017 (unaudited)			
	(in millions)		2014			2015		2016	
Consolidated Statements of Operations Data:									
Operating revenues:									
Passenger	\$ 1,311	\$ 1,093	\$ 118	\$ 1,328	\$ 1,203	\$ 988	\$ 219	\$ 234	
Non-ticket	127	125	13	265	401	726	149	196	
Total operating revenues	1,438	1,218	131	1,593	1,604	1,714	368	430	
Operating expenses:									
Aircraft fuel	532	426	41	538	369	343	63	102	
Salaries, wages and benefits	264	228	20	258	285	287	71	133	
Station operations	108	132	14	162	202	228	53	53	
Aircraft rent	148	160	11	147	171	209	50	59	
Sales and marketing	98	78	7	87	79	72	17	19	
Maintenance materials and repairs	61	61	4	39	50	48	14	14	
Depreciation and amortization	29	28	2	29	54	75	18	13	
Special charge	—	—	—	—	43	—	—	—	
Other operating	181	103	11	105	118	135	32	39	
Total operating expenses	1,421	1,216	110	1,365	1,371	1,397	318	432	
Operating income (loss)	17	2	21	228	233	317	50	(2)	
Other expense (income):									
Interest expense	7	4	—	5	8	9	2	2	
Capitalized interest	—	(1)	—	(1)	(3)	(6)	(1)	(1)	
Interest income and other	—	—	—	—	—	(2)	—	(1)	
Total other expense	7	3	—	4	5	1	1	—	
Income (loss) before income taxes	10	(1)	21	224	228	316	49	(2)	
Income tax expense (benefit)	7	—	9	84	82	116	19	(2)	
Net income (loss)	\$ 3	\$ (1)	\$ 12	\$ 140	\$ 146	\$ 200	\$ 30	\$ —	
Earnings per share:									
Basic				\$ 26.12	\$ 26.60	\$ 36.76	\$ 5.59	\$ (0.65)	
Diluted				25.75	26.15	36.23	5.48	(0.65)	
Weighted-average shares outstanding:									
Basic				5,203,058	5,247,477	5,236,978	5,243,374	5,236,301	
Diluted				5,278,034	5,341,049	5,315,653	5,348,778	5,236,301	

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	Year Ended December 31,			Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	(in millions)				
Non-GAAP financial data (unaudited):					
Adjusted net income ⁽¹⁾	\$ 168	\$ 194	\$ 236	\$ 41	\$ 39
EBITDA ⁽¹⁾	257	287	392	68	11
Adjusted EBITDA ⁽¹⁾	301	345	436	79	73
Adjusted EBITDAR ⁽¹⁾	448	509	641	128	132

(1) Adjusted net income, EBITDA, Adjusted EBITDA and Adjusted EBITDAR 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, Adjusted EBITDA and Adjusted EBITDAR have limitations as analytical tools. Some of the limitations applicable to these measures include: Adjusted net income, EBITDA, Adjusted EBITDA and Adjusted EBITDAR do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; EBITDA, Adjusted EBITDA and Adjusted EBITDAR do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; EBITDA, Adjusted EBITDA and Adjusted EBITDAR do not reflect changes in, or cash requirements for, our working capital needs; EBITDA, Adjusted EBITDA and Adjusted EBITDAR do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; 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, Adjusted EBITDA and Adjusted EBITDAR do not reflect any cash requirements for such replacements; and other companies in our industry may calculate Adjusted net income, EBITDA, Adjusted EBITDA and Adjusted EBITDAR differently than we do, limiting its usefulness as a comparative measure. Because of these limitations; Adjusted net income, EBITDA, Adjusted EBITDA and Adjusted EBITDAR should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

Further, we believe Adjusted EBITDAR is useful in evaluating our operating performance compared to our competitors because its calculation isolates 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 companies for reasons unrelated to overall operating performance. However, because derivations of Adjusted net income; EBITDA, Adjusted EBITDA and Adjusted EBITDAR 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, Adjusted EBITDA and Adjusted EBITDAR, as presented may not be directly comparable to similarly titled measures presented by other companies. In addition, Adjusted EBITDAR should not be viewed as a measure of overall performance since it excludes aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. For the foregoing reasons, each of Adjusted Net income, EBITDA, Adjusted EBITDA or Adjusted EBITDAR 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.

The following table presents the reconciliation of Net income and Adjusted net income for the periods presented below.

	Year Ended December 31,			Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	(in millions)				
Net income reconciliation (unaudited):					
Net income	\$ 140	\$ 146	\$ 200	\$ 30	\$ —
Unrealized hedging (gains) losses(a)	35	(35)	—	—	—
Lease Modification Program(b)	—	67	16	7	—
Pilot phantom equity(c)	6	43	40	10	18
Salaries, wages and benefits—severance(d)	3	—	—	—	—
Salaries, wages and benefit—flight attendant settlement(e)	—	—	—	—	43
Salaries, wages and benefit—other(f)	—	—	—	—	1
Adjusted net income before income taxes	184	221	256	47	62
Tax benefit related to underlying adjustments	(16)	(27)	(20)	(6)	(23)
Adjusted net income	\$ 168	\$ 194	\$ 236	41	39

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The following table presents the reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDAR to net income for the periods indicated below.

	Year Ended December 31,			Three Months Ended	
	2014	2015	2016	March 31,	
				2016	2017
	(in millions)				
EBITDA reconciliation (unaudited):					
Net income	\$ 140	\$ 146	\$ 200	\$ 30	\$ —
<i>Plus (minus):</i>					
Interest expense	5	8	9	2	2
Capitalized interest	(1)	(3)	(6)	(1)	(1)
Interest income and other	—	—	(2)	—	(1)
Provision for income taxes	84	82	116	19	(2)
Depreciation and amortization	29	54	75	18	13
EBITDA	\$ 257	\$ 287	\$ 392	\$ 68	\$ 11
Unrealized hedging (gains) losses(a)	35	(35)	—	—	—
Lease Modification Program (excluding depreciation)(b)	—	50	4	1	—
Pilot phantom equity(c)	6	43	40	10	18
Salaries, wages and benefits—severance(d)	3	—	—	—	—
Salaries, wages and benefits—flight attendant settlement(e)	—	—	—	—	43
Salaries, wages and benefits—other(f)	—	—	—	—	1
Adjusted EBITDA	\$ 301	\$ 345	\$ 436	\$ 79	\$ 73
Aircraft rent(g)	147	164	205	49	59
Adjusted EBITDAR	\$ 448	\$ 509	\$ 641	\$ 128	\$ 132

- (a) Represents adjustments for unrealized (gains) losses on our hedging contracts for anticipated fuel purchases as a result of hedge accounting on these cash flow hedges not being achieved.
- (b) Represents (i) a special charge of \$43 million in 2015, primarily relating to aircraft maintenance obligations and non-recoverable maintenance deposits associated with the early termination of leases for 10 of our A319 aircraft and (ii) accelerated depreciation of \$12 million and \$17 million for the years ended 2016 and 2015, respectively, and \$0 million and \$6 million for the three months ended March 31, 2017 and 2016, respectively, and aircraft rent of \$4 million and \$7 million for the years ended 2016 and 2015, respectively, and \$0 million and \$1 million for the three months ended March 31, 2017 and 2016, respectively, as a result of significantly shortened lease terms with respect to such aircraft.
- (c) Represents the impact of the change in value and vesting of phantom stock units pursuant to the Pilot Phantom Equity Plan. See “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”
- (d) Represents severance costs related to outsourcing of certain functions integral to our operations to third-party vendors as a part of the implementation of our new operating model.
- (e) Represents the \$40 million settlement and \$3 million of payroll taxes relating to the Letter of Agreement, or LOA, entered into with the union representing our flight attendants (AFA-CWA) on March 15, 2017. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Stock Based Compensation.”
- (f) Represents expenses associated with the ratification of labor agreements.
- (g) Excludes aircraft rent of \$4 million and \$7 million for the years ended 2016 and 2015, respectively, and \$0 million (unaudited) and \$1 million (unaudited) for the three months ended March 31, 2017 and 2016, respectively, included in Lease Modification Program (excluding depreciation).

The following table presents our historical consolidated balance sheet data as of the dates presented.

	As of	As of December 31,				As of
	December 31,	2013				March 31,
	2012	2013	2014	2015	2016	2017
	(unaudited)	(in millions)				(unaudited)
Balance Sheet Data:						
Cash and cash equivalents	\$ 36	\$127	\$263	\$ 419	\$ 612	\$ 535
Total assets	753	682	847	1,128	1,341	1,295
Long-term debt, including current portion	147	146	157	221	237	224
Stockholders’ equity	176	65	205	342	446	278

OPERATING STATISTICS

	Year Ended December 31,					Three Months Ended March 31,	
	2012	2013	2014	2015	2016	2016	2017
Operating Statistics (unaudited)(a)							
Available seat miles (ASMs) (millions)	11,908	10,880	12,332	15,229	18,366	4,034	4,882
Departures	85,328	81,940	92,184	97,222	99,369	22,248	23,647
Average stage length (statute miles)	976	903	897	1,002	1,060	1,074	1,124
Block hours	214,494	195,242	222,982	259,261	279,347	63,136	69,857
Average aircraft in service	55	52	54	56	61	59	65
Aircraft in service—end of period	55	53	54	61	66	59	68
Average daily aircraft utilization (hours)	11.0	10.2	11.4	12.6	12.6	11.8	11.9
Passengers (thousands)	10,700	10,783	12,203	13,184	14,937	3,263	3,711
Average seats per departure	143	145	147	154	173	167	182
Revenue passenger miles (RPMs) (millions)	10,579	9,854	11,152	13,400	16,015	3,534	4,201
Load factor (%)	88.8%	90.6%	90.4%	88.0%	87.2%	87.6%	86.0%
Passenger revenue per available seat mile (PRASM) (¢)	11.01	11.13	10.77	7.90	5.38	5.44	4.78
Non-ticket revenue per available seat mile (¢)	1.03	1.26	2.15	2.63	3.95	3.69	4.03
Total revenue per available seat mile (RASM) (¢)	12.04	12.39	12.92	10.53	9.33	9.13	8.81
Cost per available seat mile (CASM) (¢)	11.93	12.19	11.07	9.01	7.61	7.89	8.86
CASM (excluding fuel) (¢)	7.47	7.89	6.71	6.58	5.74	6.32	6.78
Adjusted CASM (¢)	11.93	12.19	10.71	8.51	7.30	7.47	7.58
Adjusted CASM (excluding fuel) (¢)(b)	7.47	7.89	6.63	5.86	5.43	5.90	5.50
Fuel cost per gallon (\$'s)	3.36	3.23	3.26	1.90	1.59	1.32	1.88
Fuel gallons consumed (thousands)	158,362	144,448	164,845	194,846	215,830	47,812	54,187
Employees (FTE)	~4,500	3,614	3,653	2,981	3,163	3,008	3,473

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this prospectus. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in "Risk Factors."

Overview

Frontier Airlines is an ultra low-cost carrier whose business strategy is focused on *Low Fares Done Right*[®]. We offer flights throughout the United States and to select international destinations in Mexico and the Caribbean. Our unique and sustainable strategy is underpinned by our low cost structure and superior ULCC brand. As of March 31, 2017, we operated a fleet of 68 narrow-body Airbus A320 family aircraft, which we expect to grow to 121, including 80 A320neo (New Engine Option) family aircraft, by the end of 2021. In the 12 months ended March 31, 2017, we served approximately 15.4 million passengers across a network of 61 airports.

In December 2013, we were acquired by an investment fund managed by Indigo Partners LLC, or Indigo, an experienced and successful global investor in ultra low-cost carriers, or ULCCs. Following the acquisition, Indigo reshaped our management team to experienced veterans of the airline industry. Working with Indigo, our management team developed and implemented our unique *Low Fares Done Right* strategy, which significantly reduced our unit costs, introduced low fares, provided the choice of optional services, enhanced our operational performance and improved the customer experience. Through the implementation of our new operating model, we have positioned our brand as a premier ULCC in the United States and have seen a dramatic improvement to our profitability.

The implementation of *Low Fares Done Right* has significantly reduced our cost base over the past three years by increasing aircraft utilization, transitioning to larger aircraft, maximizing seat density, renegotiating our distribution agreements, realigning our network, replacing our call center, enhancing our website, boosting employee productivity and contracting with specialists to provide us with select operating and other services. As a result of these and other initiatives, we have reduced our adjusted cost per available seat mile, or Adjusted CASM (excluding fuel), from 7.89¢ for the year ended December 31, 2013 to 5.43¢ in the year ended December 31, 2016, an improvement of 31%. In 2016, this was one of the industry's lowest unit operating costs in the United States. For the three months ended March 31, 2017 and 2016, our Adjusted CASM (excluding fuel) was 5.50¢ and 5.90¢, respectively. 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. For a discussion and reconciliation of Adjusted CASM to CASM, please see "Glossary of Airline Terms" and "—Results of Operations."

Fleet Plan

As of March 31, 2017, we had a fleet of 68 narrow-body Airbus A320-family aircraft, which we expect to grow to 121, including 80 A320neo family aircraft, by the end of 2021. We commenced operations with the A320neo family aircraft in October 2016. The A320neo is estimated to deliver approximately 15% improved fuel efficiency as compared to the prior generation of A320 aircraft. As of March 31, 2017, we had an obligation to acquire 78 aircraft, including 75 A320neo family aircraft and three A321neo aircraft by 2021, the first 45 of which we intend to finance with operating leases, including seven which are currently subject to committed operating leases and 38 which are subject to non-binding letters of intent. We intend to evaluate financing options for the remaining 33 aircraft. Of the 68 aircraft in our fleet, 62 are financed with operating leases, the last of which is scheduled to expire by the end of 2030, and the remaining six are financed with debt. The operating

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leases with for five, 13 and three aircraft in our fleet are scheduled to terminate in the remainder of 2017, 2018 and 2019, respectively. In certain circumstances, such operating leases may be extended. Our fleet plan results in a reduced number of A319 aircraft, which we expect to replace with larger and higher density A320neo aircraft (186 seats) and A321ceo aircraft (230 seats).

During 2015, we entered into an agreement, which we refer to as the Lease Modification Program, to amend our then-existing operating leases for 10 A319 aircraft, reducing their average remaining lease term from 41 months to 11 months, with no change in our base rent payments. As a result of the Lease Modification Program, in 2015 we incurred a one-time special charge of \$43 million primarily related to aircraft maintenance deposits on aircraft to be returned earlier than we had previously planned. In addition, during 2016 and 2015, we accelerated depreciation expense of \$12 million and \$17 million, respectively, and rent expense of \$4 million and \$7 million, respectively.

We also entered into sale-leaseback transactions during 2016 and 2015 with six third-party lessors in order to finance deliveries of 30 of our A320 family aircraft purchase commitments, 14 and five of which were delivered during 2016 and 2015, respectively. Any gains on completed sale-leaseback transactions are deferred and recognized as a reduction in aircraft rent expense over the lease term for each aircraft.

Operating Revenues

Our operating revenue consists of passenger and non-ticket revenue.

Passenger Revenue. Passenger revenue consists of base fares for air travel, including miles redeemed under our frequent flyer program, unused and expired passenger credits, other redeemed or expired travel credits and revenue derived from charter flights. We had largely exited the charter business by the end of 2016.

Non-ticket Revenue. Non-ticket revenue consists primarily of revenue generated from air travel-related services such as baggage fees, seat selection fees, itinerary service fees, booking fees and on-board sales. We also include services not directly related to providing transportation such as the advertising, marketing and brand elements resulting from our *Early Returns* affinity credit card program and revenue associated with our *Discount Den* membership program.

Operating Expenses

Our operating expenses consist of the following items:

Aircraft Fuel. Aircraft fuel expense is our single largest operating expense. It includes jet fuel and associated into-plane costs, federal and state taxes, and gains and losses associated with fuel hedge contracts.

Salaries, Wages and Benefits. Salaries, wages and benefits expense includes salaries, hourly wages, bonuses, equity-based compensation and profit sharing paid to employees for their services, as well as related expenses associated with employee benefit plans, employer payroll taxes and other employee related costs.

Station Operations. Station operations expense includes the fixed and variable fees charged by airports for the use or lease of airport facilities and fees charged by third-party vendors for ground handling, interrupted trip expenses and other related services.

Aircraft Rent. Aircraft rent expense consists of monthly lease rents for aircraft and spare engines under the terms of the related operating leases and is recognized on a straight-line basis. Aircraft rent expense also includes that portion of maintenance reserves, also referred to as supplemental rent, which is paid monthly to aircraft lessors for the cost of future heavy maintenance events and which is not probable of being reimbursed to us by the lessor during the lease term, as well as lease return costs, which consist of all costs that would be incurred at the return of the aircraft including costs incurred to return the airframe and engines to the condition required by

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the lease. Aircraft rent expense is recognized net of any amortization of gains and losses on sale and leaseback transactions on our flight equipment. As of March 31, 2017, 62 of our 68 aircraft and all of our eight spare engines were financed under operating leases.

Sales and Marketing. Sales and marketing expense includes credit card processing fees, travel agent commissions and related global distribution systems, or GDS, fees, advertising, sponsorship and distribution costs such as the costs of our call center and costs associated with our frequent flyer program.

Maintenance Materials and Repairs. Aircraft maintenance expense includes the cost of all parts, materials and fees for repairs performed by us and our third-party vendors to maintain our fleet, excluding heavy maintenance events. It excludes direct labor cost related to our own mechanics, which are included in salaries, wages and benefits.

Depreciation and Amortization. Depreciation and amortization expense includes depreciation of fixed assets we own and depreciation of leasehold improvements and finite-lived intangible assets. It also includes the amortization of heavy maintenance expenses we defer under the deferral method of accounting for heavy maintenance events and recognize as expense on a straight-line basis until the earlier of the next estimated heavy maintenance event or the remaining lease term.

Other Operating Expenses. Other operating expenses include outside services such as our third-party call center, crew and other employee travel, information technology, property taxes and all insurance, including hull-liability insurance, supplies, legal and other professional fees, facilities and all other administrative and operational overhead expenses. In addition, other operating expenses includes the annual fee of \$1.5 million plus expenses that we pay to Indigo on a quarterly basis pursuant to the Professional Services Agreement. No individual item included in this category represented more than 5% of our total operating expenses for any period presented.

Other Expense (Income)

Interest Expense. Interest expense is related to our pre-delivery payment credit facility and our fixed and floating rate equipment notes.

Capitalized Interest. We capitalize interest attributable to pre-delivery payments as an additional cost of the related asset beginning two years prior to the intended delivery date, when we estimate the related aircraft has begun to be manufactured and when pre-delivery payments are required to be paid under the terms of our existing aircraft purchase contracts until the asset is ready for its intended use. We capitalize interest at our weighted-average interest rate on long-term debt or, where applicable, the interest rate related to specific borrowings.

Interest Income and Other. Interest income and other includes interest income on our cash and cash equivalent balances, as well as activity not classified in any other area of the consolidated statements of operations.

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

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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. 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, or RASM. Discount fares are often prevalent when a competitor has excess capacity to sell.

During 2015 and 2016, the airline industry saw greater and more persistent price discounting than in the preceding several years. A major factor enabling price discounting was the sharp decline in oil prices on world markets, which significantly decreased airline operating costs. As a result, some of the legacy network carriers began seeking to match low-cost carrier and ULCC 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 we have significantly reduced our cost base over the past three years by increasing aircraft utilization and size, maximizing seat density, renegotiating our distribution agreements, realigning our network, replacing our call center, enhancing our website, boosting employee productivity and contracting with leading specialists to provide us with select operating and other services. As a result of these and other initiatives, we have reduced our unit operating costs, as measured by our CASM (excluding fuel), from 7.89¢ in 2013 to 6.71¢ in 2014 to 6.58¢ in 2015 and to 5.74¢ in 2016, and our Adjusted CASM (excluding fuel) from 7.89¢ in 2013 to 6.63¢ in 2014 to 5.86¢ in 2015 and to 5.43¢ in 2016 and currently have one of the industry's lowest unit operating costs in the United States. For the three months ended March 31, 2017 and 2016, our CASM (excluding fuel) was 6.78¢ and 6.32¢, respectively, and Adjusted CASM (excluding fuel) was 5.50¢ and 5.90¢, respectively. For a reconciliation of CASM to Adjusted CASM (excluding fuel), see "—Results of Operations." Our unit operating costs in the first three months of 2017 were comparable to the other U.S. ULCCs, Spirit Airlines and Allegiant Travel Company, and were substantially lower than U.S. low-cost carriers, or LCCs, which include JetBlue Airways, Southwest Airlines and Virgin America and approximately half of the legacy airlines, which include American Airlines, Delta Air Lines, and United Airlines. See "Industry Background." Our cost structure has allowed us to achieve strong results from operations during these periods of competitive pricing and price discounts. 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. In addition, if our competitors engage in fare wars or similar behavior, our financial performance could be adversely impacted.

Aircraft Fuel. Fuel expense represents the single largest operating expense for most airlines, including ours. Jet 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 jet fuel cannot be predicted with any degree of certainty.

We currently hedge our exposure to jet fuel prices using out-of-the-money call options, although we may utilize other instruments such as swaps and collar contracts on jet fuel or highly correlated commodities and fixed forward price contracts, or FFPs, which allow us to lock in the price of jet 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 March 31, 2017, we had hedges in place for approximately 71% of our projected fuel requirements for the remainder of 2017 and approximately 31% of our projected fuel requirements for 2018, with all of our then existing call options expected to be exercised or expire by the end of 2018.

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Volatility. The air transportation business is volatile and highly affected by economic cycles and trends. 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. We believe, however, demand for business travel historically has been more sensitive to economic conditions than demand for low-price leisure and VFR travel. Therefore, we believe our business model is more resilient through economic cycles.

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 calendar second and third quarters compared to the rest of the year. While we are reducing our concentration in Denver to decrease the impact of seasonality in our business, approximately 40% of flights as of March 2017 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, or CBAs. Relations between air carriers and labor unions in the United States are governed by the Railway Labor Act, or 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, or 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 85% of our employees as of March 31, 2017. Our pilots are represented by the Air Line Pilots Association, or ALPA; our flight attendants are represented by the Association of Flight Attendants, or AFA-CWA; our maintenance, aircraft appearance agents, material specialists and maintenance control employees are all represented by the International Brotherhood of Teamsters, or IBT; and our dispatchers are represented by the Transport Workers Union, or TWU. Conflicts between airlines and their unions can lead to work stoppages. Except for the dispatchers, aircraft technicians and materials specialists, we are in negotiations with the union representing each group. During the fourth quarter of 2016, a new five-year collective bargaining agreement was reached with the dispatchers. On February 20, 2017 and March 17, 2017, the maintenance and material specialists contracts, respectively, were ratified to include new amendable dates of February 2022 and March 2022, respectively. Any agreements we do reach could increase our labor and related expenses. Please see “Business—Employees.”

On March 15, 2017, we entered into a Letter of Agreement, or the LOA, with the Association of Flight Attendants—CWA, AFL-CIO, or the AFA, the union representing our flight attendants. The LOA was the result of a negotiation between us and the AFA and extinguishes the flight attendants’ contingent equity participation contained in their collective bargaining agreement by providing for a \$40 million aggregate cash settlement, payable by us to participating flight attendants over a six-month period commencing June 1, 2017. The \$40 million settlement and related payroll taxes of \$3 million are reflected within salaries, wages and benefits in the consolidated statement of operations for the three months ended March 31, 2017. The resulting \$43 million charge is accrued for within other current liabilities in the consolidated balance sheet as of March 31, 2017.

Maintenance Materials and Repairs. 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 March 31, 2017, the average age of our aircraft was approximately six years and we have taken delivery of over 25 new aircraft since the start of 2015. As of such date, our 68 aircraft fleet consisted of 62

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aircraft financed under operating leases and six aircraft financed under secured debt arrangements. The operating leases for five, 13 and three aircraft in our fleet are scheduled to terminate in 2017, 2018 and 2019, respectively. In certain circumstances, such operating leases may be extended. We have a firm purchase commitment with Airbus to acquire 78 aircraft by the end of 2021. We also have a firm purchase commitment for 12 additional spare aircraft engines. We expect that our new aircraft will require less maintenance when they are first placed in service 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 heavy maintenance is required. Once these maintenance holidays expire, our fleet will require more maintenance as it ages 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. Please see “—Critical Accounting Estimates—Aircraft Maintenance.”

Maintenance Reserve Obligations. 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 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 Estimates—Aircraft Maintenance.”

Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. In doing so, we have to 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.

Revenue Recognition

Passenger Revenue. We generate the majority of our revenue from sales of passenger tickets. We initially defer ticket sales as an air traffic liability and recognize passenger revenue when the passenger flight occurs. An unused nonrefundable ticket expires at the date of scheduled travel and is recognized as revenue at that date. Customers may elect to change their itinerary prior to the date of departure. A service fee is assessed and recognized as non-ticket revenue on the date the change is initiated and deducted from the face value of the original purchase price of the ticket. The original ticket becomes invalid. The amount remaining after deducting the service fee is a credit that can be used towards the purchase of a new ticket. The recorded value of the credit is calculated based on the original value less the service fee and estimated breakage, which is based on historical experience and is recognized at the original date of departure. Estimating the amount of breakage involves some level of subjectivity and judgment. Charter revenue is recognized at the time of departure when transportation is provided.

Non-ticket Revenue. We recognize non-ticket revenue for baggage fees, seat selection fees and on-board sales when the associated flight occurs and change and booking fee revenue as the transactions occur. We also

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recognize non-ticket revenue for our bundled products, *The Works* and *The Perks*. Fees sold in advance of the flight date are initially recorded as an air traffic liability. Non-ticket revenue also includes services not directly related to providing transportation, such as revenue from our *Early Returns* affinity credit card program, as described in “—Frequent Flyer Program,” and our *Discount Den* membership program.

Frequent Flyer Program

Our *Early Returns* frequent flyer program provides frequent flyer travel awards to program members based on accumulated miles. Miles are accumulated as a result of travel, purchases using the co-branded credit card and purchases from other participating partners. The program has a six-month expiration period for unused miles from the month of last account activity, excluding redemption activity. For all miles earned under the *Early Returns* program, we have an obligation to provide future travel when these reward miles are redeemed.

With respect to miles earned as a result of travel, or flown miles, we recognize a liability, representing the incremental cost associated with the obligation to provide travel in the future, as miles are earned by passengers. Incremental cost for miles to be redeemed on our flights is estimated based on historical costs, which include the cost of aircraft fuel, insurance, security, ticketing and reservation costs, net of redemption fees. We adjust our liability periodically for changes in our estimate of incremental cost, average miles to redeem and breakage estimates.

We sell award miles to participating companies, including credit card and car rental companies. We account for member miles sold to our partners as multiple-element arrangements. These arrangements consist of three elements: (i) travel miles to be awarded, (ii) licensing of brand and access to member lists, and (iii) advertising and marketing efforts. We established the estimated selling price for all deliverables that qualify for separation and allocated arrangement consideration based on relative selling price. In establishing the selling price, we first determined whether vendor-specific objective evidence of selling price or third-party evidence of selling price existed. We determined that neither vendor-specific objective evidence of selling price nor third-party evidence existed due to the uniqueness of our program. As such, we developed our best estimate of the selling price for all deliverables. For the selling price of travel, we considered a number of entity-specific factors including the number of miles needed to redeem an award, average fare of comparable segments, breakage, restrictions and other charges. For licensing of brand and access to member lists, we considered both market-specific factors and entity-specific factors, including general profit margins realized in the marketplace/industry, brand power, market royalty rates and size of customer base. For the advertising and marketing element, we considered market-specific factors and entity-specific factors including our internal costs of providing services, volume of marketing efforts and overall advertising plan. Consideration allocated based on the relative selling price to both brand licensing and advertising elements is recognized as non-ticket revenue in the month of sale.

The consideration allocated to the transportation portion of these mileage sales is deferred and recognized as passenger revenue based on the redemption method. Breakage is recorded under the redemption method using miles expected to be redeemed and the recorded deferred revenue balance to determine a weighted-average rate, which is then applied to the actual miles redeemed. Redemptions are allocated between sold and flown miles based on historical patterns. Current and future changes to the expiration policy or to program rules and program redemption opportunities may result in material changes to the frequent flyer liability balance, as well as recognized revenue from the program. In addition, there are pending significant changes in the manner in which airlines account for frequent flyer programs. For instance, see “Recent Accounting Pronouncements.”

Aircraft Maintenance

Under our aircraft operating lease agreements and FAA operating 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. Heavy maintenance events include six-year and 12-year airframe checks, engine overhauls, limited life parts replacement and overhauls to major components. Certain maintenance functions are

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performed by third-party specialists under contracts that require payment based on a utilization measure such as flight hours.

We account for heavy maintenance under the deferral method wherein the cost of heavy maintenance is deferred in flight equipment and depreciated over the earlier of the period until the next estimated heavy maintenance event or the remaining lease term or useful life of the aircraft. Heavy maintenance events occurring closer to the end of the lease term will be depreciated over the remaining lease term rather than over the period to the next estimated heavy maintenance event. Costs incurred for maintenance and repair under flight hour maintenance contracts, where labor and materials price risks have been transferred to the third-party service provider, are expensed based on contractual payment terms. Routine cost for maintaining the airframes and engines and line maintenance are charged to maintenance materials and repairs expense as performed.

The timing and cost of the next heavy maintenance event is estimated based on assumptions including estimated usage, FAA-mandated maintenance intervals, current condition of the related component, the age of the related component and average removal times as suggested by the manufacturer. These assumptions may change based on changes in the utilization of our aircraft, changes in government regulations and suggested manufacturer maintenance intervals. In addition, these assumptions can be affected by unplanned incidents that could damage an airframe, engine or major component to a level that would require a heavy maintenance event prior to a scheduled maintenance event. To the extent the estimated timing of the next maintenance event is extended or shortened, the related depreciation period would be lengthened or shortened prospectively, resulting in lower depreciation expense over a longer period or higher depreciation expense over a shorter period, respectively.

The following table summarizes information regarding our maintenance expense for the periods presented (in millions):

	Year Ended December 31,			Three Months Ended March 31,	
	2014	2015	2016	2016	2017
Maintenance materials and repairs	\$ 39	\$ 50	\$ 48	\$ 14	\$ 14
Depreciation of heavy maintenance ⁽¹⁾	6	32	49	9	7
Total maintenance expense	\$ 45	\$ 82	\$ 97	\$ 23	\$ 21

(1) Includes accelerated depreciation expense of \$12 million and \$17 million for the years ended December 31, 2016 and 2015, respectively, related to the Lease Modification Program.

Maintenance Reserves

Certain of our aircraft and spare engine 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. As of March 31, 2017, our scheduled lease returns and the applicability of maintenance reserves for our leased aircraft were as follows:

	<u>A319</u>	<u>A320ceo</u>	<u>A320neo</u>	<u>A321</u>	<u>Total</u>
Scheduled Lease Returns:					
Remainder of 2017	3	2	—	—	5
2018	10	3	—	—	13
2019	2	1	—	—	3
2020	2	1	—	—	3
2021	—	1	—	—	1
2022	—	4	—	—	4
Thereafter	—	12	5	16	33
Total	<u>17</u>	<u>24</u>	<u>5</u>	<u>16</u>	<u>62</u>

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	<u>A319</u>	<u>A320ceo</u>	<u>A320neo</u>	<u>A321</u>	<u>Total</u>
Maintenance Reserves:					
Not subject to maintenance reserves	—	5	—	16	21
Subject to maintenance reserves if certain thresholds are not met ^(a)	—	4	5	—	9
Subject to maintenance reserves ^(b)	17	15	—	—	32
Total	<u>17</u>	<u>24</u>	<u>5</u>	<u>16</u>	<u>62</u>

(a) At December 31, 2016, the thresholds were not met for the five A320neo aircraft and, therefore, we are paying maintenance reserves until the thresholds are met. The leases for the five A320neo aircraft expire by 2030. The thresholds were met for the four A320ceos.

(b) Leases requiring maintenance reserves to be paid are scheduled to expire at the end of 2022.

Our lease agreements with maintenance reserve requirements provide that maintenance reserves are reimbursable to us upon completion of the maintenance event in an amount equal to the lesser of either (1) the amount of the maintenance reserve held by the lessor associated with the specific maintenance event or (2) the qualifying costs related to the specific maintenance event. Substantially all of these maintenance reserve payments are calculated based on a utilization measure, such as flight hours or cycles and are used solely to collateralize the lessor for maintenance time run off the aircraft until the completion of the maintenance of the aircraft. We retain the risk for the actual cause of the event.

At lease inception and at each balance sheet date, we assess whether the maintenance reserve payments required by the lease agreements are substantively and contractually related to the maintenance of the leased asset. Maintenance reserve payments that are substantively and contractually related to the maintenance of the leased asset are accounted for as maintenance deposits. Maintenance reserves expected to be recovered from lessors are reflected as aircraft maintenance deposits on our balance sheets. When it is not probable we will recover amounts currently on deposit with a lessor, such amounts are expensed as supplemental rent.

We make various assumptions to determine the recoverability of maintenance reserves, such as the estimated time between the maintenance events, the date the aircraft is due to be returned to the lessor and the number of flight hours 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.

Certain of our lease agreements also provide that some or all of the maintenance reserves held by the lessor at the expiration of the lease are nonrefundable to us and will be retained by the lessor. Consequently, we have determined that 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. We expect to incur maintenance reserves after the last major maintenance events resulting in higher rent expense in the final years of applicable leases. Maintenance reserves held by lessors that are refundable to us at the expiration of the lease are accounted for as aircraft maintenance deposits on the balance sheet when they are paid and offset any related lease return costs.

Leased Aircraft Return Costs

Our aircraft lease agreements often contain provisions that require us to return aircraft airframes and engines to the lessor in a specified condition or pay an amount to the lessor based on the actual return condition of the equipment. Leased return costs are recorded as a component of aircraft rent and are characterized as maintenance reserves. Our accrual is based on the time remaining on the lease, planned aircraft usage and the provisions included in the lease agreement, although the actual amount due to any lessor upon return will not be known with certainty until lease termination.

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 required condition as specified by the lease. Lease return costs could include, but are not limited to, redelivery cost, redelivery crew cost, final inspections, reconfiguration of the cabin, repairs to the airframe and airframe overhauls, painting, overhaul of engines, replacement of

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components and fuel. Such estimated costs exclude the costs of maintenance events that are covered by reserves on deposit with the relevant lessor or routine maintenance costs that are recorded in maintenance expense.

Lease return costs are recognized beginning when it is probable that such costs will be incurred and they can be estimated. Incurrence of lease return costs becomes probable and the amount of those costs can typically be estimated near the end of the lease term. When determining probability and estimated cost, there are various factors that need to be considered such as the current condition of the aircraft, the age of the aircraft at lease expiration, the number of hours run on the engines, the number of cycles run on the airframe, the projected number of hours run on the engine at the time of return, the number of projected cycles run on the airframe at the time of return, the extent of repairs needed, if any, at return, the return location, the current configuration of the aircraft, the current paint of the aircraft, the estimated escalation of cost of repairs and materials at the time of return and the current flight hour agreement rates.

In addition, typically near the lease return date, the lessors may allow 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. When costs become both probable and estimable, they are accrued on a straight-line basis as contingent rent through the remaining lease term. Because we expect return costs to be estimable near the end of the lease term, contingent rent for related aircraft will be higher near the end of the lease term. We expect to incur significant return costs in the remainder of 2017 and 2018 because the leases for five and 13, respectively, of our aircraft that we acquired from our predecessor are scheduled to terminate. In certain circumstances, such operating leases may be extended. We cannot estimate such costs with precision because they depend on a number of operating and other factors, including aircraft utilization, the result of aircraft inspections and the actual cost of maintenance events or other costs related to the return of a given aircraft.

Measurement of Asset Impairment

Our indefinite-lived intangible assets consist of take-off and landing slots at LaGuardia Airport (LGA) and Ronald Reagan Washington National Airport (DCA) and trademarks. Because we have determined these are intangible assets with indefinite lives, we apply a fair value-based impairment test to the carrying value of such intangible assets annually on October 1st, or more frequently if certain events or circumstances indicate that an impairment loss may have been incurred. We assess the value of indefinite-lived assets under either a qualitative or quantitative approach. Under a qualitative approach, we consider various market factors, including applicable key assumptions listed below. These factors are analyzed to determine if events and circumstances have affected the fair value of indefinite-lived intangible assets. If we determine that it is more likely than not that the value of an indefinite-lived intangible asset is impaired, the quantitative approach is used to assess the asset's fair value and the amount of the impairment. If the asset's carrying value exceeds its fair value calculated using the quantitative approach, an impairment charge is recorded for the difference in fair value and carrying value.

Factors which could result in future impairment of owned landing slots include, but are not limited to, an unfavorable change in competition in the slotted airport or a nearby airport and significantly higher prices for jet fuel. As part of this evaluation, we assess whether changes in macroeconomic conditions, industry and market conditions, cost factors, overall financial performance and certain events specific to us have occurred which would impact the use and/or fair value of these assets.

Based on our unaudited qualitative analysis performed during the first quarter of 2017, we concluded it is more likely than not that the fair values of our indefinite-lived intangibles assets are greater than the carrying amount. Therefore, a quantitative analysis was not necessary and no impairment was recorded.

Finite-lived intangible assets consist primarily of our affinity credit card program relationship established in connection with our acquisition by Indigo and are amortized over their estimated economic useful lives.

We record 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, the undiscounted cash flows estimated

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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, we use certain assumptions, including, but not limited to, estimated fair value of the assets and estimated undiscounted future cash flows expected to be generated by these assets, which are based on additional assumptions, such as expected asset utilization, expected length of service the asset will be used in our operations and estimated salvage values. No impairment charges were recorded in the three months ended March 31, 2017 or 2016, or the years ended December 31, 2016, 2015 or 2014.

Derivative Instruments

Our results of operations can vary materially due to changes in the price and availability of aircraft fuel. We may enter into derivative contracts, such as purchased call options, collars or swaps, in order to reduce our exposure to fuel price increases. Derivative instruments are stated at fair value, net of any collateral postings.

Beginning in 2015, we formally designated and accounted for the derivative instruments that met established accounting criteria under U.S. GAAP as cash flow hedges. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instruments is recorded in accumulated other comprehensive income/loss, or AOCI/L, a component of stockholders' equity in the consolidated balance sheets. In general, we recognize the associated gains or losses deferred in AOCI/L as a component of aircraft fuel expense in the period that the jet fuel is consumed. Ineffectiveness, if any, related to our changes in estimates about the forecasted transaction is recognized directly in earnings during the period incurred. For derivative instruments that are not designated as cash flow hedges, the gain or loss on the instrument is recognized in current period earnings. We did not have any derivative instruments designated as cash flow hedges during the year ended December 31, 2014.

Stock-Based Compensation

On December 3, 2013, to give effect to the reorganization of our corporate structure in connection with the acquisition by Indigo, an agreement was reached to amend and restate a phantom equity agreement that was in place with our predecessor and Frontier pre-acquisition. Under the terms of this agreement, the pilots employed by Frontier in June 2011, when an amendment to the underlying collective bargaining agreement was approved, who we refer to as the Participating Pilots, through their agent, FAPAInvest, LLC, received phantom equity units which were the economic equivalent of 231,000 shares of our common stock, representing 4% of our common stock as of June 30, 2014. Each unit constitutes 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 installments in 2020 and 2022 (such as this offering) based on a predetermined formula. The phantom equity units are required to be paid in cash absent a qualifying initial public offering. The phantom equity units were fully vested at December 31, 2016 and are subject to adjustment for certain events, including cash dividends declared with respect to our common stock.

In August 2011, Frontier obtained concessions from its flight attendants in exchange for a contingent contractual equity participation in Frontier, which was subject to performance conditions. At December 31, 2016 and 2015, the performance conditions giving rise to the contingent equity participation in Frontier for the flight attendants had not been achieved. Therefore, no liability or corresponding stock-based compensation had been recorded for these periods. On March 15, 2017, Frontier entered into the LOA with the union representing our flight attendants (AFA-CWA). The LOA was the result of a negotiation between Frontier and the AFA-CWA and extinguishes the flight attendants' contingent contractual equity participation in Frontier by providing a \$40 million aggregate cash settlement of their contingent contractual equity participation in Frontier, payable by Frontier to participating flight attendants over a six-month period commencing June 1, 2017. The \$40 million settlement and related payroll taxes of \$3 million are reflected within salaries, wages and benefits in the consolidated statement of operations for the three months ended March 31, 2017. The resulting \$43 million charge is accrued for within other current liabilities in the consolidated balance sheet as of March 31, 2017.

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We also grant stock options and restricted stock awards to the members of our board of directors and certain employees and consultants. Our policy is to grant options with an exercise price equal to the fair market value of the underlying common stock on the date of grant. During the three months ended March 31, 2017 and 2016, 5,375 and 49,250 stock options were granted, respectively, and no restricted stock awards were issued. During the year ended December 31, 2016, 53,475 stock options were granted and 1,455 shares of restricted stock awards were issued. Generally, stock options vest over four years. As of March 31, 2017, there was \$5 million of total unrecognized compensation cost related to share-based grants to be recognized over approximately two years.

We measure and recognize compensation expense related to all stock-based awards, including stock options, based on their estimated fair value on the grant date for awards to employees. The fair value of each stock-based award is estimated on the grant date using the Black-Scholes option-pricing model. Restricted stock awards are valued at the fair value of the shares on the date of grant. We recognize stock-based compensation expense, net of forfeitures, on a straight-line basis over the requisite service periods of the awards, which are generally four years. Forfeitures are recognized as they occur. We account for phantom stock units using the liability method because our phantom stock units can be redeemed for either cash or common stock. Fair value is re-measured at the end of each reporting period and is based on our common stock valuation. Compensation expense for phantom stock units is recognized on a straight-line basis over the vesting period based on the award's estimated fair value.

Common Stock Valuation

We believe that our board of directors has the relevant experience and expertise to determine the fair value of our common stock. As described below, the exercise price of our stock-based awards was determined by our board of directors based, in part, on the most recent third-party valuation report obtained by our board of directors as of the grant date. There were significant judgments and estimates inherent in these valuations, which included assumptions regarding our future operating performance, the time to complete an initial public offering or other liquidity event and the determinations of the appropriate valuation methods to be applied. If we had made different estimates or assumptions, our stock-based compensation expense, net income and net income per share could have been significantly different.

Given the absence of a public trading market for our common stock, and in accordance with the American Institute of Certified Public Accountants Practice Guide, Valuation of Privately-Held Company Equity Securities Issued as Compensation, our board of directors exercised judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock, including the most recent third-party valuation report obtained by our board of directors as of the grant date, the value of our tangible and intangible assets, the present value of future cash flows, the market value of similar companies engaged in substantially similar business, particularly those which are at similar stages of development, discounts for lack of common stock liquidity, our development stage and our anticipated operating results.

Our enterprise value was estimated by using market multiples and a discounted cash flow analysis based on plans and estimates used by management to manage the business. We evaluated comparable publicly-traded companies in the airline industry. We used market multiples after considering the risks associated with the strategic shift in our business, the availability of financing, labor relations and an intensely competitive industry. The estimated value was then discounted by a non-marketability factor due to the fact that stockholders of private companies do not have access to trading markets similar to those available to stockholders of public companies, which impacts liquidity.

The determination of the fair values of our non-public common stock and stock-based awards are based on estimates and forecasts described above that may not reflect actual market results. These estimates and forecasts require us to make judgments that are highly complex and subjective. Additionally, past valuations relied on reference to other companies for the determination of certain inputs. After completion of this offering, future stock-based grant values will be based on quoted market prices.

Results of Operations

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016

Our capacity, as measured by ASMs, increased by 21% for the three months ended March 31, 2017, as compared to the corresponding prior year period, as a result of changes to our seat density, a strategic shift toward larger aircraft in our fleet and an increase in our average number of aircraft in service, from 59 in the three months ended March 31, 2016 to 65 in the three months ended March 31, 2017. Our total revenue per available seat mile declined from 9.13¢ to 8.81¢, or 4%, reflecting competitive pricing actions as a result of capacity growth, relatively low fuel prices and Easter weekend falling in April. While fuel prices have remained historically low, our fuel costs increased by \$39 million, or 32% on a per ASM basis, due primarily to an increase in the fuel cost per gallon from \$1.32 to \$1.88 per gallon. Our fuel gallons consumed increased by 13%, significantly less than our 21% increase in available seat miles, due to the impact of larger aircraft, more fuel-efficient aircraft and higher seat density. As a result of the continuation of our disciplined approach to cost control, we reduced our Adjusted CASM (excluding fuel) from 5.90¢ to 5.50¢.

The results for the three months ended March 31, 2017 include a charge of \$43 million related to the negotiated settlement of our flight attendants' contingent contractual equity participation in Frontier. The results for the three months ended March 31, 2017 includes \$18 million of expenses related to the pilot's phantom equity resulting from an increase in our equity valuation as well as the expense associated with the \$7 million they were entitled to receive pursuant to the Pilot Phantom Equity Agreement as a result of the \$165 million dividend declared in February 2017. During the three months ended March 31, 2016, the pilot phantom equity related expenses totaled \$10 million and we incurred \$7 million of costs related to our Lease Modification Program. The aforementioned expenses incurred during the three months ended March 31, 2017 generated a breakeven result for the quarter as compared to net income of \$30 million during the prior year period. Adjusted net income totaled \$39 million and \$41 million for the three months ended March 31, 2017 and 2016, respectively. The decrease of \$2 million in our Adjusted net income is primarily the result of the \$39 million higher fuel costs in the three months ended March 31, 2017 as compared to the prior year and total revenue per available seat mile declined by 4% reflecting competitive pricing actions. These impacts were substantially offset by a \$62 million, or 17%, increase in total revenue less a \$30 million, or 13%, increase in operating expenses (excluding fuel) resulting from capacity growth of 21% in the three months ended March 31, 2017 as compared to the prior year period.

Operating Revenues

Operating revenues (\$ in millions):	Three Months Ended March 31,		Change	
	2016	2017		
Passenger	\$ 219	\$ 234	\$ 15	7%
Non-ticket	149	196	47	32%
Total operating revenues	\$ 368	\$ 430	\$ 62	17%
Operating statistics:				
Available seat miles (millions)	4,034	4,882	848	21%
Revenue passenger miles (millions)	3,534	4,201	667	19%
Average stage length (statute miles)	1,074	1,124	50	5%
Load factor	87.6%	86.0%	(1.6) pts	N/A
Total revenue per available seat mile (RASM)	9.13¢	8.81¢	(0.32)¢	(4%)
Total revenue per passenger	\$ 112.83	\$ 115.85	\$ 3.02	3%
Passengers (thousands)	3,263	3,711	448	14%

Total revenue increased \$62 million, or 17%, for the three months ended March 31, 2017 as compared to the corresponding prior year period. The increase was due to a \$47 million, or 32%, increase in non-ticket revenue

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and a \$15 million, or 7%, increase in passenger revenue. Total revenue per available seat mile declined by 4% reflecting competitive pricing actions as a result of 21% capacity growth and Easter weekend falling in April. The increase in our non-ticket revenue was due to higher convenience booking fees in the first quarter of 2017 as compared to the prior year along with higher baggage and seat revenue. For a further discussion of non-ticket revenue, see Note 1 to our consolidated financial statements.

During the first quarter of 2017, we added a net of two new aircraft to the fleet, opened two new routes and announced new routes to San Juan, Puerto Rico beginning in June 2017. In March 2017, we announced that we intend to discontinue service to Cuba in June 2017 due to inadequate traffic.

Our capacity, as measured by ASMs, increased by 21% for the three months ended March 31, 2017, as compared to the corresponding prior year period, as a result of changes to our seat density, a strategic shift toward larger aircraft in the fleet and an increase in our average aircraft in service from 59 in the three months ended March 31, 2016 to 65 in the three months ended March 31, 2017.

Operating Expenses

Operating expenses (\$ in millions):	Three months Ended March 31,				Cost per ASM		Change
	2016	2017	Change		2016	2017	%
Aircraft fuel	\$ 63	\$ 102	\$ 39	62%	1.57¢	2.08¢	32%
Salaries, wages and benefits	71	133	62	87%	1.76	2.72	55%
Station operations	53	53	—	—	1.31	1.09	(17%)
Aircraft rent	50	59	9	18%	1.24	1.21	(2%)
Sales and marketing	17	19	2	12%	0.42	0.39	(7%)
Maintenance materials and repairs	14	14	—	—	0.35	0.29	(17%)
Depreciation and amortization	18	13	(5)	(28%)	0.45	0.27	(40%)
Other operating expenses	32	39	7	22%	0.79	0.81	3%
Total operating expenses	\$ 318	\$ 432	\$ 114	36%	7.89¢	8.86¢	12%
Operating statistics:							
Available seat miles (millions)	4,034	4,882	848	21%			
Average stage length (statute miles)	1,074	1,124	50	5%			
Departures	22,248	23,647	1,399	6%			
CASM (excluding fuel)	6.32¢	6.78¢	0.46¢	7%			
Adjusted CASM (excluding fuel)	5.90¢	5.50¢	(0.40)¢	(7%)			
Fuel cost per gallon	\$ 1.32	\$ 1.88	\$ 0.56	42%			
Fuel gallons consumed (thousands)	47,812	54,187	6,375	13%			

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Reconciliation of CASM to Adjusted CASM (excluding fuel):

	Three months Ended March 31,			
	2016		2017	
	(in millions)	Per ASM	(in millions)	Per ASM
CASM		7.89¢		8.86¢
Aircraft fuel	\$ (63)	(1.57)	\$ (102)	(2.08)
CASM (excluding fuel)		6.32¢		6.78¢
Pilot phantom equity ^(a)	(10)	(0.25)	(18)	(0.37)
Salaries, wages and benefits—flight attendant settlement ^(b)	—	—	(43)	(0.89)
Salaries, wages and benefits—other ^(c)	—	—	(1)	(0.02)
Lease Modification Program ^(d) :				
Depreciation	(6)	(0.15)	—	—
Aircraft rent	(1)	(0.02)	—	—
Adjusted CASM (excluding fuel)		5.90¢		5.50¢

- (a) Represents the impact of the change in value and vesting of phantom stock units pursuant to the Pilot Phantom Equity Plan. See “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”
- (b) Represents the \$43 million expense relating to the LOA entered into with the union representing our flight attendants (AFA-CWA) on March 15, 2017. See “—Critical Accounting Estimates—Stock Based Compensation.”
- (c) Represents expenses associated with the ratification of labor agreements.
- (d) Represents depreciation of \$6 million and aircraft rent of \$1 million for the three months ended March 31, 2016 related to the Lease Modification Program. See “Fleet Plan.”

Aircraft Fuel. Aircraft fuel expense increased by \$39 million, or 62%, during the three months ended March 31, 2017, as compared to the corresponding prior year period. On a per-ASM basis, aircraft fuel expense increased by 32%. The increase was primarily due to a 42% increase in the fuel cost per gallon, which was partly offset by the introduction of more fuel efficient aircraft. Our fuel gallons consumed increased by 13%, significantly less than our 21% increase in available seat miles, due to the impact of larger aircraft, more fuel-efficient aircraft, higher seat density and lighter weight seats.

Salaries, Wages and Benefits. Salaries, wages and benefits expense increased by \$62 million, or 87%, during the three months ended March 31, 2017, as compared to the corresponding prior year period. Salaries, wages and benefits include a \$43 million expense related to the negotiated settlement of our flight attendants’ equity participation in Frontier and \$1 million of one-time expenses related to the ratification of the maintenance contract in February 2017. In addition, we incurred charges of \$18 million and \$10 million during the three months ended March 31, 2017 and 2016, respectively, for pilot phantom equity based upon valuation adjustments in both periods and incremental vesting during the prior year period. Excluding the impact of the settlement with the flight attendants, ratification of the maintenance contract and the pilot phantom equity, salaries, wages and benefits increased by \$10 million, or 16%, largely reflecting new hire pilots and flight attendants to support capacity growth.

Station Operations. Station operations expense did not change during the three months ended March 31, 2017, as compared to the corresponding prior year period, and station operations expense per ASM decreased by 17%, as a result of more favorable weather and our continued focus on cost control.

Aircraft Rent. Aircraft rent expense increased by \$9 million, or 18%, during the three months ended March 31, 2017, as compared to the corresponding prior year period, primarily as a result of the addition of new, larger aircraft. As of March 31, 2017, our fleet size totaled 68 aircraft and was comprised of 26 A320s, 21 A319s, 16 A321s and five A320neos. During the three months ended March 31, 2016, our fleet size totaled 59 aircraft and was comprised of 30 A319s, 23 A320s and six A321s.

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Sales and Marketing. Sales and marketing expense increased by \$2 million, or 12%, and decreased on a per ASM basis by 7% during the three months ended March 31, 2017, as compared to the corresponding prior year period, primarily due to a decrease in booking fees as a result of a higher proportion of bookings on our website, our lowest cost distribution channel, this decrease was partly offset by credit card fees relating to higher sales. The following table presents our distribution channel mix:

Distribution Channel	Three months Ended March 31,		Change
	2016	2017	
Our website, mobile app and other direct channels	62%	67%	5 pts
Third-party channels	38	33	(5)

Maintenance Materials and Repairs. Maintenance materials and repair costs did not change during the three months ended March 31, 2017, as compared to the corresponding prior year period. These costs decreased by 17% on an ASM basis. This decrease was primarily due to the timing and mix of maintenance events as well as the timing of new aircraft deliveries, which resulted in lower cost events in the three months ended March 31, 2017 as compared to the corresponding prior year period.

Depreciation and Amortization. Depreciation and amortization expense decreased by \$5 million, or 28%, and decreased on a per ASM basis by 40% during the three months ended March 31, 2017, as compared to the corresponding prior year period. This decrease was primarily due to the impact of our Lease Modification Program during 2016, which was partly offset by increased heavy maintenance activity. Our Lease Modification Program resulted in additional depreciation of \$6 million during the three months ended March 31, 2016 due to our accelerated lease returns.

Other Operating Expenses. Other operating expenses increased by \$7 million, or 22%, and increased on a per ASM basis by 3% during the three months ended March 31, 2017, as compared to the corresponding prior year period, due to higher aircraft utilization and larger and higher density aircraft.

Other Expense

Other expense decreased from \$1 million in the three months ended March 31, 2016 to \$0 million in the three months ended March 31, 2017 due to interest earned on a larger cash balance in the three months ended March 31, 2017.

Income Taxes

In the three months ended March 31, 2017, our effective tax rate was 89.3% as compared to 38.6% in the three months ended March 31, 2016. The tax benefit during the three months ended March 31, 2017 that was applied to our \$2 million loss before taxes included a \$1 million excess tax benefit associated with stock option repurchases during the quarter. Our tax rate will vary depending on the amount of income we earn in each state and the state tax rate applicable to such income.

Year ended December 31, 2016 Compared to Year ended December 31, 2015

We had net income of \$200 million in 2016 as compared to net income of \$146 million in 2015. In 2016, we had operating income of \$317 million as compared to operating income of \$233 million in 2015. Our 2016 results reflected the full year impact of our strategic decisions to change our route network and revenue management strategy by reducing our Denver concentration to mitigate seasonality, change in our pricing and fee structure, increase our seat density using lightweight, slim-line seats, execute our fleet plan, transition to third-party specialists for services such as our ground handling, call center and catering, and change our hedging strategy to use out-of-the-money call options.

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Our 2016 financial results reflect the execution of our strategy to stimulate demand by passing on a portion of our cost reductions to our customers. As we executed on our strategy, we incurred a number of special charges during 2015 and 2016. Our Lease Modification Program, pursuant to which we amended the operating leases for 10 A319 aircraft, resulted in a special charge of \$43 million during 2015 as well as accelerated depreciation of \$12 million and \$17 million and rent-related expenses of \$4 million and \$7 million during 2016 and 2015, respectively, due to the significantly shortened lease terms on the 10 A319 aircraft included in this program. We also incurred \$40 million and \$43 million in non-cash compensation expense in 2016 and 2015, respectively, related to the increased value in and incremental vesting of phantom stock units awarded to the Participating Pilots.

In 2016, we continued our disciplined and aggressive approach to cost control. Our increased seat density in 2016 resulted in lower unit costs. From 2015 to 2016, our Adjusted CASM (excluding fuel) decreased by 7% to 5.43¢ as a result of our strategic initiative implementation. In addition, we had a 16% reduction in fuel cost per gallon.

Operating Revenues

Operating revenues (\$ in millions):	Year ended December 31,		Change	
	2015	2016		
Passenger	\$ 1,203	\$ 988	\$ (215)	(18%)
Non-ticket	401	726	325	81%
Total operating revenues	\$ 1,604	\$ 1,714	\$ 110	7%
Operating statistics:				
Available seat miles (millions)	15,229	18,366	3,137	21%
Revenue passenger miles (millions)	13,400	16,015	2,615	20%
Average stage length (statute miles)	1,002	1,060	58	6%
Load factor	88.0%	87.2%	(0.8) pts	N/A
Total revenue per available seat mile (RASM)	10.53¢	9.33¢	(1.20)¢	(11%)
Total revenue per passenger	\$ 121.66	\$ 114.72	\$ (6.94)	(6%)
Passengers (thousands)	13,184	14,937	1,753	13%

Total revenue increased by \$110 million, or 7%, from 2015 to 2016 due to a \$325 million or 81% increase in non-ticket revenue from 2015 to 2016, partially offset by a \$215 million or 18% decrease in passenger revenue. Total revenue per available seat mile declined by 11% reflecting competitive pricing actions as a result of capacity growth and lower fuel prices, along with a \$71 million decrease in our charter revenue due to our decision to largely exit the charter business by the end of 2016. The impact of the competitive pricing actions along with the decrease in charter revenue were the primary contributors to the 18% decrease in passenger revenue.

The increase in our non-ticket revenue was primarily due to the full-year impact of changes made in 2015 to our pricing and fee structure and product offerings that resulted in a \$185 million increase in service fees and an \$87 million increase in baggage fees. These changes included the introduction of convenience booking fees in the second half of 2015 as well as changes to our baggage pricing structure during the first half of 2015. The remaining increase in non-ticket revenue was driven by an increase in seat selection fees and various other non-ticket revenue sources. Our capacity, as measured by ASMs, increased by 21% in 2016 as compared to 2015 as a result of changes to our seat density, a strategic shift toward larger aircraft in the fleet and an increase in our average aircraft in service from 56 in 2015 to 61 in 2016. For a further discussion of non-ticket revenue, see Note 1 to our consolidated financial statements.

During 2016, we added a net of five new aircraft to the fleet, opened over 80 new routes and introduced routes to Colorado Springs, Columbus, San Antonio, Havana and Pittsburgh. This change has not only diversified

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our revenue sources but provided us with the network footprint which we believe will allow us to stimulate demand over time in underserved markets. In March 2017, we announced that we intend to discontinue service to Cuba in June 2017 due to inadequate traffic.

Operating Expenses

Operating expenses (\$ in millions):	Year Ended December 31,				Cost per ASM		Change
	2015	2016	Change		2015	2016	%
Aircraft fuel	\$ 369	\$ 343	\$ (26)	(7%)	2.43¢	1.87¢	(23%)
Salaries, wages and benefits	285	287	2	1%	1.87	1.56	(17%)
Station operations	202	228	26	13%	1.33	1.24	(7%)
Aircraft rent	171	209	38	22%	1.12	1.14	2%
Sales and marketing	79	72	(7)	(9%)	0.52	0.39	(25%)
Maintenance materials and repairs	50	48	(2)	(4%)	0.33	0.26	(21%)
Depreciation and amortization	54	75	21	39%	0.35	0.41	17%
Special charges	43	—	(43)	(100%)	0.28	—	(100%)
Other operating expenses	118	135	17	14%	0.78	0.74	(5%)
Total operating expenses	\$ 1,371	\$ 1,397	\$ 26	2%	9.01¢	7.61¢	(16%)
Operating statistics:							
Available seat miles (millions)	15,229	18,366	3,137	21%			
Average stage length (statute miles)	1,002	1,060	58	6%			
Departures	97,222	99,369	2,147	2%			
CASM (excluding fuel)	6.58¢	5.74¢	(0.84)¢	(13%)			
Adjusted CASM (excluding fuel)	5.86¢	5.43¢	(0.43)¢	(7%)			
Fuel cost per gallon	\$ 1.90	\$ 1.59	\$ (0.31)	(16%)			
Fuel gallons consumed (thousands)	194,846	215,830	20,984	11%			

Reconciliation of CASM to Adjusted CASM (excluding fuel):

	2015		2016	
	(in millions)	Per ASM	(in millions)	Per ASM
CASM		9.01¢		7.61¢
Aircraft fuel	\$ (369)	(2.43)	\$ (343)	(1.87)
CASM (excluding fuel)		6.58¢		5.74¢
Pilot phantom equity ^(a)	(43)	(0.28)	(40)	(0.22)
Lease Modification Program ^(b) :				
Special charge	(43)	(0.28)	—	—
Depreciation	(17)	(0.11)	(12)	(0.07)
Aircraft rent	(7)	(0.05)	(4)	(0.02)
Adjusted CASM (excluding fuel)		5.86¢		5.43¢

- (a) Represents the impact of the change in value and vesting of phantom stock units pursuant to the Pilot Phantom Equity Plan. See “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”
- (b) Represents (i) a special charge of \$43 million in 2015, primarily relating to aircraft maintenance obligations and non-recoverable maintenance deposits associated with the early termination of leases for 10 of our A319 aircraft and (ii) accelerated depreciation of \$12 million and \$17 million in 2016 and 2015, respectively, and aircraft rent of \$4 million and \$7 million in 2016 and 2015, respectively, as a result of significantly shortened lease terms with respect to such aircraft.

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Aircraft Fuel. Aircraft fuel expense decreased by \$26 million, or 7%, from 2015 to 2016. On a per-ASM basis, aircraft fuel expense decreased by 23% from 2015 to 2016. The decrease was primarily due to a 16% decline in the fuel cost per gallon offset, in part, by an increase in our fuel consumption. Our fuel gallons consumed increased by 11%, significantly less than our 21% increase in available seat miles, due to the impact of larger aircraft, more fuel-efficient aircraft, higher seat density and lighter weight seats.

Salaries, Wages and Benefits. Salaries, wages and benefits expense increased by \$2 million, or 1%, from 2015 to 2016. Salaries, wages and benefits expense per ASM decreased by 17% from 2015 to 2016. We incurred charges of \$40 million and \$43 million during 2016 and 2015, respectively, for pilot phantom stock units based upon incremental vesting and valuation adjustments. Excluding the impact of pilot phantom equity, salaries, wages and benefits increased by \$5 million, or 2%, largely reflecting new hire pilots and flight attendants to support capacity growth.

Station Operations. Station operations expense increased by \$26 million, or 13%, from 2015 to 2016, primarily due to increases in passenger volume and aircraft size and changes to our route network to reduce our concentration in Denver, which resulted in an increase in the overall number of ground handlers required across our route network. Station expense per ASM decreased by 7% from 2015 to 2016.

Aircraft Rent. Aircraft rent expense increased by \$38 million, or 22%, from 2015 to 2016 primarily as a result of increased lease return costs as more of our fleet approached the end of lease term along with the associated higher unrecoverable maintenance costs and higher rent associated with larger aircraft. In addition, our fleet size increased by five aircraft during 2016 to 66 aircraft, comprised of 27 A320s, 22 A319s, 13 A321s and four A320neos in 2016 compared to 33 A319s, 23 A320s, and five A321s in 2015. Aircraft rent expense per ASM increased by 2% from 2015 to 2016 due to our increased utilization.

Sales and Marketing. Sales and marketing expense decreased by \$7 million, or 9%, and decreased on a per ASM basis by 25% from 2015 to 2016, primarily due to the full-year impact of new distribution contracts executed during 2015 and a decrease in booking fees as a result of a higher proportion of bookings on our website, our lowest cost distribution channel. These benefits were offset, in part, by credit card fees relating to higher sales. The following table presents our distribution channel mix:

Distribution Channel	Year Ended December 31,		Change
	2015	2016	
Our website, mobile app and other direct channels	58%	63%	5 pts
Third-party channels	42	37	(5)

Maintenance Materials and Repairs. Aircraft maintenance costs decreased by \$2 million, or 4%, from 2015 to 2016 and aircraft maintenance expense per ASM decreased by 21% from 2015 to 2016. This decrease was primarily due to a slight reduction in the average age of our fleet, which resulted in a favorable timing and mix of maintenance events.

Depreciation and Amortization. Depreciation and amortization expense increased by \$21 million, or 39%, from 2015 to 2016. Depreciation and amortization per ASM increased by 17% from 2015 to 2016. This increase was primarily due to increased heavy maintenance activity relating to aircraft being returned to our lessors. Our Lease Modification Program resulted in additional depreciation of \$12 million and \$17 million in 2016 and 2015, respectively, for our accelerated lease returns.

Special Charges. We incurred special charges of \$43 million during 2015 related to our Lease Modification Program as described in “—Fleet Plan.” Special charges were 0.28¢ per ASM in 2015.

Other Operating Expenses. Other operating expenses increased by \$17 million, or 14%, from 2015 to 2016 while other operating expenses per ASM decreased by 5% from 2015 to 2016 due to higher aircraft utilization and larger and higher density aircraft.

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Other Expense

Other expense decreased from \$5 million in 2015 to \$1 million in 2016 due to interest earned on our growing cash balance and lower net interest expense in 2016 compared to 2015 due to higher amounts of capitalized interest in 2016.

Income Taxes

In 2016, our effective tax rate was 36.6% as compared to 36.2% in 2015. Our tax rate can vary depending on the amount of income we earn in each state and the state tax rate applicable to such income.

Year ended December 31, 2015 Compared to Year ended December 31, 2014

Following the 2013 acquisition, we implemented our strategy of *Low Fares Done Right*, which significantly reduced our cost base in 2015 over 2014 by increasing aircraft utilization, transitioning our fleet to larger aircraft, maximizing seat density, renegotiating our distribution agreements, realigning our network, replacing our reservation system, enhancing our website, boosting employee productivity and contracting with specialists to provide us with select operating and other services.

Our 2015 financial results reflect the execution of our *Low Fares Done Right* strategy to stimulate demand by passing on a portion of our cost reductions to our customers. As we executed our strategic shift, we incurred a number of special charges during 2014 and 2015. Our Lease Modification Program resulted in a special charge of \$43 million during 2015 as well as accelerated depreciation of \$17 million and rent-related expenses of \$7 million during 2015 due to the significantly shorter lease terms. We incurred \$43 million in non-cash compensation expense related to the increased value in and incremental vesting of phantom stock units awarded to our pilots in 2015 as compared to \$6 million in 2014.

In 2015, we continued our disciplined approach to cost control. Our increased seat density in 2015 resulted in lower unit costs. From 2014 to 2015, our Adjusted CASM (excluding fuel) decreased by 12% to 5.86¢ as a result of our strategic initiative implementation. In addition, we had a 42% reduction in fuel cost per gallon.

Operating Revenues

Operating revenues (\$ in millions):	Year ended December 31,		Change	
	2014	2015		
Passenger	\$ 1,328	\$ 1,203	\$ (125)	(9%)
Non-ticket	265	401	136	51%
Total operating revenues	\$ 1,593	\$ 1,604	\$ 11	1%
Operating statistics:				
Available seat miles (millions)	12,332	15,229	2,897	23%
Revenue passenger miles (millions)	11,152	13,400	2,248	20%
Average stage length (statute miles)	897	1,002	105	12%
Load factor	90.4%	88.0%	(2.4) pts	N/A
Total revenue per available seat mile (RASM)	12.92¢	10.53¢	(2.39)¢	(18%)
Total revenue per passenger	\$ 130.52	\$ 121.66	\$ (8.86)	(7%)
Passengers (thousands)	12,203	13,184	981	8%

Total revenue remained relatively consistent from 2014 to 2015, with the \$136 million, or 51%, increase in non-ticket revenue substantially offset by a \$125 million, or 9%, decrease in passenger revenue. Total revenue per ASM declined by 18% reflecting competitive pricing actions, capacity growth, and lower fuel prices.

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During 2015, we changed our route network to reduce our concentration in the Denver area and increase our presence in Philadelphia, Chicago O'Hare, Cleveland, Cincinnati and Washington Dulles. This change has not only diversified our revenue sources but provided us with the network footprint which we believe will allow us to stimulate demand over time in underserved markets.

The increase in our non-ticket revenue was due in part to the changes to our pricing and fee structure and product offerings. We changed our baggage pricing structure in the first half of 2015 and introduced convenience booking fees in the second half of 2015, both of which resulted in increased non-ticket revenue in 2015. In addition, we increased our non-ticket revenue as a result of changes in our baggage, booking and *Stretch* seat fees. In 2015, we had a full-year of carry-on baggage fee revenue, which we introduced in the second half of 2014. Our capacity, as measured by ASMs, increased by 23% in 2015 as compared to 2014 as a result of changes to our seat density, a strategic shift toward larger aircraft in the fleet and an increase in our average aircraft in service from 54 in 2014 to 56 in 2015. In the second half of 2015, we began flying five 230 seat A321 aircraft. The increase was partially offset by a decrease in charter revenue from 7% of our revenue in 2014 to 5% of our revenue in 2015 due to our decision to significantly reduce our charter business. For a further discussion of non-ticket revenue, see Note 1 to our consolidated financial statements.

Operating Expenses

Operating expenses (\$ in millions):	Year Ended December 31,				Cost per ASM		Change
	2014	2015	Change		2014	2015	%
Aircraft fuel	\$ 538	\$ 369	\$ (169)	(31%)	4.36¢	2.43¢	(44%)
Salaries, wages and benefits	258	285	27	10%	2.09	1.87	(11%)
Station operations	162	202	40	25%	1.31	1.33	2%
Aircraft rent	147	171	24	16%	1.19	1.12	(6%)
Sales and marketing	87	79	(8)	(9%)	0.71	0.52	(27%)
Maintenance materials and repairs	39	50	11	28%	0.32	0.33	3%
Depreciation and amortization	29	54	25	86%	0.24	0.35	46%
Special charges	—	43	43	N/A	—	0.28	N/A
Other operating expenses	105	118	13	12%	0.85	0.78	(8%)
Total operating expenses	\$ 1,365	\$ 1,371	\$ 6	0%	11.07¢	9.01¢	(19%)
Operating statistics:							
Available seat miles (millions)	12,332	15,229	2,897	23%			
Average stage length (statute miles)	897	1,002	105	12%			
Departures	92,184	97,222	5,038	5%			
CASM (excluding fuel)	6.71¢	6.58¢	(0.13)¢	(2%)			
Adjusted CASM (excluding fuel)	6.63¢	5.86¢	(0.77)¢	(12%)			
Fuel cost per gallon	\$ 3.26	\$ 1.90	\$ (1.36)	(42%)			
Fuel gallons consumed (thousands)	164,845	194,846	30,001	18%			

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(1) Reconciliation of CASM to Adjusted CASM (excluding fuel):

	Year Ended December 31,			
	2014		2015	
	(in millions)	Per ASM	(in millions)	Per ASM
CASM		11.07¢		9.01¢
Aircraft fuel	\$ (538)	(4.36)	\$ (369)	(2.43)
CASM (excluding fuel)		6.71¢		6.58¢
Pilot phantom equity ^(a)	(6)	(0.05)	(43)	(0.28)
Salaries, wages and benefits—severance ^(b)	(3)	(0.03)	—	—
Lease Modification Program ^(c) :				
Special charge	—	—	(43)	(0.28)
Depreciation	—	—	(17)	(0.11)
Aircraft rent	—	—	(7)	(0.05)
Adjusted CASM (excluding fuel)		6.63¢		5.86¢

- (a) Represents the impact of the change in value and vesting of phantom stock units pursuant to the Pilot Phantom Equity Plan. See “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”
- (b) Represents severance costs related to outsourcing of certain functions integral to our operations to third-party vendors as a part of the implementation of our new operating model.
- (c) Represents (i) a special charge of \$43 million in 2015, primarily relating to aircraft maintenance obligations and non-recoverable maintenance deposits associated with the early termination of leases for 10 of our A319 aircraft and (ii) accelerated depreciation and aircraft rent of \$17 million and \$7 million, respectively, in 2015, as a result of significantly shortened lease terms with respect to such aircraft.

Aircraft Fuel. Aircraft fuel expense decreased by \$169 million, or 31%, from 2014 to 2015. Aircraft fuel expense per ASM decreased by 44% from 2014 to 2015. The decrease was primarily due to a 42% decline in the fuel cost per gallon offset, in part, by an increase in our fuel consumption due to increased capacity. The decrease in our fuel cost per gallon was impacted by \$35 million of unrealized losses on collars entered into during 2015 to hedge anticipated fuel purchases in 2016. Our fuel gallons consumed increased by 18%, less than our 23% increase in available seat miles, due to the impact of our new higher seating density, lighter weight seats and the continued introduction of larger aircraft.

Salaries, Wages and Benefits. Salaries, wages and benefits expense increased by \$27 million, or 10%, from 2014 to 2015. Salaries, wages and benefits expense per ASM decreased by 11% from 2014 to 2015. We incurred a non-cash charge of \$43 million for pilot phantom stock units, an increase of \$37 million as compared to 2014, based upon mark-to-market adjustments and incremental vesting. Excluding the impact of pilot equity, salaries, wages and benefits decreased by \$10 million, or 4%, largely as a result of using a third-party vendor for ground handling services beginning in first quarter 2015.

Station Operations. Station operations expense increased by \$40 million, or 25%, from 2014 to 2015, primarily due to higher capacity and increased utilization and use of the third-party vendors in Denver for customer service and ground handling. Station expense per ASM increased by 2% from 2015 to 2016 as a result of these changes.

Aircraft Rent. Aircraft rent expense increased by \$24 million, or 16%, from 2014 to 2015 primarily as a result of increased lease return costs as more of our fleet approached the end of their lease term along with the associated higher unrecoverable maintenance costs and higher rent associated with larger aircraft introduced into the fleet. In addition, our fleet size increased by seven aircraft to 61 aircraft, comprised of 33 A319s, 23 A320s, and five A321s in 2015 compared to 54 aircraft, comprised of 34 A319s and 20 A320s in 2014. Aircraft rent expense per ASM decreased by 6% from 2014 to 2015 due to our increased utilization.

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Sales and Marketing. Sales and marketing expense decreased by \$8 million, or 9%, from 2014 to 2015, primarily due to the conversion of our call center to a different vendor, renegotiation of certain distribution agreements and rationalization of our sponsorships and media spending. This was offset, in part, by credit card fees relating to higher sales. Sales and marketing expense per ASM decreased by 27% from 2014 to 2015.

Maintenance Materials and Repairs. Aircraft maintenance costs increased by \$11 million, or 28%, from 2014 to 2015 and aircraft maintenance expense per ASM increased by 3% from 2014 to 2015. This was primarily because of our timing and mix of maintenance events resulting in higher cost events in the current year period as compared to the prior year.

Depreciation and Amortization. Depreciation and amortization expense increased by \$25 million, or 86%, from 2014 to 2015. Depreciation and amortization per ASM increased by 46% from 2014 to 2015. Our Lease Modification Program resulted in an additional \$17 million of accelerated depreciation for our early lease returns. Additionally, there was an increase in heavy maintenance activity and the resulting depreciation relating to our aircraft redeliveries.

Special Charges. We incurred one-time special charges of \$43 million related to our Lease Modification Program as described in “—Fleet Plan.” Special charges were 0.28¢ per ASM in 2015.

Other Operating Expenses. Other operating expenses increased by \$13 million, or 12%, from 2014 to 2015 while other operating expenses per ASM decreased by 8% from 2014 to 2015. This was primarily due to our cost focus while the capacity in the business increased from 2014 to 2015.

Other (Income) Expense

Other (income) expense remained relatively consistent from 2014 to 2015.

Income Taxes

In 2015, our effective tax rate was 36.2% as compared to 37.5% in 2014. Our tax rate can vary depending on recurring items such as the amount of income we earn in each state and the state tax rate applicable to such income.

Quarterly Financial Data and Operating Statistics (unaudited)

	Three months ended				
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
	(in millions, except for share and per share data)				
Total operating revenue	\$ 368	\$ 420	\$ 490	\$ 436	\$ 430
Passenger	219	251	281	237	234
Non-ticket	149	169	209	199	196
Operating income	50	85	129	53	(2)
Net Income	<u>\$ 30</u>	<u>\$ 53</u>	<u>\$ 81</u>	<u>\$ 36</u>	<u>\$ —</u>
Earnings per share:					
Basic	\$ 5.59	9.65	14.63	6.44	\$ (0.65)
Diluted	\$ 5.48	9.48	14.39	6.34	\$ (0.65)
Weighted-average shares outstanding:					
Basic	5,243,374	5,231,951	5,236,301	5,236,301	5,236,301
Diluted	5,348,778	5,330,052	5,324,386	5,319,243	5,236,301

	Three months ended				
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
	(in millions)				
Net income reconciliation (unaudited):					
Net income	30	53	81	36	—
Lease Modification Program	7	4	3	2	—
Pilot phantom equity	10	1	3	26	18
Salaries, wages and benefits—flight attendant settlement	—	—	—	—	43
Salaries, wages and benefits—other	—	—	—	—	1
Adjusted net income before income taxes	<u>\$ 47</u>	<u>\$ 58</u>	<u>\$ 87</u>	<u>\$ 64</u>	<u>\$ 62</u>
Tax benefit related to underlying adjustments	(6)	(2)	(2)	(10)	(23)
Adjusted net income(1)	<u>\$ 41</u>	<u>\$ 56</u>	<u>\$ 85</u>	<u>\$ 54</u>	<u>\$ 39</u>

(1) Adjusted net income is included as a supplemental disclosure because we believe it is a useful indicator of our operating performance. This derivation of net income is a well recognized performance measurement in the airline industry that is 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 has limitations as an analytical tool. Some of the limitations applicable to this measure include: Adjusted net income does not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations and other companies in our industry may calculate Adjusted net income differently than we do, limiting its usefulness as a comparative measure. Because of these limitations, Adjusted net income should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

Further, because derivations of Adjusted net income 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, including Adjusted net income, as presented may not be directly comparable to similarly titled measures presented by other companies. For the foregoing reasons, Adjusted net income 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.

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	Three months ended				
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
Operating Statistics (unaudited)(a)					
Available seat miles (ASMs) (millions)	4,034	4,346	5,001	4,985	4,882
Departures	22,248	24,307	27,506	25,308	23,647
Average stage length (statute miles)	1,074	1,039	1,036	1,093	1,124
Block hours	63,136	67,347	76,021	72,843	69,857
Average aircraft in service	59	58	62	63	65
Aircraft in service—end of period	59	60	63	66	68
Average daily aircraft utilization (hours)	11.8	12.8	13.3	12.5	11.9
Passengers (thousands)	3,263	3,614	4,203	3,857	3,711
Average seats per departure	167	171	174	178	182
Revenue passenger miles (RPMs) (millions)	3,534	3,809	4,410	4,262	4,201
Load factor (%)	87.6%	87.6%	88.2%	85.5%	86.0%
Passenger revenue per available seat mile (PRASM) (¢)	5.44	5.77	5.62	4.75	4.78
Non-ticket revenue per available seat mile (¢)	3.69	3.90	4.18	3.97	4.03
Total revenue per available seat mile (RASM) (¢)	9.13	9.67	9.80	8.72	8.81
Cost per available seat mile (CASM) (¢)	7.89	7.71	7.22	7.68	8.86
CASM, excluding fuel (¢)	6.32	5.80	5.28	5.68	6.78
Adjusted CASM (¢)	7.47	7.59	7.09	7.13	7.58
Adjusted CASM ex fuel (¢)(b)	5.90	5.68	5.15	5.13	5.50
Fuel cost per gallon (\$'s)	1.32	1.62	1.62	1.76	1.88
Fuel gallons consumed (thousands)	47,812	51,476	59,807	56,735	54,187
Employees (FTE)	3,008	3,088	3,196	3,360	3,473

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

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(b) Reconciliation of CASM to Adjusted CASM (excluding fuel):

	March 31, 2016		June 30, 2016		Three months ended September 30, 2016		December 31, 2016		March 31, 2017	
	(in millions)	Per ASM	(in millions)	Per ASM	(in millions)	Per ASM	(in millions)	Per ASM	(in millions)	Per ASM
CASM		7.89¢		7.71¢		7.22¢		7.68¢		8.86¢
Aircraft fuel	\$ (63)	(1.57)	\$ (83)	(1.91)	\$ (97)	(1.94)	\$ (100)	(2.00)	\$ (102)	(2.08)
CASM (excluding fuel)		6.32¢		5.80¢		5.28¢		5.68¢		6.78¢
Pilot phantom equity(a)	(10)	(0.25)	(1)	(0.02)	(3)	(0.06)	(26)	(0.51)	(18)	(0.37)
Salaries, wages and benefits— flight attendant settlement(b)	—	—	—	—	—	—	—	—	(43)	(0.89)
Salaries, wages and benefits— other(c)	—	—	—	—	—	—	—	—	(1)	(0.02)
Lease Modification Program(d)										
Depreciation	(6)	(0.15)	(3)	(0.07)	(2)	(0.05)	(1)	(0.02)	—	—
Aircraft rent	(1)	(0.02)	(1)	(0.03)	(1)	(0.02)	(1)	(0.02)	—	—
Adjusted CASM (excluding fuel)		<u>5.90¢</u>		<u>5.68¢</u>		<u>5.15¢</u>		<u>5.13¢</u>		<u>5.50¢</u>

- (a) Represents the impact of the change in value and vesting of phantom stock units pursuant to the Pilot Phantom Equity Plan. See “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”
- (b) Represents the \$40 million settlement and \$3 million of payroll taxes relating to the Letter of Agreement entered into with the union representing our flight attendants (AFA-CWA) on March 15, 2017. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Stock Based Compensation.”
- (c) Represents expenses associated with the ratification of labor agreements.
- (d) Represents depreciation and aircraft rent related to the Lease Modification Program. See “Fleet Plan”.

Liquidity and Capital Resources

As of March 31, 2017, our principal sources of liquidity were cash and cash equivalents of \$535 million. In addition, we had restricted cash of \$6 million as of March 31, 2017. Restricted cash includes certificates of deposit that secure letters of credit issued for particular airport authorities as required in certain lease agreements. Furthermore, as of March 31, 2017, we also had outstanding \$39 million of the amount available under our \$50 million pre-purchased miles facility, \$133 million drawn under our \$150 million pre-delivery payments facility and \$56 million in secured indebtedness incurred in connection with the financing of six aircraft. We also hold a certificate of deposit to secure workers’ compensation claim reserves. Primary uses of liquidity are for working capital needs, capital expenditures, aircraft pre-delivery payments, maintenance reserve deposits, and debt repayments. As of March 31, 2017, we had \$131 million of short-term debt and \$93 million of long-term debt.

Our single largest capital commitment relates to the acquisition of aircraft. As of March 31, 2017, we operated 62 of our 68 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 March 31, 2017, we had \$192 million of pre-delivery payments held by Airbus, \$133 million of which was outstanding under our pre-delivery payments facility. As of March 31, 2017, we had an obligation to acquire 78 aircraft, including 75 A320neo family aircraft and three A321ceo aircraft by 2021, the first 45 of which we intend to finance with operating leases, including seven which are currently subject to committed operating leases and 38 which are subject to non-binding letters of intent. We intend to evaluate financing options for the remaining 33 aircraft.

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In addition, while we recently have been able to arrange aircraft sale-leaseback financing that does not require that we maintain a maintenance reserve account, we are required by some of our aircraft lessors, 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. Qualifying payments that are expected to be recovered from lessors are recorded as aircraft maintenance deposits in 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. Based on the age of our fleet and our growth strategy, we expect these maintenance deposits to decrease as we enter into new operating leases that do not require reserves. In the three months ended March 31, 2017 and 2016, and the years ended December 31, 2016 and 2015, we made \$9 million, \$3 million, \$32 million and \$23 million, respectively, in net maintenance deposit payments to our lessors. As of March 31, 2017, we had \$70 million in recoverable aircraft maintenance deposits on our consolidated balance sheets, of which \$21 million is included in accounts receivable because the eligible maintenance had been performed.

As of March 31, 2017, we were compliant with our credit card processing agreements and not subject to any credit card holdbacks. Although as of March 31, 2017 we were not subject to any credit card holdbacks, if we fail to maintain certain liquidity and other financial metrics, our credit card processors have the right to hold back credit card reimbursements to cover our obligations to them.

We expect to meet our obligations as they become due through available cash, internally generated funds from our operating cash flows, supplemented by financing activities as necessary and as they may become available to us. However, we cannot predict what the effect on our business and financial position might be from a change in the competitive environment in which we operate or from events beyond our control, such as volatile fuel prices, economic conditions, weather-related disruptions, the impact of airline bankruptcies, restructurings or consolidations, U.S. military actions or acts of terrorism. We believe the working capital available to us will be sufficient to meet our cash requirements for at least the next 12 months.

Cash Flows

The following table presents information regarding our cash flows in the three months ended March 31, 2017 and 2016, and the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,			Three Months Ended March 31,	
	2014	2015	2016	2016	2017
				(Unaudited)	
Net cash provided by operating activities	\$184	\$ 208	\$ 238	\$ 66	\$ 82
Net cash used in investing activities	(57)	(143)	(39)	(33)	(5)
Net cash provided by (used in) financing activities	9	91	(6)	(83)	(154)
Net increase (decrease) in cash and cash equivalents	136	156	193	(50)	(77)
Cash and cash equivalents at beginning of period	127	263	419	419	612
Cash and cash equivalents at end of period	\$263	\$ 419	\$ 612	\$369	\$ 535

Net Cash Flow Provided By Operating Activities

During the three months ended March 31, 2017, our cash flow provided by operating activities totaled \$82 million and reflected our continued growth, execution of our strategic initiatives and our improved credit position evidenced by increase in our cash balance. We had zero net income, which included the following significant non-cash items: flight attendant cash settlement of \$43 million accrued as a current liability, pilot phantom equity stock-based compensation expense of \$18 million, depreciation and amortization of \$13 million, and deferred taxes of \$(23) million. We had \$8 million of payments related to premiums paid for new call options for our fuel hedging program. We had net inflows of \$39 million within other net operating assets and

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liabilities, which was largely driven by an increase in our air traffic liability of \$52 million as a result of seasonality in bookings partly offset by a decrease in accounts payable of \$25 million due to timing of payments.

During the three months ended March 31, 2016, our cash flow provided by operating activities totaled \$66 million. We had net income of \$30 million, which included the following significant non-cash items: depreciation and amortization of \$18 million, stock-based compensation expense of \$11 million, and deferred taxes of \$3 million. We had \$12 million of payments primarily related to premiums paid for new call options for our fuel hedging program. We had net inflows of \$16 million within other net operating assets and liabilities, which was largely driven by an increase in our air traffic liability of \$56 million as a result of seasonality in bookings, and partly offset by a decrease in other current liabilities of \$38 million due to timing of payment.

During 2016, cash flow provided by operating activities of \$238 million reflects our growth, execution of our strategic initiatives and our improved credit position. We had net income of \$200 million, which included the following significant non-cash items: depreciation and amortization of \$75 million, stock-based compensation expense of \$42 million, and deferred taxes of \$(23) million. We had \$13 million of payments primarily related to premiums paid for new call options for our fuel hedging program during 2016. We had net outflows of \$43 million within other net operating assets and liabilities, which was largely driven by heavy maintenance events during 2016, and partly offset by a \$39 million increase in our air traffic liability as a result of our growth.

During 2015, net cash flow provided by operating activities was \$208 million driven by our growth, execution of our strategic initiatives and our improved credit position. We had net income of \$146 million, which included the following non-cash items: depreciation and amortization of \$54 million, stock-based compensation expense of \$44 million, special charge related to our Lease Modification Program of \$43 million and deferred taxes of \$14 million. We had \$43 million net outflows related to premiums paid for new call options and collateral returned for collars for our fuel hedging program during 2015. Due to our improved liquidity, our credit card processor reduced our holdback from 50% of air traffic liability to zero. As a result, the holdback decreased by \$59 million during 2015. We had net outflows of \$109 million within other net operating assets and liabilities, which was largely driven by an increase in our costs related to heavy maintenance of \$55 million, an increase in net cash paid for maintenance deposits of \$23 million and a decrease in air traffic liability of \$11 million.

During 2014, net cash flow provided by operating activities was \$184 million. We had net income of \$140 million, which included the following non-cash items: depreciation and amortization of \$29 million, unrealized loss on fuel derivative instruments of \$35 million and deferred income taxes of \$22 million. Due to our improved credit position, our credit card processor reduced our holdback from 95% of air traffic liability to 50% of our air traffic liability. As a result, the holdback decreased by \$55 million during 2014. We used \$25 million in cash related to our hedging program. We had net outflows of \$78 million within other net operating assets and liabilities, which was largely driven by an increase in other long-term assets of \$60 million, primarily driven by deferred heavy maintenance costs, a decrease in long-term liabilities of \$24 million primarily due to a change in long-term frequent flyer liability, an increase in net cash paid for maintenance deposits of \$15 million and a decrease in restricted cash of \$10 million due to station letters of credit, and was partially offset by a decrease in accounts receivable of \$29 million due to maintenance deposit refunds.

Net Cash Flows Used In Investing Activities

During the three months ended March 31, 2017, net cash flow used in investing activities totaled \$5 million. We invested \$7 million in fixed assets and paid net \$3 million in security deposits primarily for aircraft and engine commitments, and received \$5 million of net refunds of pre-delivery deposits related to our aircraft deliveries.

During the three months ended March 31, 2016, net cash flow used in investing activities totaled \$33 million. We made \$27 million of net pre-delivery payments for future aircraft deliveries and invested \$3 million in fixed assets and paid net \$3 million in security deposits for aircraft and engine commitments.

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During 2016, net cash flow used in investing activities totaled \$39 million. We invested \$26 million in fixed assets, paid net \$9 million in security deposits for aircraft and engine commitments, and made net pre-delivery payments of \$4 million for future aircraft deliveries.

During 2015, net cash flow used in investing activities was \$143 million. We invested \$39 million in fixed assets and equipment upgrades, primarily related to increasing the seating density on our aircraft. We also made net pre-delivery payments of \$107 million for future aircraft deliveries and \$5 million net payments for security deposits for aircraft and engine commitments. We received proceeds of \$8 million from the sale of fixed assets.

During 2014, net cash flow used in investing activities was \$57 million. We made net pre-delivery payments of \$54 million for future aircraft deliveries and invested \$15 million in fixed assets. We received proceeds of \$12 million from the sale of fixed assets.

Net Cash Flows Provided By (Used In) Financing Activities

During three months ended March 31, 2017, net cash flow used in financing activities was \$154 million. We made a distribution of \$154 million to common stockholders and others with participating rights in February 2017. We also made \$40 million of principal repayments on long-term debt during the quarter. These outflows were partly offset by \$27 million in proceeds received from debt primarily related to the pre-delivery payment facility and \$17 million of net proceeds received from sale-leaseback transactions relating to A320-family aircraft and spare engines delivered during the three months end March 31, 2017.

During the three months ended March 31, 2016, net cash flow used in financing activities was \$83 million. We made a distribution of \$99 million during the first quarter of 2016 to common stockholders and others with participating rights with respect to the dividend declared in February 2016. We also made \$10 million of principal repayments on long-term debt during the quarter. These outflows were partly offset by \$27 million in proceeds received from debt primarily related to our pre-delivery payment facility and \$4 million of net proceeds received from sale-leaseback transactions.

During 2016, net cash flow used in financing activities was \$6 million. We received \$113 million in proceeds from debt primarily related to the pre-delivery payment facility to finance the pre-delivery payments for our aircraft orders. We made \$97 million of principal repayments on long-term debt during the year. We also received \$84 million of net proceeds from sale-leaseback transactions relating to A320-family aircraft and spare engines delivered during 2016. These net inflows were offset by a distribution of \$101 million to common stockholders and others with participating rights with respect to the dividend declared in February 2016 and other items.

During 2015, net cash flow provided by financing activities was \$91 million. We received \$130 million in proceeds from debt, primarily the pre-delivery payment facility, to finance the pre-delivery payments for our aircraft orders. We made \$67 million of principal repayments on long-term debt during the year. We received \$28 million of net proceeds from sale-leaseback transactions on five A320-family aircraft, a spare engine, and a simulator delivered during 2015.

During 2014, net cash flow provided by financing activities was \$9 million. We received \$39 million in proceeds from debt, primarily the pre-delivery payment facility, to finance the pre-delivery payments for our aircraft orders. We made \$11 million of principal repayments on long-term aircraft debt and \$18 million of principal payments to retire a short-term working capital note payable from our parent during the year.

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Commitments and Contractual Obligations

Our contractual purchase commitments consist of aircraft and engine acquisitions. As of March 31, 2017, our firm aircraft and engine orders consisted of the following:

	<u>A319neo</u>	<u>A320neo</u>	<u>A321</u>	<u>Total Aircraft</u>	<u>Engines</u>
Remainder of 2017	—	10	3	13	3
2018	—	16	—	16	2
2019	—	18	—	18	2
2020	5	13	—	18	2
2021	13	—	—	13	2
Thereafter	—	—	—	—	1
Total	<u>18</u>	<u>57</u>	<u>3</u>	<u>78</u>	<u>12</u>

We have contractual obligations comprised of aircraft and engine purchases, payment of debt and lease arrangements. The following table includes our contractual obligations as of March 31, 2017 for the periods in which payments are due:

	<u>Remainder of 2017</u>	<u>2018-2019</u>	<u>2020-2021</u>	<u>Thereafter</u>	<u>Total</u>
			<i>(in millions)</i>		
Long-term debt(1)	\$ 101	\$ 75	\$ 52	\$ —	\$ 228
Interest commitments(2)	4	6	1	—	11
Operating lease obligations	198	499	423	924	2,044
Flight equipment purchase obligations	626	1,684	1,512	15	3,837
Maintenance deposit obligations(3)	5	9	8	20	42
Total	<u>\$ 934</u>	<u>\$ 2,273</u>	<u>\$ 1,996</u>	<u>\$ 959</u>	<u>\$6,162</u>

- (1) Includes principal only associated with our secured pre-delivery credit facility due through 2019, our floating and fixed rate equipment notes due through 2020 and 2021 and affinity card unsecured debt due through 2020. See Note 8 to our consolidated financial statements.
- (2) Represents interest on long-term debt.
- (3) Represents fixed maintenance reserve payments for aircraft and spare engines, including estimated amounts for contractual price escalations.

Off-Balance Sheet Arrangements

We have significant obligations for aircraft that are classified as operating leases and therefore are not reflected in our consolidated balance sheets. As of March 31, 2017, 62 of our 68 aircraft in our fleet were subject to operating leases. These leases expire between 2017 and the end of 2030. Leases for six of our aircraft can generally be renewed at rates based on fair market value at the end of the lease term for three years and five of our aircraft can be renewed for four years. For the three months ended March 31, 2017 and 2016, aircraft rent expense was \$59 million and \$50 million, respectively, including supplemental rent expense of \$5 million and \$9 million, respectively. Aircraft rent expense related to operating leases was \$209 million and \$171 million in 2016 and 2015, respectively, including supplemental rent expense of \$36 million and \$27 million in 2016 and 2015, respectively, for maintenance-related reserves as required by our lessors that were deemed non-recoverable. The portion of supplemental rent expense related to probable lease return condition obligations was \$24 million and \$20 million for 2016 and 2015, respectively.

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

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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.

We have also made certain guarantees and indemnities to other unrelated parties that are not reflected on our consolidated balance sheets which we believe will not have a significant impact on our results of operations, financial condition or cash flows.

We have no other off-balance sheet arrangements.

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 24%, 20%, 25%, 27% and 39% of total operating expenses for the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016, 2015 and 2014, respectively. Unexpected 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. Our strategy has been to purchase out-of-the-money call options which are intended to provide protection against a large upward movement in oil prices, while also allowing us to participate in any material fall in oil prices. Based on December 2016 aircraft fuel market prices and our projected 2017 fuel consumption, a 10% increase in the average price per gallon would increase our annual aircraft fuel expense, net of our hedge portfolio, by approximately \$39 million. To manage economic risks associated with the fluctuations of aircraft fuel prices, we periodically enter into call options, collar or fixed forward price contracts for jet fuel or highly correlated commodities. As of March 31, 2017, we had out-of-the-money call options covering approximately 71% of our projected aircraft fuel requirements for the remainder of 2017 and approximately 31% of our projected aircraft fuel requirements for 2018, with all of our then existing fuel hedge contracts expected to be exercised or expire by the end of 2018. The fair value of our fuel derivative contracts as of March 31, 2017, December 31, 2016 and 2015 was a net asset of \$10 million, \$15 million and \$4 million, respectively. We had no collateral posted against fuel-related derivatives as of March 31, 2017, December 31, 2016 and 2015.

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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. As of March 31, 2017, we believe the credit exposure related to these call options was minimal and do not expect the counterparties to fail to meet their obligations.

Interest Rates. We are subject to market risk associated with changing interest rates, due to LIBOR-based interest rates on an applicable portion of our floating rate equipment notes and our PDP credit facility.

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, Jamaican dollar and Dominican Republic peso. Our revenue is U.S. dollar denominated.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the “FASB”) issued ASU 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”). The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of ASU 2014-09 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 applies to all contracts with customers except for those within the scope of other topics in the FASB Accounting Standard Codification. The new guidance is effective for our annual reporting periods, and interim reporting periods within those years, beginning after December 15, 2017. Early adoption is permitted, but not before the first quarter of 2017. Entities have the option of using either a full retrospective or modified approach to adopt ASU 2014-09. We are currently evaluating the new guidance and have neither determined the method we will adopt this standard under, nor the full impact this standard may have on our financial statements. We expect this pronouncement to impact the accounting for our frequent flyer program as the standard no longer allows the use of the incremental cost method when recording revenue related to the frequent flyer program. As a result, we expect our deferred frequent flyer liability balance to increase. In addition, we expect changes related to the timing of recognition of certain non-ticket related fees such as change and cancellation fees that would further increase our revenue deferrals. Furthermore, as certain non-ticket related fees cannot be separated from the fare as a separate performance obligation under the new guidance, we expect that many of these fees will be reclassified out of non-ticket revenue into passenger revenue within our statement of operations.

In April 2015, the FASB issued ASU No. 2015-03, *Interest-Imputation of Interest* (“ASU 2015-03”). The standard requires debt issuance costs to be presented on the balance sheet as a direct deduction from the related debt liability rather than as a separate asset. We have adopted and applied the new guidance to all periods presented.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes* (“ASU 2015-17”). The standard requires that deferred tax liabilities and assets be classified as noncurrent on the balance sheet. We have adopted and applied the new guidance to all periods presented.

In February 2016, the FASB issued ASU 2016-02, *Leases* (“ASU 2016-02”). The new standard will require all leases with terms greater than twelve months to be recognized on the balance sheet. The ASU is effective for fiscal years beginning after December 15, 2018 and interim reporting periods within those fiscal years. Although we are currently evaluating the guidance, we expect adoption to have a significant impact on our consolidated balance sheet due to the recognition of lease liabilities, along with corresponding right-to-use assets, for aircraft

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and certain non-aircraft leases currently accounted for as operating leases and thus not reflected on our consolidated balance sheet.

In March 2016, the FASB issued ASU 2016-05, *Effective of Derivative Contract Novations on Existing Hedge Accounting Relationships* (“ASU 2016-05”). This standard clarifies that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815 does not, in and of itself, require de-designation of that hedging relationship provided that all other hedge accounting criteria continue to be met. The new guidance is effective for financial statements issued for fiscal years beginning after December 15, 2016 and interim reporting periods within those fiscal years. We adopted this standard in 2016 with no financial statement impact and it has not novated any options to new counterparties.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”). The new guidance is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. We adopted this standard on January 1, 2017. This standard aims to simplify several aspects of the accounting for and presentation of employee share-based payment transactions. Furthermore, this standard requires all excess tax benefits and tax deficiencies to be recognized as income tax expense (benefit) in the income statement and that excess tax benefits be included as an operating activity for the cash flow statement. In addition, these tax benefits must be removed from the dilutive weighted-average shares outstanding calculation as these assumed proceeds will have already been recognized in the income statement. The adoption of this standard resulted in a \$1 million tax benefit during the three months ended March 31, 2017 that reduced our income tax expense for the period.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, (“ASU 2016-13”). This standard replaces the incurred loss impairment methodology in current GAAP 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 fiscal years. We are evaluating this guidance but do not expect it to have a significant impact on our financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments* (“ASU 2016-15”). This standard addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. We are currently evaluating this guidance but do not expect it to have a significant impact on our financial statements.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*, (“ASU 2016-18”). This standard addresses diversity in practice when presenting restricted cash within the statement of cash flows. The amendments are effective for fiscal years beginning after December 15, 2017 and interim reporting periods within those fiscal years. We are currently evaluating this guidance but do not expect it to have a significant impact on our financial statements assuming no material changes to the relatively insignificant restricted cash balance.

INDUSTRY BACKGROUND

There are three main categories of passenger airlines that offer scheduled airline service in the markets in which we compete: the legacy network airlines, low-cost carriers and the ultra low-cost carriers. While each major airline based in the United States competes broadly with each other for airline passengers traveling on the routes they serve, particularly customers traveling in economy or similar classes of service, these categories identify the operating strategy of these airlines. As of December 31, 2016, there were 10 scheduled airlines of significant size operating across these three categories, each with a market share as provided in the table below.

<u>Carrier</u>	<u>Market Share for the year ended December 31, 2016⁽¹⁾</u>
Legacy Network Carriers	
Alaska Airlines ⁽²⁾	7.1%
American Airlines	22.2%
Delta Air Lines	19.1%
United Airlines	17.5%
Hawaiian Airlines	2.3%
Low-Cost Carriers	
JetBlue Airways	6.7%
Southwest Airlines	18.2%
Ultra Low-Cost Carriers	
Frontier Airlines	2.3%
Allegiant Travel Company	1.5%
Spirit Airlines	3.1%

(1) Only includes the identified carriers listed above and based on total domestic revenue passenger miles for the year ended December 31, 2016 according to public filings of each respective carrier.

(2) Pro forma for acquisition of Virgin America.

As a result of a series of merger transactions, there are presently three very large legacy network carriers in the United States, American Airlines, Delta Air Lines and United Airlines. These airlines offer scheduled flights to most large cities within the United States and abroad (directly or through membership in one of the global airline alliances: oneworld, SkyTeam or Star Alliance) and also serve numerous smaller cities. These airlines operate predominantly through a “hub-and-spoke” network route system. This system concentrates most of an airline’s operations in a limited number of hub cities, serving other destinations in the system by providing one-stop or connecting service through hub airports to end destinations on the spokes. Such an arrangement permits travelers to fly from a given point of origin to more destinations without switching airlines. While hub-and-spoke systems result in low marginal costs for each additional passenger, they also result in high fixed costs. The unit costs incurred by legacy network carriers to provide the gates, airport ground operations and maintenance facilities needed to support a hub-and-spoke operation are generally higher than those of the point-to-point network typically operated by low-cost carriers and ultra low-cost carriers. Aircraft schedules at legacy network carriers also tend to be inefficient to meet the requirements of connecting banks of flights in hubs, resulting in lower aircraft utilization and crew productivity. Serving a large number of markets of different sizes requires the legacy carriers to have multiple fleets with multiple aircraft types along with the related complexities and additional costs for crew scheduling, crew training and maintenance. As a result, legacy network carriers typically have higher cost structures than other airlines due to, among other things, higher labor costs, flight crew and aircraft scheduling inefficiencies, concentration of operations in higher cost airports, and the offering of multiple classes of services, including multiple premium classes of service.

The legacy network carriers supplement their networks by contracting with regional airlines, such as Air Wisconsin Airlines, Envoy Air (formerly American Eagle), ExpressJet Airlines, Horizon Air, Mesa Airlines, Republic Airline, SkyWest Airlines and Trans States Airlines. Several regional airlines are wholly-owned

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subsidiaries of legacy network carriers. Regional airlines generally enter into capacity purchase agreements with one or more major airlines under which the regional airline agrees to use its smaller aircraft to carry passengers booked and ticketed by the major airline between a city served by a major airline and a smaller outlying location. In exchange for such services, the regional airline's capacity purchase agreement with the legacy network carrier typically provides an agreed upon margin on the regional airline's fixed operating costs and passes through variable costs, such as fuel, to the major airline scheduling and selling the seats on the flight. Less commonly, regional airlines receive a pro rata portion of the total fare generated in a given market. While the use of a regional carrier provides a legacy network carrier with the ability to outsource labor at lower rates and access smaller aircraft on less traveled routes, such operations tend to operate with higher unit costs than the mainline operations of the legacy network airlines.

In addition to American Airlines, Delta Air Lines and United Airlines, Alaska Airlines and Hawaiian Airlines, while smaller, have a similar product offering to the legacy network carriers and primarily serve particular regions of the United States with a service offering that includes network hubs and multiple classes of service. On December 14, 2016, Alaska Airlines acquired Virgin America making it the fifth largest airline in the United States in terms of total domestic revenue passenger miles.

Low-cost carriers largely developed in the wake of deregulation of the U.S. airline industry in 1978, which permitted competition on many routes for the first time and thereby introduced fare competition on those routes. Low-cost carriers generally have lower cost structures than legacy network carriers, which permits them to offer flights to and from many of the same markets as the legacy network carriers, but at lower prices. As initially conceived, low-cost carriers flew direct, point-to-point flights, a system that tends to improve aircraft and crew scheduling efficiency, but results in somewhat less convenient flight schedules and services to fewer markets compared to the hub-and-spoke system used by legacy network carriers. In addition, low-cost carriers historically served major markets through secondary, lower cost airports in the same region as those major population markets, provided only a single class of service, thereby avoiding the significant incremental cost of offering premium-class services, and operated fleets with only one or at most two aircraft families in order to maximize the utilization of flight crews across the fleet, improve aircraft scheduling flexibility and minimize aircraft maintenance costs. As the low-cost carrier model has developed in the United States, carriers in this category have begun to exhibit some of the characteristics of the legacy network airlines such as, depending on the carrier, a premium class of service, schedules that accommodate connecting traffic and service to high-cost airports in major markets, including slot-controlled airports. The largest airlines based in the United States that define themselves as low-cost carriers are Southwest Airlines, JetBlue Airways and Virgin America (acquired by Alaska Airlines in December 2016).

The emerging category of airlines operating in the United States are carriers that have developed a business model as an ultra low-cost carrier, or ULCC. This operating strategy was pioneered by Ryanair in Europe and was built on the model initially adopted by the low-cost carriers, but combined with a focus on increased aircraft utilization, increased seat density and the unbundling of revenue sources aside from ticket prices with multiple products and services offered for additional cost. ULCCs have significantly lower unit costs than the legacy network carriers or the low-cost carriers. In addition, ULCCs are capable of driving significant increases in passenger volumes as a result of their low fares.

According to the DOT, the 25-year (1991 to 2016) compound annual growth rate for domestic passenger traffic in the United States was approximately 2.1%. Based on this information, we believe that over the next 25 years, low fare offerings, such as those offered by ULCCs, could stimulate growth for over 850 additional narrow body aircraft covering over 2,000 domestic and international routes we can serve with A320 family aircraft. As an additional indication of potential domestic passenger growth in North America, Boeing's "2016 Current Market Outlook" estimated that 2,620 new narrow body aircraft (net of retirements) would be added in North America by 2035, resulting in a total of 6,630 narrow body aircraft in operation.

The ULCC operating strategy is more mature in Europe than it is in the United States. For example, at the time Spirit Airlines adopted a ULCC model in 2007, three European ULCC airlines, EasyJet, Ryanair and Wizz

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Air, already had more than 4.5 times the number of aircraft in operation as did Allegiant Travel Company and Spirit Airlines. The size of the European ULCC airlines' operations is evidence of the substantial increases in passenger volumes they have been able to drive since their adoption of ULCC operating models, which first started in the mid-1990s. In particular, over the 15-year period from 2000 to 2014, according to World Bank and public filings of other carriers, total passenger volumes in Europe had a compound annual growth rate of approximately 4%, of which approximately 80% was attributable to ULCC growth and stimulation. According to World Bank and other public filings, over the same 15-year period, ULCCs in Europe grew their market share from approximately 5% of total domestic passengers in 2000 to approximately 38% of total domestic passengers in 2014, whereas in the United States, ULCCs only had a market share of approximately 3% of total domestic passengers in 2014. In addition, according to each airline's most recent fiscal year public filings, European ULCCs, including Ryanair, Easyjet and Wizz Air, had 696 aircraft in operation in 2016 and have had an 9.3% compound annual growth rate since 2007. By comparison, U.S. ULCCs had 245 aircraft in 2016 and have had a higher compound growth rate of 15.3% since 2007.

The airlines executing ULCC operating strategies in the United States are Allegiant Travel Company and Spirit Airlines, in addition to ourselves. For the year ended December 31, 2016, Allegiant Travel Company had revenue of \$1.4 billion and Spirit Airlines had revenue of \$2.3 billion, compared to our revenue of \$1.7 billion. Allegiant Travel Company, Spirit Airlines and we ended the year with fleets of 84, 95 and 66 aircraft, respectively. Of the three U.S.-based ULCCs, Spirit Airlines is the most similar operationally to our airline. For example, through the operation of a single type of aircraft in a high-utilization, point-to-point model. Allegiant Travel Company focuses on leisure travel, with less frequent service primarily linking small markets to vacation destinations, such as Las Vegas and Orlando, often with a package including lodging and other services.

BUSINESS

Overview

Frontier Airlines is an ultra low-cost carrier whose business strategy is focused on *Low Fares Done Right*[®]. We offer flights throughout the United States and to select international destinations in Mexico and the Caribbean. Our unique and sustainable strategy is underpinned by our low cost structure and superior ULCC brand. As of March 31, 2017 we operated a fleet of 68 narrow-body Airbus A320 family aircraft, which we expect to grow to 121, including 80 A320neo (New Engine Option) family aircraft, by the end of 2021. In the 12 months ended March 31, 2017 we served approximately 15.4 million passengers across a network of 61 airports.

In December 2013, we were acquired by an investment fund managed by Indigo Partners LLC, or Indigo, an experienced and successful global investor in ultra low-cost carriers, or ULCCs. Following the acquisition, Indigo reshaped our management team to include experienced veterans of the airline industry. Working with Indigo, our management team developed and implemented our unique *Low Fares Done Right* strategy, which significantly reduced our unit costs, introduced low fares, provided the choice of optional services, enhanced our operational performance and improved the customer experience. Through the implementation of our new operating model, we have positioned our brand as a premier ULCC in the United States and have seen a dramatic improvement to our profitability.

The implementation of *Low Fares Done Right* has significantly reduced our cost base over the past three years by increasing aircraft utilization, transitioning to larger aircraft, maximizing seat density, renegotiating our distribution agreements, realigning our network, replacing our reservation system, enhancing our website, boosting employee productivity and contracting with specialists to provide us with select operating and other services. As a result of these and other initiatives, we have reduced our CASM (excluding fuel) from 7.89¢ for the year ended December 31, 2013 to 5.74¢ in the year ended December 31, 2016, and our Adjusted CASM (excluding fuel) from 7.89¢ for the year ended December 31, 2013 to 5.43¢ in the year ended December 31, 2016, an improvement of 27% and 31%, respectively. In 2016, this was one of the U.S. industry's lowest unit operating costs. For the three months ended March 31, 2017 and 2016, our Adjusted CASM (excluding fuel) was 5.50¢ and 5.90¢, respectively. We believe that we are well positioned to maintain our relatively low unit operating costs through on-going strategic initiatives, including continuing our cost optimization efforts and further realizing economies of scale. For a discussion and reconciliation of Adjusted CASM to CASM, please see "Glossary of Airline Terms" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations."

In addition to low unit costs, a key component of our *Low Fares Done Right* success was establishing Frontier as a premier ULCC in the United States by 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 historically experienced on ULCCs globally.

We currently offer flexible optional services through both unbundled and bundled service options. In 2015, we introduced *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. In 2016, we expanded our bundled product offering with *The Perks*, which enables customers to book the same amenities included in *The Works*, excluding refundability and ticket changes, through third parties. We operate a customer-friendly digital platform that includes our website and mobile app, which makes booking and travel easy and more enjoyable for our customers. We also promote and sell products in-flight to enhance the customer experience. Our brand and product are also family-friendly, featuring popular animals on our aircraft tails, novelty cards for children and amenity packages tailored for families. We reward our repeat customers through our *Early Returns* frequent flyer program and also offer our *Discount Den* membership program, which provides subscribers with exclusive access to some of our lowest fares.

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Low Fares Done Right differentiates Frontier from the historical ULCC model by providing a dependable and higher quality customer service experience than traditionally offered by such carriers. We pioneered this concept in the United States through our disciplined approach to operational reliability, modern fleet and comfortable cabin seating, including extra seat padding, and our *Stretch* seating option. Our focus on reliability and service allowed us to achieve a lower ratio of cancelled flights and a higher percentage of on-time arrivals as compared to Spirit Airlines (the other U.S. ULCC), according to the Department of Transportation, or DOT, for the year ended December 31, 2016. This high level of operational performance resulted in a reduction in the rate of our customers' complaints for the year ended December 31, 2016 as compared to 2015, according to DOT data. Our commitment to operational reliability is also reflected in our approach to recruiting, workforce training and employee engagement, which we believe enables us to offer a standardized and predictable travel experience. As an example of our rigorous training programs and focus on reliability, we were recently awarded the FAA's Aviation Maintenance Technician Diamond Award of Excellence for the fourth year in a row. 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. In addition, as a result of our *Low Fares Done Right* strategy of distinguishing our service offering from other airlines, including other ULCC airlines, we were able to generate a unit revenue premium over Spirit Airlines, the largest ULCC in the United States, during the 12 months ended March 31, 2017.

The low unit cost, high quality of service and dependability that make *Low Fares Done Right* successful have enabled us to implement a network strategy that primarily targets high fare or underserved markets, where our low fares stimulate new traffic flows. In addition, we also focus on providing air transportation from medium-sized markets (population between one and 4.7 million) to a wide range of VFR (visiting friends and relatives) and leisure destinations. As of March 2017, we served 28 of the 43 medium-sized markets in the United States, including Denver. Through this network strategy, we have built our current network around flights to and from airports that complement our Denver franchise, including Orlando, Las Vegas, Philadelphia, Cincinnati, Cleveland, Atlanta, Trenton, Chicago and Phoenix. This current network reflects significant diversification and a proactive effort to reduce our concentration in Denver. We reduced the number of our flights with either an origin or destination in Denver from over 90% as of December 2013 to approximately 40% as of March 2017. The diversification of our network since the beginning of 2014 has enabled us to reduce the impact of seasonality, increase revenue, increase utilization, lower unit costs and enhance profitability in each of 2014, 2015 and 2016.

We believe that our business model, including our focus on medium-sized markets and the use of low fares to stimulate demand, positions us to benefit from significant growth opportunities in the United States. According to the DOT, there were over 500 million domestic passengers in the United States during the 12 months ended September 30, 2016. Of these passengers, over 300 million paid a fare that was at least 30% above our cost basis per passenger during the same period, for the stage length associated with such fares. As a result, we believe that there are a significant number of markets in which we could operate profitably with our low fares, and we believe our entry into such markets could drive substantial passenger volume growth in those markets. For example, according to the DOT, in the 11 markets we entered in March and April 2015 passenger volumes increased by an average of approximately 41% in the six months ended September 30, 2016 as compared to the same period in 2014. During the six months ended September 30, 2016, we directly increased seat capacity in such markets by an average of 11% and we were the only ULCC operating in eight of the 11 markets, with Allegiant Travel Company offering service in one of the 11 markets (both before and after such periods) and Spirit Airlines commencing operations in two of the 11 markets during 2015.

According to the DOT, the 25-year (1991 to 2016) compound annual growth rate for domestic passenger traffic in the United States was approximately 2.1%. Based on this information, we believe that over the next 25 years, low fare offerings, such as those offered by ULCCs, could stimulate growth for over 850 additional narrow body aircraft covering over 2,000 domestic and international routes we can serve with A320 family aircraft. Of these routes, we believe there is an opportunity for over 650 new routes from medium-sized markets in the United States. As an additional indication of potential domestic passenger growth in North America, Boeing's

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“2016 Current Market Outlook” estimated that 2,620 new narrow body aircraft (net of retirements) would be added in North America by 2035, resulting in a total of 6,630 narrow body aircraft in operation.

The ULCC operating strategy is more mature in Europe than it is in the United States. For example, at the time Spirit Airlines adopted a ULCC model in 2007, three European ULCC airlines, EasyJet, Ryanair and Wizz Air, already had more than 4.5 times the number of aircraft in operation as did Allegiant Travel Company and Spirit Airlines. The size of the European ULCC airlines’ operations is evidence of the substantial increases in passenger volumes they have been able to drive since their adoption of ULCC operating models, which first started in the mid-1990s. In particular, over the 15-year period from 2000 to 2014, according to World Bank and public filings of other carriers, total passenger volumes in Europe had a compound annual growth rate of approximately 4%, of which approximately 80% was attributable to ULCC growth and stimulation. According to World Bank and other public filings, over the same 15-year period, ULCCs in Europe grew their market share from approximately 5% of total domestic passengers in 2000 to approximately 38% of total domestic passengers in 2014, whereas in the United States, ULCCs only had a market share of approximately 3% of total domestic passengers in 2014.

Our History

We were incorporated in September 2013 as a newly-formed corporation initially wholly-owned by an investment fund managed by Indigo to facilitate the acquisition of Frontier and its holding company from 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. Working with Indigo, our management team developed and implemented our unique strategy, *Low Fares Done Right*.

Indigo is a private equity fund focused on investing in air transportation companies, with past or current investments in six other ULCC airlines, including Spirit Airlines based in the United States, Tiger Airways based in Singapore and Australia, Volaris based in Mexico, Wizz Air based in Central and Eastern Europe, Avianova which operated in Russia from 2009 to 2011, and Mandala Airlines which operated in Indonesia until 2011. In February 2017, Indigo announced an investment in JetSMART, a start-up airline that plans to provide air transportation services in South America.

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 than historically 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 modern fleet, comfortable cabin seating, flexible optional services and operational reliability.

Our Competitive Strengths

Our competitive strengths include:

Our Low-Cost Structure. Our low-cost structure has allowed us to reduce our unit operating costs, measured by our Adjusted CASM (excluding fuel), from 7.89¢ for the year ending December 31, 2013 to 5.43¢ for the year ending December 31, 2016, which is among the lowest of all airlines operating in the United States and compares to an average of 9.08¢ for legacy network carriers, which include American Airlines, Delta Air Lines, United Airlines, Alaska Airlines and Hawaiian Airlines, an average of 7.85¢ for LCCs, which include JetBlue Airways and Southwest Airlines, and 5.94¢ and 5.45¢ for Allegiant Travel Company and Spirit Airlines, respectively. Our low-cost structure is driven by several factors:

- **High Aircraft Utilization.** We have high aircraft utilization, which during 2016 averaged 12.6 hours per day. This compares to an average during 2016 of 10.1 hours per day for legacy network carriers, an average of 11.3 hours per day for LCCs, and 12.4 and 6.3 hours per day for Spirit Airlines and Allegiant Travel Company, respectively.
- **Modern Fleet and Attractive Order Book.** We operate a modern fleet composed solely of Airbus A320 family aircraft, which are recognized as having high reliability and low operating costs. Operating a single family of aircraft provides us with several operational and cost advantages, including the ability to optimize crew scheduling and training, and maintenance. Since 2013, we have steadily reduced the number of A319 aircraft in our fleet, replacing them with larger and more cost-efficient A320ceo and A320neo aircraft (180 to 186 seats) and A321ceo aircraft (230 seats). As of March 31, 2017, the average age of our fleet was approximately six years and we have taken delivery of over 25 new aircraft since the start of 2015. In addition, we have an attractive order book of new, fuel-efficient aircraft, including, as of March 31, 2017, 75 A320neo family aircraft. As a result of our order book, we believe that the average age of our fleet will be approximately 4 years during 2019 and that once all A320neo aircraft are delivered through 2021, we will have the fastest adoption rate of A320neo aircraft (as a percentage of total fleet) among U.S. carriers.
- **Fuel Efficient Fleet.** In 2015, we were named one of the industry's most fuel-efficient airlines operating in 2014 by The International Council on Clean Transportation as a result of superior technology and operational efficiencies. Furthermore, the A320neo family aircraft that we have begun to place in service are estimated to deliver approximately 15% improved fuel efficiency compared to the prior generation of A320 aircraft.
- **High Capacity Fleet.** We have increased the seat density on our A319ceo aircraft from 138 seats to 150 seats and the seat density on our prior generation of A320 aircraft from 168 seats to 180 seats during 2015. Across our entire fleet, we have grown from an average of 145 seats per aircraft in 2013 to 176 seats per aircraft in the 12 months ended March 31, 2017, a 21% growth in the average number of seats per aircraft. Our fleet features new and lightweight slim-line seats, which eliminate excess weight and reduce fuel consumption per seat. As of March 31, 2017, we had the highest seat density per A320ceo/neo and A321ceo aircraft operated by any U.S. airline.
- **Low Cost Distribution Model.** For the three months ended March 31, 2017 and 2016 and for the years ended December 31, 2016 and 2015, approximately 67%, 62%, 63% and 58%, respectively, of our tickets were sold directly to customers through our direct distribution channels, including our website and mobile app, our lowest cost distribution channels, versus approximately 51% for the year ended December 31, 2014. We also reduced our distribution costs per passenger following the renegotiation of our distribution agreements.
- **Highly Productive Workforce and Specialist Providers.** We have a highly productive workforce with 4,692 passengers per full-time equivalent employee for the 12 months ended March 31, 2017. Where it is efficient for us to do so, we contract with third-party specialists to provide us with select operating and other services.

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Our Superior Brand. We believe establishing our brand as a premier ULCC positions us to generate greater customer loyalty, which enabled us to generate a unit revenue premium over Spirit Airlines, the largest ULCC in the United States, during the 12 months ended March 31, 2017. Our superior brand is demonstrated by our significant number of repeat customers. According to a survey we conducted in February 2017, over 85% of our passengers surveyed were repeat customers and 61% had flown with us two or more times during the previous 12 months. 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 amenity packages tailored for families.
- A carefully designed look and feel, which is more upscale than traditional ULCCs, including our livery, our website and mobile applications, uniforms, seat design, on-board products and other graphical brand marketing components.
- A strong online presence with a customer-friendly digital platform that includes a new passenger reservation system, improved website and our mobile app.
- Our modern fleet with amenities such as extra seat padding, the widest economy middle seat on a narrow-body aircraft of any U.S. ULCC or LCC and our *Stretch* seating option, which provides a comfortable 33 inch seat pitch.
- In the year ended December 31, 2016, we achieved a lower ratio of cancelled flights and a higher percentage of on-time arrivals as compared to Spirit Airlines (the other U.S. ULCC), according to DOT.

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 grow profitability. This has enabled us to reduce the seasonality of our revenue, increase revenues, improve utilization, lower unit costs and enhance profitability in each of 2014, 2015 and 2016. The key features of our network include:

- A broad geographic footprint, which enables us to service a wide range of VFR and leisure destinations.
- A strong presence in medium-sized markets.
- A disciplined and methodical approach to both route selection and the removal of underperforming routes, which as of May 1, 2017, had resulted in our retention of over 78% of the new routes we started during 2016.
- 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 of VivaColombia, Executive Vice President for Spirit Airlines and held various management roles with US Airways and American Eagle Airlines, a regional airline subsidiary of American Airlines, Inc.
- James G. Dempsey, our Chief Financial Officer, previously served as Treasurer and Head of Investor Relations for Ryanair after serving in management roles with PricewaterhouseCoopers.
- James E. Nides, our Chief Operating Officer, previously served as Chief Operating Officer of Volaris and has extensive prior experience at Continental Express.
- Daniel M. Shurz, our Senior Vice President, Commercial, previously served in various roles with United Airlines and Air Canada.

Low Fares Done Right—Our Business Strategy

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 maintain our cost advantage, including by:

- Maintaining the high utilization levels we achieved in 2016.
- 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 and 230-seat A321ceo aircraft and the retirement of additional A319 aircraft.
- Taking a disciplined approach to our operational performance in order to reduce disruption.

A Superior ULCC Brand and High Unit Revenues. 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, to position our brand as a family-friendly ULCC.
- Continuing to improve penetration of our bundling options, including *The Works* and *The Perks*.
- Enhancing our *Early Returns* offering to improve reward opportunities for our branded credit card customers.
- Providing our customers a dependable, reliable, on-time and friendly experience.

Strong Growth Driven by an Expanding and Efficient Network. We intend to continue to utilize our disciplined and methodical approach to expand our network in an efficient manner, including by:

- Continuing to exploit overpriced and/or underserved markets across the U.S. and select international destinations in the Americas, including medium-sized markets, where a majority of our seat capacity was deployed during 2016.
- 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 seasonality fluctuations.

Strong 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 expansion of our fleet and network. Our capital structure is comprised of:

- Our cash and cash equivalents, of which we had a balance of \$535 million as of March 31, 2017.
- Our \$150 million pre-delivery financing facility, which we recently extended to 2019 and from which we had drawn \$133 million as of March 31, 2017.
- Our \$50 million pre-purchased miles facility, from which we had drawn \$39 million of the amount available as of March 31, 2017.

Our Fares and the Choices We Offer

We provide low-fare passenger airline service primarily to travelers or VFRs and 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 three months ended March 31, 2017 and for the year ended December 31, 2016, our total revenue per passenger was approximately \$115.85 and \$114.72, respectively.

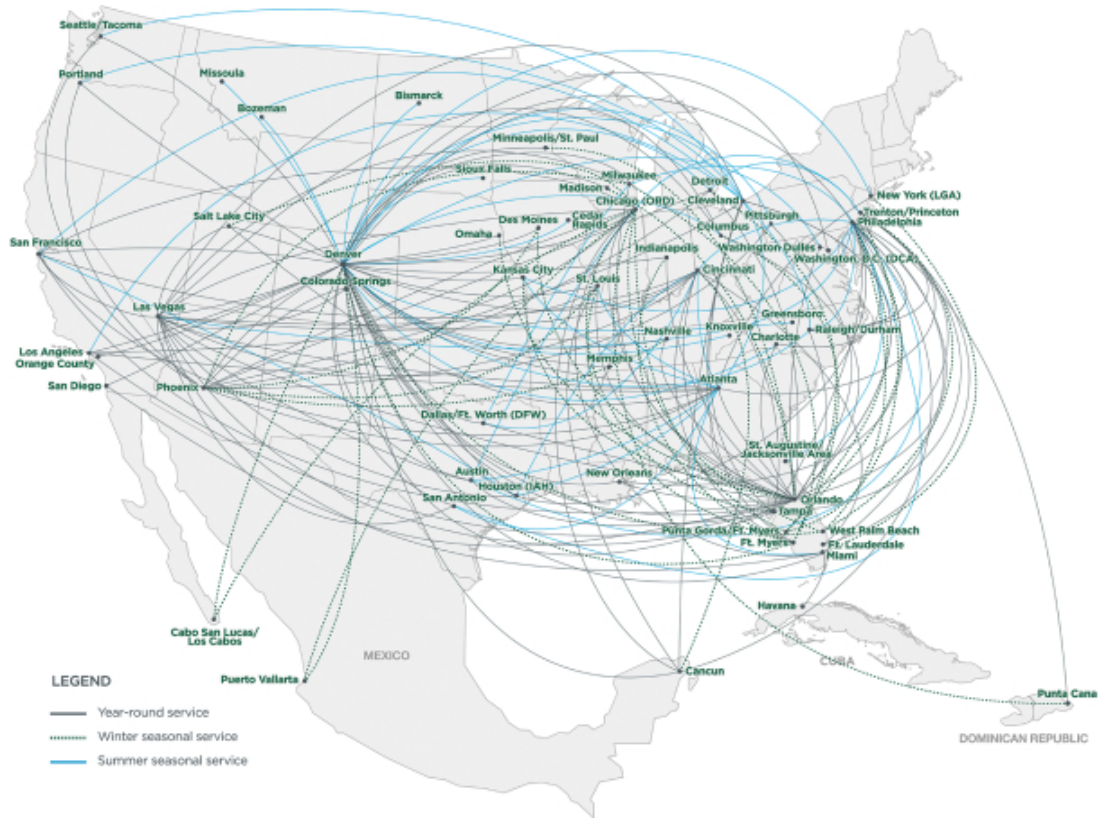
We combine our low fares with flexible optional services for an additional cost. Such additional options include carry-on and checked baggage, advance seat selection, our extended-legroom *Stretch* seats, ticket changes and cancellations, refundability, and commissions from the sale of hotel rooms, rental cars and trip insurance. In 2015, we introduced *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. In 2016, we expanded our bundled product offering with *The Perks*, which enables customers to book the same amenities included in *The Works*, excluding refundability and ticket changes, through third parties. We also promote and sell products in-flight to enhance the customer experience, including snacks and alcoholic and non-alcoholic beverages. In 2016, we introduced a new 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. Our other revenues also include services such as our *Early Returns* affinity credit card program and our *Discount Den* ultra low-fare subscription service. For the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016, 2015 and 2014, our average non-ticket revenue per passenger was \$52.90, \$45.58, \$48.57, \$30.45 and \$21.69, respectively, and non-ticket revenue represented 46%, 40%, 42%, 25% and 17%, respectively, of our total revenue.

Route Network

The low unit cost, high quality of service and dependability that make *Low Fares Done Right* successful have enabled us to implement a network strategy that primarily targets high fare or underserved markets, where our low fares stimulate new traffic flows. As of May 1, 2017, we have retained over 78% of the new routes we started during 2016. In addition, we also focus on providing air transportation from medium-sized markets (as categorized by the Office of Management and Budget) to a wide range of VFR and leisure destinations.

As of March 2017, we served 52 airports throughout the United States, the Caribbean and Mexico, and we served 28 of the 43 medium-sized markets in the United States, including Denver. During this period, approximately 40% of our flights had Denver International Airport as its origin or destination and approximately 17% of our ASMs were produced on flights departing Denver. The following five cities were the next most significant in terms of share of our ASMs: Orlando (11%), Las Vegas (9%), Chicago (7%), Phoenix (4%) and Philadelphia (4%). Together these six cities made up a majority of our ASMs.

Below is a map of routes we operated in 2016 (including routes we operate on a seasonal basis):



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 forecast advanced bookings. We routinely make capacity adjustments within our network based on the financial performance of our markets, and we discontinue service in markets where we determine that long-term profitability is not likely to meet our expectations.

Since our acquisition in December 2013, we have significantly diversified our markets exposure by expanding our presence in U.S. markets that complement our Denver franchise, including Orlando, Las Vegas, Philadelphia, Cincinnati, Cleveland, Atlanta, Trenton, Chicago and Phoenix. By continuing to add routes between other markets, we expect to leverage our brand and our existing base of loyal customers in these markets to enable us to grow our share of revenue in such markets. We expect to utilize our current footprint to further diversify our route network, provide growth into additional strategic markets and expand our customer base as we gain new customers in such markets. We are not currently pursuing the expansion of our network to, or our existing operations at, any of the three federally slot controlled airports (New York LaGuardia, New York Kennedy, and Washington Reagan National) or any of the locally slot controlled airports in southern California (Orange County and Long Beach). However, if any slots at such airports were to become available on attractive terms, we would assess the viability of our expansion in such markets in a manner consistent with our broader network strategy.

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Competition

The airline industry is highly competitive. The principal competitive factors in the airline industry are fare pricing, total price, flight schedules, aircraft type, passenger amenities, number of routes served from a city, customer service, safety record and reputation, code-sharing relationships, and frequent flyer programs and redemption opportunities. Our competitors and potential competitors include legacy network carriers, low-cost carriers, ULCCs and new entrant airlines. We typically compete in markets served by traditional network airlines, low-cost carriers, the other U.S. ULCCs and regional airlines.

Our principal competitors on domestic routes are Alaska Airlines, Allegiant Travel Company, American Airlines, Delta Air Lines, JetBlue Airways, Southwest Airlines, Spirit Airlines, United Airlines and Virgin America (acquired by Alaska Airlines in December 2016). With respect to the legacy network carriers and LCCs, our principal competitive advantage is our low cost structure, low base fares and our focus on the VFR and leisure traveler. We believe our low cost structure allows us to price our fares at levels where we can be profitable while the legacy network carriers and our LCC competitors 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. In addition, as a result of our *Low Fares Done Right* strategy of distinguishing our service offering from other airlines, including other ULCC airlines, we have been able to generate a unit revenue premium over Spirit Airlines, the largest ULCC in the United States, during the 12 months ended March 31, 2017.

The following table summarizes the RASM and Adjusted CASM (excluding fuel) of the legacy network airlines, LCCs and ULCCs of significant size in the United States for the year ended December 31, 2016:

Carrier	RASM(1)	Adj. CASM (Ex. Fuel)(1)(3)
Legacy Network Carriers		
Alaska Airlines (pro forma for acquisition of Virgin America)	12.93¢	8.04¢
American Airlines(2)	13.86¢	9.54¢
Delta Air Lines(2)	15.08¢	9.75¢
United Airlines(2)	13.58¢	9.38¢
Hawaiian Airlines	13.33¢	8.71¢
Low-Cost Carriers		
JetBlue Airways	12.37¢	7.59¢
Southwest Airlines	13.75¢	8.10¢
Ultra Low-Cost Carriers		
Frontier Airlines	9.33¢	5.43¢
Allegiant Travel Company	11.01¢	5.94¢
Spirit Airlines	9.11¢	5.45¢

(1) See "Glossary of Airline Terms."

(2) Mainline only.

(3) As formulated by each carrier in its public reports, excluding, among other things, special charges, third-party business expenses, fuel and profit sharing. These measures may not be comparable across all airlines.

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 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

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order to permit us to compete successfully in price-sensitive markets. See also “Risk Factors—Risks Related to Our Industry—The airline industry is exceedingly competitive, and we compete against legacy network carriers, low-cost carriers and other ultra low-cost carriers; if we are not able to compete successfully in our markets, our business will be materially adversely affected.”

Many airlines have marketing alliances with other airlines, under which they market and advertise their status as marketing alliance partners. Such alliances generally provide for code-sharing, frequent flyer program reciprocity, coordinated scheduling of flights to permit convenient connections and other joint marketing activities. We currently do not have any alliances with U.S. or foreign airlines. Please see “Risk Factors—Risks Related to Our Industry—Our lack of membership in a marketing alliance could harm our business and competitive position.”

Distribution

We primarily sell our product through direct distribution channels, including our website, mobile app and our call center with our website and mobile app serving as the primary platforms for ticket sales. Approximately 67%, 62%, 63% and 58% of our total tickets sold for the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016 and 2015, respectively, were sold directly to our customers through these distribution channels. Sales through our website and mobile app represent our lowest cost distribution channels.

We also offer the option to purchase tickets through third parties, such as travel agents who access us through GDS companies (e.g., Amadeus, Galileo, Sabre and Worldspan) and select online travel agents, or OTAs (e.g., Priceline and websites owned by Expedia, including Orbitz and Travelocity). Third-party channels represented approximately 33%, 38%, 37% and 42% of sales for the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016 and 2015, 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 GDS companies. 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

We are focused on direct-to-consumer marketing targeted at our core VFR and leisure travelers. According to a survey we conducted in February 2017, leisure, VFRs and business travelers represented 51%, 42% and 7%, respectively, of our total passengers over the previous 12 months. 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 seven million email addresses, our *Early Returns* frequent flyer program and our *Discount Den* subscription service as well as advertisements in online, television, 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.

In 2014, we redesigned the livery of our aircraft in order to enhance our brand. Our new and improved livery includes our unique and Frontier stylized “F” that was first introduced in 1978, our website address, a large arrow that was first adopted on a fleet of our predecessor’s DC-3s and signature Frontier green color scheme. In addition, each of our aircraft features one of our widely-recognized animals on its tail and is named after such bird or animal. We utilize these animals in several of our online marketing campaigns and on the novelty cards we distribute to children onboard.

We spent approximately 4.5%, 4.7%, 4.2% and 4.9% as a percentage of total revenues on marketing, brand and distribution for the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016 and 2015, respectively.

Loyalty and Membership Programs

Our *Early Returns* frequent flyer program rewards and encourages customer loyalty and enables sales of miles to marketing partners. In 2015, we enhanced the *Early Returns* program by adding a new elite tier, Frontier Elite, and retiring our legacy tier structure. The *Early Returns* MasterCard is the primary vehicle whereby customers earn miles and our frequent flyer program is geared specifically towards supporting adoption and continued use of the credit card.

Early Returns 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, all Frontier MasterCard holders (if they redeem 21 days prior to departure) and *Early Returns* Base Members who purchase tickets 180 days prior to departure. There are three types of travel awards: Economy Award Tickets require the lowest mileage, Choice Award Tickets are more widely available at double the mileage requirement and Last Seat Availability Award Tickets are exclusively available to Frontier Elite Members. One-way awards require as few as 10,000 miles. The program also calculates a year-end status level, and currently miles never expire as long as a customer earns miles 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 \$49.99 per year to become a member of 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 because our fleet features popular and widely-recognized animals on our aircraft tails, we provide children with novelty cards on each flight, we offer amenity packages tailored for families on board and our staff are 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 bear their own travel costs.

Operational Performance

We are committed to delivering excellent operational performance, which we believe will strengthen customer loyalty and attract new customers. The DOT publishes statistics regarding measures of customer satisfaction for domestic airlines, including on-time performance and completion factor. While the airlines covered by the DOT's reports are not categorized by operating strategy, all three U.S. ULCCs are included in such reports. In addition, the DOT can assess civil penalties for failure to comply with certain customer service obligations. We are also periodically subject to audit by the DOT and an audit is currently ongoing. Our performance under operational performance measures for the years ended December 31, 2016, 2015 and 2014 was as follows:

	Year Ended December 31,		
	2014	2015	2016
On-Time Performance(1)	74.1%	73.2%	76.0%
Completion Factor(2)	99.6%	99.4%	98.8%

(1) Percentage of our scheduled flights that were operated by us that were on-time (within 15 minutes).

(2) Percentage of our scheduled flights that were operated by us, whether or not delayed (i.e., not cancelled), derived from DOT cancellation statistics.

For the year ended December 31, 2016, our on-time performance was ranked 10th and our completion factor was ranked 8th out of 12 domestic airlines for which the DOT analyzes and publishes statistics. While the DOT does not categorize airlines by operating strategy, our operational performance during such period resulted in us achieving year ended December 31, 2016 a lower ratio of cancelled flights and a higher percentage of on-time

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arrivals as compared to Spirit Airlines (the other U.S. ULCC), according to DOT. Our significantly improved operational performance has led to a 25% reduction in the rate of DOT customer complaints for the year ended December 31, 2016 as compared to 2015.

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.

As of March 31, 2017, we had a fleet of 68 Airbus single-aisle aircraft, consisting of 21 A319s, 26 A320s, five A320neos and 16 A321s. The average age of the fleet was approximately six years as of March 31, 2017 and we have taken delivery of over 25 new aircraft since the start of 2015. Of the existing aircraft, 62 were financed under operating leases. The operating leases for five, 13 and three aircraft in our fleet are scheduled to terminate in the remainder of 2017, 2018 and 2019, respectively. We intend to replace those 21 aircraft with A320neo family aircraft. Our current fleet plan calls for growth to 121 aircraft by the end of 2021. We have a firm purchase commitment with Airbus to acquire 75 A320neo family aircraft and three A321ceo aircraft by 2021. We also have a firm purchase commitment for 12 additional spare aircraft engines. We may elect to supplement these deliveries by additional acquisitions from the manufacturer or in the open market if demand conditions merit. We are also assessing our potential needs in 2021 and beyond to replace aircraft scheduled to come off of lease and provide additional capacity. Our order book as of March 31, 2017 was comprised of the following aircraft:

	<u>A319neo</u>	<u>A320neo</u>	<u>A321</u>	<u>Total Aircraft</u>	<u>Engines</u>
Remainder of 2017	—	10	3	13	3
2018	—	16	—	16	2
2019	—	18	—	18	2
2020	5	13	—	18	2
2021	13	—	—	13	2
Thereafter	—	—	—	—	1
Total	18	57	3	78	12

Consistent with our ULCC business model, each of our aircraft is configured with a high density seating configuration. Our A319s equipped with two over-wing exits accommodate 150 passengers (compared to 145 on Spirit Airlines, 119 on Virgin America, 128 on United Airlines and up to 128 on American Airlines), our A320s accommodate up to 186 passengers (compared to up to 182 on Spirit Airlines, 149 on Virgin America and 150 on United Airlines, JetBlue Airways and American Airlines) and our A321s accommodate 230 passengers (compared to up to 228 on Spirit Airlines, up to 200 on JetBlue Airways and up to 187 on American Airlines).

Aircraft Fuel

Aircraft fuel is our largest expense representing 24%, 20%, 25%, 27% and 39% of our total operating costs for the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016, 2015 and 2014, respectively. 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:

	<u>Year Ended December 31,</u>			<u>Three Months Ended March 31,</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
Gallons consumed (millions)	165	195	216	48	54
Average price per gallon	\$ 3.26	\$ 1.90	\$ 1.59	\$ 1.32	\$ 1.88

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

We maintain 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 options and collar contracts on jet fuel, fixed forward price contracts, or 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 March 31, 2017, we had hedges in place for approximately 71% of our projected fuel requirements for the remainder of 2017 at an average strike price of \$1.78 per gallon and approximately 31% of our projected fuel requirements in 2018 at a strike price of \$1.80 per gallon, with all of our then existing call options expected to be exercised or expire by the end of 2018.

Maintenance and Repairs

We have a 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 stations and each line maintenance station is categorized by the scope and complexity of work performed. Line maintenance is performed in Denver, Chicago, Cleveland, Orlando and Atlanta and represents the majority of and most extensive maintenance we perform.

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 20 months. Engine overhauls and engine performance restoration events are quite extensive and can take two months. We maintain an inventory of spare engines to provide for continued operations during engine maintenance events. We expect to begin the initial planned engine maintenance overhauls on our new engine fleet approximately four to six years after the date of manufacture and introduction into our fleet, with subsequent engine maintenance every four to six years thereafter. Due to our relatively small fleet size and projected fleet growth, we believe outsourcing all of our heavy maintenance, engine restoration and major part repair, is more economical. 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 outsource 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.

As of March 31, 2017, the operating leases for five, 13 and three aircraft in our fleet are scheduled to terminate in the remainder of 2017, 2018 and 2019, 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.

We currently have an obligation to purchase 78 aircraft by the end of 2021. 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 it ages and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. See “Risk Factors—Risks Relating to Our Business—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.”

Employees

As of March 31, 2017, we had 3,551 employees, consisting of 1,150 pilots, 1,692 flight attendants, 21 flight dispatchers, 88 maintenance, 37 aircraft appearance agents, 22 material specialists, 9 maintenance controllers and 532 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. In 2016, we received approximately 10 pilot applications for every one pilot hired. This pipeline is partially the result of recruiting and selection arrangements we have recently 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 our company 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 within the first three years of employment under the collective bargaining agreement with our pilots. For example, as a result of our continuing fleet expansion, all of our First Officers hired since late-2013 have been eligible for upgrade to Captain within 24 to 36 months of joining the company. As of December 31, 2016, our median pilot and flight attendant seniority was approximately 9 and 2 years, respectively.

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As of March 31, 2017, approximately 85% of our employees were represented by labor unions under collective-bargaining agreements, as follows:

<u>Employee Groups</u>	<u>Number of Employees</u>	<u>Representative</u>	<u>Status of Agreement/Amendable Date</u>
Pilots	1,150	Air Line Pilots Association (ALPA)	Became amendable in March 2016. In negotiation.
Flight Attendants	1,692	Association of Flight Attendants (AFA-CWA)	Became amendable in July 2015. In negotiation.
Dispatchers	21	Transport Workers Union (TWU)	New Contract ratified in December 2016.
Material Specialists	22	International Brotherhood of Teamsters (IBT)	New Contract ratified in March 2017.
Aircraft Appearance Agents	37	IBT	Became amendable in July 2015. In negotiation.
Maintenance Controllers	9	IBT	Became amendable in August 2014. In negotiation.
Maintenance	88	IBT	New Contract ratified in February 2017

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

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.

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Safety in the workplace targets several areas of our operation including: flight operations, maintenance, in-flight, dispatch, and station operations.

The Transportation Security Administration, or TSA, is charged with aviation security for both airlines and airports. We maintain active, open lines of communication with the TSA at all of our locations to ensure proper standards for security of our personnel, customers, equipment and facilities are exercised throughout the operation. In September 2016, we introduced TSA Precheck for our flights to improve our customers' airport experiences.

Facilities

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

We primarily operate out of Concourse A, at Denver International Airport under an operating lease that expires in December 2018. We currently use up to 10 gates within Concourse A. We have preferential access to eight of the Concourse A gates and common use access to the remaining two Concourse A 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.

Our second largest operation is at Terminal A at Orlando International Airport, where we operate under an airport lease agreement that provides us with the preferential use of five airport gates and access to up to two additional common-use gates. Our lease agreement extends through September 2019. We believe that our leased gates are capable of handling our expected growth in operations.

Our principal executive offices and headquarters are presently located in leased premises at 7001 Tower Rd, Denver, Colorado 80249, consisting of approximately 70,000 square feet, under a lease which expires in 2020. In the fourth quarter of 2017, we expect to relocate our headquarters to owned premises located at 4545 Airport Way, Denver, Colorado 80239.

Insurance

We maintain insurance policies we believe are of types customary in the airline industry and as required by the DOT, lessors and other financing parties. The policies principally provide liability coverage for public and passenger injury; damage to property; loss of or damage to flight equipment; fire; auto; directors' and officers' liability; advertiser and media liability; cyber risk liability; fiduciary; workers' compensation and employer's liability; and war risk (terrorism). 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 DOT regulations and federal law, we must be owned and controlled by U.S. citizens. The restrictions imposed by federal law and regulations 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 the Federal Aviation Act, 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

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total outstanding stock must be owned and controlled by U.S. citizens and no more than 49% of our stock may be held, 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 are currently in compliance with these ownership provisions. For a discussion of the procedures we instituted to ensure compliance with these foreign ownership rules, please see “Description of Capital Stock—Anti-Takeover Provisions of Our Certificate of Incorporation and Bylaws—Limited Ownership and Voting by Foreign Owners.”

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 code-sharing 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 recently implemented liberalized bilateral air transport which the DOT has determined has all of the attribute of an “open skies” agreement. Our flights to the Dominican Republic and any service we may provide to Cuba are governed by bilateral air transport agreements between the United States and such countries. Changes in U.S., Mexico, the Dominican Republic or Cuba 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.

Airport Access

Flights at three major domestic airports are regulated through allocations of landing and takeoff authority (i.e., “slots” and “operating authorizations”) or similar regulatory mechanisms, which limit take-offs and landings at those airports. Each slot represents the authorization to land at or take off from the particular airport during a specified time period.

In the United States, the FAA currently regulates the allocation of slots, slot exemptions, operating authorizations or similar capacity allocation mechanisms at two of the airports we serve, Ronald Reagan Washington National Airport (DCA) in Washington, D.C. and New York’s LaGuardia Airport (LGA). In addition, John Wayne Airport (SNA) in Orange County, California, has 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

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“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, lengthy tarmac delays, air carriers, airline advertising, denied boarding compensation, ticket refunds, baggage liability, contracts of carriage, customer service commitments, customer complaints and transportation of passengers with disabilities. The DOT frequently adopts new consumer protection regulations, such as rules to protect passengers addressing lengthy tarmac delays, chronically delayed flights, codeshare disclosure and undisclosed display bias, and is reviewing new guidelines to address the transparency of airline non-ticket fees and refunding baggage fees for delayed checked baggage. The DOT also has authority to review certain joint venture agreements, code-sharing 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.

Security Regulation

The U.S. Transportation Security Administration 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 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, or 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 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.

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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, 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 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.

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. 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 ICAO or 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 Railway Labor Act. 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.

Legal Proceedings

We are subject to commercial litigation claims and to administrative and regulatory proceedings and reviews that may be asserted or maintained from time to time. We currently believe that the ultimate outcome of such lawsuits, proceedings and reviews will not, individually or in the aggregate, have a material adverse effect on our financial position, liquidity or results of operations.

MANAGEMENT

The following table provides information regarding our executive officers and directors as of March 31, 2017:

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Non-Employee Directors		
William A. Franke	79	Chairman of the Board
Josh T. Connor	43	Director
Brian H. Franke	53	Director
Robert J. Genise	69	Director
Bernard L. Han	52	Director
C.A. Howlett	73	Director
Michael R. MacDonald	65	Director
Patricia Salas Pineda	65	Director
John R. Wilson	52	Director
Executive Officers and Employee Director		
Barry L. Biffle	45	Director, President and Chief Executive Officer
James G. Dempsey	42	Chief Financial Officer
James E. Nides	66	Chief Operating Officer
Howard M. Diamond	50	General Counsel and Secretary
Mark C. Mitchell	43	Chief Accounting Officer
Daniel M. Shurz	41	Senior Vice President, Commercial

- (1) Member of the audit committee.
- (2) Member of the compensation committee.
- (3) Member of the nominating and corporate governance committee.

The following are brief biographies for each current non-employee director and each executive officer and employee director. When we refer to any of such persons' service, to our company we are referring to service to Frontier Group Holdings, Inc. as well as our wholly-owned subsidiaries, Frontier Airlines Holdings, Inc. ("FAH") and Frontier Airlines, Inc.

Non-Employee Directors

William A. Franke has served as Chairman of our Board of Directors since December 2013. Mr. Franke has served as managing partner of Indigo Partners LLC, a private equity fund focused on air transportation, since 2002. Mr. Franke was the chairman of America West Airlines from 1992 to 2001 and chief executive officer of America West Airlines from 1993 to 2001 and has served on the boards of directors of Wizz Air Hungary Airlines Ltd., an airline based in Europe, and its parent company, Wizz Air Holdings Plc, since February 2005, Concesionaria Vuela Compañía de Aviación, S.A. de C.V., an airline based in Mexico doing business as Volaris, since July 2011, and JetSMART SpA, an airline planning to commence operations in South America, since February 2017. He also served as chairman of Spirit Airlines Inc. from 2006 to 2013 and Tiger Aviation Pte. Ltd, a Singapore-based airline, from 2004 to 2009, and held directorships in Alpargatas S.A.I.C., an Argentina-based footwear and textiles manufacturer, from 1996 to 2007, and Phelps Dodge Corporation, a mining company, where he served as the lead outside director for several years, from 1980 to 2007. He has in the past served on a number of other publicly listed company boards of directors, including ON Semiconductor, Valley National Corporation, Southwest Forest Industries and the Circle K Corporation. Mr. Franke holds a B.A. and a LLB from Stanford University and an honorary doctorate from Northern Arizona University. We believe Mr. Franke is qualified to serve on our Board of Directors due to his private equity experience in the air transportation industry, his prior directorships, his financial literacy and his general and airline business experience.

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Josh T. Connor has served as a member of our Board of Directors since August 2015. Mr. Connor is the founding partner of Connor Capital SB, LLC, an investment firm founded in December 2015. Since April 2017, Mr. Connor has served as a managing director of Oaktree Capital, an asset management firm specializing in alternative investment strategies, where he had served as strategic adviser of Oaktree Capital Management's Infrastructure Fund since September 2015. Mr. Connor has served on the board of Copa Holdings SA, the parent company of Panamanian airline Copa Airlines, since January 2016. From October 2013 to July 2015, Mr. Connor served as a managing director and co-head of the industrials banking group at Barclays Capital Inc., an international investment bank. While at Barclays, Mr. Connor also served as global head of transportation banking from April 2011 to October 2013. Prior to joining Barclays, Mr. Connor was with Morgan Stanley, an international investment bank, for 15 years, where he served as co-head of the global transportation & infrastructure investment banking group. Mr. Connor holds a B.A. in Economics from Williams College. We believe Mr. Connor is qualified to serve on our Board of Directors due to his private equity experience, his financial expertise and general business experience.

Brian H. Franke has served as a member of our Board of Directors since December 2013. Mr. Franke has been a principal of Indigo Partners LLC, a private equity fund focused on air transportation, since April 2004. Mr. Franke has served on the boards of directors of Concesionaria Vuela Compañía de Aviación, S.A. de C.V., an airline based in Mexico doing business as Volaris, since July 2011, and JetSMART SpA, an airline planning to commence operations in South America, since February 2017. Mr. Franke holds a B.S. from the University of Arizona and a Masters of International Management from the Thunderbird School of Global Management. We believe Mr. Franke is qualified to serve on our Board of Directors due to his experience in the airline industry and general and airline business experience.

Robert J. Genise has served as a member of our Board of Directors since March 2014. Mr. Genise has served as a board member of Aergen Aviation Finance Limited, a Dublin, Ireland aircraft leasing company, since 2014 and has served as CEO of its wholly-owned subsidiary, Aergen Management Services, Inc. Mr. Genise has served on the board of directors of Avioserve San Diego, Inc., a late-life aircraft engine parts management company, since June 2012. Mr. Genise served as chief executive officer of DAE Capital, the aircraft leasing division of Dubai Aerospace Enterprise (DAE) Ltd., a global aerospace corporation, from 2007-2011. Prior to this, Mr. Genise was involved in the creation of two large aircraft leasing companies, Boullioun Aviation Services, Inc. and Singapore Aircraft Leasing Pte. Mr. Genise holds a B.S. from New York University, an M.B.A. from the University of Connecticut and a J.D. from Pace University. We believe Mr. Genise is qualified to serve on our Board of Directors due to his experience in the airline industry and general and airline business experience.

Bernard L. Han has served as a member of our Board of Directors since March 2014. Mr. Han has served as executive vice president of strategic planning at Dish Network Corp., a broadcast satellite service provider, since December 2015. Prior to that, Mr. Han served as the chief operating officer of Dish Network Corp. from April 2009 to December 2015 and as the chief financial officer of EchoStar Corporation, a global satellite services provider, from September 2006 to April 2009. He also served on the board of ON Semiconductor Corporation, a semiconductor manufacturer, from March 2012 to April 2015. From 2002 to 2005, Mr. Han served as the chief financial officer and executive vice president of Northwest Airlines Corp., an airline later absorbed into Delta Air Lines, Inc. From 1996 to 2002, Mr. Han held several executive positions at America West Airlines, Inc., an airline later absorbed into the US Airways Group, including executive vice president and chief financial officer and senior vice president of marketing and planning. From 1988 to 1995, Mr. Han held various finance and marketing positions at Northwest Airlines Corp. and American Airlines. Mr. Han holds a B.S., M.S. and M.B.A., all from Cornell University. We believe Mr. Han is qualified to serve on our Board of Directors due to his experience in the airline industry, financial expertise and general and airline business experience.

C.A. Howlett has served as a member of our Board of Directors since December 2013. Mr. Howlett has been a principal of Indigo Partners LLC, a private equity fund focused on air transportation, since July 2011.

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Mr. Howlett has served as a member of the executive board of Phoenix Theater since 1999, as chairman of the Phoenix Symphony Association since 2008, as a board member of the Arizona Chamber of Commerce since 2002 and as a board member of the U.S. Chamber of Commerce since 1996. Mr. Howlett has also served on the board of the Valley of Sun Convention and Visitor's Bureau since 2014. Mr. Howlett served as senior vice president of public affairs at US Airways Group, Inc., from 2005 to 2011. Prior to that, Mr. Howlett served as senior vice president of public affairs of America West Airlines, an airline later absorbed into US Airways Group Inc., from 1995 to 2005. Mr. Howlett holds a B.A. in Political Science and Economics and an M.A. in Public and Business Administration from the University of Colorado. We believe Mr. Howlett is qualified to serve on our Board of Directors due to his experience in the airline industry and general and airline business experience.

Michael R. MacDonald has served as a member of our Board of Directors since March 2017. Mr. MacDonald served as the president and chief executive officer and a member of the board of directors of DSW Inc., a publicly traded footwear retailer, from April 2009 to December 2015. Prior to joining DSW, Mr. MacDonald served as chairman and chief executive officer of Shopko Stores, a retail company, from May 2006 to March 2009. Prior to that time, Mr. MacDonald held executive positions at Saks Incorporated from 1998 to 2006, most recently as chairman and chief executive officer of the Northern Department Stores Group for six years. Prior to serving in that capacity, Mr. MacDonald held executive positions at Carson Pirie Scott, including the position of chairman and chief executive officer. Mr. MacDonald has served as a member of the Board of Directors of Ulta Beauty, Inc., a public company, since 2012. Mr. MacDonald holds a B.B.A. from the University of Notre Dame and an M.B.A. from the University of Detroit. We believe Mr. MacDonald is qualified to serve on our Board of Directors due to his business experience.

Patricia Salas Pineda has served as a member of our Board of Directors since March 2017. Ms. Pineda served as group vice president of Hispanic business strategy for Toyota Motor North America, Inc. from 2013 to October 2016. Previously, Ms. Pineda served Toyota Motor North America as group vice president, national philanthropy and the Toyota USA Foundation from 2004 until 2013. During this period, Ms. Pineda also served as general counsel and group vice president of administration from 2006 to 2008 and as group vice president of corporate communications and general counsel from 2004 to 2006. Prior to that, Ms. Pineda was vice president of legal, human resources and government relations, and corporate secretary of New United Motor Manufacturing, Inc. with which she had been associated since 1984. Ms. Pineda has served on the board of directors of Levi Strauss & Co., an apparel maker, since 1991. Ms. Pineda previously served on the boards of directors of Anna's Linens, a specialty retailer of discounted home furnishings, and Eller Media Company (now known as Clear Channel Outdoor), an outdoor advertising company. Ms. Pineda is currently a member of the corporate advisory board of the National Council of La Raza and chairwoman and member of the board of directors of the Latino Corporate Directors Association. Ms. Pineda holds a B.A. in Government from Mills College and a J.D. from Boalt Hall School of Law at the University of California, Berkeley. We believe Ms. Pineda is qualified to serve on our Board of Directors due to her expertise in governmental relations and regulatory oversight, corporate governance and human resources matters.

John R. Wilson has served as a member of our Board of Directors since December 2013. Mr. Wilson has been a principal of Indigo Partners LLC, a private equity fund focused on air transportation, since 2004. Mr. Wilson has served on the boards of directors of Wizz Air Hungary Airline, Ltd., an airline based in Europe and its parent company, Wizz Air Holdings Plc, since February 2005, Concesionaria Vuela Compañía de Aviación, S.A. de C.V., an airline based in Mexico doing business as Volaris, since July 2011, and JetSMART SpA, an airline planning to commence operations in South America, since February 2017. Mr. Wilson served on the board of directors of Spirit Airlines, Inc., from April 2009 to July 2013. Previously, Mr. Wilson held positions at America West Airlines, an airline later absorbed into US Airways Group, Inc., and Northwest Airlines Corp., an airline later absorbed into Delta Air Lines, Inc. Mr. Wilson holds a B.B.A. from Texas Tech University and an M.B.A. from the University of Virginia Darden Graduate School of Business. We believe Mr. Wilson is qualified to serve on our Board of Directors due to his experience in the airline industry and general and airline business experience.

Executive Officers and Employee Director

Barry L. Biffle has served as a member of our Board of Directors since March 2017, as our Chief Executive Officer since March 2016 and as our President since July 2014. From July 2013 to April 2014, Mr. Biffle served as chief executive officer of VivaColombia, an airline based in Medellín, Colombia. From February 2005 to July 2013, Mr. Biffle served as chief marketing officer of Spirit Airlines. From 2003 to 2005, Mr. Biffle served as managing director of marketing at US Airways. Mr. Biffle also held other key positions in network planning, sales and marketing while at US Airways. Prior to joining US Airways, Mr. Biffle held several management positions at American Eagle Airlines, a regional airline subsidiary of American Airlines, Inc. from 1995 to 1999. Mr. Biffle holds a B.A. degree from the University of Alabama. We believe Mr. Biffle is qualified to serve on our Board of Directors due to his experience in the air transportation industry and his general airline and business experience.

James G. Dempsey has served as our Chief Financial Officer since May 2014. From July 2006 to April 2014, Mr. Dempsey served as treasurer at Ryanair Holdings PLC. From 2003 to 2006, Mr. Dempsey served as head of investor relations at Ryanair. Prior to this, Mr. Dempsey served in various management roles with PricewaterhouseCoopers from 2000 to 2003. Mr. Dempsey holds a Bachelor of Commerce Degree from the University College Dublin and is a fellow of the Institute of Chartered Accountants in Ireland.

James E. Nides has served as our Chief Operating Officer since January 2017. Mr. Nides served as our Vice President Flight Operations from April 2015 until December 2017. Mr. Nides served as chief operating officer of Concesionaria Vuela Compañía de Aviación, S.A. de C.V., an airline based in Mexico doing business as Volaris, from July 2011 to April 2015. Mr. Nides served as vice president of flight operations & maintenance of Express Jet Holdings Inc., a regional U.S. airline, from 1998 to 2011. Mr. Nides started his airline industry career as a pilot for Comair in 1978. Mr. Nides holds a B.S. in Economics from the University of Cincinnati.

Howard M. Diamond has served as our General Counsel and Secretary since July 2014. Mr. Diamond served as vice president, general counsel and corporate secretary of Thales USA, Inc., a diversified aerospace, defense and transportation company, from January 2008 to July 2014. Mr. Diamond holds a B.A. degree from Wesleyan University and a J.D. from the University of Virginia Law School.

Mark C. Mitchell has served as our Chief Accounting Officer since September 2015. Mr. Mitchell served in various leadership capacities for Starwood Hotels and Resorts Worldwide, Inc., or SHRW, a hotel and leisure company, from February 2007 to September 2015, including serving as the Vice President, Accounting (SHRW) during 2013 to 2015 and as the corporate controller for Starwood Vacation Ownership, Inc., the timeshare brand of SHRW, during 2007 to 2015. Mr. Mitchell is a CPA and holds a B.S. in Accounting from Indiana University and an M.B.A. from the University of Florida.

Daniel M. Shurz has served as our Senior Vice President, Commercial since January 2012. Mr. Shurz also served as our Vice President, Strategy and Planning from June 2009 to February 2012. Prior to that, Mr. Shurz served as vice president, network planning from August 2006 to April 2009 and director, business development from May 2005 to August 2006 at Air Canada. Mr. Shurz also served in various roles at United Airlines from 1996 to 2001. Mr. Shurz holds a B.A. from Cambridge University and an M.B.A. from the University of Chicago Booth School of Business.

Board Composition

Our board of directors is presently comprised of 10 members. In accordance with our amended and restated certificate of incorporation to be in effect immediately prior to the consummation of this offering, our board of directors will be divided into three classes with staggered three-year terms effective immediately prior to the completion of this offering. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- The Class I directors are _____, _____, _____ and _____, and their terms will expire at the annual general meeting of stockholders to be held in 2018;

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- The Class II directors are _____, _____ and _____, and their terms will expire at the annual general meeting of stockholders to be held in 2019; and
- The Class III directors are _____, _____ and _____, and their terms will expire at the annual general meeting of stockholders to be held in 2020.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

Until such time as Indigo beneficially owns shares of our common stock representing less than a majority of the voting rights of our outstanding common stock, our amended and restated certificate of incorporation and amended and restated bylaws to be in effect immediately prior to the consummation of this offering require a majority stockholder vote for the removal of a director with or without cause. From and after such time as Indigo holds less than a majority of the voting rights of our outstanding common stock, a majority stockholder vote will be required for removal of a director with cause (and a director may only be removed for cause). The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

An investment fund managed by Indigo owns more than 50% of our outstanding voting securities and we are therefore considered a “controlled company” within the meaning of the _____ rules. Following the consummation of this offering, we expect to remain a “controlled company” and we intend to rely upon the “controlled company” exception to the board of directors and committee independence requirements under the _____ rules. Pursuant to this exception, we will be exempt from the rules that would otherwise require that our board of directors be comprised of a majority of independent directors and that our compensation and nominating and corporate governance committees be composed entirely of independent directors. The “controlled company” exception does not modify the independence requirements for the audit committee, and we expect to rely on certain phase-in provisions to comply with the requirements of the Sarbanes-Oxley Act and the _____ rules, requiring that our audit committee be comprised exclusively of independence directors within one year of this offering.

Our board of directors has undertaken a review of the independence of each director and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our board of directors determined that _____, _____ and _____, representing _____ of our 10 directors, are “independent directors” as defined under the applicable rules and regulations of the SEC and the _____.

Family Relationships

William A. Franke is the father of Brian H. Franke. Otherwise, there are no family relationships among any of our directors or executive officers.

Leadership Structure

We have historically separated the roles of CEO and Chairman of the Board in recognition of the differences between the two roles. The CEO is responsible for setting our strategic direction and our day-to-day leadership and performance, while the Chairman of the Board provides guidance to the CEO, sets the agenda for board meetings and presides over meetings of the full board of directors. In addition, our amended and restated bylaws to be in effect immediately prior to the consummation of this offering provide that the independent directors may appoint a lead director from among them to perform such duties as may be assigned by our board of directors.

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Board Committees

Our board of directors has the following committees: an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our board.

Audit Committee

Our audit committee oversees our corporate accounting and financial reporting process and the audits of our financial statements. Among other matters, the audit committee evaluates the independent auditors' qualifications, independence and performance; determines the engagement of the independent auditors; reviews and approves the scope of the annual audit and the audit fee; discusses with management and the independent auditors the results of the annual audit and the review of our quarterly financial statements; approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on the company's engagement team as required by law; reviews our critical accounting policies and estimates; oversees our internal audit function and annually reviews the audit committee charter and the committee's performance. The current members of our audit committee are _____, who is the chair of the committee, _____ and _____. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the _____. Our board has determined that _____ is an audit committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of the _____. _____, _____ and _____ are independent directors as defined under the applicable rules and regulations of the SEC and the _____. The audit committee operates under a written charter that satisfies the applicable standards of the SEC and the _____. Our audit committee will consist of at least one member that is independent upon the effectiveness of our registration statement of which this prospectus forms a part, a majority of members that are independent within 90 days thereafter and all members that are independent within one year thereafter.

Compensation Committee

Our compensation committee reviews and recommends policies relating to compensation and benefits of our officers and employees. The compensation committee reviews the compensation philosophy of the Company, reviews and approves corporate goals and objectives relevant to compensation of our Chief Executive Officer and other executive officers, evaluates our performance in light of those goals and objectives, and sets the compensation of these officers based on such evaluations. The compensation committee also considers market trends in executive compensation with respect to the compensation of these officers. The compensation committee also administers the issuance of stock options and other awards under our stock plans. The compensation committee reviews and evaluates, at least annually, the performance of the compensation committee and its members, including compliance of the compensation committee with its charter. The current members of our compensation committee are _____, _____ and _____, with _____ serving as the chair of the committee.

In order for our compensation committee to continue to make recommendations or determinations with respect to executive compensation, such committee must be composed of a majority of independent directors within ninety days from the date our common stock is listed on the _____ and entirely of independent directors within one year from the date our common stock is listed on the _____. However, if we remain or become a "controlled company," we will qualify for, and expect to rely on, exemptions from the _____ corporate governance requirements that require such committee to be composed entirely of independent directors. Our board of directors has affirmatively determined that each of _____, _____ and _____ meets the definition of "independent director" for purposes of the _____ listing rules and is and will be a "non-employee director" as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and an "outside director" as that term is defined in Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, or Section 162(m).

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Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is responsible for making recommendations to our board of directors regarding candidates for directorships and the size and composition of our board of directors. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance policies and reporting and making recommendations to our board of directors concerning governance matters. The nominating and corporate governance committee reviews and evaluates, at least annually, the performance of the nominating and corporate governance committee and its members, including compliance of the nominating and corporate governance committee with its charter. The current members of our nominating and corporate governance committee are _____, _____ and _____, with _____ serving as the chair of the committee.

In order for our nominating and corporate governance committee to continue to make recommendations or determinations with respect to the composition of our board, such committee must be composed of a majority of independent directors within ninety days from the date our common stock is listed on the _____ and entirely of independent directors within one year from the date our common stock is listed on the _____. However, if we remain or become a “controlled company,” we will qualify for, and expect to rely on, exemptions from the _____ corporate governance requirements that require such committee to be composed entirely of independent directors. Our board of directors has affirmatively determined that each of _____, _____ and _____ meets the definition of “independent director” for purposes of the _____ listing rules.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is or has at any time during the past year been an officer or employee of ours. None of our executive officers currently serves or in the past year has served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board or compensation committee.

Code of Ethics

Our board of directors has adopted a Code of Ethics. The Code of Ethics is applicable to all members of the board, officers and other employees, including our chief executive officer, chief financial officer and principal accounting officer. The Code of Ethics will be available under the Investor Relations section on our website at www.FlyFrontier.com under “Code of Ethics” at or around the time of this offering. The Code of Ethics addresses, among other things, issues relating to conflicts of interests, including internal reporting of violations and disclosures, and compliance with applicable laws, rules and regulations. The purpose of the Code of Ethics is to deter wrongdoing and to promote, among other things, honest and ethical conduct and to ensure to the greatest possible extent that our business is conducted in a legal and ethical manner. We intend to promptly disclose (1) the nature of any amendment to our code of ethics that applies to our directors, executive officers or other principal financial officers, or an immediate family member of a director, executive officer or other principal financial officer, and (2) the nature of any waiver, including an implicit waiver, from a provision of our code of ethics that is granted to one of these specified directors, officers or other principal financial officers, or an immediate family member of a specified director, executive officer or other principal financial officer, the name of such person who is granted the waiver and the date of the waiver on our website in the future.

Limitation of Liability and Indemnification

Our amended and restated certificate of incorporation, which will be in effect upon the completion of this offering, contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director’s duty of loyalty to us or our stockholders;

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- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation to be in effect immediately prior to the consummation of this offering provides that we shall indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. Our amended and restated bylaws to be in effect immediately prior to the consummation of this offering also provide that we shall indemnify our directors and officers to the fullest extent permitted by Delaware law and advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With specified exceptions, these agreements provide for indemnification for judgments, fines and settlement amounts as well as for related expenses including, among other things, attorneys' fees incurred by any of these individuals in any action or proceeding. We believe these limitation of liability provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation, amended and restated bylaws and indemnification agreements may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. Our amended and restated certificate of incorporation provides that any such lawsuit must be brought in the Court of Chancery of the State of Delaware. The foregoing provisions may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our named executive officers, or NEOs, should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion. Our employees, including the NEOs, are employed with Frontier and all employee compensation matters have historically been decided by the board of directors of Frontier and its compensation committee, except for grants of equity awards, which have been made by our board of directors. Following the closing of this offering, all compensation matters in respect to our NEOs will be determined by the compensation committee of our board of directors. All references to “we,” “us” or “our” in this Executive Compensation section will refer to Frontier and Frontier’s board of directors and its compensation committee for actions taken in respect of cash compensation prior to the completion of this offering and to FGHI and FGHI’s board of directors and its compensation committee for actions taken in respect of equity awards at any time and in respect of cash compensation on and after the completion of this offering.

Our compensation committee, which is appointed by our board of directors, is responsible for establishing, implementing and monitoring our compensation philosophy and objectives. We seek to ensure that the total compensation paid to our executive officers is reasonable and competitive. Compensation of our executives is structured around the achievement of individual performance and near-term corporate targets as well as long-term business objectives.

Our NEOs for fiscal year 2016 were as follows:

- Barry L. Biffle, President and Chief Executive Officer;
- James G. Dempsey, Chief Financial Officer;
- Howard M. Diamond, General Counsel and Secretary;
- Daniel M. Shurz, Senior Vice President, Commercial; and
- William A. Meehan, former Chief Operating Officer.

Mr. Meehan’s employment with us ended effective as of January 4, 2017. Mr. Biffle served as our President for all of fiscal year 2016, but he was not appointed as our President and Chief Executive Officer until March 2016.

Compensation Philosophy and Objectives

We strive to find the best talent, resources and infrastructure to better serve our customers. Our goal is to attract and retain the most highly qualified executives to manage and oversee each of our business functions. We seek out individuals who we believe will be able to contribute to our business and our vision of future success, our culture and values, and who will promote the long-term interests and growth of our company. Our philosophy is that executive officer compensation should be structured to be straightforward and evolve alongside our company, provide incentive compensation to motivate and reward executive officers to attain established company and individual goals, supply competitive base salaries and benefits to attract and retain superior employees and utilize equity-based compensation that is consistent with increasing stockholder value and encourages an ownership mentality by our executives.

In determining the form and amount of compensation payable to the NEOs, we are guided by the following objectives and principles:

- **Compensation programs should be straightforward, clear and evolve with our business.** As part of our development as business, we aim to ensure our compensation programs are straightforward and

clear in order to provide transparency to our stakeholders. Our executive compensation program should give strong, clear incentives to our executives and adapt and evolve to reflect the growth and development of our company to ensure we remain competitive in the marketplace.

- **Compensation should relate directly to performance, and variable compensation should constitute a significant portion of total compensation.** We believe that our compensation programs foster an environment of innovation that rewards outstanding performance. Accordingly, a significant portion of total compensation should be based on variable compensation that is tied to and varies with our financial, operational and strategic performance, as well as individual performance. Executives with greater roles and the ability to directly impact our company's goals and long-term results should bear a greater proportion of the risk if these goals and results are not achieved.
- **Compensation levels should be designed to attract, motivate and retain exceptional executives in the markets in which we operate.** The market for talented management is highly competitive in our industry. We aim to provide an executive compensation program that attracts, motivates and retains high-performing talent and rewards them for our achieving and maintaining a competitive position in our industry. Total compensation should increase with position and responsibility.
- **Long-term equity-based compensation should align executives' interests with our stockholders' interests.** Long-term incentive awards, including equity-based compensation, incentivize executives to manage the company from a perspective that is beneficial to our stockholders, promoting the long-term growth of our company. Equity-based compensation should be utilized to foster an ownership mentality among our executives and to align the interests of our executives with our stockholders.

Determination of Compensation

Our compensation committee meets periodically to review and consider recommendations from Mr. Biffle with respect to each NEO's base salary, annual bonus compensation and long-term equity awards, other than with respect to himself. At the same time, our compensation committee reviews and determines adjustments, if necessary, to Mr. Biffle's compensation, including his base salary, annual bonus compensation and long-term equity awards. Our compensation committee annually evaluates our company-wide performance against the approved performance targets for the prior fiscal year. Our committee also meets periodically to discuss compensation-related matters as they arise during the year. For fiscal year 2016, our compensation committee determined each individual component of compensation for our NEOs. Mr. Biffle evaluates each other NEO's individual performance and contributions to our company at the end of each fiscal year and reports his recommendations regarding each element of the other NEOs' compensation to our compensation committee. Mr. Biffle does not participate in any formal discussion with our compensation committee regarding decisions on his own compensation and he recuses himself from meetings when his compensation is discussed. Following the completion of this offering, our compensation committee will oversee the annual compensation review process for all NEOs.

We generally rely on a flexible compensation program that allows us to adapt components and levels of compensation to motivate and reward individual executives to attain certain company-wide and individual goals. Subjective factors considered in compensation determinations include an executive's experience and capabilities, contributions to the executive's business unit or department, contributions to our overall company performance and whether the total compensation structure is sufficient to ensure the retention of the executive after taking into account the compensation potential that may be available elsewhere.

In early fiscal year 2016, our compensation committee began with a review of the primary aspects of our compensation programs for our named executive officers, including base salaries, performance-based bonuses and equity grants. As part of this process, our compensation committee consulted compensation surveys and gained a general understanding of current compensation practices through its compensation consultant, Willis Towers Watson. The surveys provided by Willis Towers Watson reported statistics on the total compensation,

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position and responsibilities of executives employed by similarly situated companies in our industry and other companies based on revenue. Willis Towers Watson led our compensation committee through a detailed review of recent executive compensation trends, including as to the form and amount of cash compensation and equity grants. For fiscal year 2016, Willis Towers Watson recommended, and our compensation committee approved, the following peer group (the “Compensation Peer Group”), consisting of competitor airlines, for compensation market comparison purposes:

- Alaska Air Group, Inc.
- Allegiant Travel Company
- Hawaiian Holdings Inc.
- JetBlue Airways Corporation
- Republic Airways Holdings Inc.
- Sky West Inc.
- Spirit Airlines, Inc.
- Virgin America Inc.

The selection of companies for the Compensation Peer Group focused on small to medium-sized passenger carriers as an appropriate population for assessing the amounts and percentile rankings of compensation elements for NEOs, including base salaries, short-term incentives (bonuses) and long-term equity-based incentives. Our compensation committee determined that our competition for executive talent came significantly from these carriers. Willis Towers Watson primarily used the Compensation Peer Group to assess the competitiveness of our Chief Executive Officer’s and Chief Operating Officer’s compensation, as these positions would normally be recruited from other passenger airlines.

In assessing the compensation of our Chief Financial Officer, Senior Vice President, General Counsel and Secretary, and Senior Vice President, Commercial, Willis Towers Watson used a blended approach consisting of both Compensation Peer Group proxy data and broader survey data, adjusted for revenue size, as these positions could also be recruited from companies in other industries. Willis Towers Watson weighted the general industry companies at 25% and the airline peer group companies at 75% when evaluating our executive compensation and recommending adjustments. For its 2016 analysis, the survey data were pulled from the following three executive pay surveys:

- Seabury Airline Industry Compensation Survey Analysis;
- Willis Towers Watson Compensation Data Bank (CDB) General Industry Executive Compensation Survey Report; and
- William M. Mercer Executive Compensation Survey.

The data from the two general industry executive surveys were cut in scope to focus on companies with revenues approximating the Company’s revenues of approximately \$1.75 billion. Our compensation committee was not aware of the individual companies participating in the surveys and reviewed the data in a summarized fashion.

Our compensation committee has historically approved an overall guideline of total direct compensation for our senior management generally around the market median. Our executive compensation philosophy contemplates that our compensation committee would annually select a mix of base salary, annual target incentive compensation and long-term target incentive compensation intended to deliver total target direct compensation for our executive officers, in the aggregate, at approximately the market 50th percentile. However, our compensation committee reserved discretion to deviate from the above guidelines as necessary to account for

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changing industry characteristics, our particular business model, individual performance and other factors. Willis Towers Watson's February 2016 analysis indicated that, in the aggregate, our NEOs' 2015 total target cash compensation (base salary plus target bonus opportunity) was slightly below the desired pay positioning, approximating the 50th percentile of the market.

Components of Compensation for Fiscal Year 2016

Our performance-driven compensation program for our NEOs consists of the following main components:

- base salary;
- performance-based cash incentives;
- equity-based incentives;
- benefits;
- perquisites; and
- termination-based compensation.

We will continue to build our executive compensation program around each of these elements because each individual component is useful in furthering our compensation philosophy and we believe that, collectively, they are effective in achieving our overall objectives.

Base Salary. We provide our NEOs with a base salary to compensate them for their service to our company during each fiscal year. The base salary payable to each NEO is intended to provide a fixed component of compensation that adequately reflects the executive's qualifications, experience, role and responsibilities. Base salary amounts are established based on consideration of, among other factors, the scope of the NEO's position, responsibilities and years of service and our compensation committee's general knowledge of the competitive market, based on, among other things, experience with other similarly situated companies and our industry and market data provided by Willis Towers Watson.

In March 2016, Mr. Biffle's base salary was increased from \$425,000 to \$475,000 in connection with Mr. Biffle's promotion to serve as our President and Chief Executive Officer and, after consultation with Mr. Biffle and Willis Towers Watson, Mr. Meehan's base salary was increased from \$325,000 to \$350,000 and Mr. Shurz's base salary was increased from \$225,000 to \$265,000 in order to better align Messrs. Meehan's and Shurz's total direct compensation with the 50th percentile of the market. In addition, after consulting with Mr. Biffle, effective April 2016, we increased Mr. Dempsey's base salary from \$350,000 to \$365,000 and Mr. Diamond's base salary from \$325,000 to \$333,000 in order to reward Messrs. Dempsey and Diamond for their outstanding performance and dedication to our company. The following table represents our NEOs' base salaries in effect for fiscal year 2016 after taking into account each NEO's increases.

Name	Base Salary for 2016 (\$)
Barry L. Biffle, President & Chief Executive Officer	475,000
James G. Dempsey, Chief Financial Officer	365,000
Howard M. Diamond, General Counsel and Secretary	333,000
Daniel M. Shurz, Senior Vice President, Commercial	265,000
William A. Meehan, Former Chief Operating Officer	350,000

Performance-Based Cash Incentives. As a cornerstone of our compensation policy, we aim to create a direct correlation between the executive's role and responsibilities and the ability to earn variable pay. We provide cash bonuses to reward and incentivize superior individual and business performance, resulting in a performance-based organizational culture. Our performance-based cash incentive plans are designed to reward our executives for innovation and motivate them to achieve both corporate targets and individual goals, thereby tying the executives' goals and interests to those of our company and its stockholders.

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Each of our NEOs was eligible for performance-based cash incentives under our Fiscal Year 2016 Management Bonus Plan. Mr. Meehan did not receive a performance bonus under this plan because he resigned his employment with us prior to payment of the performance bonuses in early 2017; although he received a cash severance payment equal to his target annual performance bonus pursuant to his separation agreement (see the description of Mr. Meehan's separation agreement in "Employment and Separation Agreements with Named Executive Officers" below). The Management Bonus Plan is reviewed and approved annually by our compensation committee. The determination of the amount of bonuses paid to our NEOs generally reflects a number of considerations, including our costs and revenues among other corporate targets and, when relevant, individual targets. The formula used to calculate a participating executive's performance-based bonus amount is the sum of the amount calculated for each performance goal, which is found by multiplying the overall target bonus opportunity times weighting for such performance goal times the achievement level for such performance goal.

Our compensation committee expresses each executive's target bonus opportunity as a percentage of base salary. Our compensation committee did not follow a formula but rather used the factors as general background information prior to determining the target bonus opportunity rates for our participating NEOs. Our compensation committee set these rates based on each participating executive's experience in his role with the company and the level of responsibility held by each executive, which our compensation committee believes directly correlates to his ability to influence corporate results. For fiscal year 2016, based on market data provided by Willis Towers Watson, our compensation committee used a guideline target bonus opportunity of 100% for Mr. Biffle, 75% for Messrs. Dempsey and Meehan and 65% for Messrs. Diamond and Shurz.

When determining the bonus amounts for our NEOs under the Management Bonus Plan, our compensation committee sets certain performance goals, using a mixture of corporate and individual performance. The individual performance under our Management Bonus Plan is not based on any specific performance targets, but rather is determined by our compensation committee in its sole discretion after evaluating overall individual performance in a fiscal year and after receiving recommendations from Mr. Biffle, other than for himself. Our compensation committee's determinations of the individual performance of our NEOs are not expected to result in payments of the annual bonus based on average or below average performance by the NEOs. Corporate goals and performance targets and individual performance are reviewed and approved by our compensation committee prior to any allocation of the bonus. For fiscal year 2016, our compensation committee determined the weighting of the performance goals was comprised of 75% corporate performance and 25% individual performance for each NEO.

In early fiscal year 2016, our compensation committee established corporate performance targets for each NEO. Our compensation committee does not establish any specific individual performance targets, instead our compensation committee reviews at the end of each fiscal year each NEO's individual performance overall and determines any satisfaction of individual performance based on their review of each NEO's overall contributions to us during the fiscal year.

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The corporate performance targets established by our compensation committee were as follows:

<u>Performance Metric</u>	<u>Weighting</u>	<u>Definition</u>
Full Year Ex-Fuel Stage Adjusted CASM	40%	Operating costs per available seat mile as adjusted to exclude fuel for fiscal year 2016
Full Year Net Income (YoY Growth %)	30%	Annual consolidated net income based on year over year percentage change, calculated in accordance with GAAP and as reported in our audited 2016 financials
Full Year Completion DOT Rank	10%	Rank among other domestic airlines of completion factor, the measure of flights completed as scheduled, as published by the Department of Transportation for fiscal year 2016
Full Year A14 DOT Rank	10%	Rank among other domestic airlines of A14 factor, the measure of the number of arrivals within 14 minutes of the published arrival time, as published by the Department of Transportation for fiscal year 2016
Full Year DOT Compliant Rate per 100k	10%	Number of passenger complaints to the Department of Transportation per 100,000 passenger for fiscal year 2016

For each of these performance goals under the Management Bonus Plan, our compensation committee sets a threshold, target, stretch and maximum achievement level. A component of performance must be achieved at no less than 50% before it is taken into account in calculating an executive's bonus amount and measurement of achievement does not exceed 200% of the target for such component. The threshold goals are satisfied with an achievement level of 50%, the target goals are satisfied with an achievement level of 100%, the stretch goals are satisfied with an achievement level of 150% and the maximum goals are satisfied with an achievement level of 200%. The threshold, target, stretch and maximum achievement levels for fiscal year 2016 are included in the table below. In early 2017, our compensation committee reviewed our fiscal year 2016 company-wide performance with respect to determining bonuses to executive officers, as well as individual performance achievements. Our compensation committee determined the corporate performance goal achievement set forth in the table below and achievement of the individual performance goals for Messrs. Biffle and Dempsey at 113%, for Mr. Diamond at 104% and for Mr. Shurz at 109% based on our compensation committee's determination, in its discretion, that each NEO had outstanding individual performance in their various roles with us and showed continued dedication to us throughout the year.

<u>Performance Metric</u>	<u>2016 Threshold</u>	<u>2016 Target</u>	<u>2016 Stretch</u>	<u>2016 Maximum</u>	<u>2016 Actual Result</u>	<u>Percent Achieved (Achievement Level x Weighting)</u>
Full Year Ex-Fuel Stage Adjusted CASM	5.54 ¢	5.44 ¢	5.39 ¢	5.34 ¢	5.45 ¢	38.6%
Full Year Adjusted Net Income (YoY Growth %)	20%	30%	40%	50%	21.7%	17.6%
Full Year Completion DOT Rank	6	5	4	3	8	0%
Full Year A14 DOT Rank	8	7	6	5	9	0%
Full Year DOT Compliant Rate per 100k	5.0	4.5	4.25	3.9	5.91	0%
Total Achievement						56.2%

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Following its review and determinations, our compensation committee awarded cash bonuses to each NEO, except Mr. Meehan, as set forth in the table below. Mr. Meehan was not eligible for a performance bonus because his employment with us ended on January 4, 2017, prior to payment of any bonuses, but he received a cash severance payment equal to his target level bonus as discussed in more detail below. The NEOs' 2016 bonuses are set forth under the "Summary Compensation Table" below.

NEO	Bonus Target (salary paid in 2016 x target bonus percentage) (\$)	Corporate Performance Bonus (equal to 75% x bonus target x 56.2%) (\$)	Individual Performance Bonus (equal to 25% x bonus target x 56.2% x individual achievement level) (\$)	Annual Performance Bonus Paid (corporate + individual) (\$)
Barry L. Biffle	466,667	196,700	74,090	270,791
James G. Dempsey	270,938	114,200	43,015	157,216
Howard M. Diamond	215,150	90,686	31,438	122,123
Daniel M. Shurz	167,917	70,777	25,716	96,492

For fiscal year 2017, our compensation committee has approved the Fiscal Year 2017 Management Bonus Plan for all executives. The 2017 Management Bonus Plan for our executives is similar to our current annual cash incentive plan. Going forward, we expect to continue to use a similar performance-based incentive framework in deciding cash bonuses for our executives.

Equity-based incentives. Our compensation committee fosters an environment of executive ownership that encourages and incentivizes long-term investment and engagement by our NEOs through the use of equity-based awards. Our aim is to promote long-term, sustainable growth and align executive performance and behaviors to create a culture conducive to stockholder investment.

In order to attract and retain the best available management and other personnel with the training, experience and ability to make substantial contributions to the success of our business and to motivate and provide additional incentives to our employees, non-employee board members and consultants, we maintain the 2014 Equity Incentive Plan (the "2014 Plan"). The 2014 Plan provides for the grant of options, restricted stock, restricted stock units and other stock-based award. We intend to adopt a 2017 Equity Incentive Award Plan (the "2017 Plan"), which will be effective immediately prior to the consummation of this offering. The 2017 Plan will replace the 2014 Plan and no further grants will be made under the 2014 Plan, and the 2014 Plan will terminate, except with regard to grants then outstanding under the 2014 Plan.

We have granted options to each of our NEOs under the 2014 Plan, which is administered by our full board of directors. When determining the size of the grants for NEOs, our board of directors takes into account the size of past equity grants, the NEO's position (level) in our company, compensation, the NEO's value for our company based on their experience, innovation, expertise and leadership capabilities and the recommendation of our compensation committee. The philosophy behind the option grants is to provide the NEO with a strong incentive to build long-term value in our company. Generally, an option granted under the 2014 Plan to our executives vests in equal annual installments over four years, subject to continued service with our company. In addition, the exercise price of options granted under the 2014 Plan is equal to the fair market value of our common stock on the date of grant as determined by our board of directors.

In February 2016, our board of directors approved a dividend payable to our stockholders of \$18.95 per share of our common stock (the "Dividend"). Pursuant to the terms of the 2014 Plan, to equitably reflect the impact of the Dividend on the holders of outstanding equity awards, our board of directors approved: (1) cash payments in an amount equal to the Dividend per share amount to be made with respect to options where the exercise price less than the Dividend amount would be equal to or less than 25% of the fair market value of our common stock on the date the Dividend was approved (which, for unvested options, will not be made unless and until the related option has vested) and (2) a reduction in the per share exercise price equal to the Dividend amount for all other options where the exercise price less than the Dividend amount would be greater than 25% of the fair market value of our common stock on the date the Dividend was approved. As a result of the cash

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payments to our optionholders, in fiscal year 2016, Messrs. Biffle, Dempsey, Diamond, Shurz and Meehan each received a cash payment equal to \$711,345, \$314,608, \$163,918, \$158,697 and \$163,918, respectively, in connection with the Dividend for their vested options and Messrs. Biffle, Dempsey, Diamond and Shurz will receive additional cash payments equal to \$711,364, \$314,665, \$163,917, and \$158,723, respectively, in the aggregate in connection with the Dividend for their unvested options that will vest in later years. Mr. Meehan forfeited his unvested options in January 2017 in connection with separation of employment, and, as a result, is not eligible to receive any continued cash payments for his option in connection with the Dividend.

In March 2016, our board of directors granted Mr. Biffle an option to purchase 39,900 shares of our common stock in connection with his promotion to our President and Chief Executive Officer. The size of Mr. Biffle's option grant was set at an amount such that, together with the option previously granted to him, he would hold two percent of our shares, calculated on a fully-diluted basis. The option was granted with an exercise price equal to the fair market value of our common stock on the date of approval, as determined by our board of directors and vests in four equal installments on March 15, 2017, 2018, 2019 and 2020, subject to Mr. Biffle's continued service to us. No other NEOs were granted equity awards in fiscal year 2016.

Equity forms an integral part of the overall compensation for each executive officer and will be considered each year as part of the annual performance review process and incentive payout calculation. In the future, we may consider awarding additional forms of equity incentives, such as grants of restricted stock, restricted stock units and performance-based awards, and may also determine to seek additional input from compensation consultants. We expect that our equity awards we make to our executive officers will be driven by our sustained performance and growth, our executive officers' ability to impact our results that influence stockholder value, their organization level and their potential to take on roles of increasing responsibility.

Benefits. We provide the following benefits to all our employees, including our NEOs:

- medical, dental and vision insurance;
- life insurance, accidental death and dismemberment and business travel and accident insurance;
- employee assistance program;
- health and dependent care flexible spending accounts;
- short and long-term disability; and
- 401(k) plan, which includes an employer matching contribution of 50% of the applicable employee's first 6% of plan contributions.

Our compensation committee, in its discretion, may revise, amend or add to any executive's benefits if it deems necessary. Consistent with our overall compensation philosophy, we intend to continue to maintain our current benefits plans for executives as well as other employees.

Perquisites. We determine perquisites on a case-by-case basis and will provide a perquisite to a NEO when we believe it is necessary to attract or retain the executive officer. Any perquisites we supply are reasonable and consistent with market trends. We believe that providing these benefits is a relatively inexpensive way to enhance the competitiveness of the executive's compensation package. As is common in the airline industry, we provide a Universal Air Travel Plan, or UATP, to our officers and members of the board of directors, whereby each individual receives a yearly dollar value that they may use for personal travel on our flights for themselves and certain qualifying friends and family. Each one-way flight they take is valued at \$75, which is the average cost to us of a one-way flight for us. For fiscal year 2016, each NEO received a travel bank under the UATP equal to \$11,000 for Mr. Biffle and \$8,250 for Messrs. Diamond, Meehan, Shurz and Dempsey. Mr. Meehan received \$8,250 for continued flight benefits under the UATP for one year following his separation in accordance with his separation agreement described below. We do not provide any other significant perquisites or personal benefits to our named executive officers.

Termination-Based Compensation. We believe that terminations of employment are causes of great concern and uncertainty for our senior executives. We aim to alleviate these concerns and allow executives to remain focused on their duties and responsibilities to our company by providing protections to our executives in the termination context. As such, each of our NEOs is eligible for severance benefits under his employment agreement.

Each of our NEOs is eligible for severance benefits, both in connection with and outside of a change in control, under his respective employment agreement with our company. Our compensation committee and/or our board approves of termination benefits to our NEOs based on its general knowledge of severance practices in our industry and as the result of arms' length negotiations at the time our executives enter into employment with us or at the time they are requested to take on additional responsibilities. The level of benefits varies from executive to executive based on the level of responsibility of the executive and accommodations made through arms' length negotiations. Severance payments are typically comprised of a cash payment in lieu of salary, continuation of flight benefits under the UATP for a limited period of time and coverage of health benefits for a limited period of time. Executives whose employment is terminated by us are required to sign a general release of all claims to receive any severance benefits. For more detailed descriptions of the benefits provided to our named NEOs upon a termination of employment, please see "Employment and Separation Agreements with Named Executive Officers" below.

Tax and Accounting Considerations. While our board of directors and our compensation committee generally consider the financial accounting and tax implications of their executive compensation decisions, neither element has been a material consideration in the compensation awarded to our NEOs historically. In addition, our board of directors has considered the potential future effects of Section 162(m) of the Internal Revenue Code on the compensation paid to our NEOs. Section 162(m) of the Internal Revenue Code imposes a limit on the amount of compensation that we may deduct in any one year with respect to certain "covered employees," unless certain specific and detailed criteria are satisfied. Pursuant to applicable regulations, Section 162(m) will not apply to compensation paid or stock options or restricted stock granted under the compensation agreements and plans in existence prior to the completion of this offering during the reliance transition period ending on the earlier of the date the agreement or plan is materially modified or the first stockholders meeting at which directors are elected during or after 2021. While we will continue to monitor our compensation programs in light of Section 162(m), our compensation committee considers it important to retain the flexibility to design compensation programs that are in the best long-term interests of our company and our stockholders, particularly as we continue our transition from a private to a public company. As a result, we have not adopted a policy requiring that all compensation be deductible and our compensation committee may conclude that paying compensation at levels that are not deductible under Section 162(m) is nevertheless in the best interests of our company and our stockholders.

Other provisions of the Internal Revenue Code can also affect compensation decisions for our NEOs. Section 409A of the Internal Revenue Code, which governs the form and timing of payment of deferred compensation, imposes sanctions, including a 20% penalty and an interest penalty, on the recipient of deferred compensation that does not comply with Section 409A. Our compensation committee will take into account the implications of Section 409A in determining the form and timing of compensation awarded to our executives and will strive to structure any nonqualified deferred compensation plans or arrangements to be exempt from or to comply with the requirements of Section 409A.

Section 280G of the Internal Revenue Code disallows a company's tax deduction for payments received by certain individuals in connection with a change in control to the extent that the payments exceed an amount approximately three times their average annual compensation and Section 4999 of the Internal Revenue Code imposes a 20% excise tax on those payments. Our compensation committee will take into account the implications of Section 280G in determining potential payments to be made to our executives in connection with a change in control. Nevertheless, to the extent that certain payments upon a change in control are classified as excess parachute payments, such payments may not be deductible pursuant to Section 280G.

2016 Summary Compensation Table

The following table sets forth all of the compensation awarded to, earned by or paid to our NEOs during the past fiscal year.

Name and Principal Position	Year	Salary (\$)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	All Other Compensation \$(4)	Total (\$)
Barry L. Biffle President & Chief Executive Officer	2016	466,667	3,576,207	270,791	1,430,825	5,744,490
James G. Dempsey Chief Financial Officer	2016	361,250	—	157,216	634,534	1,153,000
Howard M. Diamond General Counsel and Secretary	2016	331,000	—	122,123	339,854	792,977
Daniel M. Shurz Senior Vice President, Commercial	2016	258,333	—	96,492	324,455	679,280
William A. Meehan ⁽¹⁾ Former Chief Operating Officer	2016	345,096	—	—	335,881	680,977

- (1) Mr. Meehan terminated his employment with us effective as of January 4, 2017. Please see the description of Mr. Meehan’s separation agreement in “Employment and Separation Agreements with Named Executive Officers” below.
- (2) For the option awards column, amounts shown represent the grant date fair value of options granted by us during fiscal year 2016, as calculated in accordance with ASC Topic 718. See Note 9 of the financial statements included in this registration statement for the assumptions used in calculating this amount. In February 2016, in connection with a cash dividend paid to our stockholders of record as of February 23, 2016, our board of directors approved a cash payment of \$18.95 per share, the same as the Dividend amount paid to holders of our common stock, which (1) was paid as a one-time cash bonus in an amount equal to the Dividend per share amount to holders of our options where the exercise price less than the Dividend amount would be equal to or less than 25% of the fair market value of our common stock on February 23, 2016 (which, for unvested options, will not be made unless and until such option has vested) and (2) resulted in a reduction in the per share exercise price equal to the Dividend amount for all other of our options where the exercise price less than the Dividend amount would be greater than 25% of the fair market value of our common stock on February 23, 2016. Please see the descriptions of the Dividend modifications of outstanding options held by our NEOs in “Compensation Discussion and Analysis—Equity-Based Incentives” above.
- (3) Represents amounts paid for performance in fiscal year 2016 under our Management Bonus Plan, which were paid to our NEOs in early 2017. Please see the description of the 2016 Management Bonus Plan in “Compensation Discussion and Analysis—Performance-Based Cash Incentives” above.
- (4) For each of our NEOs, the amounts under the “All Other Compensation” column for fiscal year 2016 represent (a) the flight benefits under our UATP based on our calculation of the incremental cost to the company providing the flight benefits to the NEOs based on each one-way flight they take being valued at the lesser of (i) the actual cost of the ticket and (ii) \$75, which is the average cost to us of a one-way flight plus (b) the cash payments equal to \$1,422,709, \$629,273, \$327,835, \$317,413 and \$327,835 which were paid to each of Messrs. Biffle, Dempsey, Diamond, Shurz and Meehan, respectively, in connection with the Dividend (which, for unvested options, will not be made unless and until such option has vested) plus (c) \$3,975, \$2,764, \$7,950, \$5,692 and \$7,746 for each of Messrs. Biffle, Dempsey, Diamond, Shurz and Meehan, respectively, pursuant to our matching employer contributions under our 401(k) plan. Please see the descriptions of the UATP in “Compensation Discussion and Analysis—Perquisites” above. Please see the descriptions of the Dividend modifications of outstanding options held by our NEOs in “Compensation Discussion and Analysis—Equity-Based Incentives” above. Mr. Meehan forfeited the portion of the cash payment related to his unvested option in connection with the Dividend (\$163,918) upon the termination of his employment in early 2017.

Grants of Plan-Based Awards in Fiscal Year 2016

The following table represents our grants of non-equity and equity incentive plan-based awards made to our NEOs for the past fiscal year.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Award(1)			All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)			
Barry L. Biffle	— 3/15/2016	233,334	466,667	933,334	— 39,900	— 216.11	— 3,576,207
James G. Dempsey	—	135,469	270,938	541,876	—	—	—
Howard M. Diamond	—	107,575	215,150	430,300	—	—	—
Daniel M. Shurz	—	83,959	167,917	335,834	—	—	—
William A. Meehan(2)	—	129,411	258,822	517,644	—	—	—

(1) Amounts in the “Estimated Future Payouts Under Non-Equity Incentive Plan Awards” column relate to amounts payable under our 2016 Management Bonus Plan. The threshold column assumes the achievement of the corporate and individual goals at the threshold level. The threshold bonus amount can be calculated by multiplying the target bonus of each named executive officer times the threshold percentage of 50%. The target column assumes the target achievement for both corporate and individual goals. The target bonus amount can be calculated by multiplying the base salary of each named executive officer actually paid in 2016 times target bonus percentage established by our compensation committee times the target percentage of 100%. The stretch column assumes the maximum achievement for both corporate and individual goals. The maximum bonus amount can be calculated by multiplying the target bonus of each named executive officer times the maximum percentage of 200%.

(2) Mr. Meehan terminated his employment with us in January 4, 2017 and as a result he did not receive a payment under our 2016 Management Bonus Plan, but he did receive a cash payment equal to his target bonus opportunity as part of his separation package.

Outstanding Equity Awards at Fiscal Year End

The following table lists all outstanding equity awards held by our NEOs as of December 31, 2016.

Name(1)	Vesting Commencement Date(2)	Option Awards		Option Exercise Price (\$)	Option Expiration Date
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		
Barry L. Biffle	4/27/2014 3/15/2016	37,538 —	37,539 39,900	10.00 216.11	4/27/2024 3/15/2026
James G. Dempsey	5/12/2014	16,603	16,604	10.00	5/12/2024
Howard M. Diamond	7/28/2014	8,650	8,650	10.00	7/28/2024
Daniel M. Shurz	4/18/2014	8,375	8,375	10.00	4/18/2024
William A. Meehan(1)	6/2/2014	8,650	8,650	10.00	6/2/2024

(1) Mr. Meehan terminated his employment with us effective as of January 4, 2017. In connection with his separation, he forfeited all unvested shares subject to the option and we exercised its call right with respect to the vested shares subject to his option.

(2) Options vest and become exercisable with respect to 25% of shares of our common stock subject to the award on each anniversary of the vesting commencement date, such that all shares will be vested on the

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fourth anniversary of the vesting commencement date, subject to the holder continuing to provide services to us through each such vesting date. The options granted to Mr. Diamond will also vest in full upon a Change in Control (as defined in the 2014 Plan).

Option Exercises and Shares Vested in 2016

None of our NEOs exercised any options or had any shares vest during fiscal year 2016.

Pension Benefits

None of our NEOs participates in or has account balances in qualified or non-qualified defined benefit plans sponsored by us.

Nonqualified Deferred Compensation

None of our NEOs participate in or have account balances in non-qualified defined contribution plans or other deferred compensation plans maintained by us.

Employment and Separation Agreements with Named Executive Officers

Barry L. Biffle. We entered into an employment agreement with Mr. Biffle on July 16, 2014 to serve as our President on substantially the same terms and conditions as the employment agreement described below for Mr. Dempsey (including termination payments and benefits), except that Mr. Biffle received certain reimbursements for legal costs incurred by Mr. Biffle in connection with the negotiation of his employment agreement. In addition, upon a termination without Cause apart from a Change in Control (each, as defined under Mr. Biffle's agreement), he would also remain eligible to receive his annual bonus on the regularly scheduled payment date under our incentive bonus program and payable at the same time as other continuing executive officers.

In March 2016, we entered into a new employment agreement with Mr. Biffle in connection with his promotion to our President and Chief Executive Officer, which is terminable by us at any time and by Mr. Biffle upon 30 days' notice. The term of his employment agreement is through March 15, 2021 and renews for successive one year periods unless either party gives the other notice of non-extension at least 90 days before the expiration of the applicable term. Mr. Biffle's new employment agreement entitles him to an increase in his base salary and his same target bonus opportunity as part of our Management Bonus Plan, a performance-based program that allows for a cash bonus based upon achievement of certain objectives. Mr. Biffle's new employment agreement provides that he will serve on our board of directors and be eligible to participate in all employee benefit plans made available to executive officers (including the flight benefits discussed above). It also contains certain confidential information covenants and Mr. Biffle must abide by non-competition and non-solicitation restrictive covenants during the term of his employment and for 12 months thereafter (or 24 months in the event he is terminated without Cause, as defined below, or resigns for Good Reason, as defined below). Pursuant to the new employment agreement, our board of directors also granted Mr. Biffle an option to purchase 39,900 shares of our common stock with an exercise price equal to \$216.11, which our board of directors determined was the fair market value of a share of our common stock on the date of board approval and which vests in four equal installments on March 15, 2017, 2018, 2019 and 2020, subject to Mr. Biffle's continued service through such vesting dates.

Mr. Biffle's new employment agreement also provides him with severance in the event of termination of his employment without Cause or a resignation by him for Good Reason, both within and apart from a Change in Control (as defined below). Mr. Biffle's employment agreement provides that in the event of the termination of his employment by us without Cause or a resignation by Mr. Biffle for Good Reason, Mr. Biffle is entitled to (a) lump sum payment equal to one times the sum of his base salary plus his target annual performance bonus,

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(b) the payment of continued health, dental and vision insurance premiums for Mr. Biffle and any covered dependents for 12 months, (c) continued flight benefits under the UATP for one year and (d) a pro-rated annual performance bonus with respect to the year in which the termination occurs based on actual performance and payable at the same as other continuing executive officers. Mr. Biffle's new employment agreement provides that in the event of the termination of his employment with us by us without Cause or a resignation by him for Good Reason, in each case, within 12 months following a Change in Control, Mr. Biffle is entitled to (a) lump sum payment equal to two times the sum of his base salary plus his target annual performance bonus, (b) the payment of continued health, dental and vision insurance premiums for Mr. Biffle and any covered dependents for 24 months, (c) continued flight benefits under the UATP for two years, (d) a pro-rated annual performance bonus with respect to the year in which the termination occurs based on actual performance and payable at the same as other continuing executive officers, and (d) 100% accelerated vesting of all of his equity awards. Mr. Biffle must execute, and not revoke, a general release of all claims against us and our affiliates to receive of the severance payments described above, and any payments are subject to Mr. Biffle continuing to abide by the confidentiality, non-competition and non-solicitation provisions of his new employment agreement.

For purposes of Mr. Biffle's employment agreement, "Cause" (i) Mr. Biffle's gross negligence or willful misconduct in the performance of the duties and services required of him pursuant to the new employment agreement or any other written agreement between Mr. Biffle and us; (ii) Mr. Biffle's conviction of, or plea of guilty or *nolo contendere* to, a felony or crime involving moral turpitude (or any similar crime in any jurisdiction outside the United States); (iii) Mr. Biffle's willful refusal to perform the duties and responsibilities required of him under the new employment agreement or as lawfully directed by our board which remains uncorrected for thirty (30) days following written notice; (iv) Mr. Biffle's material breach of any material provision of the employment agreement, any confidential information or restrictive covenant agreement with us or corporate code or policy which remains uncorrected for thirty (30) days following written notice; (v) any act of fraud, embezzlement, material misappropriation or dishonesty committed by Mr. Biffle against us; or (v) any acts, omissions or statements by Mr. Biffle which we determine to be materially detrimental or damaging to our reputation, operations, prospects or business relations; provided that an act or failure to act shall be considered "willful" only if done or omitted to be done without a good faith reasonable belief that such act or failure to act was in our best interests. "Change in Control" means that (i) the acquisition by any person or group of affiliated or associated persons of more than 50% of the outstanding capital stock of us or Frontier or voting securities representing more than 50% of the total voting power of outstanding securities of us or Frontier (other than such an acquisition by a person or group that holds more than 50% of the outstanding capital stock of us or Frontier or voting securities representing more than 50% of the total voting power of outstanding securities of us or Frontier, in each case, as of either the March 15, 2016 or immediately prior to such acquisition); (ii) the consummation of a sale of all or substantially all of our assets to a third party; (iii) the consummation of any merger involving us or Frontier in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then beneficially owned in the aggregate by the stockholders of us or Frontier, as applicable, immediately prior to such merger; provided, however, in no event will a transaction constitute a "Change in Control" if: (w) its sole purpose is to change the form of our ownership or the state of our incorporation; (x) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held our securities immediately before such transaction; (y) it is effected primarily for the purpose of financing us with cash; or (z) it constitutes, or includes sales of shares in connection with, the initial public offering of our common stock or the common stock of any of our affiliates. Finally, "Good Reason" means a resignation from employment that is effective within 120 days after the occurrence, without Mr. Biffle's written consent, of any of the following: (i) a material diminution in Mr. Biffle's base salary that is not proportionately applicable to other officers and key employees generally; (ii) a material diminution in Mr. Biffle's job responsibilities or duties inconsistent in any material respect with his duties or responsibilities in effect immediately prior to such change, *provided*, that any change made solely as the result of our company becoming a subsidiary or business unit of a larger company in a Change in Control shall not provide for Good Reason; (iii) the relocation of Mr. Biffle's direction to a facility or a location more than 50 miles from his then-present location; or (iv) the failure by any successor entity or corporation following a Change in Control to assume the obligations under the new employment agreement. Notwithstanding the foregoing, a resignation is not for Good Reason unless the condition giving rise to such resignation continues uncured by us more than 30 days following Mr. Biffle's written notice of such condition

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provided within 60 days of the first occurrence of such condition and such resignation is effective within 30 days following the end of such notice period.

James G. Dempsey. We entered into an employment agreement with Mr. Dempsey as our Chief Financial Officer, which is terminable by us at any time and by Mr. Dempsey upon 30 days' notice which was amended and restated in April 2017. The term of his employment agreement is through March 12, 2018 and renews for successive one year periods unless either party gives the other notice of non-extension at least 120 days before the expiration of the applicable term. Mr. Dempsey's employment agreement entitles him to a base salary and a target bonus opportunity as part of our Management Bonus Plan. Mr. Dempsey's employment agreement provides that he will be eligible to participate in all employee benefit plans made available to executive officers (including the flight benefits discussed above) and also contains certain confidential information covenants. In addition, Mr. Dempsey must abide by non-competition and non-solicitation restrictive covenants during the term of his employment and for 12 months thereafter.

Mr. Dempsey's employment agreement provides him with severance in the event of termination of his employment without Cause (as defined below) or a resignation by him for Good Reason (as defined below), both within and apart from a Change in Control (as defined below). Mr. Dempsey's employment agreement provides that in the event of the termination of his employment by us without Cause, Mr. Dempsey is entitled to (a) lump sum payment equal to one times the sum of his base salary plus his target annual performance bonus, (b) the payment of continued health, dental and vision insurance premiums for Mr. Dempsey and any covered dependents for 12 months and (c) continued flight benefits under the UATP for one year. Mr. Dempsey's employment agreement provides that in the event of the termination of his employment with us by us without Cause or a resignation by him for Good Reason, in each case, within 12 months following a Change in Control, Mr. Dempsey is entitled to (a) lump sum payment equal to two times the sum of his base salary plus his target annual performance bonus, (b) the payment of continued health, dental and vision insurance premiums for Mr. Dempsey and any covered dependents for 24 months, (c) continued flight benefits under the UATP for two years, (d) 100% accelerated vesting of all of his outstanding equity awards and (e) a pro-rated annual performance bonus with respect to the year in which the termination occurs based on actual performance and payable at the same as other continuing executive officers. Under the employment agreement, Mr. Dempsey must execute, and not revoke, a general release of all claims against us and our affiliates to receive of the severance payments described above, and any payments are subject to Mr. Dempsey continuing to abide by the confidentiality, non-competition and non-solicitation provisions of his employment agreement.

For purposes of Mr. Dempsey's employment agreement, "Cause" means any action or inaction involving his moral turpitude, misfeasance, malfeasance, willful misconduct, gross negligence or material breach of fiduciary duty or a breach of any non-competition, non-solicitation or confidentiality obligations to us or Frontier. In the event we give Mr. Dempsey a notice of non-extension of his employment agreement and he services as our Chief Financial Officer until the end of the term, Mr. Dempsey's employment will have been deemed terminated by us without Cause. "Change in Control" means that (i) the acquisition by any person or group of affiliated or associated persons of more than 50% of the outstanding capital stock of us or Frontier or voting securities representing more than 50% of the total voting power of outstanding securities of us or Frontier (other than such an acquisition by a person or group that holds more than 50% of the outstanding capital stock of us or Frontier or voting securities representing more than 50% of the total voting power of outstanding securities of us or Frontier, in each case, as of either March 12, 2014 or immediately prior to such acquisition); (ii) the consummation of a sale of all or substantially all of our assets to a third party; (iii) the consummation of any merger involving us or FGHI in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then beneficially owned in the aggregate by the stockholders of us or FGHI, as applicable, immediately prior to such merger; provided, however, in no event will an acquisition, sale or other transaction constitute a "Change in Control" if: (w) its sole purpose is to change the form of our ownership or the state of our incorporation; (x) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held our securities immediately before such transaction; (y) it is effected primarily for the purpose of financing us with cash; or (z) it constitutes, or

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includes sales of shares in connection with, the initial public offering of our common stock or the common stock of any of our affiliates. Finally, “Good Reason” will be deemed to have occurred if, in conjunction with the closing of a Change in Control or within 12 months after the closing of a Change in Control, (i) our board of directors effectively terminates, or substantially curtails the scope of, Mr. Dempsey’s authority as Chief Financial Officer, (ii) we fail to provide Mr. Dempsey with a reasonable compensation package that is, as determined at the discretion of the board, at least comparable to the level of his compensation package as of immediately prior to the Change in Control, (iii) we default in any material obligation owed to him, or (iv) we relocate our principal office to any place that is more than 100 miles from both Denver, Colorado and Mr. Dempsey’s then principal residence, provided, that, in each case, Mr. Dempsey will not be deemed to have resigned for Good Reason unless (x) he first provides the board with written notice of the condition giving rise to Good Reason within 30 days of its initial occurrence, (y) we fail to cure such condition within 30 days after receiving such written notice and (z) his resignation based on such Good Reason is effective within 30 days after the expiration of such cure period.

Howard M. Diamond. We entered into an offer letter agreement with Mr. Diamond on June 30, 2014 as our Senior Vice President, General Counsel and Secretary. Mr. Diamond’s offer letter agreement entitles him to a base salary and a target bonus opportunity as part of our Management Bonus Plan. Mr. Diamond’s offer letter agreement provides that he will be eligible to participate in all employee benefit plans made available to executive officers (including the flight benefits discussed above) and also contains certain confidential information covenants. In addition, Mr. Diamond must abide by non-competition and non-solicitation restrictive covenants during the term of his employment and for 12 months thereafter (or 24 months in the event he is terminated without Cause, as defined in the 2014 Plan, or resigns for Good Reason, as defined below, within 12 months following a Change in Control, as defined in the 2014 Plan). We also reimbursed Mr. Diamond for his moving expenses in connection with his relocation to Denver, Colorado in 2014. Mr. Diamond’s offer letter agreement also provided for the grant of an option to purchase our common stock, as detailed in the table “Outstanding Equity Awards at Fiscal Year End” above, and such option grant will vest in full upon a Change in Control.

Mr. Diamond’s offer letter agreement provides him with severance in the event of termination of his employment without Cause or, within 12 months following a Change in Control, a resignation by him for Good Reason. Mr. Diamond’s offer letter agreement provides that in the event of the termination of his employment with us by us without Cause, Mr. Diamond is entitled to (a) lump sum payment equal to one times the sum of his base salary plus his target annual performance bonus (or two times such sum if such termination occurs or Mr. Diamond resigns for Good Reason, in each case, within 12 months following a Change in Control) and (b) continued flight benefits under the UATP for one year (or two years if such termination occurs or Mr. Diamond resigns for Good Reason, in each case, within 12 months following a Change in Control). Under the offer letter agreement, Mr. Diamond must execute and not revoke a general release of claims against us and our affiliates. For purposes of his offer letter agreement, “Good Reason” means Mr. Diamond’s duties are substantially diminished within 12 months following a Change in Control and Mr. Diamond resigns within such 12-month period.

Daniel M. Shurz. We entered into an employment agreement with Mr. Shurz, as amended in September 2013. Mr. Shurz’s employment agreement provides that Mr. Shurz will be our Senior Vice President, Commercial, and is terminable by us at any time and by Mr. Shurz upon 30 days’ notice. Mr. Shurz’s employment agreement entitles him to a base salary and a target bonus opportunity as part of our Management Bonus Plan. Mr. Shurz’s employment agreement provides that he will be eligible to participate in all employee benefit plans made available to executive officers (including the flight benefits discussed above) and also contains certain confidential information covenants. In addition, Mr. Shurz must abide by non-competition and non-solicitation restrictive covenants during the term of his employment and for 12 months thereafter.

Mr. Shurz’s employment agreement provides him with severance in the event of termination of his employment without Cause (as defined below), because of death or disability or a resignation by him for Good Reason (as defined below), both within and apart from a Change in Control (as defined below). Mr. Shurz’s

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employment agreement provides that in the event of the termination of his employment (1) as a result of his death or permanent disability, (2) by us without Cause or (3) by him for Good Reason, Mr. Shurz is entitled to (a) a lump sum payment of one times his base salary, (b) the payment of continued health, dental and vision insurance premiums for Mr. Shurz and any covered dependents for 12 months (unless his resignation with Good Reason is a result of subsection (ii) or (iii) in the below definition of Good Reason, in which case this will be 24 months) and (c) continued flight benefits under the UATP for one year (unless his resignation with Good Reason is a result of subsection (ii) or (iii) in the below definition of Good Reason, in which case this will be two years). Mr. Shurz's employment agreement provides that in the event of the termination of his employment with us by us without Cause or a resignation by him for Good Reason, in each case, within 12 months following a Change in Control, Mr. Shurz is entitled to (a) a lump sum payment of two times his base salary, (b) the payment of continued health, dental and vision insurance premiums for Mr. Shurz and any covered dependents for 24 months and (c) continued flight benefits under the UATP for two years. Under the employment agreement, Mr. Shurz must execute, and not revoke, a general release of all claims against us and our affiliates to receive of the severance payments described above.

For purposes of Mr. Shurz's employment agreement, "Cause" means that Mr. Shurz has (i) willfully or materially refused to perform a material part of his duties under the employment agreement, (ii) materially breached the restrictive covenants contained in the employment agreement, (iii) acted fraudulently or dishonestly in his relations with us, (iv) committed larceny, embezzlement, conversion or any other act involving the misappropriation of our funds or assets in the course of his employment, or (v) been indicted or convicted of any felony or other crime involving an act of moral turpitude. "Change in Control" means that (i) any person or group of affiliated or associated persons acquires a majority of more of our voting power, (ii) the consummation of a sale of all or substantially all of our assets, (iii) our dissolution or (iv) the consummation of any merger, consolidation or reorganization involving us in which, immediately after giving effect to such merger consolidation or reorganization, less than majority of the total voting power of outstanding stock of the surviving or resulting entity is then beneficially owned in the aggregate by our stockholders immediately prior to such merger, consolidation or reorganization. In no event will an initial public offering of our common stock or the common stock of any of our affiliates or any sales by shareholders in connection with such initial public offering constitute a Change in Control. Finally, "Good Reason" means that (i) we have materially diminished the duties and responsibilities of Mr. Shurz in comparison to his title and salary immediately prior to the changes, (ii) we relocate our principal offices more than 25 miles from Denver to another location without Mr. Shurz's consent or (iii) we have materially breached the terms of Mr. Shurz's employment agreement.

William A. Meehan. Prior to his separation, Mr. Meehan was party to an offer letter agreement on substantially similar to terms to those described above for Mr. Diamond's offer letter agreement. Effective as of January 4, 2017, Mr. Meehan resigned as our Chief Operating Officer. In connection with Mr. Meehan's resignation, we entered into a release agreement where we paid Mr. Meehan an aggregate separation payment of \$612,500 in exchange for a general release of all claims against us and our affiliates and his agreement to abide by the non-competition and non-solicitation provisions of his employment agreement for the twelve (12)-month period commencing on January 4, 2017. Mr. Meehan also receives (i) the continuation of his travel privileges under the UATP until January 4, 2018, with a travel bank under the UATP of \$8,250 and (ii) payment of continued health, dental and vision insurance premiums for himself and any covered dependents for 18 months, or, if earlier, until Mr. Meehan is covered under similar plans of a new employer. In addition, all of Mr. Meehan's unvested shares subject to his option as of his separation date were terminated for no consideration, and we paid to Mr. Meehan \$3,177,318 to exercise its call right with respect to Mr. Meehan's vested shares subject to his option in February 2017. The separation benefits set forth in Mr. Meehan's separation agreement are in full satisfaction of his separation benefits under his offer letter agreement. In addition, we entered into a consulting agreement with Mr. Meehan, pursuant to which we agreed to pay Mr. Meehan a guaranteed payment of \$100,000 in exchange for Mr. Meehan continuing to provide services to us until January 4, 2018.

Potential Payments upon Termination or Change in Control

The information below describes and quantifies certain compensation and benefits that would have become payable to each of our NEOs if our NEO's employment had terminated on December 31, 2016 (and that a Change in Control occurred on December 31, 2016, as applicable) as a result of each of the termination scenarios described below, taking into account the named executive's compensation as of that date. All of the below payments and benefits are subject to the NEO executing and not revoking a general release of claims against us and our affiliates, except for the equity acceleration for Mr. Diamond upon a Change in Control, and, for Messrs. Biffle, Dempsey and Meehan, continuing to comply with the restrictive covenants set forth in each of their employment agreements. The information below does not generally reflect compensation and benefits available to all salaried employees upon termination of employment with us under similar circumstances. Capitalized terms used below are as defined above in the applicable NEO's employment agreement or offer letter agreement.

Name	Termination Scenario	Severance (\$)	Severance Bonus (\$)	Value of Unvested Option Awards (\$)	Value of Continued Health Care Coverage Premiums (\$)	Other (\$)	Total (\$)
Barry L. Biffle	Termination without Cause or for Good Reason	475,000 ⁽¹⁾	745,791 ⁽²⁾	—	13,984 ⁽³⁾	11,000 ⁽⁴⁾	1,245,775
	Change in Control	—	—	—	—	—	—
	Termination without Cause or for Good Reason in Connection with a Change in Control	850,000 ⁽⁵⁾	1,220,791 ⁽⁶⁾	20,221,104 ⁽⁷⁾	27,968 ⁽⁸⁾	22,000 ⁽⁹⁾	22,341,863
James G. Dempsey	Termination without Cause	365,000 ⁽¹⁾	273,750 ⁽²⁾	—	13,984 ⁽³⁾	8,250 ⁽⁴⁾	660,984
	Change in Control	—	—	—	—	—	—
	Termination without Cause or for Good Reason in Connection with a Change in Control	730,000 ⁽⁵⁾	704,716 ⁽⁶⁾	6,195,118 ⁽⁷⁾	27,968 ⁽⁸⁾	16,500 ⁽⁹⁾	7,674,302
Howard M. Diamond	Termination without Cause	333,000 ⁽¹⁾	216,450 ⁽²⁾	—	— ⁽³⁾	8,250 ⁽⁴⁾	557,700
	Change in Control	—	—	3,177,318 ⁽¹⁰⁾	—	—	3,177,318
	Termination without Cause or for Good Reason in Connection with a Change in Control	666,000 ⁽⁵⁾	432,900 ⁽⁶⁾	—	— ⁽⁸⁾	16,500 ⁽⁹⁾	1,115,400
Daniel M. Shurz	Termination without Cause, for Good Reason or as a result of Death or Disability	265,000 ⁽¹⁾	— ⁽²⁾	—	13,984 ⁽¹¹⁾	8,250 ⁽¹²⁾	287,234
	Change in Control	—	—	—	—	—	—
	Termination without Cause or for Good Reason in Connection with a Change in Control	530,000 ⁽⁵⁾	— ⁽⁶⁾	—	27,968 ⁽⁸⁾	16,500 ⁽⁹⁾	574,468
William A. Meehan ⁽¹³⁾	Termination without Cause	350,000	262,500	—	19,833	3,285,568	3,917,901

(1) Represents a lump sum cash payment of 12 months of base salary in the event of a termination (i) without Cause, (ii) for Messrs. Biffle and Shurz only, for Good Reason or (iii) for Mr. Shurz only, as a result of his death or disability.

(2) Represents a lump sum cash payment of one times a NEO's target annual performance bonus amount in the event of termination (i) without Cause or (ii) for Mr. Biffle only, for Good Reason. In addition, for Mr. Biffle, represents a pro-rated annual performance bonus for the year in which the termination occurs (based on actual performance and payable at the same time other continuing executives) in the event of a termination without Cause or for Good Reason.

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For Mr. Biffle's pro-rated bonus, we included the full amount he was paid for fiscal year 2016 under the Management Bonus Plan since the assumed termination date would be December 31, 2016. Mr. Shurz is not eligible for any severance bonus payment.

- (3) Represents continued coverage under COBRA for 12 months for each NEO based on the incremental cost of our contribution as of December 31, 2016 to provide this coverage in the event of a termination (i) without Cause or (ii) for Mr. Biffle only, for Good Reason. Mr. Diamond is not eligible for any continued coverage under COBRA.
- (4) Represents the value of continued UATP flight benefits for one year following the NEOs' termination of employment (i) without Cause or (ii) for Mr. Biffle only, for Good Reason, which must be used in the year following termination, based on the values each NEO received under the UATP for fiscal 2016.
- (5) Represents a lump sum cash payment of 24 months of base salary in the event of a termination without Cause or for Good Reason, in each case, within 12 months following a Change in Control.
- (6) Represents a lump sum cash payment of two times a NEO's target annual performance bonus amount in the event of a termination without Cause or for Good Reason, in each case, within 12 months following a Change in Control. In addition, for Messrs. Biffle and Dempsey, represents a pro-rated annual performance bonus for the year in which the termination occurs (based on actual performance and payable at the same time other continuing executives) in the event of a termination without Cause or for Good Reason. For Messrs. Biffle's and Dempsey's pro-rated bonuses, we included the full amount each was paid for fiscal year 2016 under the Management Bonus Plan since the assumed termination date would be December 31, 2016. Mr. Shurz is not eligible for any severance bonus payment.
- (7) Represents the aggregate value of Mr. Biffle's and Mr. Dempsey's unvested option awards that would have vested on an accelerated basis immediately prior to a qualifying termination following the consummation of a Change in Control, based on the spread between the fair market value of our common stock (\$377.32) as of December 31, 2016 and the options' exercise prices. Mr. Biffle and Mr. Dempsey each receive 100% accelerated vesting of their respective equity awards in the event of a termination without Cause or for Good Reason, in each case, within 12 months following a Change in Control.
- (8) Represents continued coverage under COBRA for 24 months for each NEO based on the incremental cost of our contribution as of December 31, 2016 to provide this coverage in the event of a termination without Cause or for Good Reason, in each case, within 12 months following a Change in Control. Mr. Diamond is not eligible for any continued coverage under COBRA.
- (9) Represents the value of continued UATP flight benefits for two years following the NEOs' termination of employment without Cause or for Good Reason, in each case, within 12 months following a Change in Control, which must be used in the two years following termination, based on the values each NEO received under the UATP for fiscal 2016.
- (10) Represents the aggregate value of Mr. Diamond's unvested option awards that would have vested on an accelerated basis on the consummation of a Change in Control, based on the spread between the fair market value of our common stock (\$377.32) as of December 31, 2016 and the options' exercise prices. Mr. Meehan would have received 100% accelerated vesting of his equity awards upon a Change in Control under his employment agreement, but his employment agreement is no longer in effect on January 4, 2017 in connection with his resignation of employment.
- (11) For Mr. Shurz, he receives 12 months of COBRA premiums upon a termination (i) without Cause, (ii) as a result of his death or disability or (iii) for Good Reason, where Good Reason is limited to material diminution in his duties and responsibilities; and he receives 24 months of COBRA premiums upon a termination for Good Reason (not in connection with a Change in Control), where Good Reason results from a relocation of our principal offices more than 25 miles from Denver or material breach of Mr. Shurz's employment agreement by us.
- (12) For Mr. Shurz, he receives one year of flight benefits upon a termination (i) without Cause, (ii) as a result of his death or disability or (iii) for Good Reason, where Good Reason is limited to material diminution in his duties and responsibilities; and he receive two years of flight benefits upon a termination for Good Reason (not in connection with a Change in Control), where Good Reason results from a relocation of our principal offices more than 25 miles from Denver or material breach of Mr. Shurz's employment agreement by us.
- (13) Mr. Meehan resigned from our company effective January 4, 2017. In connection with Mr. Meehan's resignation, we paid Mr. Meehan a lump sum cash payment of \$612,500, which represented one times his base salary of \$350,000 plus his target annual performance bonus for the 2016 fiscal year of \$262,500. We also entered into a one-year consulting agreement with him with a guaranteed payment of \$100,000. Mr. Meehan also receives COBRA healthcare premium continuation coverage through the earlier of March 4, 2018 or the date he becomes eligible for another employer's benefits. The "Other" column for Mr. Meehan represents (i) \$8,250 for UATP flight benefits for one year following his termination of employment (which must be used by January 4, 2018) plus (ii) the \$100,000 payment under his consulting agreement plus (iii) \$3,177,318 paid by us to him to exercise its call right with respect to the shares of common stock subject to his vested option held by Mr. Meehan. For further details, please see "Employment and Separation Agreements with Named Executive Officers—William Meehan" above.

Equity Compensation Plans

The principal features of our equity incentive plans and our stockholder agreements are summarized below. These summaries are qualified in their entirety by reference to the text of the plans or agreements, which are filed as exhibits to the registration statement.

2014 Plan

We currently maintain the 2014 Plan, which became effective on April 18, 2014. The principal purpose of the 2014 Plan is to enhance our ability to attract, retain and motivate our service providers by providing such individuals with equity ownership opportunities and aligning their interests with those of our stockholders. We have granted stock options to our NEOs and restricted stock to Frontier's board of directors under the 2014 Plan, as described in more detail above. In connection with the closing of this offering, we intend to adopt the 2017 Equity Incentive Award Plan (the "2017 Plan"). We expect that, upon the effectiveness of the 2017 Plan, no further awards will be made under the 2014 Plan. The material terms of the 2014 Plan are summarized below.

Share Reserve. The aggregate number of shares of common stock reserved for issuance pursuant to awards granted under the 2014 Plan is 1,000,000.

Administration. Our board of directors is authorized to administer the 2014 Plan, but consistent with its authority under the 2014 Plan, the board has delegated some of its administrative authority to our compensation committee. Subject to the terms and conditions of the 2014 Plan, the plan administrator has the authority to select the persons to whom awards are to be made, to determine the number of shares to be subject to awards and the terms and conditions of awards, and to make all other determinations and to take all other actions necessary or advisable for the administration of the 2014 Plan. The administrator is also authorized to adopt, amend or repeal rules relating to administration of the 2014 Plan.

Eligibility. Options, restricted stock, restricted stock units and other stock-based awards under the 2014 Plan may be granted to officers, employees, consultants and directors of us and our subsidiaries.

Awards. The 2014 Plan provides for the grant of non-qualified stock options (or NSOs), restricted stock, restricted stock units (or RSUs), other stock-based awards, or any combination thereof. No determination has been made as to the types or amounts of awards that will be granted to specific individuals in the future pursuant to the 2014 Plan (and, as noted above, following the effectiveness of this offering, we will not make any further awards under the 2014 Plan). Each award will be set forth in a separate agreement and will indicate the type and terms and conditions of the award.

- *Stock Options.* Stock options provide for the right to purchase shares of our common stock in the future at a specified price that is established on the date of grant. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant, except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions.
- *Restricted Stock.* Restricted stock is an award of shares of our common stock that remains forfeitable unless and until specified vesting conditions are met. In general, restricted stock may not be sold or otherwise transferred until restrictions are removed or expire. Holders of restricted stock will have voting rights and, except with respect to performance vesting awards, will have the right to receive dividends, if any, prior to the time when the restrictions lapse.
- *Restricted Stock Units.* RSUs are contractual promises to deliver shares of our common stock (or the fair market value of such shares in cash) in the future, which may also remain forfeitable unless and until specified vesting conditions are met. RSUs generally may not be sold or transferred until vesting conditions are removed or expire. The shares underlying RSUs will generally not be issued until the RSUs have vested, and recipients of RSUs generally will have no voting or dividend rights prior to the time when the RSUs are settled in shares, unless the RSU includes a dividend equivalent right (in which case the holder may be entitled to dividend equivalent payments under certain circumstances). Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral.

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- *Other Stock-Based Awards.* Other stock-based awards are awards denominated in shares of our common stock and other awards that are valued by reference to, or are based on, shares of our common stock or other property. Other stock-based awards may be paid in shares, cash or other property, as determined by the plan administrator. The plan administrator will determine the terms and conditions of other stock-based awards, including any purchase price, transfer, vesting and/or other conditions.

Certain Transactions. The plan administrator has broad discretion to take action under the 2014 Plan, as well as to make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and to facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, extraordinary dividends, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as “equity restructurings,” the plan administrator will make equitable adjustments to the 2014 Plan and outstanding awards.

Call Rights. Under agreements entered into with employees and directors who we granted equity awards under the 2014 Plan, we have the right to repurchase options and our common stock from terminated service providers for a price equal to fair market value on the date of repurchase. Our right to repurchase options and shares of our common stock expires upon the completion of this offering.

Transferability and Restrictions. With limited exceptions for the laws of descent and distribution, awards under the 2014 Plan are generally non-transferable prior to vesting unless otherwise determined by the plan administrator, and are exercisable only by the participant. Additionally, awards granted under the 2014 Plan are subject to a right of first refusal in favor of us.

Section 280G. The 2014 Plan includes a cutback provision under Section 280G of the Code, pursuant to which any payment or benefit under the 2014 Plan that would not be deductible by us or the payor as a result of Section 280G of the Code (relating to “excess parachute payments”) will be reduced to the extent necessary so that any such payments and benefits will remain deductible to the maximum extent possible. The 2014 Plan also provides that we will seek shareholder approval of any amounts under the 2014 Plan that would constitute “parachute payments” under Section 280G of the Code.

Amendment and Termination. The plan administrator may terminate, amend or modify the 2014 Plan at any time. However, we must generally obtain stockholder approval to the extent required by applicable law. In addition, no amendment of the 2014 Plan may, without the consent of the holder, materially and adversely affect any award previously granted. No award may be granted pursuant to the 2014 Plan after the tenth anniversary of the date on which the 2014 Plan was adopted by our board of directors (or, if later, approved by our stockholders); however, we expect to cease granting any awards under the 2014 Plan upon the effectiveness of the 2017 Plan. Any award that is outstanding on the termination date of the 2014 Plan will remain in force according to the terms of the 2014 Plan and the applicable award agreement.

2017 Equity Incentive Award Plan

Prior to the completion of this offering, our board of directors adopted, and our stockholders approved, the 2017 Plan, under which we are authorized to grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the 2017 Plan are summarized below.

Share Reserve. Under the 2017 Plan, _____ shares of our common stock have been initially reserved for issuance pursuant to a variety of stock-based compensation awards, including stock options, stock appreciation rights, or SARs, restricted stock awards, restricted stock unit awards, deferred stock awards, dividend equivalent awards, stock payment awards, performance awards and other stock-based awards. The number of shares initially reserved for issuance or transfer pursuant to awards under the 2017 Plan will be increased by an annual increase

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on the first day of each fiscal year beginning in 2018 and ending in 2027, equal to the lesser of (A) _____ percent (%) of the shares of stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (B) such smaller number of shares of stock as determined by our board of directors; provided, however, that no more than _____ shares of stock may be issued upon the exercise of incentive stock options.

The following counting provisions will be in effect for the share reserve under the 2017 Plan:

- to the extent that an award terminates, expires or lapses for any reason or an award is settled in cash without the delivery of shares, any shares subject to the award at such time will be available for future grants under the 2017 Plan;
- to the extent shares are tendered or withheld to satisfy the grant, exercise price or tax withholding obligation with respect to any award under the 2017 Plan, such tendered or withheld shares will be available for future grants under the 2017 Plan;
- to the extent that shares of our common stock are repurchased by us prior to vesting so that shares are returned to us, such shares will be available for future grants under the 2017 Plan;
- the payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the 2017 Plan; and
- to the extent permitted by applicable law or any exchange rule, shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by us or any of our subsidiaries will not be counted against the shares available for issuance under the 2017 Plan.

Administration. Our board of directors administers the 2017 Plan with respect to awards granted to non-employee directors and our compensation committee administers the 2017 Plan with respect to awards granted to other participants. The board or compensation committee may delegate their duties and responsibilities to committees of directors and/or officers, subject to certain limitations that may be imposed under Section 162(m) of the Code, Section 16 of the Exchange Act and/or applicable stock exchange rules. The plan administrator must consist of at least two members of our board of directors, each of whom is intended to qualify as an “outside director,” within the meaning of Section 162(m) of the Code, a “non-employee director” for purposes of Rule 16b-3 under the Exchange Act and an “independent director” within the meaning of the rules of the applicable stock exchange on which shares of common stock are traded. Subject to the terms and conditions of the 2017 Plan, the plan administrator has the authority to select the persons to whom awards are to be made, to determine the number of shares to be subject to awards and the terms and conditions of awards, and to make all other determinations and to take all other actions necessary or advisable for the administration of the 2017 Plan. The administrator is also authorized to adopt, amend or rescind rules relating to administration of the 2017 Plan.

Eligibility. Options, SARs, restricted stock and all other stock-based and cash-based awards under the 2017 Plan may be granted to our officers, employees, consultants and directors and the officers, employees, consultants and directors of our subsidiaries. Only our employees and the employees of our subsidiaries may be granted incentive stock options.

Awards. The 2017 Plan provides for the grant of stock options (including incentive stock options, or ISOs, and NSOs), SARs, restricted stock, RSUs, dividend equivalents, performance awards and stock payments, or any combination thereof. No determination has been made as to the types or amounts of awards that will be granted to specific individuals pursuant to the 2017 Plan. Each award will be set forth in a separate agreement and will indicate the type and terms and conditions of the award.

- *Stock Options.* Stock options provide for the right to purchase shares of our common stock in the future at a specified price that is established on the date of grant. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be

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less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders). Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions.

- *Restricted Stock.* Restricted stock is an award of nontransferable shares of our common stock that remains forfeitable unless and until specified vesting conditions are met. In general, restricted stock may not be sold or otherwise transferred until restrictions are removed or expire. Holders of restricted stock will have voting rights and, except with respect to performance vesting awards, will have the right to receive dividends, if any, prior to the time when the restrictions lapse.
- *Restricted Stock Units.* RSUs are contractual promises to deliver shares of our common stock (or the fair market value of such shares in cash) in the future, which may also remain forfeitable unless and until specified vesting conditions are met. RSUs generally may not be sold or transferred until vesting conditions are removed or expire. The shares underlying RSUs will not be issued until the RSUs have vested, and recipients of RSUs generally will have no voting or dividend rights prior to the time when the RSUs are settled in shares, unless the RSU includes a dividend equivalent right (in which case the holder may be entitled to dividend equivalent payments under certain circumstances). Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral.
- *Stock Appreciation Rights.* SARs entitle their holder, upon exercise, to receive an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of any SAR granted under the 2017 Plan must be at least 100% of the fair market value of a share of our common stock on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and/or other conditions. SARs under the 2017 Plan will be settled in cash or shares of our common stock, or in a combination of both, as determined by the administrator.
- *Dividend Equivalents.* Dividend equivalents represent the value of the dividends, if any, per share paid by us, calculated with reference to the number of shares covered by the award. Dividend equivalents generally are credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator, and may be settled in cash or shares as determined by the plan administrator. Dividend equivalents with respect to an award with performance-based vesting that are based on dividends paid prior to the vesting of such award shall only be paid out to the extent that the performance-based vesting conditions are subsequently satisfied and the award vests.
- *Performance Awards.* Performance shares are contractual rights to receive shares of our common stock in the future based on the attainment of specified performance goals, in addition to other conditions which may apply to these awards.
- *Stock Payments.* Stock payments are awards of fully-vested shares of our common stock that may, but need not, be granted in lieu of all or any part of compensation, including base salary, bonus or fees that would otherwise be payable in cash to the recipient.

Performance Awards. Performance awards include any of the foregoing awards that are granted subject to vesting and/or payment based on the attainment of specified performance goals. The plan administrator will determine whether performance awards are intended to constitute “qualified performance-based compensation,” or QPBC, within the meaning of Section 162(m) of the Code, in which case the applicable performance criteria will be selected from the list below in accordance with the requirements of Section 162(m) of the Code.

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Section 162(m) of the Code imposes a \$1,000,000 cap on the compensation deduction that a publicly-held corporation may take in respect of compensation paid to its “covered employees” (which generally includes the corporation’s chief executive officer and next three most highly compensated employees other than the chief financial officer), but excludes from the calculation of amounts subject to this limitation any amounts that constitute QPBC. Under a special transition rule for private companies that become publicly held, we do not expect Section 162(m) of the Code to apply to certain awards under the 2017 Plan until the earliest to occur of (1) the annual stockholders’ meeting at which members of its board of directors are to be elected that occurs after the close of the first calendar year following the calendar year in which occurred the first registration of its equity securities under Section 12 of the Exchange Act; (2) a material modification of the 2017 Plan; (3) the exhaustion of the share supply under the 2017 Plan; or (4) the expiration of the 2017 Plan. However, QPBC performance criteria may be used with respect to performance awards that are not intended to constitute QPBC. In addition, we may issue awards that are not intended to, or that otherwise do not, constitute QPBC even if such awards might be non-deductible as a result of Section 162(m) of the Code.

In order to constitute QPBC under Section 162(m) of the Code, in addition to certain other requirements, the relevant amounts must be payable only upon the attainment of pre-established, objective performance goals set by our compensation committee and linked to stockholder-approved performance criteria. For purposes of the 2017 Plan, one or more of the following performance criteria will be used in setting performance goals applicable to QPBC, and may be used in setting performance goals applicable to other performance awards: (1) earnings before interest, taxes, depreciation, rent and amortization expenses, or EBITDAR; (2) earnings before interest, taxes, depreciation and amortization, or EBITDA; (3) earnings before interest and taxes, or EBIT; (4) EBITDAR, EBITDA, EBIT or earnings before taxes and unusual, special or nonrecurring items as measured either against the annual budget or as a ratio to revenue or return on total capital; (5) net earnings; (6) earnings per share; (7) net income (before or after taxes); (8) profit margin; (9) operating margin; (10) operating income; (11) net operating income; (12) net operating income after taxes; (13) growth; (14) net worth; (15) cash flow; (16) cash flow per share; (17) total stockholder return; (18) return on capital, assets, equity or investment; (19) stock price performance; (20) revenues; (21) revenues per available seat mile; (22) costs; (23) costs per available seat mile; (24) working capital; (25) capital expenditures or statistics; (26) improvements in capital structure; (27) economic value added; (28) industry indices; (29) regulatory ratings; (30) customer satisfaction ratings; (31) expenses and expense ratio management; (32) debt reduction; (33) profitability of an identifiable business unit or product; (34) levels of expense, cost or liability by category, operating unit or any other delineation; (35) implementation or completion of projects or processes; (36) combination of airline operating certificates within a specified period; (37) measures of operational performance (including, without limitation, U.S. Department of Transportation performance rankings in operational areas), quality, safety, productivity or process improvement; (38) measures of employee satisfaction or employee engagement, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices or, where applicable, on a per-share or per seat-mile basis.

The 2017 Plan also permits the plan administrator to provide for objectively determinable adjustments to the applicable performance criteria in setting performance goals for QPBC awards. Such adjustments may include one or more of the following: (1) items related to a change in accounting principle; (2) items relating to financing activities; (3) expenses for restructuring or productivity initiatives; (4) other non-operating items; (5) items related to acquisitions; (6) items attributable to the business operations of any entity acquired by us during the applicable performance period; (7) items related to the sale or disposition of a business or segment of a business; (8) items related to discontinued operations that do not qualify as a segment of a business under applicable accounting standards; (9) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the applicable performance period; (10) any other items of significant income or expense which are determined to be appropriate adjustments; (11) items relating to unusual or extraordinary corporate transactions, events or developments, (12) items related to amortization of acquired intangible assets; (13) items that are outside the scope of our core, on-going business activities; (14) items related to acquired in-process research and development; (15) items relating to changes in tax laws; (16) items relating to major licensing or

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partnership arrangements; (17) items relating to asset impairment charges; (18) items relating to gains or losses for litigation, arbitration and contractual settlements; (19) items attributable to expenses incurred in connection with a reduction in force or early retirement initiative; (20) items relating to foreign exchange or currency transactions and/or fluctuations; or (21) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions.

Certain Transactions. The plan administrator has broad discretion to take action under the 2017 Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as “equity restructurings,” the plan administrator will make equitable adjustments to the 2017 Plan and outstanding awards.

Foreign Participants, Claw-Back Provisions, Transferability, and Participant Payments. The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. All awards will be subject to the provisions of any claw-back policy implemented by us to the extent set forth in such claw-back policy and/or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2017 Plan are generally non-transferable prior to vesting unless otherwise determined by the plan administrator, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2017 Plan, the plan administrator may, in its discretion, accept cash or check, shares of our common stock that meet specified conditions, a market sell order or such other consideration as it deems suitable.

Amendment and Termination. Our board of directors may terminate, amend or modify the 2017 Plan at any time. However, we must generally obtain stockholder approval to increase the number of shares available under the 2017 Plan (other than in connection with certain corporate events, as described above) or to the extent required by applicable law, rule or regulation (including any applicable stock exchange rule). In addition, no amendment, suspension or termination of the 2017 Plan may, without the consent of the holder, materially and adversely affect any rights or obligations under any award previously granted, unless the award itself otherwise expressly so provides. No award may be granted pursuant to the 2017 Plan after the tenth anniversary of the effective date of the 2017 Plan. Any award that is outstanding on the termination date of the 2017 Plan will remain in force according to the terms of the 2017 Plan and the applicable award agreement.

Pilot Phantom Equity Plan

On December 3, 2013, to give effect to the reorganization of our corporate structure in connection with the acquisition by Indigo, an agreement was reached to amend and restate a phantom equity agreement that was in place with our predecessor and Frontier pre-acquisition. Under the terms of this agreement, our pilots employed by Frontier in June 2011, when an amendment to the underlying collective bargaining agreement was approved, who we refer to as the Participating Pilots, through their agent, FAPAInvest, LLC, received phantom equity units which were the economic equivalent of 231,000 shares of our common stock, representing 4% of our common stock as of June 30, 2014. Each unit constitutes the right to receive common stock or cash in connection with certain events, including a qualifying initial public offering (such as this offering), such stock to be distributed or cash paid to the Participating Pilots in installments in 2020 and 2022 based on a predetermined formula. The phantom equity units are required to be paid in cash absent a qualifying initial public offering. The phantom equity units were fully vested at December 31, 2016 and are subject to adjustment for certain events, including cash dividends declared with respect to our common stock. Upon the completion of this offering, the foregoing phantom equity units will represent the right to receive:

- (a) 115,500 shares of our common stock (the “Share Component”), plus (b) an amount in cash equal to \$ (which represents the sum of \$18.95, the per share dividend we declared in February 2016, \$28.85 the per share dividend we declared in February 2017, and \$ the per share dividend we intend to declare and pay immediately prior to the completion of this offering, multiplied by 115,500) (the “Share Component Dividend Adjustment”); and
- \$ million (the “Cash Component”), representing an amount in cash equal to the sum of (a) the product of 115,500 multiplied by the initial public offering price in this offering (assumed to be \$ per share based on the midpoint of the price range set forth on the cover page of this prospectus and (b) \$ (which represents the sum of \$18.95, the per share dividend we declared in February 2016, \$28.85 the per share dividend we declared in February 2017, and \$ the per share dividend we intend to declare and pay immediately prior to the completion of this offering), multiplied by 115,500, which aggregate Cash Component will be funded into a trust for the benefit of the Participating Pilots.

The Share Component Dividend Adjustment will be increased to reflect adjustment for certain events, including cash dividends declared with respect to our common stock between the consummation of this offering and the date the underlying Share Component is distributed to the Participating Pilots.

The Share Component (along with the related Share Component Dividend Adjustment) and the Cash Component will generally be issued or paid to the Participating Pilots, as the case may be, in June 2020, provided, that % of such Share Component (along with the related Share Component Dividend Adjustment) and Cash Component will be issued and paid in June 2022. In the event of a change in control of our company that occurs prior to June 2020 or June 2022, as the case may be, our obligations under the Pilots’ Phantom Equity Plan, as adjusted pursuant to the terms of plan, generally will be accelerated to the date of the closing of such change in control. The portion of the Share Component (along with the related Share Component Dividend Adjustment) and Cash Component to be issued and paid to each individual Participating Pilot is generally proportionate to the amount of wages earned by the Participating Pilot from June 2011 through December 2016 versus the total wages paid to all Participating Pilots during the same time period, as calculated by FAPAInvest, LLC.

Stockholders Agreements

Each executive officer has entered into a Stockholders Agreement with us and our controlling stockholder, Indigo Frontier Holdings Company, LLC, or Indigo Fund, in connection with the executive’s holdings of shares of our common stock under the 2014 Plan. Each Stockholders Agreement provides us with certain rights that effectively restrict the transfer of shares of our common stock until the end of the 180-day period following the

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consummation of an underwritten initial public offering. The restrictive rights provided to us include a call right whereby we may repurchase shares upon a termination of employment and a bring along right whereby Indigo can require participants to sell shares alongside Indigo Fund. Each executive holds a tag-along right whereby each executive may require Indigo successor to allow the executive to sell alongside Indigo in certain transactions. Generally, our restrictive rights lapse on the closing of this offering.

Rule 10b5-1 Sales Plans

Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or officer when entering into the plan, without further direction from them. The director or officer may amend or terminate the plan in some circumstances. Our directors and executive officers may also buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material, nonpublic information.

DIRECTOR COMPENSATION

Compensation Arrangements for our Non-Employee Directors

Prior to the completion of this offering, we have not compensated any members of our board of directors. Rather, we have compensated our directors for their service on the Frontier board of directors pursuant to our non-employee director compensation policy. We do not pay director fees to Frontier directors who are employees. All references to director compensation in this section prior to the completion of this offering are to service on Frontier's board of directors. After the completion of this offering, the director compensation policy described below will apply to service on our board, and no additional compensation will be paid for service on the Frontier board of directors. In addition, from and after the completion of this offering, all non-employee directors, whether or not affiliated with Indigo, will receive the same director compensation.

Prior to this offering, each non-employee Frontier director received an annual fee of \$100,000 if such director was affiliated with Indigo, or an Indigo Director, and \$70,000 if such director was not affiliated with Indigo, or a Non-Indigo Director. In addition, the chairperson of the audit committee received an additional annual fee of \$17,000 and the chairperson for our compensation committee would have received an additional annual fee of \$12,000 had such chairperson not been an Indigo Director. Non-Indigo Directors also received a grant of restricted shares of our common stock with an annual fair market value equal to \$75,000 as of July 1, 2016. The restricted shares vest and all restrictions thereon lapse on the first anniversary of the date of grant subject to continued service.

As is common in the airline industry, we provide flight benefits to the members of Frontier's board of directors under the UATP, whereby each individual receives a yearly dollar value that they may use for personal travel on Frontier's flights for themselves and certain qualifying friends and family. Each one-way flight they take is valued at \$75, which is the average cost to Frontier of a one-way flight for us. For fiscal year 2016, each non-employee director received a travel bank under the UATP equal to \$5,500 (except for Mr. W. Franke who received a travel bank under the UATP equal to \$13,750 as the chairman of Frontier's board of directors). In addition, Frontier provides reimbursement to the non-employee directors for their reasonable expenses incurred in attending meetings. Non-employee directors are not entitled to receive any additional director fees.

In early 2017, Frontier approved an increase in the annual fee for all non-employee, non-Indigo directors to \$75,000, and increased the annual restricted share award to have a grant date fair value of \$100,000, pursuant to the terms discussed above (provided that following the consummation of this offering, the awards will be restricted stock units). Accordingly, from and after the completion of this offering, all non-employee directors will be compensated as follows:

- annual fee of \$75,000 payable in cash;
- annual restricted share units to have a grant date fair value of \$100,000 to vest on the first anniversary of the date of grant (subject to continued service);
- additional annual fee to the chairperson of the audit committee of \$17,000 payable in cash;
- additional annual fee to the chairpersons for our compensation committee and nominating and corporate governance committee of \$12,000 in cash each; and
- travel benefits as discussed above.

Director Compensation Table

The following table sets forth information regarding compensation earned by the non-employee directors who served on the board of directors of Frontier during the fiscal year ended December 31, 2016. None of the directors who serve on the our board of directors received any compensation for their service in fiscal year 2016.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	All other Compensation (\$)(2)	Total (\$)
Josh T. Connor	67,500	74,965	750	143,215
Brian H. Franke	100,000	—	—	100,000
William A. Franke	100,000	—	300	100,300
Robert J. Genise	67,500	74,965	—	142,465
Bernard L. Han	84,500	74,965	4,869	164,334
C.A. Howlett	100,000	—	3,183	103,183
Patricia Salas Pineda	38,036	74,965	300	113,301
John R. Wilson	100,000	—	2,398	102,398
Michael R. MacDonald	35,000	74,965	—	109,965

- (1) Amounts shown represent the grant date fair value of stock awards granted by our during fiscal year 2016 as calculated in accordance with ASC Topic 718. See note 9 to the financial statements included in this registration statement for the assumptions used in calculating this amount. As of December 31, 2016, Messrs. Connor, Genise and Han and Ms. Pineda each held 291 restricted shares of our common stock. No other non-employee director held any equity awards.
- (2) Amounts shown represent the flight benefits under our UATP for fiscal year 2016 based on our calculation of the incremental cost to the company providing the flight benefits to the directors based on each one-way flight they take being valued at the lesser of (i) the actual cost of the ticket and (ii) \$75, which is the average cost to us of a one-way flight.

Director Stock Ownership Guidelines

In early 2017, we implemented stock ownership guidelines for our directors. Pursuant to these stock ownership guidelines, each current non-employee director and any newly appointed non-employee director is required to, by the later of five years from the guidelines' implementation date or, for newly elected directors, the date five years from the date of his or her election to the board, own shares of our common stock having an aggregate value at least equal to \$200,000. For purposes of this calculation, shares of our common stock held directly or indirectly by the non-employee director are included, including restricted stock units (vested or unvested) and deferred stock units, if any, while any outstanding and unvested or vested but unexercised stock option awards are excluded. We will continue to periodically review best practices and re-evaluate our position with respect to stock ownership guidelines.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We describe below transactions and series of similar transactions, during our last three fiscal years, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers, holders of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

Each agreement described below is filed as an exhibit to the registration statement of which this prospectus forms a part, and the following descriptions are qualified by reference to such agreements.

Management Services

In December 2013, we entered into a Professional Services Agreement with Indigo Partners LLC, or Indigo, pursuant to which Indigo agreed to provide our board and our management with financial and management consulting services, including business strategy, budgeting of future corporate investments, acquisition and divestiture strategies and debt and equity financing consulting services. In exchange for these services, we incur a fixed quarterly fee of \$375,000 to Indigo and reimburse Indigo for out of pocket expenses incurred in connection with the rendering of services pursuant to the Professional Services Agreement. For the three months ended March 31, 2017 and 2016, and for the years ended December 31, 2016, 2015 and 2014, we incurred an aggregate of approximately \$0.4 million, \$0.4 million, \$1.7 million, \$1.6 million, and \$1.8 million, respectively, relating to the quarterly fees and related expense reimbursements. In addition, we have agreed to indemnify Indigo and its affiliates for losses arising from or relating to the services provided pursuant to the Professional Services Agreement. Our engagement of Indigo pursuant to the Professional Services Agreement will continue until the date that Indigo and its affiliates own less than 10% of the 5.2 million shares of our common stock acquired by an affiliate of Indigo in December 2013.

Payments to Aergen Aviation Finance Limited Related to Previously Leased Aircraft

In September 2003, our predecessor entered into a lease agreement for a single A319 aircraft with an unrelated third party. In May 2016, the aircraft subject to this lease agreement was acquired by Aergen Aviation Finance Limited, or Aergen. We were not involved in this transaction and no substantive change was made to the lease agreement in connection with Aergen's acquisition of the aircraft. Mr. Genise, a member of our board of directors, is a director of Aergen and the Chief Executive Officer of Aergen Management Services, a wholly-owned U.S. subsidiary of Aergen. This lease expired on February 28, 2017, at which time we redelivered the aircraft to Aergen. Pursuant to the lease agreement, we paid an aggregate of \$0.7 million of rent during portion of 2016 that Aergen owned the aircraft, \$0.2 million of rent during the portion of 2017 that we operated the aircraft, and \$0.6 million to the lessor in connection with the return of the aircraft to satisfy our contractual obligations related to the condition of the aircraft at the end of the lease.

Registration Rights Agreement

Immediately prior to the consummation of this offering, we intend to grant the registration rights described below to an affiliate of Indigo, which holds 5.2 million shares of our common stock, pursuant to the terms of a Registration Rights Agreement, to be entered into by us at such time. This agreement will be entered into pursuant to the terms of the Subscription Agreement, dated December 3, 2013, pursuant to which Indigo funded the equity component of the acquisition from Republic Airways Holdings, Inc. For a description of the Registration Rights Agreement, please see "Description of Capital Stock—Registration Rights."

Policies and Procedures for Related Party Transactions

Our board of directors intends to adopt a written related party policy to set forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we (or any of our subsidiaries) are to be a participant, the amount involved exceeds \$120,000 and a related party had or will have a direct or indirect material interest, including purchases of goods or services by or from the related party or entities in which the related party has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related party.

PRINCIPAL AND SELLING STOCKHOLDER

The following table sets forth, as of March 31, 2017, information regarding beneficial ownership of our capital stock by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our voting securities;
- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- the selling stockholder.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including options and warrants that are currently exercisable or exercisable within 60 days. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown that they beneficially own, subject to community property laws where applicable.

Common stock subject to stock options and warrants currently exercisable or exercisable within 60 days of December 31, 2016, are deemed to be outstanding for computing the percentage ownership of the person holding these options and warrants and the percentage ownership of any group of which the holder is a member but are not deemed outstanding for computing the percentage of any other person.

We have based our calculation of the percentage of beneficial ownership prior to the offering on 5,237,756 shares of common stock outstanding on March 31, 2017. We have based our calculation of the percentage of beneficial ownership after the offering on _____ shares of our common stock outstanding immediately after the completion of this offering (assuming no exercise of the underwriters' option to purchase additional shares of our common stock from the selling stockholder).

Unless otherwise noted below, the address for each of the stockholders in the table below is c/o Frontier Group Holdings, Inc., Frontier Center One, 7001 Tower Road, Denver CO, 80249.

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The information in the table below with respect to each selling stockholder has been obtained from that selling stockholder. When we refer to the “selling stockholder” in this prospectus, we mean the entity listed in the table below as offering shares, as well as the pledgees, donees, assignees, transferees, successors and others who may hold any of the selling stockholder’s interest.

Name and Address of Beneficial Owner	Beneficial Ownership Prior to the Offering				Shares Offered in the Offering	Beneficial Ownership After the Offering		Beneficial Ownership After the Offering if the Option to Purchase Shares is Exercised	
	Common Stock	Options Exercisable within 60 days	Number of Shares Beneficially Owned	Percent		Number of Shares Beneficially Owned	Percent	Number of Shares Beneficially Owned	Percent
5% Stockholder and Selling Stockholder:									
Indigo Frontier Holdings Company, LLC ⁽¹⁾	5,200,000	0	5,200,000	99.3%			%		%
Named Executive Officers and Directors:									
William A. Franke ⁽¹⁾	5,200,000	0	5,200,000	99.3%			%		%
Josh T. Connor ⁽²⁾	1,741	0	1,741	*		1,741	*	1,741	*
Brian H. Franke	0	0	0	*		0	*	0	*
Robert J. Genise ⁽³⁾	8,091	0	8,091	*		8,091	*	8,091	*
Bernard L. Han ⁽⁴⁾	8,091	0	8,091	*		8,091	*	8,091	*
C.A. Howlett	0	0	0	*		0	*	0	*
Michael R. MacDonald ⁽⁵⁾	291	0	291	*		291	*	291	*
Patricia Salas Pineda ⁽⁶⁾	291	0	291	*		291	*	291	*
John R. Wilson	0	0	0	*		0	*	0	*
Barry L. Biffle ⁽⁷⁾	0	66,282	66,282	*		66,282	*	66,282	*
James G. Dempsey ⁽⁸⁾	0	24,905	24,905	*		24,905	*	24,905	*
Howard M. Diamond ⁽⁹⁾	0	8,650	8,650	*		8,650	*	8,650	*
Daniel M. Shurz ⁽¹⁰⁾	0	12,562	12,562	*		12,562	*	12,562	*
William A. Meehan ⁽¹¹⁾	0	0	0	*		0	*	0	*
All executive officers and directors as a group (16 persons)	5,218,505	117,149	5,335,654	99.6%			%		%

* Represents beneficial ownership of less than one percent (1%) of the outstanding common stock.

- (1) Consists of 5,200,000 shares held by Indigo Frontier Holdings Company LLC. William A. Franke is the sole member of Indigo Denver Management Company, LLC, which is the managing member of Indigo Frontier Holdings Company LLC, and as such, Mr. Franke has voting and dispositive power over these shares. Mr. Franke disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. The address for Mr. Franke and Indigo Frontier Holdings, LLC is c/o Indigo Partners, 2525 East Camelback Road, Suite 900, Phoenix, Arizona 85016.
- (2) Consists of 1,741 shares of common stock, of which 291 are subject to future vesting.
- (3) Consists of 8,091 shares of common stock, of which 291 are subject to future vesting.
- (4) Consists of 8,091 shares of common stock, of which 291 are subject to future vesting.
- (5) Consists of 291 shares of common stock, which are subject to future vesting.
- (6) Consists of 291 shares of common stock, which are subject to future vesting.
- (7) Consists of 66,282 shares of common stock underlying stock options exercisable within 60 days of March 31, 2017.
- (8) Consists of 24,905 shares of common stock underlying stock options exercisable within 60 days of March 31, 2017.
- (9) Consists of 8,650 shares of common stock underlying stock options exercisable within 60 days of March 31, 2017.

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- (10) Consists of 12,562 shares of common stock underlying stock options exercisable within 60 days of March 31, 2017.
- (11) Mr. Meehan's employment with us ended effective as of January 4, 2017. During the three months ended March 31, 2017, we repurchased the 8,650 shares underlying vested stock options held by Mr. Meehan as of December 31, 2016.

DESCRIPTION OF PRINCIPAL INDEBTEDNESS

Pre-Delivery Deposits Financing

Our direct subsidiary, Frontier Airlines Holdings, Inc., or Holdings, and our operating subsidiary, Frontier Airlines, Inc., or Frontier, are party to a debt facility that is available to finance a portion of certain pre-delivery payments, or PDP Payments, that Frontier is required to pay to Airbus S.A.S., or Airbus, with respect to future deliveries of specific Airbus A320 family aircraft that we have on order, collectively, the PDP Aircraft. In connection with entering into this facility, Holdings and Frontier established an unaffiliated Cayman Islands exempted company, or Vertical Horizons, to act as borrower thereunder, and Frontier transferred certain of its rights and obligations under the purchase agreements, or the Assigned Purchase Agreements, between it and Airbus relating to the PDP Aircraft to Vertical Horizons, including the obligation to make pre-delivery payments.

In August 2015, Vertical Horizons, as borrower, and Citibank, N.A., or Citibank, as facility agent and lender, entered into an amended and restated loan agreement, or the PDP Financing Facility, which increased the commitment under the PDP Financing Facility to \$125 million and increased the number of PDP Aircraft with respect to which PDP Payments could be financed thereunder. On January 14, 2016, the PDP Financing Facility was further amended to increase the commitment thereunder to \$150 million and on December 16, 2016 amended and restated to increase the number of PDP Aircraft with respect to which PDP Payments could be financed thereunder. Vertical Horizons' obligations under the PDP Financing Facility are secured primarily by a first priority lien on the Assigned Purchase Agreements including the proceeds and payments thereunder, and a charge over the shares of Vertical Horizons. Vertical Horizons' obligations with respect to the PDP Financing Facility are guaranteed by Holdings and by Frontier. The PDP Financing Facility contains affirmative and negative covenants and events of default that are typical in the industry for similar financings. The PDP Financing Facility consists of separate loans for each PDP Aircraft. The separate loans mature upon the earlier of (i) delivery of that aircraft to us 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 facility will be repaid periodically according to the preceding sentence with the last scheduled delivery of aircraft contemplated in the PDP Financing Facility to be in the fourth quarter of 2019. As of March 31, 2017, \$133 million of borrowings were outstanding under this facility.

Funds available under the PDP Financing Facility are subject to certain administrative and commitment fees, and funds drawn under the facility bear interest at the London Interbank Offered Rate, or LIBOR, plus a margin.

Pre-Purchased Mileage Facility

We entered into an agreement with Barclays Bank Delaware (formerly known as Juniper Bank), or Barclays Bank, in 2003 to provide for joint marketing, grant certain benefits to co-branded credit card holders, or Cardholders, and allow Barclays Bank to market using our customer database. Cardholders earn miles under the *Early Returns* program and we sell mileage awards at agreed-upon rates to Barclays Bank and earn fees from Barclays Bank for the acquisition, retention and use of the co-branded credit card by consumers. In addition, Barclays Bank will pre-purchase miles if we meet certain conditions precedent. During 2013, we amended our agreements with Barclays Bank to modify the products and services provided under the agreements, re-establish the pre-purchased miles facility at an initial amount of \$39 million and extend the agreement to 2020. The dollar amount of the pre-purchased miles facility, or the Facility Amount, is subject to adjustment for the then-current year on each January 15, beginning on January 15, 2015 through and including January 15, 2019 based on the aggregate amount of fees payable by Barclays Bank to us on a calendar year basis, up to an aggregate maximum Facility Amount of \$50 million. During 2016 and 2015, the Facility Amount ranged from \$39 million to \$47 million. We pay interest on the outstanding Facility Amount on a monthly basis based on one-month LIBOR plus a margin. Beginning December 2019, the facility will be repaid in 12 equal monthly installments. If the

facility is required to be decreased prior to December 2019, any amounts due to reduce the facility would be repaid over six months.

Barclays Bank has agreed that for each month that specified conditions are met it will pre-purchase additional miles on a monthly basis in an amount equal to the difference between the Facility Amount and the amount of unused miles then outstanding and held by Barclays Bank. Among the conditions to this monthly purchase of miles is a requirement that Frontier Airlines maintain a balance of unrestricted cash, as defined in the agreement, or maintain a minimum amount of earnings before interest, taxes, depreciation, amortization and rent (excluding any non-cash, non-operating expense) measured on a rolling four month basis. The Company may repurchase any or all of the pre-purchased miles at any time, from time to time, without penalty. Prior to December 31, 2019, or the Repurchase Commencement Date, the Facility Amount may be reduced in each month in which such specified conditions are not met, which Facility Amount may be subsequently increased after three consecutive months of compliance with such conditions. Commencing on the Repurchase Commencement Date, the Facility Amount will be reduced by one-twelfth of the Facility Amount as measured on the Repurchase Commencement Date each month until such time as no pre-purchased mileage credits remain outstanding under the facility. The pre-purchased miles facility expires in December 2020.

Fixed and Floating Rate Equipment Notes

As of March 31, 2017, we had six aircraft in our fleet financed with debt:

- the debt on the first aircraft was originated during May 2006 with a loan balance of \$7 million, a fixed interest rate of 7.33% and a maturity date in May 2021;
- the debt on the second aircraft was originated during June 2005 with a loan balance of \$6 million, floating interest rate of three-month LIBOR plus 2.00% and a maturity date in June 2017;
- the debt on the third aircraft was originated during July 2005 with a loan balance of \$6 million, floating interest rate of three-month LIBOR plus 1.85% and a maturity date in July 2017;
- the debt on the fourth aircraft was originated on August 2006 with a loan balance of \$9 million, floating interest rate of three-month LIBOR plus 1.95% and a maturity date in August 2018;
- the debt on the fifth aircraft was originated during February 2008 with a loan balance of \$14 million, floating interest rate of three-month LIBOR plus 1.75% and a maturity date in February 2020; and
- the debt on the sixth aircraft was originated during March 2008 with a loan balance of \$14 million, floating interest rate of three-month LIBOR plus 1.75% and a maturity date in March 2020.

The fixed and floating rate equipment notes are secured by the respective aircraft, which had a net book value of \$101 million as of March 31, 2017. The weighted-average effective interest rate of the fixed and floating rate equipment notes at March 31, 2017 and December 31, 2016 and 2015, was 3.36%, 3.06% and 2.76%, respectively.

DESCRIPTION OF CAPITAL STOCK

The following summary describes our capital stock and our amended and restated certificate of incorporation and our amended and restated bylaws to be in effect immediately prior to the consummation of this offering, the Registration Rights Agreement to which we and Indigo Partners, or Indigo, are parties and of certain relevant provisions of the Delaware General Corporation Law. Because the following is only a summary, it does not contain all of the information that may be important to you. For a complete description, you should refer to our amended and restated certificate of incorporation and amended and restated bylaws to be in effect immediately prior to the consummation of this offering and the Registration Rights Agreement, copies of which are incorporated by reference as exhibits to the registration statement of which this prospectus is part, and to the applicable provisions of the Delaware General Corporation Law.

General

Upon the completion of this offering, our amended and restated certificate of incorporation will authorize us to issue up to _____ shares of common stock, \$0.001 par value per share, _____ shares of non-voting common stock, \$0.001 par value per share, and 10,000,000 shares of preferred stock, \$0.001 par value per share. See"—Limited Voting by Foreign Owners."

As of March 31, 2017, there were outstanding 5,237,756 shares of our capital stock held by seven stockholders of record.

Also as of March 31, 2017, there were outstanding no shares of non-voting common stock and no shares of preferred stock.

In connection with this offering, we will consummate a _____ -for- _____ stock split of our outstanding common stock and preferred stock which will occur prior to the effectiveness of the registration statement of which this prospectus is a part.

Common Stock

Dividend Rights. Holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds ratably with shares of our non-voting common stock, subject to preferences that may be applicable to any then outstanding Preferred Stock and limitations under Delaware law.

Voting Rights. Each holder of our common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our stockholders do not have cumulative voting rights in the election of directors. Accordingly, holders of a majority of the voting shares are able to elect all of the directors properly up for election at any given stockholders' meeting.

Liquidation. In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably with shares of our non-voting common stock in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of Preferred Stock.

Rights and Preferences. Holders of our common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to and may be adversely affected by, the rights of the holders of shares of any series of our Preferred Stock that we may designate in the future.

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Fully Paid and Nonassessable. All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering will be, fully paid and nonassessable

Non-Voting Common Stock

Our board of directors has the authority, without further action by our stockholders, to issue up to _____ 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 to comply with restrictions imposed by federal law on foreign ownership of U.S. airlines. Upon the closing of this offering, there will be no shares of non-voting stock outstanding, and we have no present plan to issue any such shares of non-voting stock. See “—Limited Voting by Foreign Owners.”

Dividend Rights. Holders of our non-voting common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds ratably with shares of our common stock, subject to preferences that may be applicable to any then outstanding Preferred Stock and limitations under Delaware law.

Voting Rights. Shares of our non-voting common stock are not entitled to vote on any matters submitted to a vote of the stockholders, including the election of directors, except to the extent required under Delaware law.

Conversion Rights. Shares of our non-voting common stock will be convertible on a share-for-share basis into common stock at the election of the holder.

Liquidation. In the event of our liquidation, dissolution or winding up, holders of our non-voting common stock will be entitled to share ratably with shares of our common stock in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of Preferred Stock.

Rights and Preferences. Holders of our non-voting common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our non-voting common stock. The rights, preferences and privileges of the holders of our non-voting common stock are subject to and may be adversely affected by, the rights of the holders of shares of any series of our Preferred Stock that we may designate in the future.

Preferred Stock

Our board of directors has the authority, without further action by our stockholders, to issue up to 10,000,000 shares of Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. Our issuance of Preferred Stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of Preferred Stock could have the effect of delaying, deferring or preventing a change of control of our company or other corporate action. Upon the closing of this offering, there will be no shares of Preferred Stock outstanding, and we have no present plan to issue any such shares of Preferred Stock.

Registration Rights

Immediately prior to the consummation of this offering, we intend to grant the registration rights described below to an affiliate of Indigo, which holds 5.2 million shares of our common stock, pursuant to the terms of a Registration Rights Agreement to be entered into by us at such time. This agreement will be entered into pursuant to the terms of the Subscription Agreement, dated December 3, 2013, pursuant to which Indigo funded the equity component of the acquisition from Republic Airways Holdings, Inc.

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The following description of the terms of Registration Rights Agreement is intended as a summary only and is qualified in its entirety by reference to the Registration Rights Agreement filed as an exhibit to the registration statement of which this prospectus is a part.

Demand and Short-Form Registration Rights

At any time following the consummation of this offering, 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, including in connection with this offering, 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 with respect to our initial public offering, 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 to be in effect immediately prior to the consummation of this offering provides that our board of directors will 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 beneficially owns 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 to be in effect immediately prior to the consummation of this offering 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 the board of directors.

Until such time as Indigo beneficially owns 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 to be in effect immediately prior to the consummation of this offering 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

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after such time as Indigo holds 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 amended and restated certificate of incorporation and amended and restated bylaws.

Our amended and restated certificate of incorporation and amended and restated bylaws to be in effect immediately prior to the consummation of this offering also provide that, until such time as Indigo beneficially owns 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 beneficially owns 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 beneficially owns 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 holds 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 supermajority 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 Delaware General Corporation Law

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- 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

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- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines business combination to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loss, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an “interested stockholder” as an entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Corporate Opportunity

Our amended and restated certificate of incorporation, to be in effect immediately prior to the consummation of this offering, will provide 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. See “Risk Factors—Risks Related to Owning Our Common Stock—Our certificate of incorporation will contain a provision renouncing our interest and expectancy in certain corporate opportunities.”

Limited Ownership and Voting by Foreign Owners

To comply with restrictions imposed by federal law on foreign ownership of U.S. airlines, our amended and restated certificate of incorporation and amended and restated bylaws to be in effect immediately prior to the consummation of this offering restrict voting of shares of our capital stock by non-U.S. citizens. The restrictions imposed by federal law currently require that no more than 24.9% of our voting stock be voted, directly or indirectly, by persons who are not U.S. citizens, as defined in the Federal Aviation Act), that no more than 49.0% of our outstanding stock be owned (beneficially or of record) by persons who are not U.S. citizens and that our president and at least two-thirds of the members of our board of directors and senior management be U.S. citizens. Our amended and restated certificate of incorporation and bylaws to be in effect immediately prior to the consummation of this offering 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 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 are currently in compliance with these ownership restrictions.

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Delaware as Sole and Exclusive Forum

Our amended and restated certificate of incorporation to be in effect immediately prior to the consummation of this offering provides that the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law or our amended and restated certificate of incorporation or amended and restated bylaws or (iv) any action asserting a claim against us governed by the internal affairs doctrine. As a result, any action brought by any of our stockholders with regard to any of these matters will need to be filed in the Court of Chancery of the State of Delaware and cannot be filed in any other jurisdiction.

Limitations of Liability and Indemnification

Please see “Management—Limitation of Liability and Indemnification.”

Market Listing

We have applied to have our common stock approved for quotation on the _____ under the symbol “FRNT.”

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is _____ and its telephone number is _____.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Future sales of our common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Based on the number of shares outstanding as of March 31, 2017 and giving effect to the completion of this offering, _____ million shares of common stock will be outstanding, assuming no exercise of the underwriters' option to purchase additional shares and no exercise of outstanding options. Of these shares, the _____ shares sold in this offering, which includes both the shares sold by us and any shares sold by the selling stockholder, plus any shares sold upon exercise of the underwriters' option to purchase additional shares of our common stock from the selling stockholder, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless the shares are held by any of our "affiliates" as such term is defined in Rule 144 of the Securities Act.

After this offering, _____ million shares of common stock will be restricted as a result of securities laws or lock-up agreements as described below. Following the expiration of the various lock-up periods, all shares will be eligible for resale in compliance with Rule 144 or Rule 701, if then available, to the extent such shares have been released from any repurchase option that we may hold. "Restricted securities" as defined under Rule 144 were issued and sold by us in reliance on exemptions from the registration requirements of the Securities Act. These shares may be sold in the public market only if registered pursuant to an exemption from registration, such as Rule 144 or Rule 701 under the Securities Act.

The share amounts set forth in this section are subject to change and will depend primarily on the price per share at which our common stock is sold in this offering and the total size of the offering. Please see "Use of Proceeds" elsewhere in this prospectus.

Rule 144

In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, a person (or persons whose shares are required to be aggregated) who is not deemed to have been one of our "affiliates" for purposes of Rule 144 at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months, including the holding period of any prior owner other than one of our "affiliates," is entitled to sell those shares in the public market (subject to the lock-up agreements referred to below, if applicable) without complying with the manner of sale, volume limitations or notice provisions of Rule 144, but subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than "affiliates," then such person is entitled to sell such shares in the public market without complying with any of the requirements of Rule 144 (subject to the lock-up agreements referred to below, if applicable). In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, our "affiliates," as defined in Rule 144, who have beneficially owned the shares proposed to be sold for at least six months are entitled to sell in the public market, upon expiration of any applicable lock-up agreements and within any three-month period, a number of those shares of our common stock that does not exceed the greater of:

- 1% of the number of common shares then outstanding, which will equal approximately _____ shares of common stock immediately after this offering (calculated on the basis of the number of shares of our common stock outstanding as of March 31, 2017, the assumptions described above and assuming no exercise of the underwriter's option to purchase additional shares and no exercise of outstanding options); or

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- the average weekly trading volume of our common stock on the Form 144 with respect to such sale. during the four calendar weeks preceding the filing of a notice on

Such sales under Rule 144 by our “affiliates” or persons selling shares on behalf of our “affiliates” are also subject to certain manner of sale provisions, notice requirements and to the availability of current public information about us. Notwithstanding the availability of Rule 144, the holders of substantially all of our restricted securities have entered into lock-up agreements as referenced below and their restricted securities will become eligible for sale (subject to the above limitations under Rule 144) upon the expiration of the restrictions set forth in those agreements.

Rule 701

In general, under Rule 701 as currently in effect, any of our employees, directors, officers, consultants or advisors who acquired common stock from us in connection with a written compensatory stock or option plan or other written agreement in compliance with Rule 701 under the Securities Act before the effective date of the registration statement of which this prospectus is a part (to the extent such common stock is not subject to a lock-up agreement) is entitled to rely on Rule 701 to resell such shares in reliance on Rule 144. Accordingly, subject to any applicable lock-up agreements, under Rule 701 persons who are not our “affiliates,” as defined in Rule 144, may resell those shares without complying with the minimum holding period or public information requirements of Rule 144, and persons who are our “affiliates” may resell those shares without compliance with Rule 144’s minimum holding period requirements (subject to the terms of the lock-up agreement referred to below, if applicable).

Lock-Up Agreements

In connection with this offering, we, the selling stockholder, our officers, directors and holders of substantially all of our outstanding shares of capital stock and other securities have agreed with the underwriters, subject to specified exceptions, not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any such aforementioned transaction is to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Evercore Group L.L.C. and J.P. Morgan Securities LLC for a period of 180 days after the date of this prospectus. See “Underwriting.”

Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Evercore Group L.L.C. and J.P. Morgan Securities LLC may, in their sole discretion and at any time or from time to time before the termination of the 180-day period, without public notice, release all or any portion of the securities subject to lock-up agreements. There are no existing agreements between the underwriters and any of our stockholders who will execute a lock-up agreement which provide consent to the sale of shares prior to the expiration of the lock-up period.

Registration Rights

On the date beginning 180 days after the date of this prospectus, an affiliate of Indigo, which holds 5.2 million shares of our common stock, or its transferees, will be entitled to certain rights with respect to the registration of those shares under the Securities Act. For a description of these registration rights, please see “Description of Capital Stock—Registration Rights.” After these shares are registered, they will be freely tradable without restriction under the Securities Act.

Registration Statements

As soon as practicable after the completion of this offering, we intend to file a Form S-8 registration statement under the Securities Act to register shares of our common stock subject to options outstanding or reserved for issuance under our 2014 Stock Incentive Plan and the Frontier Group Holdings, Inc. 2017 Equity Incentive Award Plan. This registration statement will become effective immediately upon filing, and shares covered by this registration statement will thereupon be eligible for sale in the public markets, subject to vesting restrictions, the lock-up agreements described above and Rule 144 limitations applicable to affiliates. For a more complete discussion of our stock plans, please see “Executive Compensation—Equity Compensation Plans.”

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder’s particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code; and
- tax-qualified retirement plans.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of Non-U.S. Holder

For purposes of this discussion, a “Non-U.S. Holder” is any beneficial owner of our common stock that is neither a “U.S. person” nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and all substantial decisions of which are subject to the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described in the section entitled “Dividend Policy,” we do not anticipate declaring or paying any cash dividends on our common stock. However, if we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder’s adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under “— Sale or Other Taxable Disposition.”

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable tax treaties.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

Subject to the discussions below under “—Information Reporting and Backup Withholding” and “—Additional Withholding Tax on Payments Made to Foreign Accounts,” a Non-U.S. Holder will not be subject

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to U.S. federal income or withholding tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a non-resident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest, or USRPI, by reason of our status as a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by certain U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on our common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the Non-U.S. Holder is a United States person and the Non-U.S. Holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such Non-U.S. Holder is a United States person, or the Non-U.S. Holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker that does not have certain enumerated relationships with the United States generally will not be subject to backup withholding or information reporting.

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Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock, and will apply to payments of gross proceeds from the sale or other disposition of such stock on or after January 1, 2019.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

UNDERWRITING

Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has severally and not jointly agreed to purchase, and we have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter's name.

Underwriter	Number of Shares
Citigroup Global Markets Inc.	
Deutsche Bank Securities Inc.	
Evercore Group L.L.C.	
J.P. Morgan Securities LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Barclays Capital Inc.	
Cowen and Company, LLC	
Credit Suisse Securities (USA) LLC	
Goldman Sachs & Co. LLC	
Raymond James & Associates, Inc.	
UBS Securities LLC	
Total	

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the option to purchase additional shares described below) if they purchase any of the shares. Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Evercore Group L.L.C. and J.P. Morgan Securities LLC are acting as representatives of the underwriters.

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price not to exceed \$ per share. If all the shares are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. The representatives have advised us that the underwriters do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

The selling stockholder has granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares of common stock at the public offering price less the underwriting discounts and commissions set forth on the cover of this prospectus. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment. The selling stockholder will be obligated, pursuant to the option, to sell these additional shares of common stock to the underwriters to the extent the option is exercised. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

The following table shows the underwriting discounts that we and the selling stockholder are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Paid by Company		Paid by the Selling Stockholder	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Per share	\$	\$	\$	\$
Total	\$	\$	\$	\$

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We estimate that our portion of the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately \$. We have agreed to reimburse the underwriters for expenses of up to \$ related to the clearance of this offering with the Financial Industry Regulatory Authority, Inc. and compliance with state securities or “blue sky” laws.

In connection with this offering, we have agreed with the underwriters not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any such aforementioned transaction is to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, without, in each case, the prior written consent of Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Evercore Group L.L.C. and J.P. Morgan Securities LLC for a period of 180 days after the date of this prospectus, other than any shares of our common stock issued upon the exercise of options granted under our existing equity incentive plans and any shares of our common stock issued upon the conversion of or exercise of any securities outstanding as of the date of this prospectus.

In connection with this offering, the selling stockholder, our officers, directors and holders of substantially all of our outstanding shares of capital stock and other securities have agreed with the underwriters not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any such aforementioned transaction is to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Evercore Group L.L.C. and J.P. Morgan Securities LLC for a period of 180 days after the date of this prospectus.

The foregoing restrictions are subject to specified exceptions, including, without limitation, the following:

- open market transactions related to shares acquired after the completion of this offering, provided that no filing under Section 16(a) of the Exchange Act, or other public announcement, shall be required or shall be made voluntarily in connection with any such transaction;
- the exercise of stock options or other similar awards granted pursuant to our equity incentive plans described in this prospectus solely for cash, provided that the shares received upon exercise shall continue to be subject to the restrictions on transfer set forth in the lock-up agreement, any public report or filing required to be made under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that the filing relates to the exercise of a stock option or similar award, that no shares were sold by the reporting person and that the shares received upon exercise of the stock option are subject to a lock-up agreement with the underwriters, and that no other public announcement shall be required or shall be made voluntarily in connection with any such transaction;
- the withholding of shares of our common stock by us or sale of such shares to us in connection with a vesting event of stock options or other similar awards granted pursuant to our equity incentive plans described in this prospectus to cover tax withholding obligations or the payment of taxes in connection with the vesting event, provided that any public report or filing required to be made under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that the purpose of such transfer is to cover such tax withholding obligations or the payment of taxes due in connection with the vesting event and that no other shares were sold, and that no other public announcement shall be required or shall be made voluntarily in connection with any such transaction;
- transfers to us upon the exercise of stock options or other similar awards granted pursuant to our equity incentive plans described in this prospectus on a “cashless” or “net exercise” basis, provided that the

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shares received upon exercise shall continue to be subject to the restrictions on transfer set forth in the lock-up agreement and that any public report or filing required to be made under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that the filing relates to the exercise of a stock option or similar award, that no shares were sold by the reporting person and that the shares received upon exercise of the stock option are subject to a lock-up agreement with the underwriters, and that no other public announcement shall be required or shall be made voluntarily in connection with any such transaction; and

- transfers by operation of law or court order pursuant to a domestic relations order or a negotiated divorce settlement, provided that the recipient agrees to be bound in writing by the restrictions set forth in the lock-up agreement, that any public report or filing required to be made under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that such transfer is pursuant to such court order or settlement and that the shares are subject to a lock-up agreement with the underwriters, and that no other public announcement shall be required or shall be made voluntarily in connection with any such transaction.

Prior to this offering, there has been no public market for our shares. Consequently, the initial public offering price for the shares will be determined by negotiations between us, the selling stockholder and the representatives. Among the primary factors that we expect to consider in determining the initial public offering price are:

- the information set forth in this prospectus and otherwise available to the representatives;
- our revenues, results of operations and certain other financial and operating information in recent periods;
- our future prospects and estimates of our business potential including the economic conditions in and future prospects for the industry in which we compete;
- the present stage of our development;
- the market capitalizations and stages of development of other companies that we and the representatives of the underwriters believe to be comparable to our business;
- our management;
- currently prevailing general conditions in the equity securities markets; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure you, however, that the price at which the shares will trade in the public market after this offering will not be lower than the initial public offering price or that an active trading market in our shares will develop and continue after this offering.

We intend to apply to have our shares listed on the _____ under the symbol "FRNT."

We and the selling stockholder have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

In order to facilitate the offering of the shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the shares. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the option to purchase additional shares. The underwriters can close out a covered short sale by exercising the option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares

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compared to the price available under the option to purchase additional shares. The underwriters may also sell shares in excess of the option to purchase additional shares, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the shares above independent market levels or prevent or retard a decline in the market price of the shares. The underwriters are not required to engage in these activities and may end any of these activities at any time.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters participating in this offering. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

Other Relationships

Certain of the underwriters have performed commercial banking services for us from time to time for which they have received customary fees and reimbursement of expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. Citigroup Global Markets Inc. is the arranger and Citibank N.A., an affiliate of Citigroup Global Markets Inc., is the facility agent and lender under our PDP financing facility that is guaranteed by our subsidiaries, Frontier Airlines Holdings, Inc. and Frontier Airlines, Inc. Barclays Bank Delaware, an affiliate of Barclays Capital Inc., issues and services a co-branded credit card program for Frontier Airlines, Inc. and also provides a pre-purchased frequent flyer miles facility. Additionally, affiliates of Barclays Capital Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated also provide us with hedging contracts related to aircraft fuel.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

General

Other than in the U.S., no action has been taken by us or the underwriters that would permit a public offering of the shares of common stock offered by this prospectus in any jurisdiction where action for that purpose is required. The shares offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any shares offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area, each a “Member State,” no offer of the shares of common stock which are the subject of the offering has been, or will be made to the public in that Member State, other than under the following exemptions under the Prospectus Directive:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the shares of common stock referred to in (a) to (c) above shall result in a requirement for us or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person located in a Member State to whom any offer of shares of our common stock is made or who receives any communication in respect of an offer of shares of our common stock, or who initially acquires any of our shares of common stock will be deemed to have represented, warranted, acknowledged and agreed to and with each representative and us that (1) it is a “qualified investor” within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive; and (2) in the case of any shares of common stock acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or where shares of our common stock have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those shares of common stock to it is not treated under the Prospectus Directive as having been made to such persons.

We, the representatives and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgments and agreements.

This prospectus has been prepared on the basis that any offer of shares of our common stock in any Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Member State of shares of our common stock which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for us or any of the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the representatives have authorized, nor do they authorize, the making of any offer of shares of our common stock in circumstances in which an obligation arises for us or the representatives to publish a prospectus for such offer.

For the purposes of this provision, the expression an “offer of shares of our common stock to the public” in relation to any shares of our common stock in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares of our common stock to be offered so as to enable an investor to decide to purchase or subscribe the shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in each Member State.

The above selling restriction is in addition to any other selling restrictions set out below.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”).

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in Switzerland

The shares of our common stock may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, or the shares of our common stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares of our common stock will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or FINMA, and the offer of shares of our common stock has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or ASIC, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the “Corporations Act”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

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Any offer in Australia of the shares may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares of our common stock applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The shares of our common stock offered in this prospectus may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of our common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares of our common stock offered in this prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares of our common stock may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in

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Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where shares of our common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to Prospective Investors in Canada

The shares of our common stock offered in this prospectus may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts*, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

LEGAL MATTERS

Certain legal matters with respect to the legality of the issuance of the shares of common stock offered by us by this prospectus will be passed upon for us by Latham & Watkins LLP, Menlo Park, California. The underwriters are being represented by Davis Polk & Wardwell LLP, Menlo Park, California, in connection with the offering.

EXPERTS

The consolidated financial statements of Frontier Group Holdings, Inc. at December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to this offering of our common stock. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The exhibits to the registration statement should be referenced for the complete contents of these contracts and documents. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Securities Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
Frontier Group Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Frontier Group Holdings, Inc. (“the Company”) as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, cash flows and stockholders’ equity for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Frontier Group Holdings, Inc. as of December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Denver, Colorado
March 31, 2017

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

	December 31,		March 31, 2017 <i>(unaudited)</i>	Proforma March 31, 2017 <i>(unaudited)</i> <i>(Note 1)</i>
	2015	2016		
Assets				
Current assets:				
Cash and cash equivalents	\$ 419	\$ 612	\$ 535	\$
Restricted cash	6	6	6	
Accounts receivable, net	50	47	65	
Supplies, net	10	19	16	
Other current assets	50	38	34	
Total current assets	535	722	656	
Total property and equipment, net	265	276	290	
Pre-delivery deposits for flight equipment	193	197	192	
Aircraft maintenance deposits	47	52	49	
Intangible assets, net	37	35	34	
Other assets	51	59	74	
Total assets	\$1,128	\$1,341	\$ 1,295	\$
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	\$ 25	\$ 46	\$ 21	\$
Air traffic liability	120	159	210	
Frequent flyer liability	22	14	14	
Other current liabilities	222	193	286	
Current maturities of long-term debt	103	141	131	
Total current liabilities	492	553	662	
Long-term debt	118	96	93	
Long-term frequent flyer liability	42	40	39	
Other long-term liabilities	134	206	223	
Total liabilities	786	895	1,017	
Stockholders' equity:				
Common stock, no par value, stated value of \$.001 per share, with 5,255,551, 5,237,756, and 5,237,756 (unaudited) shares issued and outstanding as of December 31, 2015 and 2016, and March 31, 2017 respectively	—	—	—	
Additional paid-in capital	53	50	46	
Retained earnings	299	395	237	
Accumulated other comprehensive income (loss)	(10)	1	(5)	
Total stockholders' equity	342	446	278	
Total liabilities and stockholders' equity	\$1,128	\$1,341	\$ 1,295	\$

See Notes to Consolidated Financial Statements.

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

	<u>Year Ended December 31,</u>			<u>Three Months</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Ended March 31,</u>	
				<u>2016</u>	<u>2017</u>
				<i>(Unaudited)</i>	
Operating revenues					
Passenger	\$1,328	\$1,203	\$ 988	\$ 219	\$ 234
Non-ticket	265	401	726	149	196
Total operating revenues	1,593	1,604	1,714	368	430
Operating expenses					
Aircraft fuel	538	369	343	63	102
Salaries, wages and benefits	258	285	287	71	133
Station operations	162	202	228	53	53
Aircraft rent	147	171	209	50	59
Sales and marketing	87	79	72	17	19
Maintenance materials and repairs	39	50	48	14	14
Depreciation and amortization	29	54	75	18	13
Special charges	—	43	—	—	—
Other operating	105	118	135	32	39
Total operating expenses	1,365	1,371	1,397	318	432
Operating income (loss)	228	233	317	50	(2)
Other expense (income)					
Interest expense	5	8	9	2	2
Capitalized interest	(1)	(3)	(6)	(1)	(1)
Interest income and other	—	—	(2)	—	(1)
Total other expense	4	5	1	1	—
Income (loss) before income taxes	224	228	316	49	(2)
Income tax expense (benefit)	84	82	116	19	(2)
Net income	\$ 140	\$ 146	\$ 200	\$ 30	\$ —
Earnings (loss) per share to common stockholders					
Basic	<u>\$26.12</u>	<u>\$26.60</u>	<u>\$36.76</u>	<u>\$ 5.59</u>	<u>\$ (0.65)</u>
Diluted	<u>\$25.75</u>	<u>\$26.15</u>	<u>\$36.23</u>	<u>\$ 5.48</u>	<u>\$ (0.65)</u>
Cash dividend declared per share	<u>\$ —</u>	<u>\$ —</u>	<u>\$18.95</u>	<u>\$18.95</u>	<u>\$28.85</u>

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,			Three months Ended March 31,	
	2014	2015	2016	2016	2017
Net income	\$ 140	\$ 146	\$ 200	\$ 30	\$ —
Unrealized gain (loss) on fuel cash flow hedges, net of deferred taxes of \$0, \$6, (\$6), (\$1) (unaudited), and \$3 (unaudited), respectively	—	(10)	11	2	(6)
Other comprehensive income (loss)	—	(10)	11	2	(6)
Comprehensive income (loss)	\$ 140	\$ 136	\$ 211	\$ 32	\$ (6)

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,			Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	<i>(Unaudited)</i>				
Cash flows from operating activities					
Net income	\$140	\$ 146	\$ 200	\$ 30	\$ —
Deferred income taxes	22	14	(23)	3	(23)
Depreciation and amortization	29	54	75	18	13
Stock-based compensation	6	44	42	11	18
Unrealized loss on fuel derivative instruments	35	—	—	—	—
Cash flows from fuel hedging	(25)	(43)	(13)	(12)	(8)
Special charges	—	43	—	—	—
Reduction in credit card holdback	55	59	—	—	—
Flight attendant settlement	—	—	—	—	43
Changes in operating assets and liabilities					
Accounts receivable	29	15	28	2	(7)
Supplies and other current assets	(1)	(5)	20	26	12
Aircraft maintenance deposits	(15)	(23)	(32)	(3)	(9)
Other long-term assets	(60)	(58)	(65)	(13)	(9)
Accounts payable	2	6	20	(11)	(25)
Restricted cash	(10)	2	—	—	(1)
Air traffic liability	4	(11)	39	56	52
Other current liabilities	(3)	5	(78)	(38)	36
Other long-term liabilities	(24)	(40)	25	(3)	(10)
Cash provided by operating activities	184	208	238	66	82
Cash flows from investing activities					
Capital expenditures	(15)	(39)	(26)	(3)	(7)
Pre-delivery deposits for flight equipment, net of refunds	(54)	(107)	(4)	(27)	5
Proceeds from sale of property and equipment	12	8	—	—	—
Other	—	(5)	(9)	(3)	(3)
Cash used in investing activities	(57)	(143)	(39)	(33)	(5)
Cash flows from financing activities					
Proceeds from issuance of long-term debt	39	130	113	27	27
Principal repayments on long-term debt	(11)	(67)	(97)	(10)	(40)
Principal repayments on short-term note payable from related party	(18)	—	—	—	—
Proceeds from sale-leaseback transactions	—	28	84	4	17
Dividends paid	—	—	(101)	(99)	(154)
Other	(1)	—	(5)	(5)	(4)
Cash provided by (used in) financing activities	9	91	(6)	(83)	(154)
Net increase (decrease) in cash and cash equivalents	136	156	193	(50)	(77)
Cash and cash equivalents at beginning of period	127	263	419	419	612
Cash and cash equivalents at end of period	\$263	\$ 419	\$ 612	\$369	\$ 535

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, 2013	5,238,501	\$ —	\$ 52	\$ 13	\$ —	\$ 65
Net income	—	—	—	140	—	140
Restricted stock issued	12,700	—	—	—	—	—
Stock compensation	—	—	—	—	—	—
Balance at December 31, 2014	5,251,201	—	52	153	—	205
Net income	—	—	—	146	—	146
Unrealized loss from cash flow hedges, net of tax	—	—	—	—	(10)	(10)
Restricted stock issued	4,350	—	—	—	—	—
Stock compensation	—	—	1	—	—	1
Balance at December 31, 2015	5,255,551	—	53	299	(10)	342
Net income	—	—	—	200	—	200
Dividend	—	—	—	(101)	—	(101)
Dividend equivalent rights	—	—	—	(3)	—	(3)
Restricted stock issued	1,455	—	—	—	—	—
Redemption of restricted stock	(19,250)	—	(5)	—	—	(5)
Unrealized gain from cash flow hedges, net of tax	—	—	—	—	11	11
Stock compensation	—	—	2	—	—	2
Balance at December 31, 2016	5,237,756	\$ —	\$ 50	\$ 395	\$ 1	\$ 446
Net income (unaudited)	—	—	—	—	—	—
Dividend (unaudited)	—	—	—	(154)	—	(154)
Dividend equivalent rights (unaudited)	—	—	—	(4)	—	(4)
Stock option repurchases (unaudited)	—	—	(4)	—	—	(4)
Restricted stock issued (unaudited)	—	—	—	—	—	—
Unrealized loss from cash flow hedges, net of tax (unaudited)	—	—	—	—	(6)	(6)
Stock compensation (unaudited)	—	—	—	—	—	—
Balance at March 31, 2017 (unaudited)	5,237,756	\$ —	\$ 46	\$ 237	\$ (5)	\$ 278

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 accounting principles generally accepted in the United States (“GAAP”) and include the accounts of Frontier Group Holdings, Inc. (“FGHI,” the “Company”, or “we”) and its wholly-owned 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. Prior to December 3, 2013, FAH was a wholly-owned subsidiary of Republic Airways Holdings, Inc. (“Republic”). On December 3, 2013, FGHI, formerly known as Falcon Acquisition Group, Inc., purchased from Republic all of FAH’s common stock for \$52 million in cash and assumed all of its obligations. As a result of the acquisition, all of FAH’s assets and liabilities were remeasured to fair value as of the acquisition date.

The Company, headquartered in Denver, Colorado, is an ultra low-cost, low-fare airline that offers flights throughout the United States and to select destinations in the Caribbean and Mexico.

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.

Unaudited Interim Financial Information

The interim financial information as of March 31, 2017 and the three-month periods ended March 31, 2016 and 2017 is unaudited. However, in the opinion of management, all adjustments (consisting of normal recurring accruals, and than non-recurring adjustments that have been separately disclosed) considered necessary for a fair presentation have been included. The interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Due to seasonal fluctuations common to the airline industry, operating results for the three-month period ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ended December 31, 2017.

Unaudited Pro Forma Balance Sheet

Immediately prior to the consummation of the Company’s initial public offering (the “IPO”), the Company intends to pay a dividend of \$ per share (representing an aggregate distribution of \$). Investors in the IPO will not be entitled to participate in such dividend. The unaudited pro forma balance sheet gives effect to the payment of such dividend as of March 31, 2017. The pro forma adjustment has been reflected as a decrease to cash and cash equivalents and a reduction to additional paid-in-capital. Each holder of phantom equity will receive a dividend equivalent right. Pursuant to the terms of the phantom equity agreement entered into with the Company’s pilots, the holders of phantom equity are entitled to dividend equivalent rights and will therefore participate in the dividend. Such amounts are included in other long-term liabilities in the pro forma balance sheet. See Note 9.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

FRONTIER GROUP HOLDINGS, INC.
Notes to Consolidated Financial Statements

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 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 includes certificates of deposit that secure letters of credit issued for particular airport authorities as required in certain lease agreements. The Company also holds a certificate of deposit to secure workers' compensation claim reserves. Restricted cash may also include funds held as collateral for future travel paid with a credit card. These funds are 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, which was 0% as of March 31, 2017 (unaudited), and December 31, 2016 and 2015. Although the Company's credit card processors currently do not have a right to hold back credit card receipts to cover repayments to customers, if the Company fails to maintain certain liquidity and other financial covenants, their rights to holdback would apply, which would result in a reduction of unrestricted cash that could be material. Restricted cash is carried at cost, which management believes approximates fair value.

Accounts Receivable, net

Receivables primarily consist of amounts due from credit card companies associated with the sale of tickets and amounts to be reimbursed from aircraft lessors for maintenance performed. The Company records an allowance for doubtful accounts for amounts not expected to be collected. The Company estimates the allowance based on aging trends. The allowance for doubtful accounts is \$1 million (unaudited), \$2 million and \$0 million as of March 31, 2017, and December 31, 2016 and 2015, respectively.

Supplies, net

Supplies consist of expendable aircraft spare parts, aircraft fuel and other supplies and are stated at the lower of cost or market. 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, as well as to reduce the carrying cost of spare parts currently identified as excess to the lower of amortized cost or net realizable value. The obsolescence allowance is \$2 million (unaudited), \$2 million and \$1 million at March 31, 2017 and December 31, 2016 and 2015, respectively.

Property and Equipment, net

Property and equipment is 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 two years prior to the intended delivery date, when its estimates the related aircraft has begun to be manufactured and when PDPs are required to be paid under the terms of its existing aircraft purchase contract.

FRONTIER GROUP HOLDINGS, INC.
Notes to Consolidated Financial Statements

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

	<u>Estimated Useful Life</u>	<u>Residual Value</u>
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%

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

	<u>Year Ended December 31,</u>			<u>Three Months Ended March 31,</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
Depreciation	\$ 27	\$ 51	\$ 73	\$ 17	\$ 12
Intangible amortization	2	3	2	1	1
Total depreciation and amortization	\$ 29	\$ 54	\$ 75	\$ 18	\$ 13

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 the ground and other equipment which is a component of property and equipment, net in the accompanying consolidated balance sheets and totaled \$8 million (unaudited), \$7 million and \$6 million at March 31, 2017 and December 31, 2016 and 2015, respectively.

Measurement of 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, if needed. 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 have affected the fair value of indefinite-lived intangible assets. If the Company determines that it is more likely than not that an indefinite-lived intangible asset is impaired, 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.

Factors which could result in future impairment of owned landing slots, holding other assumptions constant, could include, but are not limited to: (i) increased competition in the slotted airport; (ii) a change in competition in the slotted airport; (iii) significantly higher prices for jet fuel; 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 us, have occurred which would impact the use and/or fair value of these assets.

FRONTIER GROUP HOLDINGS, INC.
Notes to Consolidated Financial Statements

Resulting from its unaudited qualitative analyses performed during the first quarter of 2017, the Company concluded it is more likely than not that the fair values of its indefinite-lived intangible assets are greater than the carrying amount. Therefore, a quantitative assessment was not necessary and no impairment was recorded.

Finite-lived intangible assets are comprised of the Company's affinity credit card program relationship recognized in connection with acquisition accounting and are amortized over their estimated economic useful life.

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, the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net book value of the assets exceeds their estimated fair value. In making these determinations, the Company uses certain assumptions, including, but not limited to: (i) estimated fair value of the assets; and (ii) estimated, undiscounted future cash flows expected to be generated by these assets, which are based on additional assumptions such as asset utilization, length of service the asset will be used in the Company's operations, and estimated salvage values.

Passenger Revenue

Tickets sold in advance of the flight date are initially recorded as air traffic liability. Passenger revenue is recognized at the time of departure when transportation is provided. If a nonrefundable ticket expires, it is recognized as revenue at the date of scheduled travel.

Customers may elect to change their itinerary prior to the date of departure. A service fee is assessed and recognized as non-ticket revenue on the date the change is initiated and deducted from the face value of the original purchase price of the ticket, and the original ticket becomes invalid. The amount remaining after deducting the service fee can be used towards the purchase of a new ticket. The recorded value of the credit is calculated based on the original purchase price of the ticket less the service fee and estimated breakage, which is based on historical experience and is recognized at the original date of departure. Estimating the amount of breakage involves some level of subjectivity and judgment.

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 items are collected from customers at the time they purchase their tickets, but are not included in passenger revenue. The Company records a liability upon collection from the customer and reduces the liability when payments are remitted to the applicable governmental agency or airport.

Charter revenue is recognized at time of departure when transportation is provided. By the end of 2016, the Company had largely exited charter flight services.

Frequent Flyer Program

The Company records a liability for miles earned by passengers under its *Early Returns* program based on the estimated incremental cost of providing free travel for miles that are expected to be redeemed. Incremental costs include aircraft fuel, insurance, security, ticketing and reservation costs, net of redemption fees, but does not include any contribution to fixed overhead costs or profit.

Award miles are also sold to participating companies, including credit card and car rental companies. These sales are accounted for as multiple-element arrangements. Under the Company's affinity card program, the Company

FRONTIER GROUP HOLDINGS, INC.
Notes to Consolidated Financial Statements

evaluates all deliverables in the arrangement to determine whether they represent separate units of accounting using the criteria set forth in multiple-element arrangement guidance. The Company determined the arrangement has three separate units of accounting: (i) travel miles to be awarded; (ii) licensing of brand and access to member lists; and (iii) advertising and marketing efforts. Total arrangement consideration is allocated to each deliverable on the basis of the deliverable's relative selling price. For award miles, the Company considers a number of entity-specific factors when developing the best estimate of the selling price, including the number of miles needed to redeem an award, average fare of comparable segments, breakage, restrictions and other charges. 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/industry, brand power, market royalty rates and size of customer base. For the advertising element, 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 selling price to both brand licensing and advertising elements is recognized as non-ticket revenue on a periodic basis as earned. The consideration allocated to the transportation portion of these mileage sales is deferred and recognized as passenger revenue in the Company's consolidated statements of operations based on the redemption method. Breakage is recorded under the redemption method using points expected to be redeemed and the recorded deferred revenue balance to determine a weighted-average rate, which is then applied to the actual points redeemed. Redemptions are allocated between sold and flown miles based on historical patterns. Current and future changes to the expiration policy or to program rules and program redemption opportunities may result in material changes to the frequent flyer liability balance as well as recognized revenue from the program.

Non-ticket Revenue

Non-ticket revenues are generated from air travel-related services for baggage, bookings through the Company's call center or third-party vendors, seat selections, itinerary changes and on-board sales. The Company recognizes revenue for these services generally at the time of departure, with the service charges for changes or cancellations recognized at the time of the transaction. Fees sold in advance of the flight date are initially recorded as air traffic liability. Non-ticket revenue also includes services not directly related to providing transportation, such as the advertising, marketing and brand elements of the *Early Returns* affinity credit card program and revenue associated with the *Discount Den* membership program. The following table summarizes the primary components of non-ticket revenue (in millions):

	Year Ended December 31,			Three Months Ended March 31,	
	2014	2015	2016	2016	2017
Baggage	\$ 143	\$ 218	\$ 305	\$ 70	\$ 80
Service fees	39	61	246	39	69
Seat selection	29	75	108	26	29
Other	54	47	67	14	18
Total non-ticket revenue	\$ 265	\$ 401	\$ 726	\$ 149	\$ 196

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

FRONTIER GROUP HOLDINGS, INC.
Notes to Consolidated Financial Statements

lesser of the remaining lease term or the period until the next scheduled heavy maintenance event. The Company has a separate maintenance-cost-per-hour contract for management and repair of certain rotatable parts to support airframe and engine maintenance and repair. This agreement requires monthly payments based upon utilization, such as flight hours, cycles and age of the aircraft, and in turn, the agreement transfers certain risks to the third-party service provider. Expense is recognized based on the contractual payments, as these substantially match the services being received over the contract period. All other costs for routine maintenance of airframes and engines are expensed as incurred.

Depreciation of heavy maintenance costs is recorded as part of depreciation and amortization expense. During 2016, 2015 and 2014, the Company deferred \$58 million, \$55 million and \$43 million, respectively, of costs for heavy maintenance. During the three months ended March 31, 2017 and 2016, the Company deferred \$8 million (unaudited) and \$12 million (unaudited), respectively, of costs for heavy maintenance. The Company's deferred heavy maintenance balance, net is \$66 million (unaudited), \$65 million and \$60 million at March 31, 2017 and December 31, 2016 and 2015, respectively, and is included as a part of flight equipment in Note 3.

Certain of the Company's aircraft and spare engine 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 in the accompanying 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.

The Company makes certain assumptions at the inception of the lease and at each balance sheet date to determine the recoverability of maintenance deposits. These assumptions are based on various factors, such as the estimated time between the maintenance events, the date the aircraft is due to be returned to the lessor and the number of flight hours 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.

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 often 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. Costs associated with returning leased aircraft are accrued when it is probable that an obligation has been incurred and that amount is reasonably estimable. 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

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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. When costs become both probable and estimable, they are accrued on a straight-line basis as contingent rent, a component of aircraft rent, through the remaining lease term.

Derivative Instruments

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.

Beginning in 2015, the Company formally designated and accounted for the derivative instruments that met 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 effective portion of the gain or loss on the derivative instruments is recorded in accumulated other comprehensive income/loss ("AOCI/L"), a component of stockholders' equity in 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 in the period that the jet fuel is consumed. Ineffectiveness, if any, related to the Company's changes in estimates about the forecasted transaction are recognized directly in earnings during the period incurred. For derivative instruments that are not designated as cash flow hedges, the gain or loss on the instrument is recognized in current period earnings. Refer to Note 6 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 gains and losses associated with fuel hedge contracts.

Advertising

Advertising and the related production costs, which are included in sales and marketing, are expensed as incurred. Advertising expense totaled \$4 million, \$4 million and \$8 million in 2016, 2015 and 2014, respectively. Advertising expense for the three months ended March 31, 2017 and 2016 totaled \$2 million (unaudited) and \$1 million (unaudited), respectively.

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 records a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management determined that no valuation allowances were required as of March 31, 2017 and December 31, 2016 and 2015.

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

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period during which an employee is required to provide service in exchange for an award. The fair value of stock option awards is estimated on the date of grant using the Black-Scholes valuation model. Restricted stock awards are valued at the fair value of the stock on the date of grant. The exercise price of our stock-based awards was determined by the Company's board of directors based, in part, on the most recent third-party valuation report obtained by the Company's board of directors as of the grant date. There were significant judgments and estimates inherent in these valuations, which included assumptions regarding the Company's future operating performance, the time to complete an initial public offering or other liquidity event and the determinations of the appropriate valuation methods to be applied.

Concentrations of Risk

The Company's business has been, and may continue to be, adversely affected by increases in the price of aircraft fuel, the volatility of the price of aircraft fuel, or both. Aircraft fuel was the Company's single largest expenditure, representing approximately 25%, 27% and 39% of its operating expenses in 2016, 2015 and 2014, respectively. Aircraft fuel represented approximately 24% (unaudited) and 20% (unaudited) of total operating expenses for the three months ended March 31, 2017 and 2016, 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 supply 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. 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.

As of March 31, 2017 the Company has seven union-represented employee groups that together represented approximately 85% of all employees. Additional disclosure relating to the Company's union represented employee groups is included in Note 12.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the "FASB") issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of ASU 2014-09 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 applies to all contracts with customers except for those within the scope of other topics in the FASB Accounting Standard Codification. The new guidance for the Company is effective for annual reporting periods, and interim reporting periods within those years, beginning after December 15, 2017. Early adoption is permitted, but not before the first quarter of 2017. Entities have the option of using either a full retrospective or modified approach to adopt ASU 2014-09. The Company is currently evaluating the new guidance and have neither determined the method the Company will adopt this standard under, nor the full impact this standard may have on the financial statements. The Company expects this pronouncement to impact the accounting for the frequent flyer program as the standard no longer allows the use of the incremental cost method when recording revenue related to the frequent flyer program. As a result, the Company expects its deferred frequent flyer liability balance to increase. In addition, the Company expects

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changes related to the timing of recognition of certain non-ticket related fees such as change and cancellation fees that would further increase its revenue deferrals. Furthermore, as certain non-ticket related fees cannot be separated from the fare as a separate performance obligation under the new guidance, the Company expects that many of these fees will be reclassified out of non-ticket revenue into passenger revenue within the statement of operations.

In April 2015, the FASB issued ASU No. 2015-03, *Interest-Imputation of Interest* (“ASU 2015-03”). The standard requires debt issuance costs to be presented on the balance sheet as a direct deduction from the related debt liability rather than as a separate asset. The Company has adopted and applied the new guidance to all periods presented.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes* (“ASU 2015-17”). The standard requires that deferred tax liabilities and assets be classified as noncurrent on the balance sheet. The Company has adopted and applied the new guidance to all periods presented.

In February 2016, the FASB issued ASU 2016-02, *Leases* (“ASU 2016-02”). The new standard will require all leases with terms greater than twelve months to be recognized on the balance sheet. The ASU is effective for fiscal years beginning after December 15, 2018 and interim reporting periods within those fiscal years. Although the Company is currently evaluating the guidance, the Company expects adoption to have a significant impact on the consolidated balance sheet due to the recognition of lease liabilities, along with corresponding right-to-use assets, for aircraft and certain non-aircraft leases currently accounted for as operating leases and thus not reflected on the consolidated balance sheet.

In March 2016, the FASB issued ASU 2016-05, *Effective of Derivative Contract Novations on Existing Hedge Accounting Relationships* (“ASU 2016-05”). This standard clarifies that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815 does not, in and of itself, require de-designation of that hedging relationship provided that all other hedge accounting criteria continue to be met. The new guidance is effective for financial statements issued for fiscal years beginning after December 15, 2016 and interim reporting periods within those fiscal years. The Company adopted this standard in 2016 with no financial statement impact and it has not novated any options to new counterparties.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”). The new guidance is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. The Company adopted this standard on January 1, 2017. This standard aims to simplify several aspects of the accounting for and presentation of employee share-based payment transactions. Furthermore, this standard requires all excess tax benefits and tax deficiencies to be recognized as income tax expense (benefit) in the income statement and that excess tax benefits be included as an operating activity for the cash flow statement. In addition, these tax benefits must be removed from the dilutive weighted-average shares outstanding calculation as these assumed proceeds will have already been recognized in the income statement. The adoption of this standard resulted in a \$1 million tax benefit during the three months ended March 31, 2017 that reduced the Company’s income tax expense for the period.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, (“ASU 2016-13”). This standard replaces the incurred loss impairment methodology in current GAAP 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 fiscal years. The Company is evaluating this guidance but does not expect it to have a significant impact on the financial statements.

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In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments* (“ASU 2016-15”). This standard addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company is currently evaluating this guidance but does not expect it to have a significant impact on the financial statements.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*, (“ASU 2016-18”). This standard addresses diversity in practice when presenting restricted cash within the statement of cash flows. The amendments are effective for fiscal years beginning after December 15, 2017 and interim reporting periods within those fiscal years. The Company is currently evaluating this guidance but does not expect it to have a significant impact on the financial statements assuming no material changes to the relatively insignificant restricted cash balance.

2. Other Current Assets

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

	<u>As of December 31,</u>		<u>As of March 31,</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
			<i>(Unaudited)</i>
Prepaid expenses	\$ 24	\$ 23	\$ 27
Fuel hedging derivative	—	15	7
Income tax receivable	26	—	—
Total other current assets	<u>\$ 50</u>	<u>\$ 38</u>	<u>\$ 34</u>

3. Property and Equipment, net

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

	<u>As of December 31,</u>		<u>As of March 31,</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
			<i>(Unaudited)</i>
Flight equipment	\$ 308	\$ 367	\$ 388
Ground and other equipment	27	39	44
Less: accumulated depreciation	(70)	(130)	(142)
Total property and equipment, net	<u>\$ 265</u>	<u>\$ 276</u>	<u>\$ 290</u>

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4. Intangible Assets, net

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

	Amortization Period	As of December 31,						As of March 31,		
		2015			2016			2017		
		Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Indefinite-lived:										
Airport slots	Indefinite	\$ 20		\$20	\$ 20		\$20	\$ 20		\$20
Trademarks	Indefinite	6		6	6		6	6		6
		26		26	26		26	26		26
Finite-lived:										
Affinity credit card program	7 years	16	(5)	11	16	(7)	9	16	(8)	8
		16	(5)	11	16	(7)	9	16	(8)	8
Total intangible assets, net		\$ 42	\$ (5)	\$37	\$ 42	\$ (7)	\$35	\$ 42	\$ (8)	\$34

Expected future amortization expense of finite-lived intangibles is approximately \$2 million for the remainder of 2017 and \$2 million per year over the next three years.

5. Maintenance Deposits and Operating Leases

The Company leases aircraft, spare engines, other equipment, office space, and all of its facilities at the airports it serves under leases which expire in various years through 2030. Aircraft rent expense is \$209 million, \$171 million and \$147 million during 2016, 2015 and 2014, respectively. During the three months ended March 31, 2017 and 2016, aircraft rent expense was \$59 million (unaudited) and \$50 million (unaudited), 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 or are probable lease return condition obligations. Supplemental rent expense for maintenance-related reserves as required by our lessors that were deemed non-recoverable in 2016, 2015 and 2014 totaled \$36 million, \$27 million and \$27 million, respectively. The portion of supplemental rent expense related to probable lease return condition obligations was \$24 million, \$20 million and \$9 million for 2016, 2015 and 2014, respectively. Supplemental rent expense is net of a \$3 million and a \$9 million change in estimate in 2016 and 2015, respectively. During the three months ended March 31, 2017 and 2016, supplemental rent expense was \$5 million (unaudited) and \$9 million (unaudited), respectively, for maintenance-related reserves as required by our lessors that were deemed non-recoverable. The portion of supplemental rent expense related to probable lease return condition obligations was \$8 million (unaudited) and \$5 million (unaudited) for the three months ended March 31, 2017 and 2016, respectively. Supplemental rent expense is net of a \$3 million (unaudited) and \$0 million (unaudited) change in estimate during the three months ended March 31, 2017 and 2016, respectively. Other lease expense, which primarily relates to station operations, totaled \$85 million, \$76 million and \$64 million during 2016, 2015 and 2014, respectively. During the three months ended March 31, 2017 and 2016, other lease expense totaled \$20 million (unaudited) and \$22 million (unaudited), respectively.

As reflected in Note 1, some of the Company's aircraft and spare engine lease agreements require the Company to pay maintenance reserves to aircraft lessors to be held as collateral in advance of the Company's required

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performance of major maintenance activities. These agreements provide that maintenance reserves are reimbursable to the Company upon completion of the maintenance event in an amount equal to the lesser of (1) the amount of the maintenance reserves held by the lessor associated with the specific maintenance event or (2) the qualifying costs related to the specific maintenance event. At March 31, 2017 and December 31, 2016 and 2015, the Company has recoverable aircraft maintenance deposits of \$70 million (unaudited), \$60 million and \$66 million, respectively, in its consolidated balance sheets, of which \$21 million (unaudited), \$8 million and \$19 million, respectively, are included in accounts receivable, net as the eligible maintenance has been performed. The remaining \$49 million (unaudited), \$52 million and \$47 million is included within aircraft maintenance deposits in the consolidated balance sheets.

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. Certain maintenance reserve payments are fixed contractual amounts, and all maintenance reserve payments are subject to annual escalation.

As of December 31, 2016, fixed maintenance reserve payments for aircraft and spare engines, including estimated amounts for contractual price escalations, were estimated to be approximately \$7 million in 2017, \$5 million in 2018, \$4 million in 2019, \$4 million in 2020, \$4 million in 2021, and \$20 million in 2022 and beyond, before consideration of reimbursements. As of March 31, 2017, fixed maintenance reserve payments for aircraft and spare engines, including estimated amounts for contractual price escalations, will be approximately \$5 million (unaudited) in the remainder of 2017, \$5 million (unaudited) in 2018, \$4 million (unaudited) in 2019, \$4 million (unaudited) in 2020, \$4 million (unaudited) in 2021, and \$20 million (unaudited) in 2022 and beyond, before consideration of reimbursements. Certain maintenance reserve payments will not be required if the Company meets minimum financial thresholds specified in the lease agreements.

As of March 31, 2017, 62 (unaudited) of the 68 (unaudited) aircraft in the Company's fleet were leased under operating leases, with lease expiration dates ranging from 2017 to 2030 (unaudited). Leases for six (unaudited) of the Company's aircraft can generally be renewed at rates based on fair market value at the end of the lease term for three years, and five (unaudited) of its aircraft can be renewed for four years. The Company has purchase options at fair market value for six (unaudited) of its aircraft leases at the end of the lease term.

During 2015, the Company executed an agreement with one of its lessors for the early return of ten A319 aircraft. This agreement resulted in a charge of \$43 million primarily relating to aircraft maintenance obligations that, as a result of the early return, have become probable, with little to no future benefit to the Company based on historic usage of the aircraft. In addition, the early return resulted in the acceleration of depreciation of \$12 million and \$17 million and rent related expenses of \$4 million and \$7 million during 2016 and 2015, respectively, due to the significantly shortened lease terms.

During 2016 and 2015, the Company executed sale-leaseback transactions with third-party lessors for 30 new Airbus A320 family aircraft, five of which were delivered during 2015, 14 of which were delivered in 2016 with the remaining aircraft scheduled for delivery in 2017. The Company also completed sale-leaseback transactions on one A320 family simulator and one engine during 2015 and three engines in 2016. All of the leases from the sale-leaseback transactions are accounted for as operating leases. Under the terms of the lease agreements, the Company will continue to operate and maintain the equipment. Payments under the lease agreements are fixed for the term of the lease. Deferred gain balances of \$91 million (unaudited), \$75 million and \$27 million at March 31, 2017 and December 31, 2016 and 2015, respectively, related to sale-leaseback transactions are included in other liabilities in the accompanying consolidated balance sheets. Deferred gains are recognized as a decrease to rent expense on a straight-line basis over the term of the respective operating leases.

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As of December 31, 2016, future minimum payments under noncancelable operating leases, excluding amounts for fixed maintenance reserves, are as follows (in millions):

Year Ending	<u>Aircraft</u>	<u>Other</u>	<u>Total</u>
2017	\$ 216	\$ 47	\$ 263
2018	211	43	254
2019	199	43	242
2020	184	39	223
2021	181	15	196
Thereafter	896	25	921
Total minimum lease payments	<u>\$1,887</u>	<u>\$212</u>	<u>\$2,099</u>

As of March 31, 2017, future minimum payments under noncancelable operating leases, excluding amounts for fixed maintenance reserves, are as follows (in millions):

Year Ending	<u>Aircraft</u>	<u>Other</u> <i>(unaudited)</i>	<u>Total</u>
Remainder of 2017	\$ 162	\$ 36	\$ 198
2018	211	44	255
2019	200	44	244
2020	185	41	226
2021	181	16	197
Thereafter	899	25	924
Total minimum lease payments	<u>\$1,838</u>	<u>\$206</u>	<u>\$2,044</u>

6. Financial Derivative Instruments and Risk Management

The Company is exposed to variability in jet fuel prices. Aircraft fuel currently represents the Company's largest operating expense. 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 enters into derivative contracts in order to limit exposure to the fluctuations in jet fuel prices. The types of instruments the Company utilizes in its hedging program include call options and collars (which consist of a purchased call option and a sold put option). The Company does not enter into derivative instruments for speculative purposes.

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. The Company has elected to apply cash flow hedge accounting. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instruments is recorded in AOCI/L, a component of stockholders' equity in 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 in the period that the jet fuel is consumed. Hedge ineffectiveness results when the change in the fair value of the derivative instrument exceeds the change in the value of the Company's expected future cash outlay to purchase aircraft fuel. To the extent that the periodic changes in the fair value of the derivatives are not effective, that ineffectiveness is immediately recognized in aircraft fuel expense in the consolidated statements of operations. For derivative instruments that are not designated as cash flow hedges, the change in fair value is recorded in current period earnings.

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Amounts that are paid or received in connection with the purchase or sale of financial derivative instruments (i.e., premium costs of option contracts) are recognized as a component of aircraft fuel expense in the consolidated statement of operations in the period in which the fuel is consumed.

During July 2016, the Company voluntarily de-designated the existing portfolio of call options that were designated as hedging instruments beginning January 1, 2015 through the date of de-designation. The portfolio of options was subsequently re-designated in July 2016 to better align the economics of the Company's purchases to the hedging instruments and to expand the airport locations included within its hedged portfolio. There was no material financial statement impact as a result of this decision.

As of March 31, 2017, the Company holds derivative instruments having a notional amount of approximately 264 million (unaudited) U.S. gallons.

The Company presents its fuel derivative instruments net in the accompanying consolidated balance sheets. The following table presents the assets and liabilities associated with its fuel derivative instruments and where these amounts are recorded on its consolidated balance sheets as of March 31, 2017, and December 31, 2016 and December 31, 2015 (in millions):

	<u>Balance Sheet Classification</u>	<u>December 31,</u>		<u>March 31,</u>
		<u>2015</u>	<u>2016</u>	<u>2017</u>
Derivatives designated as cash flow hedges:				
Fuel hedging derivative	Other current assets	\$ —	\$ 15	\$ 7
Fuel hedging derivative	Other assets	4	—	3

The following table summarizes the effect of fuel derivative instruments reflected in aircraft fuel expense in the consolidated statements of operations (in millions):

	<u>Year Ended December 31,</u>			<u>Three Months Ended March 31,</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
Derivatives designated as cash flow hedges(1)					
Losses on derivative contracts	\$ —	\$ —	\$ 15	\$ 4	\$ 3
Derivatives not designated as cash flow hedges(2)					
Losses on derivative contracts	35	16	—	—	—

- (1) There were no derivative instruments that settled during the three months ended March 31, 2017, and the year ended December 31, 2016 which were not designated as cash flow hedges.
- (2) There were no derivative instruments that settled during the years ended December 31, 2015 and 2014 which were designated as cash flow hedges.

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The following table presents the net of tax impact of the effective portion of derivative instruments designated as cash flow hedging instruments under ASC 815 to the consolidated statement of comprehensive income (in millions):

	<u>Year Ended December 31,</u>			<u>Three Months Ended</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>March 31,</u>	<u>2017</u>
				<i>(Unaudited)</i>	
Derivatives designated as cash flow hedges					
Other comprehensive income (loss)	\$ —	\$ (10)	\$ 11	\$ 2	\$ (6)

At March 31, 2017, the amount of net derivative losses related to fuel hedging instruments included in AOCI/L that will be reclassified into earnings within the next 12 months was \$5 million (unaudited). At December 31, 2016, the amount of net derivative gains related to fuel hedging instruments included in AOCI/L that will be reclassified into earnings within the next 12 months was immaterial.

The Company is exposed to credit losses in the event of nonperformance by counterparties to its derivative instruments, but it 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 it with 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 Company had no collateral posted as of March 31, 2017 and December 31, 2016 and December 31, 2015 as no collateral was required for call options.

7. Other Current Liabilities

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

	<u>As of December 31,</u>		<u>As of March 31,</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
			<i>(Unaudited)</i>
Passenger taxes and fees payable	\$ 40	\$ 45	\$ 74
Salaries, wages and benefits	36	34	78
Leased aircraft return costs	53	34	36
Station obligations	27	33	34
Fuel	14	12	11
Aircraft and facility lease obligations	12	9	9
Current portion of deferred gain on sale-leaseback transactions	3	7	9
Aircraft maintenance	26	6	21
Other	11	13	14
Total other current liabilities	\$ 222	\$ 193	\$ 286

Included within leased aircraft return costs as of December 31, 2015 was an accrual of \$39 million relating to the execution of an agreement by the Company with one of its lessors for the early return of 10 A319 aircraft. As reflected in Note 5, the agreement resulted in a special charge of \$43 million (unaudited) primarily relating to aircraft maintenance obligations and non-recoverable maintenance deposits associated with the early return of the

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aircraft. Included within salaries, wages and benefits as of March 31, 2017 is an accrual for the \$40 million (unaudited) settlement and related \$3 million (unaudited) of payroll taxes relating to the Letter of Agreement, or LOA, with the union representing our flight attendants (AFA-CWA). Refer to Note 9 for additional information regarding the settlement.

8. Debt

Debt consists of the following (in millions):

	<u>As of December 31,</u>		<u>As of March 31,</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
			<i>(Unaudited)</i>
Secured debt:			
Pre-delivery credit facility due through 2019 ⁽¹⁾	\$ 115	\$ 143	\$ 133
Floating rate equipment notes due through 2020 ⁽²⁾	64	52	49
7.33% fixed rate equipment note due through 2021 ⁽²⁾	8	7	7
Unsecured debt:			
Affinity card advance purchase of miles, principal due monthly for 12 months beginning in 2019 ⁽³⁾	39	39	39
Total debt	<u>226</u>	<u>241</u>	<u>228</u>
Less current maturities	(103)	(141)	(131)
Less debt acquisition costs	(1)	(1)	(1)
Less unamortized discount, net	(4)	(3)	(3)
Long-term debt	<u>\$ 118</u>	<u>\$ 96</u>	<u>\$ 93</u>

- (1) The Company entered into a pre-delivery credit facility (the “PDP Facility”) with Citibank, N.A. in December 2014, with an original total commitment of \$77 million, which has been increased to \$150 million. Interest is paid every 90 days based on a three-month London Interbank Offered Rate (“LIBOR”), plus a margin for each individual tranche. As of December 2016, the PDP Facility was amended and extended to add all of the Company’s committed deliveries through 2019, with a total committed facility size of \$150 million. 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 facility will be repaid periodically according to the preceding sentence with the last scheduled delivery of aircraft contemplated in the PDP Facility to be in the fourth quarter of 2019. The PDP credit facility is collateralized by the Company’s purchase agreements (including proceeds and payments thereof) with Airbus for certain undelivered aircraft.
- (2) Interest rate for one equipment note is fixed at 7.33%, and the interest rates for the remaining five equipment notes adjust quarterly based on LIBOR, plus a margin. The weighted-average effective interest rate for the three months ended March 31, 2017, and the years ended December 31, 2016 and 2015, was 3.36% (unaudited), 3.06% and 2.76%, respectively. Six aircraft with a net book value of \$101 million (unaudited) and \$104 million were pledged as security under the above equipment notes at March 31, 2017 and December 31, 2016, respectively.
- (3) The Company entered into an agreement with Barclays Bank Delaware (formerly known as Juniper Bank) (“Barclays Bank”) in 2003 to provide for joint marketing, grant certain benefits to co-branded credit card holders (“Cardholders”), and allow Barclays Bank to market using the Company’s customer database.

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Cardholders earn miles under the *Early Returns* program and the Company sells mileage awards at agreed-upon rates to Barclays Bank and earns fees from Barclays Bank for the acquisition, retention and use of the co-branded credit card by consumers. In addition, Barclays Bank will pre-purchase miles if the Company meets certain conditions precedent. During 2013, the Company amended its agreements with Barclays Bank to modify the products and services provided under the agreements, re-establish the pre-purchased miles facility at an initial amount of \$39 million and extend the agreement to 2020. The dollar amount of the pre-purchased miles facility (the "Facility Amount") is subject to adjustment for the then-current year on each January 15, beginning January 15, 2015 through and including January 15, 2019 based on the aggregate amount of fees payable by Barclays Bank to the Company on a calendar year basis, up to an aggregate maximum Facility Amount of \$50 million. During the three months ended March 31, 2017, and the years of 2016 and 2015, the Facility Amount ranged from \$39 million to \$47 million. The Company pays interest on the outstanding Facility Amount on a monthly basis based on one-month LIBOR plus a margin. Beginning December 31, 2019, the facility will be repaid in 12 equal monthly installments. If the facility is required to be decreased prior to December 2019, any amounts due to reduce the facility would be repaid over six months.

Cash payments for interest related to debt aggregated to \$6 million for the years ended 2016 and 2015, respectively, and \$4 million for the year ended 2014. For the three months ended March 31, 2017 and 2016, cash payments for interest related to debt aggregated to \$3 million (unaudited) and \$2 million (unaudited). The discount on debt is due to the application of purchase accounting from the acquisition of FAH by FGHI. The discount will be amortized to interest expense through May 2021.

The Company has issued standby letters of credit to various airport authorities and vendors that are collateralized by restricted cash of \$6 million (unaudited), \$5 million and \$4 million at March 31, 2017 and December 31, 2016 and 2015, respectively

The Company is required to comply quarterly with certain financial and information covenants under certain of its financing arrangements. As of March 31, 2017, the Company is in compliance with all of its covenants.

As of December 31, 2016, future maturities of debt are payable as follows (in millions):

	As of December 31, 2016
2017	\$ 141
2018	38
2019	11
2020	50
2021	1
Total debt principal payments	\$ 241

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As of March 31, 2017, future maturities of debt are payable as follows (in millions):

	<u>As of March 31,</u> <u>2017</u> <i>(unaudited)</i>
Remainder of 2017	\$ 101
2018	63
2019	12
2020	51
2021	1
Total debt principal payments	\$ 228

9. Stock-Based Compensation

On December 3, 2013, to give effect to the reorganization of our corporate structure in connection with the acquisition by Indigo, an agreement was reached to amend and restate a phantom equity agreement that was in place with Frontier pre-acquisition. Under the terms of this agreement, our pilots employed by Frontier in June 2011, when an amendment to the underlying collective bargaining agreement was approved, who we refer to as the Participating Pilots, through their agent, FAPAInvest, LLC, received phantom equity units which were the economic equivalent of 231,000 shares of our common stock, representing 4% of our common stock as of June 30, 2014. Each unit represents 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 installments in 2020 and 2022 based on a predetermined formula. The phantom equity units are required to be paid in cash absent a qualifying initial public offering. As a result, Phantom equity units are liability classified awards, which were subject to vesting and are remeasured at the end of each reporting period. Phantom equity award expense reflects the vesting of the liability classified award, any dividend declared in the period, and changes to our common stock valuation. The phantom equity units were fully vested at December 31, 2016. Stock-based compensation expense of \$40 million, \$43 million and \$6 million was recognized during 2016, 2015 and 2014, respectively, as a result of both vesting and an increase in the valuation of FAPAInvest, LLC's equity interest. During the three months ended March 31, 2017 and 2016, such stock-based compensation resulting from the change in valuation and vesting was \$18 million (unaudited) and \$10 million (unaudited), respectively. The associated liability of \$109 million (unaudited), \$91 million and \$51 million as of March 31, 2017, and December 31, 2016 and 2015, respectively, is included in other long-term liabilities.

In August 2011, Frontier obtained concessions from its flight attendants in exchange for a contingent contractual equity participation in Frontier, which was subject to performance conditions, and profit sharing. At December 31, 2016 and 2015, the performance conditions giving rise to the equity participation in Frontier for the flight attendants had not been achieved. Therefore no liability or corresponding stock-based compensation had been recorded for these periods. On March 15, 2017, Frontier entered into the LOA with the union representing our flight attendants (AFA-CWA). The LOA was the result of a negotiation between Frontier and the AFA-CWA and extinguishes the flight attendants' contingent equity participation by providing a \$40 million aggregate cash settlement of their equity participation in Frontier, payable by Frontier to participating flight attendants over a six month period commencing June 1, 2017. The \$40 (unaudited) million settlement and additional payroll taxes of \$3 million (unaudited) were accrued for within other current liabilities in the consolidated balance sheet as of March 31, 2017. The resulting \$43 million (unaudited) charge is reflected within salaries, wages and benefits in the consolidated statement of operations.

FGHI also approved the 2014 Equity Incentive Plan (the "Plan") in April 2014. The Company has reserved one million shares of its common stock for issuance under the Plan. The Plan provides for restricted stock,

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restricted stock awards, nonqualified stock options, and other stock-based awards to be granted to members of the Board of Directors and certain employees and consultants. All options issued under the Plan expire ten years from the date of grant. FGHI's policy is to grant options with an exercise price equal to the fair market value of the underlying common stock on the date of grant.

Restricted Stock Awards

Restricted stock awards in FGHI are valued at the fair value of the shares on the date of grant. Generally, granted shares vest on a one-year anniversary of issuance. Vesting of restricted stock is based on time-based service conditions. 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 award will be issued to the participant. If there is a change of control, the restricted stock awards will automatically vest in full as of immediately prior to the consummation of such a change in control. In the event of death or permanent disability of a participant, the restricted stock awards will automatically vest in full. Compensation expense, net of forfeitures, is recognized on a straight-line basis over the requisite service period.

A summary of the status of restricted stock shares in FGHI issued to employees of the Company is presented below:

	<u>Number of Shares</u>	<u>Weighted-Average Grant Fair Value</u>
Outstanding at December 31, 2015	4,350	\$ 51.69
Issued	1,455	257.56
Vested	(4,350)	51.69
Forfeited	—	—
Outstanding at December 31, 2016	1,455	\$ 257.56

The weighted-average grant date fair value of restricted stock issued during 2016, 2015 and 2014 was \$257.56 \$51.69 and \$10, respectively.

No restricted stock shares were issued, vested, or forfeited during the three months ended March 31, 2017.

Stock Options

Stock option awards are granted with an exercise price equal to the fair market value of the FGHI's common stock on the date of grant, and generally vest over four years of continuous service. The fair value of each stock option award is estimated on the date of grant using the Black Scholes model. There were 53,475 and 42,725 options granted during the years ended December 31, 2016 and December 31, 2015, respectively.

The Company's weighted-average assumptions for expected volatility, dividends, and term were 40%, 0%, and 6.25 years for the years ended December 31, 2016 and 2015. The risk-free rate for options issued was between 1.21% and 2.02% for 2016, 1.55% to 1.67% for 2015, and 1.81% and 2.03% for 2014. Expected volatilities are based on the historical volatility of a group of peer entities within the same industry. The expected term of options is based upon the simplified method, which represents the average of the vesting term and the contractual term. The risk-free interest rate is based on U.S. Treasury yields for securities with terms approximating the expected term of the option.

The fair value of the FGHI's common stock was estimated using a discounted cash flow analysis and market multiples, based on management's estimates of revenue, driven by assumed market growth rates, and estimated

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costs as well as appropriate discount rates. These estimates were consistent with the plans and estimates management used to manage the Company's business.

A summary of stock option activity during the year ended December 31, 2016 is presented below:

	<u>Number of Options</u>	<u>Weighted-Average Exercise Price</u>	<u>Aggregate Intrinsic Value</u> <i>(in millions)</i>
Outstanding at December 31, 2015	234,206	\$ 17.60	\$ 2
Issued	53,475	219.67	5
Exercised	—	—	—
Forfeited, expired, or repurchased	(12,900)	72.89	(1)
Outstanding at December 31, 2016	<u>274,781</u>	<u>\$ 54.33</u>	<u>\$ 6</u>
Exercisable at December 31, 2016	106,294	\$ 14.54	
Vested or expected to vest at December 31, 2016	274,781	\$ 54.33	

The weighted-average exercise price of options granted during 2015 and 2014 was \$51.69 and \$10.00, respectively. There were no options exercised during 2015 and 2014.

The Company repurchased 4,462 and 3,404 vested stock options during the years ended December 31, 2016 and 2015, respectively, pursuant to exercises of a call right in a stockholders agreement with certain members of management that enables the Company to repurchase stock options upon a termination of employment. There were no stock options repurchased by the Company during 2014.

A summary of stock option activity during the three months ended March 31, 2017 is presented below (unaudited):

	<u>Number of Options</u>	<u>Weighted-Average Exercise Price</u>	<u>Aggregate Intrinsic Value</u> <i>(in millions)</i>
Outstanding at December 31, 2016	274,781	\$ 54.33	\$ 6
Issued	5,375	377.32	1
Exercised	—	—	—
Forfeited, expired, or repurchased	(17,300)	10.00	—
Outstanding at March 31, 2017	<u>262,856</u>	<u>\$ 63.86</u>	<u>\$ 7</u>
Exercisable at March 31, 2017	110,124	\$ 36.35	
Vested or expected to vest at March 31, 2017	262,856	\$ 63.86	

The weighted-average exercise price of options granted during the three months ended March 31, 2017 and 2016 was \$377.32 (unaudited) and \$216.11 (unaudited), respectively. There were no options exercised during the three months ended March 31, 2017 and 2016. The Company repurchased 8,650 and 487 vested stock options during the three months ended March 31, 2017 and 2016, respectively.

10. Employee Retirement Plans

The Company sponsors The Frontier Airlines, Inc. 401(k) Retirement 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

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eligible maintenance employees' compensation and up to 6% of all other employees, including flight attendants (effective January 1, 2016), and excluding 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. Matching contributions included within salaries, wages, and benefits in the accompanying consolidated statements of operations are \$5 million, \$4 million and \$3 million in 2016, 2015 and 2014, respectively. For the three months ended March 31, 2017 and 2016, matching contributions are \$1 million (unaudited) and \$1 million (unaudited), respectively. 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 \$18,000 for 2017.

The Company also established the Frontier Airlines, Inc. Pilots Retirement Plan (the "FAPA Plan") for pilots covered under the collective bargaining agreement with FAPA. The FAPA Plan is a defined contribution retirement plan. Effective June 1, 2016 pilots are represented by the Air Line Pilots Association ("ALPA") though the plan is still covered under FAPA. The Company immediately matches 50% of each participant's contribution up to 10% of each eligible and active participant's compensation. Contributions vest 25% per year over four years. Participants are entitled to receive distributions of all vested amounts beginning at age 59 1/2. Contributions expensed were \$6 million, \$5 million and \$6 million in 2016, 2015 and 2014, respectively. For the three months ended March 31, 2017 and 2016, contributions expensed were \$1 million (unaudited) and \$1 million (unaudited). The plan is subject to the annual IRS elective deferral limit which was \$18,000 for 2017.

11. Other Long-Term Liabilities

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

	As of December 31,		As of March 31,
	2015	2016	2017 <i>(Unaudited)</i>
Phantom equity interest (Note 9)	\$ 51	\$ 91	\$ 109
Deferred gain on sale-leaseback transactions	24	68	82
Leasehold incentives	5	18	17
Deferred tax liability, net	28	14	—
Lease fair value adjustment	20	10	8
Other	6	5	7
Total other long-term liabilities	\$ 134	\$ 206	\$ 223

12. Commitments and Contingencies

Flight Equipment Commitments

The Company's contractual purchase commitments consist of aircraft and engine acquisitions.

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As of December 31, 2016, the Company's firm aircraft and engine orders consisted of the following:

	<u>A319neo</u>	<u>A320neo</u>	<u>A321</u>	<u>Total Aircraft</u>	<u>Engines</u>
2017	—	11	6	17	3
2018	—	16	—	16	2
2019	—	18	—	18	2
2020	5	13	—	18	2
2021	13	—	—	13	2
Thereafter	—	—	—	—	1
Total	<u>18</u>	<u>58</u>	<u>6</u>	<u>82</u>	<u>12</u>

As of March 31, 2017, the Company's firm aircraft and engine orders consisted of the following (unaudited):

	<u>A319neo</u>	<u>A320neo</u>	<u>A321</u>	<u>Total Aircraft</u>	<u>Engines</u>
Remainder of 2017	—	10	3	13	3
2018	—	16	—	16	2
2019	—	18	—	18	2
2020	5	13	—	18	2
2021	13	—	—	13	2
Thereafter	—	—	—	—	1
Total	<u>18</u>	<u>57</u>	<u>3</u>	<u>78</u>	<u>12</u>

As of March 31, 2017 purchase commitments for these aircraft and engines, including estimated amounts for contractual price escalations and PDPs, will be approximately \$626 million (unaudited) in the remainder of 2017, \$783 million (unaudited) in 2018, \$901 million (unaudited) in 2019, \$896 million (unaudited) in 2020, \$616 million (unaudited) in 2021, and \$15 million (unaudited) in 2022 and beyond. The Company has committed sale-leaseback agreements with third-parties for four A320neo aircraft and the three remaining A321 aircraft scheduled for delivery in 2017.

Litigation

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 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.

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Employees

The Company has seven union-represented employee groups that together represent 85% of all employees at March 31, 2017. The table below sets forth the Company's employee groups and status of the collective bargaining agreements as of March 31, 2017:

<u>Employee Group</u>	<u>Representative</u>	<u>Amendable Date</u>
Pilots	Air Line Pilots Association ("ALPA")	March 2016
Flight Attendants	Association of Flight Attendants ("AFA-CWA")	July 2015
Maintenance	International Brotherhood of Teamsters ("IBT")	February 2022
Aircraft Appearance Agents	International Brotherhood of Teamsters	July 2015
Material Specialists	International Brotherhood of Teamsters	March 2022
Maintenance Controllers	International Brotherhood of Teamsters	August 2014
Dispatchers	Transport Workers Union ("TWU")	December 2021

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 \$2 million (unaudited), \$2 million and \$3 million for health care claims as of March 31, 2017 and December 31, 2016 and 2015, respectively.

On February 20, 2017 and March 17, 2017, the maintenance and material specialists contracts, respectively, were ratified to include new amendable dates of February 2022 and March 2022, respectively.

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 FGHI is a member of an LLC or other entity that contracts directly with the airport operator, liabilities are borne through the fuel consortia structure.

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 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, 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 its potential future payments under the indemnities and related provisions described above because it cannot predict (1) when and under what circumstances these provisions may be triggered and (2) the amount

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

13. Stockholders' Equity

The Company had 5,237,756, 5,237,756 and 5,255,551 shares of common stock outstanding as of March 31, 2017 and December 31, 2016 and 2015, 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, conversion, subscription or other rights, and no redemption or sinking fund provisions applicable to the Company's common stock exist. During 2016, the Company declared a dividend of \$18.95 per share (representing an aggregate obligation of \$108 million), of which \$101 million was distributed to common stockholders and those with other participating rights and the remaining amount was payable to others with dividend equivalent rights and phantom equity units (see Note 9) as of December 31, 2016. Additionally, on February 22, 2017, the Company declared a dividend of \$28.85 per share (representing an aggregate obligation of \$165 million), of which \$154 million (unaudited) was distributed to common stockholders and those with other participating rights and the remaining amount was payable to others with dividend equivalent rights and phantom equity units (see Note 9) as of March 31, 2017.

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14. Net Income per Share

Basic and diluted earnings 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. Basic net income per share is calculated by taking net income, less earnings allocated to participating rights, divided by the basic weighted-average common stock outstanding. Diluted net income per share is calculated using the more dilutive of the treasury-stock method and the two-class method. The following table sets forth the computation of net income 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,			Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	<i>(Unaudited)</i>				
Basic:					
Net income	\$ 140	\$ 146	\$ 200	\$ 30	\$ —
Less: net income attributable to participating rights	(4)	(6)	(8)	(1)	(3)
Net income (loss) attributable to common stockholders	<u>\$ 136</u>	<u>\$ 140</u>	<u>\$ 192</u>	<u>\$ 29</u>	<u>\$ (3)</u>
Weighted-average common shares outstanding, basic	5,203,058	5,247,477	5,236,978	5,243,374	5,236,301
Net income (loss) per share, basic	<u>\$ 26.12</u>	<u>\$ 26.60</u>	<u>\$ 36.76</u>	<u>\$ 5.59</u>	<u>\$ (0.65)</u>
Diluted:					
Net income	\$ 140	\$ 146	\$ 200	\$ 30	\$ —
Less: net income attributable to participating rights	(4)	(6)	(8)	(1)	(3)
Net income (loss) attributable to common stockholders	<u>\$ 136</u>	<u>\$ 140</u>	<u>\$ 192</u>	<u>\$ 29</u>	<u>\$ (3)</u>
Weighted-average common shares outstanding, basic	5,203,058	5,247,477	5,236,978	5,243,374	5,236,301
Effect of dilutive potential common shares	74,976	93,572	78,675	105,404	—
Weighted-average common shares outstanding, diluted	<u>5,278,034</u>	<u>5,341,049</u>	<u>5,315,653</u>	<u>5,348,778</u>	<u>5,236,301</u>
Net income (loss) per share, diluted	<u>\$ 25.75</u>	<u>\$ 26.15</u>	<u>\$ 36.23</u>	<u>\$ 5.48</u>	<u>\$ (0.65)</u>

Approximately 262,856 shares, 49,250 shares and 51,450 shares were excluded from the computation of diluted shares for the three months ended March 31, 2017 and 2016 and for the year ended December 31, 2016, respectively, as their impact would have been anti-dilutive. There were no shares excluded from the computation of diluted shares for the years ended December 31, 2015 and 2014.

Unaudited Pro Forma Earnings Per Share

Immediately prior to the consummation of the Company's IPO, the Company intends to pay a dividend of \$ _____ per share (representing an aggregate distribution of \$ _____). Investors in the IPO will not be entitled to participate in such dividend.

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Staff Accounting Bulletin Topic 1.B.3 requires that pro forma basic and diluted earnings per share be presented giving effect to the number of shares whose proceeds would be used to replace capital when dividends exceed current year earnings. The pro forma as adjusted earnings per share and pro forma as adjusted equivalent shares give effect to the deemed issuance of the number of shares that would be required to generate net proceeds sufficient to make the dividend payment of \$ million in the aggregate to our pre-IPO stockholders. The number of incremental shares that would be required to be issued to pay the dividend is based on the assumed IPO price of \$ per share (the midpoint of the price range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and estimated offering expenses payable by us, resulting in net proceeds of \$ per share.

The following is a computation of pro forma basic and diluted earnings per share for the three months ended March 31, 2017 (in millions, except share and per share data):

Net income (loss) as reported	\$—
Weighted average outstanding shares of common stock	
Additional pro forma shares required to be issued in offering necessary to pay dividend	
Basic shares:	
Weighted-average shares used to compute basic pro forma net income per share	<u> </u>
Diluted shares:	
Weighted-average shares used to compute diluted pro forma net income per share	<u> </u>
Pro forma net income per share attributable to common stockholders:	
Basic	<u>\$ </u>
Diluted	<u>\$ </u>

15. Income Taxes

The components of income tax expense are as follows (in millions):

	Year Ended December 31,		
	2014	2015	2016
Current:			
Federal	\$ 56	\$ 63	\$ 131
State and local	6	5	8
Current income tax expense	62	68	139
Deferred:			
Federal	20	13	(22)
State and local	2	1	(1)
Deferred income tax (benefit) expense	22	14	(23)
Total income tax expense	\$ 84	\$ 82	\$ 116

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The income tax provision differs from that computed at the federal statutory corporate tax rate are as follows:

	Year Ended December 31,		
	2014	2015	2016
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	2.5	2.2	1.7
Other	—	(1.0)	(0.1)
Total income tax expense	37.5%	36.2%	36.6%

The Company paid income taxes of \$101 million, \$101 million and \$64 million in the years ended December 31, 2016, 2015 and 2014, respectively. The Company's tax rate can vary depending on recurring items such as the amount of income it earns in each state and the state tax rate applicable to such income.

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 as of December 31 (in millions):

	As of December 31,	
	2015	2016
Deferred tax assets:		
Nondeductible accruals	\$ 43	\$ 54
Deferred revenue	15	16
Leasehold interests	12	6
Other	4	1
Unrealized losses on fuel derivatives	6	—
Deferred tax assets	80	77
Deferred tax liabilities:		
Property and equipment	(72)	(58)
Maintenance deposits	(19)	(19)
Intangibles	(14)	(13)
Other	(3)	(1)
Deferred tax liabilities	(108)	(91)
Net deferred tax liabilities	\$ (28)	\$ (14)

The amount of unrecognized tax benefit at December 31, 2016 and 2015 is \$0 and \$3 million, respectively. The Company estimates that the unrecognized tax benefit will not change significantly within the next 12 months. The Company accrues interest related to unrecognized tax benefits in its provision for income taxes, and any associated penalties are recorded in other operating expenses. Interest and penalties are not material in any period presented.

The Company files consolidated tax returns in the United States as prescribed by the tax laws of the jurisdictions in which it operates. The Company's tax years from 2013 are still subject to examination in the United States due to net operating loss carryovers generated in such years which were retained by Republic. The 2014 tax year is currently under a routine audit by the IRS that was initiated in 2017. In addition, the 2015 tax year is open for examination. Various state and foreign jurisdiction tax years remain open to examination, and the Company believes that the effect of any additional assessment(s) will be immaterial to the financial statements.

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16. Fair Value

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 the Company's financial assets and liabilities.

Cash and cash equivalents and restricted cash

Cash and cash equivalents at March 31, 2017, and December 31, 2016 and 2015 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. Within restricted cash the Company also maintains certificates of deposit that secure certain letters of credit issued for workers' compensation claim reserves and certain airport authorities. Restricted cash is carried at cost, which management believes approximates fair value.

Fuel Derivative Instruments

Option contracts are valued under an income approach using option pricing models based on data either readily observable in public markets, derived from public markets or provided by counterparties who regularly trade in public markets; therefore, they are classified as Level 2 inputs. Volatilities used in these valuations ranged from 25% to 48% depending on the maturity dates, underlying commodities and strike prices of the option contracts.

Pilot Phantom Equity

The estimated fair value of the pilot phantom stock unit liability, described in Note 9, has been determined to be Level 3 as certain inputs used to determine the fair value of FGHI are unobservable.

Debt

The estimated fair value of the Company's debt agreements has been determined to be Level 3, 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.

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The carrying amounts and estimated fair values of the Company's debt are as follows (in millions):

	<u>As of December 31, 2015</u>		<u>As of December 31, 2016</u>		<u>As of March 31, 2017</u>		<u>Fair Value Level Hierarchy</u>
	<u>Carrying Value</u>	<u>Estimated Fair Value</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>	
<i>(Unaudited)</i>							
Secured debt:							
Pre-delivery credit facility	\$ 115	\$ 114	\$ 143	\$ 140	\$ 133	\$ 129	Level 3
Floating rate equipment notes	64	61	52	51	49	49	Level 3
Fixed rate equipment note	8	9	7	7	7	7	Level 3
Unsecured debt:							
Affinity card advance	39	35	39	38	39	39	Level 3
Total debt	\$ 226	\$ 219	\$ 241	\$ 236	\$ 228	\$ 224	

The table below presents disclosures about the fair value of assets and liabilities measured at fair value on a recurring basis in the Company's financial statements (in millions):

	Fair Value Measurements as of December 31, 2015			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 419	\$ 419	\$ —	\$ —
Restricted cash	6	6	—	—
Fuel derivative option contracts	4	—	4	—
Pilot phantom stock unit liability	(51)	—	—	(51)
Fair Value Measurements as of December 31, 2016				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 612	\$ 612	\$ —	\$ —
Restricted cash	6	6	—	—
Fuel derivative option contracts	15	—	15	—
Pilot phantom stock unit liability	(91)	—	—	(91)
Fair Value Measurements as of March 31, 2017				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<i>(unaudited)</i>				
Cash and cash equivalents	\$ 535	\$ 535	\$ —	\$ —
Restricted cash	6	6	—	—
Fuel derivative option contracts	10	—	10	—
Pilot phantom stock unit liability	(109)	—	—	(109)

The Company had no transfers of assets or liabilities between any of the above levels during the three months ended March 31, 2017, and the years ended December 31, 2016 and 2015.

FRONTIER GROUP HOLDINGS, INC.
Notes to Consolidated Financial Statements

17. Geographic Information

The Company is managed as a single business unit that provides air transportation for passengers. Operating revenue by principal geographic region (as defined by the U.S. Department of Transportation) is presented in the table below (in millions):

	Year Ended December 31,			Three Months Ended March 31,	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
Domestic	\$ 1,438	\$ 1,480	\$ 1,650	\$ 349	\$ 410
Latin America	155	124	64	19	20
Total operating revenues	<u>\$ 1,593</u>	<u>\$ 1,604</u>	<u>\$ 1,714</u>	<u>\$ 368</u>	<u>\$ 430</u>

The Company's tangible assets consist primarily of flight equipment, which are mobile across geographic markets and, therefore, have not been allocated.

18. Related Parties

The Company pays a quarterly fee to Indigo Partners for management services. Indigo Partners manages an investment fund that is the controlling stockholder in FGHI. During each 2016, 2015 and 2014, \$1.5 million was paid in management fees. During the three months ended March 31, 2017, \$375,000 (unaudited) was paid in management fees. During the first half of 2014, the Company repaid in full the principal on a short-term working capital note payable from an investment fund managed by Indigo Partners totaling \$18 million.



LOW FARES DONE RIGHT[®]



LEGEND

- Year-round service
 - Winter seasonal service
 - Summer seasonal service
- Routes operated in 2016.

Shares

Common Stock



Citigroup
Deutsche Bank Securities
Evercore ISI
J.P. Morgan

BofA Merrill Lynch
Barclays
Cowen and Company
Credit Suisse
Goldman Sachs & Co. LLC
Raymond James
UBS Investment Bank

PART II**Item 13. Other Expenses of Issuance and Distribution**

The following table sets forth the costs and expenses, other than underwriting discounts, payable in connection with the sale and distribution of the securities being registered. All amounts are estimated except the SEC registration fee and the FINRA filing fee. All the expenses below will be paid by Frontier Group Holdings, Inc.

<u>Item</u>	<u>Amount</u>
SEC Registration fee	\$ 11,590
FINRA filing fee	15,500
Initial listing fee	*
Legal fees and expenses	*
Accounting fees and expenses	*
Printing and engraving expenses	*
Transfer Agent and Registrar fees	*
Blue Sky fees and expenses	*
Miscellaneous fees and expenses	*
Total	\$ *

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers

Frontier Group Holdings, Inc., Inc. is a Delaware corporation. Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act of 1933, as amended. Our amended and restated certificate of incorporation to be in effect immediately prior to the consummation of this offering compels indemnification of our directors and officers and permits indemnification of our employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws to be in effect immediately prior to the consummation of this offering provide for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law. In addition, we have entered into indemnification agreements with our directors, officers and some employees containing provisions which are in some respects broader than the specific indemnification provisions contained in the Delaware General Corporation Law. The indemnification agreements may require us, among other things, to indemnify our directors against certain liabilities that may arise by reason of their status or service as directors and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. Reference is also made to Section 8 of the underwriting agreement to be filed as Exhibit 1.1 hereto, which provides for indemnification by the underwriter of our officers and directors against certain liabilities.

Item 15. Recent Sales of Unregistered Securities

During the last three years, we granted equity awards for an aggregate of 402,621 shares of our common stock to employees and directors under our 2014 Equity Incentive Plan, which includes 123,249 shares that were subsequently forfeited and 16,516 shares that were subsequently repurchased.

The sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided

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under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us.

There were no underwriters employed in connection with any of the transactions set forth in Item 15.

Item 16. Exhibits and Financial Statements

See the Exhibit Index beginning on page II-5, which follows the signature pages hereof and is incorporated herein by reference.

Item 17. Undertakings

The undersigned registrant hereby undertakes that:

(1) for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective;

(2) for the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) the undersigned will provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 14, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, we have duly caused this Amendment No. 1 to the Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Denver, State of Colorado, on the 9th day of May, 2017.

FRONTIER GROUP HOLDINGS, INC.

By: _____ /s/ Barry L. Biffle
Barry L. Biffle
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities indicated below on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ /s/ Barry L. Biffle Barry L. Biffle	President and Chief Executive Officer (principal executive officer)	May 9, 2017
_____ /s/ James G. Dempsey James G. Dempsey	Chief Financial Officer (principal financial officer)	May 9, 2017
_____ * Mark C. Mitchell	Chief Accounting Officer (principal accounting officer)	May 9, 2017
_____ * William A. Franke	Director (Chairman of the Board)	May 9, 2017
_____ * Josh T. Connor	Director	May 9, 2017
_____ * Brian H. Franke	Director	May 9, 2017
_____ * Robert J. Genise	Director	May 9, 2017
_____ * Bernard L. Han	Director	May 9, 2017
_____ C.A. Howlett	Director	
_____ * Michael R. MacDonald	Director	May 9, 2017

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> * Patricia Salas Pineda	Director	May 9, 2017
<hr/> * John R. Wilson	Director	May 9, 2017

By: /s/ Barry L. Biffle
Barry L. Biffle
Attorney-in-Fact

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
		<u>Form</u>	<u>Date</u>	<u>Number</u>	
1.1*	Form of Underwriting Agreement.				
3.1(a)	Amended and Restated Certificate of Incorporation, currently in effect.	S-1	3/31/2017	3.1(a)	
3.1(b)	Certificate of Amendment of the Amended and Restated Certificate of Incorporation.	S-1	3/31/2017	3.1(b)	
3.2*	Form of Amended and Restated Certificate of Incorporation, to be in effect immediately prior to the consummation of this offering.				
3.3	Amended and Restated Bylaws, currently in effect.	S-1	3/31/2017	3.3	
3.4*	Form of Amended and Restated Bylaws, to be in effect immediately prior to the consummation of this offering.				
4.1	Reference is made to exhibits 3.1 through 3.4.				
4.2*	Form of Common Stock Certificate.				
4.3*	Registration Rights Agreement, to be in effect immediately prior to the consummation of this offering, by and among Frontier Group Holdings, Inc. and Indigo Frontier Holdings Company, LLC.				
5.1*	Opinion of Latham & Watkins LLP.				
10.1(a)	Airport Use and Lease Agreement, dated as of January 1, 2012, by and between Frontier Airlines, Inc. and the City and County of Denver.				X
10.1(b)	First Amendment to the Airport Use and Lease Agreement, dated as of July 1, 2015, by and between Frontier Airlines, Inc. and the City and County of Denver.				X
10.1(c)	Second Amendment to the Airport Use and Lease Agreement, dated as of December 22, 2016, by and between Frontier Airlines, Inc. and the City and County of Denver.				X
10.1(d)	Letter of Agreement, dated as of May 5, 2015, by and between Frontier Airlines, Inc. and the City and County of Denver.				X
10.2(a)#	2014 Equity Incentive Plan.	S-1	3/31/2017	10.2(a)	
10.2(b)#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2014 Equity Incentive Annual Plan.	S-1	3/31/2017	10.2(b)	
10.2(c)#	Form of Stock Purchase Right Grant Notice and Restricted Stock Purchase Agreement for Non-Employee Directors.	S-1	3/31/2017	10.2(c)	
10.3(a)#	2017 Equity Incentive Award Plan.				X
10.3(b)*#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2017 Equity Incentive Annual Plan.				

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<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>Incorporated by Reference</u>		<u>Filed Herewith</u>
			<u>Date</u>	<u>Number</u>	
10.3(c)*#	Form of Restricted Stock Award Agreement and Restricted Stock Unit Award Grant Notice under the 2017 Equity Incentive Annual Plan.				
10.4#	Form of Indemnification Agreement for directors and officers.	S-1	3/31/2017	10.4	
10.5#	Employment Agreement, dated as of March 15, 2016, by and between Frontier Airlines, Inc. and Barry L. Biffle.	S-1	3/31/2017	10.5	
10.6#	Amended and Restated Employment Agreement, dated as of April 13, 2017, by and between Frontier Airlines, Inc. and James G. Dempsey.				X
10.7#	Employment Letter, dated as of February 23, 2015, by and between Frontier Airlines, Inc. and James E. Nides.	S-1	3/31/2017	10.7	
10.8#	Employment Letter, dated as of June 30, 2014, by and between Frontier Airlines, Inc. and Howard M. Diamond.	S-1	3/31/2017	10.8	
10.9#	Employment Letter, dated as of September 2, 2015, by and between Frontier Airlines, Inc. and Mark C. Mitchell.	S-1	3/31/2017	10.9	
10.10(a)#	Employment Agreement, dated as of June 25, 2012, by and between Frontier Airlines, Inc. and Daniel M. Shurz.	S-1	3/31/2017	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	3/31/2017	10.10(b)	
10.11*#	Non-Employee Director Compensation Program.				
10.12#	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	3/31/2017	10.12	
10.13#	Professional Services Agreement, dated December 3, 2013, by and among Indigo Partners LLC, Frontier Airlines Holdings, Inc. and Frontier Airlines, Inc.	S-1	3/31/2017	10.13	
10.14#	Subscription Agreement, dated as of December 3, 2013, by and between, Falcon Acquisition Group, Inc. and Indigo Frontier Holdings Company, LLC.	S-1	3/31/2017	10.14	
10.15(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.				
10.15(b)*	Letter Agreement No. 1, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.				
10.15(c)*	Letter Agreement No. 2, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.				

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<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>Incorporated by Reference</u>		<u>Filed Herewith</u>
			<u>Date</u>	<u>Number</u>	
10.15(d)*	Letter Agreement No. 3, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.				
10.15(e)*	Letter Agreement No. 4, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.				
10.15(f)*	Letter Agreement No. 5, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.				
10.15(g)*	Letter Agreement No. 6A, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.				
10.15(h)*	Letter Agreement No. 6B, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.				
10.15(i)*	Letter Agreement No. 7, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.				
10.15(j)*	Letter Agreement No. 8, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.				
10.15(k)*	Letter Agreement No. 9, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.				
10.15(l)*	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.				
10.15(m)*	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.				
10.15(n)*	Amendment No. 3 to Airbus A320 Family Aircraft Purchase Agreement, dated as of September 30, 2011, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(a)*	Airbus A321 Aircraft Purchase Agreement, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(b)*	Letter Agreement No. 1, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(c)*	Letter Agreement No. 2, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.				

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<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>Incorporated by Reference</u>		<u>Filed Herewith</u>
			<u>Date</u>	<u>Number</u>	
10.16(d)*	Letter Agreement No. 3, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(e)*	Letter Agreement No. 4, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(f)*	Letter Agreement No. 5, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(g)*	Letter Agreement No. 6A, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(h)*	Letter Agreement No. 6B, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(i)*	Letter Agreement No. 7, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(j)*	Letter Agreement No. 8, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(k)*	Letter Agreement No. 9, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(l)*	Amendment No. 1 to Airbus A321 Aircraft Purchase Agreement, dated as of May 18, 2015, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.16(m)*	Amendment No. 2 to Airbus A321 Aircraft Purchase Agreement, dated as of May 18, 2015, by and between Airbus S.A.S. and Frontier Airlines, Inc.				
10.17(a)	Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of March 12, 2003, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.				X
10.17(b)	First Amendment to the Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of March 12, 2003, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.				X
10.17(c)	Second Amendment to the Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of April 1, 2005, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.				X
10.17(d)	Third Amendment to the Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of March 27, 2006, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.				X
10.17(e)	Fourth Amendment to the Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of May 8, 2007, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.				X

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<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>Incorporated by Reference</u>		<u>Filed Herewith</u>
			<u>Date</u>	<u>Number</u>	
10.17(f)	Fifth Amendment to the Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of May 25, 2007, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.				X
10.17(g)	Sixth Amendment to the Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of September 9, 2009, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.				X
10.17(h)	Seventh Amendment to the Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of July 23, 2010, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.				X
10.17(i)	Eighth Amendment to the Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of October 29, 2010, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.				X
10.17(j)	Ninth Amendment to the Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of November 5, 2013, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.				X
10.17(k)	Tenth Amendment to the Frontier Airlines, Inc. Credit Card Agreement, dated as of June 18, 2015, by and between Frontier Airlines, Inc. and Barclays Bank, formerly known as Jupiter Bank.				X
10.18(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.				X
10.18(b)	Letter Agreement No. 1, dated as of June 30, 2000, by and between Frontier Airlines, Inc. and CFM International, Inc.				X
10.18(c)	Letter Agreement No. 2, dated as of November 20, 2002, by and between Frontier Airlines, Inc. and CFM International, Inc.				X
10.18(d)	Letter Agreement No. 3, dated as of August 1, 2003, by and between Frontier Airlines, Inc. and CFM International, Inc.				X
10.18(e)	Letter Agreement No. 4, dated as of March 26, 2004, by and between Frontier Airlines, Inc. and CFM International, Inc.				X
10.18(f)	Letter Agreement No. 5, dated as of April 11, 2006, by and between Frontier Airlines, Inc. and CFM International, Inc.				X
10.18(g)	Amendment No. 1 to GTA 6-13616, dated as of June 6, 2009, by and between Frontier Airlines, Inc. and CFM International, Inc.				

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<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>Incorporated by Reference</u>		<u>Filed Herewith</u>
			<u>Date</u>	<u>Number</u>	
10.18(h)	Letter Agreement No. 7, dated as of October 25, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.				X
10.18(i)	Letter Agreement No. 8, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and CFM International, Inc.				X
10.19(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.				X
10.19(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.				X
10.19(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.				X
10.20(a)	Agreement on Technical Services for A320 Family Aircraft, dated as of November 5, 2014, by and between Frontier Airlines, Inc. and Lufthansa Technik AG.				X
10.20(b)	Total Component Support Attachment, dated as of November 5, 2014, by and between Frontier Airlines, Inc. and Lufthansa Technik AG.				X
10.20(c)	Attachment on Aircraft Production Inspection, dated as of April 30, 2015, by and between Frontier Airlines, Inc. and Lufthansa Technik AG.				X
10.21	Purchase Terms Agreement (Material-Single Event), dated as of November 5, 2014, by and between Frontier Airlines, Inc. and Lufthansa Technik AG.				X
10.22(a)	Navitaire Hosted Services Agreement, dated as of June 20, 2014, by and between Frontier Airlines, Inc. and Navitaire LLC.				X
10.22(b)	Amendment No. 1 to Navitaire Hosted Services Agreement, dated as of March 1, 2015, by and between Frontier Airlines, Inc. and Navitaire LLC.				X
10.22(c)	Amendment No. 2 to Navitaire Hosted Services Agreement, dated as of April 10, 2015, by and between Frontier Airlines, Inc. and Navitaire LLC.				X
10.22(d)	Amendment No. 3 to Navitaire Hosted Services Agreement, dated as of January 1, 2016, by and between Frontier Airlines, Inc. and Navitaire LLC.				X
10.23(a)*	Terms and Conditions for Worldwide Acceptance of the American Express Card by Airlines, dated as of March 1, 2007, by and between Frontier Airlines, Inc. and American Express Travel Related Services Company, Inc.				

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<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>Incorporated by Reference</u>		<u>Filed Herewith</u>
			<u>Date</u>	<u>Number</u>	
10.23(b)*	Amendment to the Terms and Conditions for Worldwide Acceptance of the American Express Card by Airlines, dated as of October 1, 2009, by and between Frontier Airlines, Inc. and American Express Travel Related Services Company, Inc.				
10.24*	Second Amended and Restated Credit Agreement, dated as of December 16, 2016, by and among Vertical Horizons, Ltd., Citibank, N.A., Citigroup Global Markets, Inc., Bank of Utah and each lender identified on Schedule I thereto.				
10.25*	Second Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2016, by and among Vertical Horizons, Ltd., Citibank, N.A. and Bank of Utah.				
10.26*	Second Amended and Restated Guarantee, dated as of December 16, 2016, by Frontier Airlines, Inc. in favor of Bank of Utah.				
10.27*	Second Amended and Restated Guarantee, dated as of December 16, 2016, by Frontier Airlines Holdings, Inc. in favor of Bank of Utah.				
10.28(a)*	Step-In Agreement, dated as of December 23, 2014, by and among Vertical Horizons, Ltd., Bank of Utah and Airbus S.A.S.				
10.28(b)*	Letter Agreement to the Step-In Agreement and the Assigned A321 Purchase Agreement, dated as of May 18, 2015, by and among Vertical Horizons, Ltd., Frontier Airlines, Inc., Bank of Utah and Airbus S.A.S.				
10.28(c)*	Amendment Agreement to Step-In Agreement and the Assigned Purchase Agreements, dated as of August 11, 2015, by and among Vertical Horizons, Ltd., Bank of Utah and Airbus S.A.S.				
10.28(d)*	Amendment Agreement No. 3 to Step-In Agreement and the Assigned Purchase Agreements, dated as of December 16, 2016, by and among Vertical Horizons, Ltd., Bank of Utah and Airbus S.A.S.				
10.29(a)*	Purchase Agreements Assignment and Assumption Agreement, dated as of December 23, 2014, by and among Vertical Horizons, Ltd., Frontier Airlines, Inc. and Airbus S.A.S.				
10.29(b)*	Amendment Agreement to Assignment and Assumption Agreement, dated as of August 11, 2015, by and among Vertical Horizons, Ltd., Frontier Airlines, Inc. and Airbus S.A.S.				
10.29(c)*	Amendment Agreement No. 3 to Assignment and Assumption Agreement, dated as of December 16, 2016, by and among Vertical Horizons, Ltd., Frontier Airlines, Inc. and Airbus S.A.S.				

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<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>Incorporated by Reference</u>		<u>Filed Herewith</u>
			<u>Date</u>	<u>Number</u>	
10.30*	Second Amended and Restated CFMI Engine Benefits Agreement, dated as of December 16, 2016, by and among Vertical Horizons, Ltd., CFM International, Inc., Bank of Utah and Frontier Airlines, Inc.				
14.1*	Code of Ethics				
21.1	List of subsidiaries	S-1	3/31/2017	21.1	
23.1	Consent of independent registered public accounting firm.				X
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 5.1).				
24.1	Power of Attorney. Reference is made to the signature page to the Registration Statement.	S-1	3/31/2017	24.1	

* To be filed by amendment.

Indicates management contract or compensatory plan.

AIRPORT USE AND LEASE AGREEMENT

Between

CITY AND COUNTY OF DENVER

and

FRONTIER AIRLINES, INC.

at

DENVER INTERNATIONAL AIRPORT

FOR A TERM OF FIVE (5) YEARS

BEGINNING JANUARY 1, 2012

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AIRPORT USE AND LEASE AGREEMENT

THIS AIRPORT USE AND LEASE AGREEMENT (the “Agreement”), made and entered into as of the date indicated on the City’s signature page, by and between the **CITY AND COUNTY OF DENVER**, a municipal corporation of the State of Colorado, (the “**CITY**”), Party of the First Part, and **FRONTIER AIRLINES, INC.**, a corporation organized and existing under and by virtue of the laws of the State of Colorado, and authorized to do business in the State of Colorado, hereinafter referred to as (the “**AIRLINE**”), Party of the Second Part;

WITNESSETH:

WHEREAS, the City owns and operates Denver International Airport (the “Airport”) and has the power to grant rights and privileges with respect thereto, as hereinafter provided; and

WHEREAS, the Airline is engaged in the business of transporting persons, property, cargo and mail, or one or more thereof, by aircraft; and

WHEREAS, the parties desire to enter into this Agreement for the use and lease of certain premises and facilities at the Airport as more fully hereinafter set forth;

NOW THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the City and the Airline do hereby mutually undertake, promise and agree, each for itself and its successors, as follows:

**PART I
DEFINITIONS**

1.01 “AFFILIATED AIRLINE”

Means (i) any wholly owned-subsidiary Airline or majority-owned Airline, or (ii) any regional Airline operating under the name of the AIRLINE or under the name of AIRLINE’S wholly owned subsidiary, or (iii) any Airline flying under its own livery; and in any of the three abovementioned situations is (i) also not selling any seats in its own name and all seats are being sold in the name of the Signatory Airline that the Airline is under contract to and (ii) only if such Airline has been designated in writing by AIRLINE as an “Affiliated Airline” of AIRLINE.

1.02 “AIRFIELD AREA FACILITIES”

Means (A) runways; (B) taxiways; (C) passenger ramp and apron areas (other than the cargo ramp and apron areas); and (D) any extensions or additions to the above and any other space or facilities provided by the City at the Airport for public and common use by aircraft operators in connection with the landing and taking off of aircraft, or in connection with operations to be performed by aircraft operators upon the runways, taxiways, passenger ramp and apron areas; but only as from time to time provided by the City at the Airport for public and common use by aircraft operators.

1.03 “AIRPORT RULES AND REGULATIONS”

Means the reasonable rules and regulations governing the use of the Demised Premises and any other portion of the Airport as may from time to time be adopted and promulgated by the City for the management, operation and control of the Airport, including those pertaining to the operation of automobile and vehicular traffic and parking facilities thereon, and with such reasonable amendments, revisions, additions and extensions thereof as may from time to time be adopted and promulgated; provided, however, such rules and regulations shall not be inconsistent with the rights herein granted to the Airline; provided, further, that nothing herein shall be considered to restrict the police power of the City.

1.04 “BAGGAGE SYSTEM”

Means collectively all structures, improvement, equipment, belts, carts, walkways, impact protection, EDS modules, carousels, parts inventories, spare parts, tools, hardware and software, and other components of the baggage systems in the Terminal for processing, screening, and delivering checked baggage.

1.05 “DEMISED PREMISES”

Means, at any time, those areas and facilities which are leased to a Signatory Airline for its use and occupancy, as defined in Section 3.01. Such areas and facilities may not be used or occupied by others unless authorized by such Signatory Airline and approved by the City.

1.06 “FISCAL YEAR”

Means January 1 through December 31.

1.07 “GENERAL BOND ORDINANCE”

Means the 1984 Airport System General Bond Ordinance approved by the City Council of the City and County of Denver on November 29, 1984, Ord. 626, Series of 1984, as supplemented or succeeded.

1.08 “MANAGER”

Means the Manager of the City’s Department of Aviation or the Manager’s successor in function having jurisdiction over the management, operation and control of the Airport. “Manager’s authorized representative” or words of similar import shall mean the officer or employee of the City designated in writing by the Manager as the Manager’s authorized representative, until notice otherwise is thereafter given to the Airline.

1.09 “PREFERENTIAL USE FACILITIES”

Means, at any time, those areas and facilities to which a Signatory Airline is granted the preferential use and occupancy as set forth in this Agreement.

1.10 “SIGNATORY AIRLINE”

Means, at any time, Airline and each other airline which meet the definition and requirements specified in the Airport Rules and Regulations.

**PART II
AIRFIELD AREA FACILITIES**

2.01 AIRFIELD AREA FACILITIES TO BE PROVIDED

The City agrees to provide, operate and maintain in good condition and repair at the Airport, in accordance with good airport maintenance practices, and to make available for use by aircraft operators, the Airfield Area Facilities shown upon the attached drawing of the Airport marked Exhibit A, which drawing is incorporated herein and made a part hereof by reference, and any additions or extensions thereto.

The City may from time to time make alterations to, or reconstruct, or relocate, or modify the design and type of construction of, or close the Airfield Area Facilities, or any portion or portions of them, either temporarily or permanently, provided that reasonably equivalent Airfield Area Facilities are made available to the Airline.

2.02 USE OF AIRFIELD AREA FACILITIES

The airlines shall be entitled to use the Airfield Area Facilities for the following purposes:

(A) Runways for the purpose of landing and taking off of aircraft.

(B) Taxiways for the purpose of ground movement of aircraft.

(C) Passenger ramp and apron areas, including, without limitation, the Airline’s preferential use areas shown on Exhibit C attached hereto (“Preferential Use Passenger Aircraft Ramp and Apron Areas”) for the purpose of unloading and loading passengers, baggage, freight, mail, supplies, and cargo to and from aircraft; for the purposes of performing such fueling and other ramp services as is more extensively defined in Section 2.03; for the purpose of parking mobile equipment while being actively used in connection with ramp operations, or for any other such purpose and, in connection with Airline’s Preferential Use Passenger Aircraft Ramp and Apron Areas, for coordinating and directing the parking and pushback of aircraft; but aircraft carrying property, cargo, and mail, but not passengers, shall use ramp areas designated for cargo operations by the Manager.

(D) Training operations of the Airline.

(E) Any other use normally incident to the foregoing.

The use of the Airfield Area Facilities shall be in common with others authorized by the City to do so, upon compliance with reasonable and nondiscriminatory terms and conditions (including the payment of rates, fees, and charges) upon which they are made available for such use, and in accordance with Airport Rules and Regulations.

2.03 RAMP SERVICES

Airline shall have the right to use the Airline's Preferential Use Passenger Aircraft Ramp and Apron Areas to provide services for aircraft occupying loading or unloading positions (herein called "ramp services") incidental to the immediate preparation of aircraft for scheduled operations, such services to include, among others, fueling, inspection, interior cleaning and non-routine maintenance (defined as minor repairs and the replacement or adjustment of equipment of an emergency nature, or in order to insure the safe departure of the aircraft), unless otherwise authorized by the Manager. Ramp services and facilities may be provided at loading and unloading positions in accordance with the Airport Rules and Regulations. The Airline shall leave the ramp area used by it for any such purposes in a neat, clean, safe and orderly condition upon completion of such services.

The Airline shall have the right to perform its own ramp services or to have such services performed by a regular ramp contractor (i.e., a person authorized by the Manager to perform ramp services at the Airport for any and all aircraft operations). If all such regular ramp contractors are unsatisfactory to the Airline from the standpoint of service or price, the Airline may notify the Manager that it desires to use the services of a contractor not authorized and the Manager may approve such contractor to perform such services; provided however, that the contractor shall accept a permit from the Manager upon the same terms and conditions as regular ramp contractors (except that at the option of the Manager, there may be omitted from such permit any provision requiring or permitting the contractor to serve others than the Airline). The Airline shall have the right to perform or receive ramp services, including refueling, for or from any other air carrier certificated to serve Denver, except that the location of ramp services outside the receiving airline's Preferential Use Facilities shall be determined by the Manager. No charges, fees or tolls of any nature shall be imposed by the City, directly or indirectly, against the Airline or such other air carrier for the right or privilege of providing or receiving such ramp services.

2.04 RATES, FEES AND CHARGES FOR THE USE OF THE AIRFIELD AREA FACILITIES

The rates, fees and charges for the use of the Airfield Area Facilities shall be as established from time to time by the City in accordance with this Agreement. For each landing of an aircraft by the Airline at the Airport, Airline shall be assessed a landing fee in an amount equal to the number of thousands of pounds of maximum allowable gross landing weight of that aircraft, multiplied by the landing fee rate. The landing weight data will be compiled by the Airport through the use of an independent Radar based landing fee activity database. Airlines will access a secure website where a summary and detailed monthly activity report and applicable landing fee charges will be available by the 5th day of the month. The Airport will send an invoice by the 7th day of the month. The rates, fees and charges for the use of the Airfield Area shall be payable no later than twenty (20) days after the close of each calendar month of the term hereof.

The maximum allowable gross landing weight shall be determined based on the current FAA Type Certificate Data Sheet applicable to the particular type, design, and model of aircraft.

PART III
LEASE AND USE OF DEMISED PREMISES AND PREFERENTIAL USE FACILITIES

3.01 DEMISED PREMISES

The City hereby leases to the Airline and the Airline hereby agrees to lease from the City space in the passenger terminal building and concourses at the Airport designated on Exhibit D (which drawings are incorporated herein and made a part hereof by reference) (collectively, the "Demised Premises"). The City and Airline acknowledge and agree that the dimensions of the Demised Premises as set forth in Exhibit D are defined as part of this Agreement. It is acknowledged and agreed that the Demised Premises under this Agreement constitute non-residential real property. Except to the extent required for the performance of the obligations of the Airline hereunder, nothing contained in this Agreement shall grant to the Airline any rights whatsoever in the air space above the Demised Premises except as approved by the City.

3.02 USE OF DEMISED PREMISES

The Airline shall have the use of the portion of the Demised Premises designated in Exhibit D as "Demised Premises" during the term of the letting thereof, for the following purposes, purposes reasonably related thereto and for such other purposes as may be authorized in writing from time to time by the Manager:

(A) The handling of reservations, ticketing, billing and manifesting of passengers for air transportation;

(B) The clearance, checking-in, handling of outbound and inbound baggage and baggage claim, and the rendering of similar services to passengers for air transportation, and for the furnishing of information, including but not limited to, flight arrival, flight departure and baggage claim information to passengers and to the general public;

(C) Administrative offices, operations offices, employee lockers and restrooms, baggage, cargo and mail-handling and storage facilities and equipment; such uses and facilities to be located within Airline's Demised Premises;

(D) Radio, data processing and other communication equipment;

(E) The assembling, handling and disbursing of baggage and lost and found articles;

(F) The operation, by Airline or an independent contractor, of passenger clubs and lounges where the Airline may serve food and beverage with or without charge; such uses and facilities to be located within Airline's Demised Premises; and

(G) The installation, maintenance, and operation of facilities and equipment reasonably necessary or convenient to carry out any or all of the foregoing.

3.03 EFFICIENCY-IN-USE

The Airline agrees to make every reasonable effort to offer to any other incoming or incumbent airline the opportunity to share use of its Demised Premises. In determining whether the use by another incoming or incumbent airline is reasonable and possible, the Airline will have the right to consider the compatibility of the proposed operation of the incoming or incumbent airline with those of the Airline, the operations of those with whom the Airline has subleases or handling agreements, the Airline's existing and immediate future flight schedules, the need for labor harmony, and the availability of other similar premises at the Airport. Should the Airline refuse another airline the opportunity to use the Airline's Demised Premises, the City and County of Denver, acting by and through its Manager, may review the Airline's Demised Premises usage, and should the Manager reasonably determine, considering all the factors noted herein and any other reasonable justification presented by Airline, including the Airline's reasons for such refusal, that the Airline unreasonably refused usage by such other airline, the Manager may immediately require the Airline to permit the incoming or incumbent airline to use that part of the Airline's Demised Premises and for those periods of time the City deems feasible, subject to the incoming or incumbent airline executing a mutually acceptable agreement with the Airline, and subject to the Manager's review and approval of said agreement.

3.04 PAYMENT OF FIXED AND VARIABLE RATES, FEES AND CHARGES

(A) Rentals for the Demised Premises and Preferential Use Facilities shall be paid in twelve (12) equal monthly installments, and shall be due and payable, in advance, without notice on or before the first day of the then current month.

(B) In addition to the fixed rates, fees, and charges provided herein, Airline shall pay for other common use facilities, equipment, services and maintenance utilized by Airline. Said rates, fees and charges shall be paid monthly, in advance, and adjusted, if necessary, based on such actual costs. Any additional amount due from the Airline or refund owed to the Airline, as the case may be, based on such actual costs, shall be paid by the Airline or credited by the City, as the case may be, to rates, fees and charges. Such services may include, but are not limited to, industrial waste, sewer and water and trash.

3.05 USE OF PREFERENTIAL USE FACILITIES ON CONCOURSES

The City hereby grants to the Airline preferential use of certain concourse facilities as designated in Exhibit C and Exhibit D where so indicated. The right of preferential use includes the right of the Airline and its Affiliated Airlines to enplane and deplane passengers and to schedule and use such facilities as defined herein, subject to the conditions set forth herein and in the Airport Rules and Regulations regarding the operation and use of concourses as such reasonable and nondiscriminatory rules and regulations exist or may be promulgated in the future. The right of preferential use is expressly understood to be a non-exclusive right, and the City retains the right to allow other airlines the use of the Airline's preferential use areas to the extent such other use does not infringe on the Airline's preferential use as herein defined.

Furthermore, it is expressly agreed and understood that the foregoing right of preferential use is not a property right and shall not be assigned, subleased or otherwise alienated or

hypothecated in any manner whatsoever by the Airline; except that, in the case of a merger of Airline with another airline or the acquisition of substantially all of Airline's assets by another airline, Airline's preferential use shall be transferable to the surviving airline.

The Airline's preferential use and scheduling rights on its passenger holdroom(s), associated passenger loading bridges, gate(s) and Preferential Use Passenger Aircraft Ramp and Apron Areas (collectively, the "Preferential Use Gates"), are subject to the following requirements ("Preferential Use Gate Usage Requirements"):

(A) *****

- (1) *****
- (2) *****
- (3) *****
- (4) *****
- (5) *****

(B) In the event Airline performs Ground Handling (as defined in Airport Rules and Regulations) for other parties, such activities count as departures for purposes of this gate usage requirement.

(C) If Airline fails to meet the minimum Preferential Use Gate Usage Requirements for a calendar quarter, without excuse, the Manager may notify Airline that it is in violation of this Agreement, and may return to the Airport's unassigned gate inventory, the number of Airline's concourse-level Preferential Use Gates failing to meet Airline's Preferential Gate Use Requirements. Airline shall have 10 business days from receipt of such notice to specify which Preferential Use Gates are to be returned; provided, however, that the Manager may select different Preferential Use Gates as may be necessary to create contiguity with other unleased gates.

(D) Upon Airline's request, the Manager in its sole discretion may waive preferential status with corresponding rent reductions to airline-leased space. As long as the space remains in Airline's leasehold, the Airline may provide the City with 90 days written notice and reclaim such space for Airline's own use, to sublet to another party for their use, or to perform Ground Handling services for another party on that gate.

(E) Airline agrees to abide by reasonable and nondiscriminatory rules and regulations regarding the operation and use of concourses as such rules and regulations exist or may be promulgated in the future in the Airport Rules and Regulations. The City will provide not less than 21 days' notice to Airline when any rule or regulation affecting Airline is proposed for amendment, and will post amendments when final.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

3.06 USE OF AND ACCESS TO BAGGAGE SYSTEM

The City hereby grants to the Airline a license to use the Baggage System on a common use basis, for the purpose of loading and unloading baggage to and from aircraft, and access to the Baggage System for activities reasonably necessary or convenient in connection with the foregoing. The grant of such license and the use of and access to the Baggage System is more specifically set forth in a Baggage System License Agreement between City and Airline. The Airline acknowledges and agrees that the Baggage System shall be managed, operated, and maintained for the benefit of the air carriers by an operator selected by the City and the Signatory Airlines. The Airline's use of and access to the Baggage System shall be conducted so as not to interfere with the safe and efficient operation of the Baggage System by the operator.

The parties agree that certain baggage belt areas behind ticket counters in the Terminal Building which are part of the Airline's Demised Premises shall be considered exclusively leased to the Airline for the purpose of passenger operations, but nonetheless those baggage belts are part of the Baggage System for the purpose of operation and maintenance, in accordance with the terms and conditions of the City's agreement with the operator.

3.07 USE OF PUBLIC AREAS

Airline and its employees, agents, passengers and invitees, its suppliers of materials and furnishers of services shall have the non-exclusive right to use, in common with all others, all public areas of the Airport, together with all improvements, facilities and equipment located therein, including, without limitation, the following: passenger transit systems, passenger walkways, public lobbies, public waiting rooms, public stairways, elevators and escalators, public restrooms, public roads and parking lots. Nothing herein shall be deemed to convey to Airline any interest or property rights in such public areas, or to any improvements thereto.

PART IV PROVISIONS RELATING TO AIRFIELD AREA FACILITIES, PREFERENTIAL USE FACILITIES, DEMISED PREMISES, AND JOINT USE FACILITIES

4.01 MAINTENANCE

(A) The City shall provide services and maintenance in the Airfield Area Facilities, Preferential Use Facilities, Demised Premises and Joint Use Facilities as indicated in Exhibit E, attached hereto and made a part hereof, and shall bear the cost thereof in consideration of payment to be made by the Airline pursuant to the provisions hereof.

(B) The Airline agrees that it will at all times under its control maintain its Preferential Use Facilities, Demised Premises and Joint Use Facilities in a neat, clean, safe and orderly condition, in compliance with the requirements of 42 U.S.C. § 12101 et seq., 49 U.S.C. § 41705, and 14 C.F.R. Part 382, and in keeping with the general decor of the area in which they are situated, and that it will perform those maintenance services shown on said Exhibit E to be performed by the Airline.

4.02 AIRLINE ALTERATIONS TO DEMISED PREMISES

The Airline may, with prior written approval of the Manager, at its own cost and expense, install in the Demised Premises any fixture or improvement or do or make alterations or do remodeling, germane to the use herein or hereafter granted. Any fixtures, improvements, equipment and other property installed, erected or placed by the Airline in, on or about such Demised Premises shall be deemed to be personal and shall be and remain the property of the Airline, except as otherwise provided herein and the Airline shall have the right at any time during the term hereof to remove any or all of its property, subject to the Airline's obligation to repair damage, if any, resulting from such removal. All such fixtures, improvements, equipment and other property shall be removed from the said Demised Premises by the expiration or earlier termination of letting and the Demised Premises restored to the condition existing at the time of the letting, reasonable wear and tear excepted, unless the City, acting by and through its Manager, shall have advised the Airline in writing at the time of such installation or not less than sixty (60) days in advance of such expiration or not less than thirty (30) days in advance of such earlier termination, of its willingness to accept title to such fixtures, improvements, equipment and other property in lieu of restoration of the Demised Premises. It is understood and agreed that during such period and until such personal property is removed, the Airline shall pay to the City the full rental applicable to those Demised Premises, as determined by the Manager, which are directly associated with said personal property and which Demised Premises are not usable by others until said personal property is removed.

Said improvements, and all alterations thereof and additions thereto, shall in all respects be constructed in accordance with the ordinances and any applicable code or rule and regulation of the City and County of Denver, including the Airport Rules and Regulations governing tenant construction specifications and other non-technical requirements, in accordance with the attached Exhibit G, "Design Standards, Construction Procedures and Environmental Requirements," which is incorporated herein by reference, in accordance with the requirements of 42 U.S.C. § 12101 et seq., 49 U.S.C. § 41705, and 14 C.F.R. Part 382, and pursuant to any required building permit to be obtained from the City and according to the customary terms and conditions thereof.

4.03 SUB-LETTING, ASSIGNMENT AND GROUND HANDLING ARRANGEMENTS

No interest or rights under this Agreement may be transferred except as provided under this Section 4.03

Airline may sublet, assign or otherwise transfer the Demised Premises, in whole or in part to another airline, or use the Demised Premises for the handling by Airline's personnel of air transportation operations of other airlines, subject, however, to each of the following conditions:

(A) No sub-lease, assignment, ground handling agreement or other transfer shall relieve Airline from primary liability for any of its obligations hereunder, and Airline shall continue to remain primarily liable for the payment of rentals, fees and charges applicable to such premises and facilities hereunder;

(B) Airline shall provide written notice to the City and a copy of the proposed sublease, assignment, ground handling agreement or other transfer not less than thirty (30) days prior to the effective date of such arrangement;

(C) Any sublease, assignment, ground handling agreement or other transfer shall be subject to the prior written approval of the Manager; and

(D) Unless a gate sharing agreement is in place as authorized by the Manager under Airport Rules and Regulations, any authorization by Airline for use of a Preferential Use Gate by another airline shall require such other airline to remit directly to the City a non-preferential use gate fee as established by the Airport Rules and Regulations. All such fees shall be credited in the calculation of rentals, rates, fees and charges.

4.04 RIGHT TO ENTER AND MAKE REPAIRS

The City and its authorized officers, employees, agents, contractors, subcontractors and other representatives shall have the right (at such times as may be reasonable under the circumstances and with as little interruption to the Airline's operations as is reasonably practicable) to enter upon the Demised Premises for the following purposes:

(A) To inspect the Demised Premises at reasonable intervals during regular business hours (or at any time in case of emergency) to determine whether the Airline has complied and is complying with the terms and conditions of this Agreement with respect to the Demised Premises.

(B) To perform maintenance and make repairs and replacements in any case where the Airline is obligated to do so and has failed after reasonable notice to do so, in which event the Airline shall promptly upon demand reimburse the City for the actual cost thereof, plus a 15% administrative charge.

(C) To perform maintenance and make repairs and replacements in any case where the City is obligated to do so, and in any other case where the City, in its reasonable judgment, determines that it is necessary or desirable to do so in order to preserve the structural safety of the Demised Premises or the building in which they are located or to correct any condition likely to cause injuries or damages to persons or property.

(D) In the exercise of the City's police power.

No such entry by or on behalf of the City upon such Demised Premises leased to Airline shall cause or constitute a termination of the letting thereof or be deemed to constitute an interference with the possession thereof by the Airline.

4.05 ABANDONMENT OF DEMISED PREMISES

If the Airline ceases to occupy and use a material portion of the Demised Premises for a continuous period of six (6) consecutive months or longer, the City, acting by and through the Manager, may consider such portion of the Demised Premises abandoned, and if needed for another use, upon not less than thirty (30) days' written notice to the Airline, terminate the lease for such portion of the Demised Premises.

4.06 DESTRUCTION OF PREMISES

If by reason of any cause Airline's Demised Premises, or any portion thereof, are damaged or destroyed by fire or other casualty, then:

(A) The City, after consultation with Airline, shall forthwith repair, reconstruct and restore the damaged or destroyed portions of the Demised Premises to substantially the same condition, character, utility and value as existed prior to such damage or destruction, unless the City and Airline agree that no such reconstruction is necessary, or that reconstruction to some other condition, character, utility and value is appropriate or desired; and

(B) If such Demised Premises are damaged to such an extent that the Demised Premises are untenable, the City, acting by and through the Manager, will make all reasonable efforts to provide substantially equivalent substitute premises and facilities, and such substitute premises and facilities will be made available to Airline consistent with those rentals, fees and charges for the use of the Airport established and modified from time to time by the City in accordance with this Agreement.

(C) For portions of the Demised Premises that are untenable, Airline shall receive a pro rata abatement of rentals, fees and charges applicable thereof from the date of such occurrence to the date upon which such portions of the Demised Premises are repaired and restored.

4.07 COMMON USE SYSTEMS

Prior to implementation of multiple or common use systems, the City will consult with Airline. Thereafter, upon nine (9) months advance written notice by the City, the Airline agrees that it will make all necessary modifications and improvements to become compatible with the City's multiple or common use system installations. After the City installs common use systems, all future improvements and any new equipment of the Airline shall be compatible with the City's multiple or common use system installations. The Airline shall not install any proprietary terminal equipment without the prior written approval of the Manager.

4.08 REASSIGNMENT OF DEMISED PREMISES AND PREFERENTIAL USE FACILITIES

After consultation with all affected airlines, in order to maximize the highest and best use of the City's airline facilities, the City may at its sole discretion, relocate and reassign the Airline's use and lease of the Demised Premises and Preferential Use Facilities upon sixty (60) days advance written notice. The City will be responsible for reasonable costs related to any such relocations and/or reassignments.

**PART V
GENERAL PROVISIONS**

5.01 AGREEMENTS WITH THE UNITED STATES

This agreement is subject and subordinate to the provisions of any agreements between the City and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the transfer of federal rights or property to the City for airport purposes, or to the expenditure of federal funds for the extension, expansion or development of the Airport, including the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Airport and Airway Improvement Act of 1982, as amended. The provisions in the attached Appendices 1 and 2 are hereby incorporated herein by reference.

5.02 BOND ORDINANCES

This Agreement is in all respects subject and subordinate to any and all City bond ordinances applicable to the Airport and airport system and to any other bond ordinances which should amend, supplement or replace such bond ordinances.

The parties to this Agreement acknowledge and agree that all property subject to this Agreement which was financed by the net proceeds of tax-exempt bonds is owned by the City, and Airline agrees not to take any action that would impair, or omit to take any action required to confirm, the treatment of such property as owned by the City for purposes of Section 142(b) of the Internal Revenue Code of 1986, as amended. In particular, the Airline agrees to make, and hereby makes, an irrevocable election (binding on itself and all successors in interest under this Agreement) not to claim depreciation or an investment credit with respect to any property subject to this Agreement which was financed by the net proceeds of tax-exempt bonds and shall execute such forms and take such other action as the City may request in order to implement such election.

5.03 LAWS, REGULATIONS, AND AGREEMENTS TO BE OBSERVED

(A) The Airline shall not use, or authorize the use by any other person or party, of all or any portion of the Demised Premises, or any part of the Airport to which it is granted a right of use or occupancy by this Agreement, for any purpose or use other than those authorized by this Agreement, or hereafter authorized in writing by the Manager. No use shall be considered authorized by this Agreement if such use would adversely affect the tax-exempt status of Airport Revenue Bonds.

(B) The Airline shall comply with and shall cause its officers and employees and any other persons over whom it has control to comply with the Airport Rules and Regulations.

(C) The Airline shall, at all times, faithfully obey and comply with all existing laws, rules and regulations adopted by federal, state, local or other governmental bodies and applicable to or affecting the Airline and its operations and activities in and at the Airport, including 49 U.S.C. § 41705 (the Air Carrier Access Act) and implementing regulations at 14 C.F.R., Part 382, and 42 U.S.C. § 12101 et seq. (the Americans with Disabilities Act) and implementing regulations.

(D) It is agreed that any disputes regarding laws, ordinances, rules and regulations regarding the Airport issued by the City shall first be presented to administrative hearing before the Manager or the Manager's authorized representative following the procedure outlined in Denver Revised Municipal Code Section 5-17. It is further agreed that no action shall be brought against the City contesting any such laws, ordinances, rules and regulations until there has been full compliance with the terms of said section 5-17. Nothing herein shall be construed to prevent Airline from contesting in good faith any laws, ordinances, rules or regulations without being considered in breach hereof during such time as is required to exhaust the administrative hearing procedures, so long as such contest is diligently commenced and prosecuted by Airline.

PART VI
RATE-MAKING PROCEDURES AND REESTABLISHMENT

6.01 GENERAL PROVISIONS

The City agrees that it will establish and fix airline rentals, rates, fees and charges in accordance with the cost- accounting concepts and rate-making procedures described in attached Exhibit F. Further, the City agrees that said rentals, rates, fees and charges shall be reasonable in relation to the cost of providing, operating and maintaining the services or facilities used or leased by the Airline. The City acknowledges its obligations to charge air carriers nondiscriminatory and substantially comparable rates, fees, rentals and other charges, subject to reasonable classification such as tenant and non-tenant, Signatory and non-Signatory (as such is defined herein). The City agrees that it will not enter into an Airport Use and Facilities Lease Agreement with another air carrier which is substantially more favorable, unless the same rights, terms, and privileges are offered to the Airline.

Airline acknowledges that the rate base for rentals, fees and charges must generate gross revenues, which together with Other Available Funds (as defined in the General Bond Ordinance) must be sufficient to satisfy the Rate Maintenance Covenant of the General Bond Ordinance, and Airline agrees to pay such rentals, rates, fees and charges.

The City, acting by and through its Manager, may from time to time reestablish the rentals, rates, fees and other charges for the use of Airport in accordance with the concepts and rate-making procedures provided for herein.

The City, acting by and through its Manager, may from time to time, amend the rate- making concepts and procedures set forth in this Agreement with the written consent of a majority of the Signatory Airlines not in default of the Agreement, represented by: (1) a numerical majority; and (2) a majority in terms of rentals, rates, fees and charges paid in the preceding fiscal year.

6.02 NON-AIRLINE REVENUE

In order to minimize the rentals, rates, fees and charges which Airline is obligated to pay under this Agreement, the City shall promote and develop non-airline revenues at the Airport in a manner consistent with that of a reasonably prudent airport operator.

6.03 PROJECTION OF RENTALS, RATES, FEES AND CHARGES

Not later than forty five (45) days prior to the end of each Fiscal Year during the term of this Agreement, City shall furnish Airline with a projection of the rentals, rates, fees and charges for the next ensuing year for each cost center of Airport. Such projection will include the Airport proposed expense budget, and projection of aircraft operations, passenger enplanements, and debt service payments for the ensuing year. The City shall convene a meeting with the Signatory Airlines operating at the Airport not later than thirty (30) days prior to the end of each Fiscal Year to consult and review with the Signatory Airlines the projection of rentals, fees and charges for the next ensuing year.

6.04 MID-YEAR REVIEW OF RENTALS, RATES, FEES AND CHARGES

Not later than September 1st of each year, the City shall furnish the Airline with a projection of rentals, rates, fees and charges (the Mid-Year Projection), which shall reflect the most recently available information on current aircraft operations and passengers enplaned as well as expenses actually incurred and revenues realized thus far during such fiscal year. The City shall provide a pro forma projection of revenues and expenses for the current fiscal year. The City shall convene a meeting with the Signatory Airlines operating at the Airport to consult and review the Mid-Year Projection and any adjustment to the monthly rentals, rates, fees and charges for such fiscal year.

6.05 FINAL AUDIT

Upon release by the City's independent auditors of the audited financial statements of Airport, the City shall furnish Airline with a copy of the annual audit report, prepared in accordance with Generally Accepted Accounting Principles and certified by an independent accountant, covering the operation of the Airport for such preceding fiscal year. As soon as practical following the release of the annual audit report, the City will prepare an analysis of additional charges or credit due (Year-End Settlement) along with the Airline Revenue Credit calculation to Airline for the preceding audited fiscal year. If the rentals, fees and charges paid by Airline were greater than the respective amounts chargeable to Airline, Airline shall receive credits promptly in the amount of such overpayment against future rentals, fees and charges. If the rentals, fees and charges paid by Airline were less than the respective amounts chargeable to Airline, Airline shall pay promptly the amount of any such deficiency.

6.06 PASSENGER FACILITY CHARGES

(A) "Passenger Facility Charges" or "PFCs" are charges collected by the Airline pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990, 49 U.S.C. Section 40117, and 14 CFR Part 158, as amended. Airline acknowledges that PFCs are funds held for the benefit of the City. Airline further acknowledges that PFCs are not property of

the Airline under any of the circumstances described in paragraph 7.02(D) herein. Airline agrees that under the circumstances described in paragraph 7.02(D) herein, Airline will immediately establish a fund and segregate PFC funds collected as required by 49 U.S.C. Section 40117(m)(1).

(B) Airline shall abide by the remittance, reporting and recordkeeping requirements of PFCs as outlined in 14 CFR Part 158 and referenced in Airport Rules and Regulations, and the Airport shall abide by the public agency requirements outlined in 14 CFR Part 158.

**PART VII
TERM OF THE AGREEMENT**

7.01 TERM OF AGREEMENT

The term of this Agreement shall commence on January 1, 2012 and shall terminate on December 31, 2016, unless this Agreement is earlier cancelled, terminated, or extended as hereinafter provided.

7.02 TERMINATION OF LEASE BY CITY

The City, acting by and through its Manager, may declare this Agreement terminated in part or in its entirety, as the Manager deems appropriate, upon the happening of any one or more of the following events and may exercise all rights of entry and reentry with or without process of law, without liability for trespass upon the Preferential Use Facilities and Demised Premises:

(A) If the rentals, rates, fees, charges or other money payment which the Airline herein agrees to pay, or any part thereof, shall be unpaid after the date the same shall become due; or

(B) If the Airline shall use or permit the use of the Preferential Use Facilities and Demised Premises covered hereby at any time for any purpose for which the use thereof at that time is not authorized by this Agreement or by the subsequent written consent of the Manager, or shall use or permit the use thereof in violation of any law, rule or regulation to which the Airline has agreed in this Agreement to conform; or

(C) If Airline shall be in violation of any provision of Section 4.03 with respect to the subletting of the Demised Premises hereunder; or

(D) If, during the term of this Agreement, the Airline shall (a) apply for or consent to, in writing signed on behalf of the Airline by any of its officers or its duly authorized attorney, the appointment of a receiver, trustee or liquidator of the Airline or of all or a substantial part of its assets, (b) file a voluntary petition in bankruptcy, or admit in writing its inability to pay its debts as they come due, (c) make a general transfer for the benefit of creditors, (d) file a petition or an answer seeking reorganization or arrangement with creditors or to take advantage of an insolvency law, or (e) file an answer admitting the material allegations of a petition filed against the Airline in any bankruptcy, reorganization or insolvency proceeding, or if during the term of this Agreement an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating the Airline as bankrupt or as insolvent,

or approving a petition seeking a reorganization of Airline or of all or a substantial part of its assets, and such order, judgment, or decree shall continue unstayed and in effect for any period of ninety (90) consecutive days, then, and in any of such events, the City may give to the Airline a notice of intention to end the term of this Agreement in its entirety after the expiration of thirty (30) days from the date of service of such notice, and on the date set forth in said notice the term of this Agreement and all right, title and interest of Airline hereunder shall expire as fully and completely as if that day were the date herein specifically fixed for the expiration of the term, and the Airline will then voluntarily and peaceably quit and surrender the Preferential Use Facilities and Demised Premises covered hereby to the City, but the Airline shall remain liable as herein provided; or

(E) If Airline fails to make its Preferential Use Facilities and Demised Premises available for use in accordance with 56 Fed. Reg. 24, 254-01 (1991) (codified at 14 C.F.R. 158, App. A, B.7), but any right to terminate by the City under this section 7.02 (E) may be exercised only with respect to the portion of the Exclusive Use Premises required by 56 Fed. Reg. 24, 254-01 (1991) (codified at 14 C.F.R. 158, App. A, B.7).

(F) If any of Airline's directors or officers assigned to or responsible for operations at the Airport shall be or have been convicted of any crime which is a disqualifying offense under 49 CFR 1544 governing issuance of airport security badges.

7.03 TERMINATION OF LEASE BY AIRLINE

The Airline, at its option, may declare this Agreement terminated in part or in its entirety upon the happening of any one or more of the following events:

(A) If by any reason of any action or non-action of any federal or other governmental agency having jurisdiction to grant a certificate of convenience and necessity, or similar document, authorizing the Airline to operate aircraft in or out of the Airport (including action in the nature of alteration, amendment, modification, suspension, cancellation or revocation of any such certificate, permit or document), the Airline shall cease to have authority to operate aircraft in and out of the Airport pursuant to such a certificate or document, provided that (1) such governmental action or non-action was not requested by the Airline, and the Airline made all reasonable efforts to prevent such governmental action or non-action, or in the alternate, (2) the City had a reasonable opportunity to appear before such federal or governmental agency and be heard in opposition to such governmental action or non-action prior to the occurrence, if it desired to do so or, in the alternate, (3) the Airline gave the City reasonable advance notice that such governmental action or non-action was being requested or might occur, and the Airline made a reasonable effort to the end that the City might have an opportunity to appear and be heard as aforesaid; or

(B) If by legislative action of the United States the Airline is deprived of such certificate of similar document; or

(C) If a court of competent jurisdiction issues an injunction or restraining order against the City or any successor body to the City preventing or restraining the Airport for airport purposes in its entirety, or the use of any part thereof which may be used by the Airline and which is substantially necessary to the Airline for its operations, and if such injunction remains in force for a period of ninety (90) days or more and is not stayed by appeal or a writ of error; or

(D) If the City's operation of Airport is substantially restricted by action of any federal or other governmental agency having jurisdiction with respect thereto, or the occurrence of any fire or other casualty substantially and adversely affects, for a period of at least ninety (90) days, Airline's use of Airport in the conduct of its air transportation business; provided, however, none of the foregoing is due primarily to any fault of Airline.

7.04 EFFECTIVE DATE OF TERMINATION

Notwithstanding anything to the contrary in this Agreement, no termination declared by either party shall be effective until not less than thirty (30) days have elapsed after written notice to the other specifying the date upon which such termination shall take effect and the cause for which it is being terminated (and if such termination is by reason of a default under this Agreement for which termination is authorized, specifying such default with reasonable certainty). No such termination shall be effective if such cause shall have been cured or obviated during such thirty (30) day period, or in the event such cause is a default under this Agreement (for which termination is authorized) and if by its nature such default cannot be cured within such thirty (30) day period, such termination shall not be effective if the party in default commences to correct such default within said thirty (30) days and corrects the same as promptly as reasonably practicable; provided that the thirty (30) day period shall not apply to termination declared for failure of Airline to make money payments hereunder, for which termination may be declared by the City upon fifteen (15) days' written notice, unless Airline remedies such default within such fifteen (15) day period; and provided further that the Airline will be allowed only two (2) notices of default with respect to money payments in any one year which it may cure. Upon termination of this Agreement, the parties hereto shall be relieved from all obligations hereunder except as set forth in Sections 6.05, 7.05, 7.06, 8.02, 10.08, 10.14, and 10.15. The right of any party hereto to terminate this Agreement shall not in any manner affect or limit such party's right to exercise any other right or remedy it may have rather than its right of termination.

7.05 SURRENDER AND HOLDING OVER

The Airline covenants that at the expiration of the period for which the Demised Premises are leased to it, or at the earlier termination of the letting thereof, it will quit and surrender such Demised Premises in good state and condition, reasonable wear and tear, acts of God or other casualty and damage due to the negligent or willful act or omission of the City excepted, and except as otherwise provided in Section 4.02, the Airline shall forthwith remove there from all equipment, trade fixtures and personal property belonging to it. The City shall have the right on such termination to enter upon and take possession of such Demised Premises with or without process of law, without liability for trespass.

Holding over by Airline following the expiration of the term of this Agreement or any extension thereof, without an express agreement as to such holding over, shall be deemed and taken to be a periodic tenancy from month-to-month. The Airline shall be subject to all the terms and conditions of this Agreement as amended from time to time or any extension thereof. Rent, fees and charges for each month of such holding over shall be paid as provided herein and in a

sum equal to the monthly rental required for the month prior to the end of the term of this Agreement or as reestablished as provided for herein. In the event Airline fails to surrender the Preferential Use Facilities and Demised Premises upon termination or expiration of this Agreement, or such month-to-month tenancy, then Airline shall indemnify City against loss or liability resulting from any delay of Airline in not surrendering same.

7.06 TERMINATION OF HOLDOVER

If Airline holds over pursuant to Section 7.05 hereof, either party may, with or without cause, cancel or terminate said tenancy by giving not less than thirty (30) days written notice to the other party. Said notice shall set out the date of such cancellation and termination.

PART VIII PERFORMANCE BOND, INDEMNIFICATION AND INSURANCE

8.01 PERFORMANCE BOND

Unless otherwise provided by Airport Rules and Regulations, as they may be adopted or amended from time to time, upon the commencement of the term of this Agreement, the Airline shall deliver to the Manager for the City and County of Denver, and shall maintain in effect at all times during the term of this Agreement, including a period of ***** after expiration (or earlier termination of the letting of the Demised Premises hereunder) of said Agreement, a valid corporate Performance Bond, or an irrevocable Letter of Credit, in the amount of ***** , or an amount equal to ***** , whichever is less, payable without condition to the City and County of Denver, with surety acceptable to and approved by the City's Manager, which bond or irrevocable letter of credit shall guarantee to the City full and faithful performance of all of the terms and provisions of this Agreement to be performed by the Airline, and as said Agreement may be amended, supplemented or extended.

Notwithstanding the foregoing, if at any time during the term hereof, the Manager deems the amount of the surety insufficient to properly protect the City from loss hereunder because the Airline is or has been in arrears with respect to such obligations or because the Airline has, in the opinion of the Manager, violated other terms of this Agreement, the Airline agrees that it will, after receipt of notice, increase the surety to an amount required by the Manager; provided however, the percentage increase in the amount of surety shall not exceed the annual percentage increase that has occurred with respect to the Airline's rental and fee rates in effect under this Agreement.

8.02 INDEMNIFICATION

The Airline agrees to indemnify and save harmless the City, its officers, and employees, from and against (A) any and all loss of or damage to property, or injuries to, or death of, any person or persons, including property and officers, employees and agents of the City; and (B) all claims, damages, suits, costs, expense, penalties, liability, actions or proceedings of any kind or nature whatsoever, of or by anyone whomsoever; which, with respect to clauses (A) and (B) hereof, in any way result from, or arise out of, Airline's operations in connection herewith, or its use or occupancy of any portion of the Airport and the acts, omissions, or wrongful conduct of officers, employees, agents, contractors or subcontractors of the Airline including without

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

limitation, the provision or failure to provide security as herein required and the use, disposal, generation, transportation or release of pollutants, including but not limited to oil, glycol, toxic or hazardous materials at Denver International Airport by the Airline, its contractors, employees, agents, customers, or anyone claiming or acting by or through the Airline.

Airline further agrees that if a prohibited incursion into the Air Operations Area occurs, or the safety or security of the Air Operations Area, the Airfield, the Baggage System or other sterile area safety or security area is breached by or due to the negligence or willful act or omission of any of Airline's employees, agents, or contractors and such incursion or breach results in a civil penalty action being brought against the City by the U.S. Government, Airline agrees to reimburse the City for all expenses, including attorney fees, incurred by the City in defending against the civil penalty action and for any civil penalty or settlement amount paid by the City as a result of such incursion or breach of airfield or sterile area security. The City shall notify Airline of any allegation, investigation, or proposed or actual civil penalty sought by the U.S. Government for such incursion or breach. Civil penalties and settlement and associated expenses reimbursable under this Paragraph include but are not limited to those paid or incurred as a result of violation of Federal Aviation Administration (FAA) regulations or Transportation Security Administration (TSA) regulations, as they may be amended, or any similar law or regulations intended to replace or compliment such regulations.

Without limitation, the terms of this indemnity include an agreement by Airline to indemnify, defend and hold harmless the City from and against any and all expense, loss, claim, damage, or liability suffered by City by reason of Airline's breach of any environmental requirement existing under federal, state or local law, regulation, order or other legal requirement in connection with any of Airline's acts, omissions, operations or uses of property relating to this Agreement, or such a breach by the act or omission of any of Airline's officers, employees, agents, or invitees, whether direct or indirect, or foreseen or unforeseen, including (but not limited to) all cleanup and remedial costs actually and reasonably incurred to satisfy any applicable remediation obligation required by federal, state or local law, and reasonable legal fees and costs incurred by City in connection with enforcement of this provision, but excluding damages solely relating to diminution in value of City real property.

Provided however, the City agrees that (I) the Airline need not save harmless or indemnify the City against damage to or loss of property, or injury to or death of persons, caused by the negligence or willful acts of the City, its officers, employees, contractors and agents, and (II) the City will give prompt written notice to the Airline of any claim or suit and the Airline shall have the right to assume the defense and compromise or settle the same to the extent of its own interest. Provided, however, the indemnity provided for herein shall apply only to the extent the City is not reimbursed out of insurance proceeds.

8.03 INSURANCE MAINTAINED BY AIRLINE

At all time during the term of this Agreement, unless otherwise required by federal or state governmental law or regulation, the Airline is required and agrees, at its own cost and expense, to provide and keep in force for the benefit of the Airline and the City, a policy, or policies, of insurance written on a single limit each occurrence basis with limits of not less than Three Hundred Million Dollars (\$300,000,000.00) for bodily injury and property damage arising

from any operation of the Airline at the Airport and contractual liability coverage. The Manager may increase the limit of insurance required when, in her discretion, she deems the amount stated herein is insufficient. The Manager may establish lesser amounts of insurance for airlines operating exclusively with aircraft of thirty (30) seats or less.

Such insurance policy, or policies, and certificates of insurance evidencing the existence thereof shall cover all operations of the Airline at the Airport, shall be in a form and written by a company, or companies, approved by the Airport's Risk Manager and shall insure the Airline's agreement to indemnify the City as set forth in the indemnification provisions hereof. The amount of insurance required hereunder shall in no way limit the liability of the Airline as provided in Section 8.02 of this Agreement. The City shall not be named insured of said insurance. Each such policy and certificate shall contain a special endorsement stating "This policy will not be materially changed or altered or canceled without first giving thirty (30) days written notice by certified mail, return receipt requested, to the Manager of Aviation, Denver International Airport, AOB- 9th Floor, 8500 Peña Boulevard, Denver, Colorado 80249-6340."

All such policies of insurance, or certified copies thereof, together with receipts showing payment of premiums thereon, shall be made available for review by the City at such times and places as required by the Manager. Certificates of insurance evidencing the existence of said policies shall be delivered to and left in the possession of said Manager.

8.04 LIENS

Except to the extent inconsistent with other provisions of this Agreement, the Airline covenants and agrees to pay promptly all lawful taxes, excises, license fees and permit fees applicable to its operations at the Airport and to take out and keep current all licenses, municipal, state or federal, required for the conduct of its business at and upon said Airport, and further agrees not to permit any of said taxes, excises or license fees to become delinquent. The Airline further covenants and agrees at all times to maintain adequate Worker's Compensation Insurance in accordance with any present or future Colorado law with an authorized insurance company, or through the Colorado State Compensation Insurance Fund, or through an authorized self- insurance plan approved by the State of Colorado insuring the payment of compensation to all its employees at the Airport. The Airline also covenants and agrees not to permit any mechanic's or materialman's or any other lien to be foreclosed upon the Airport and improvements thereto or thereon, or any part or parcel thereof, by reason of any work or labor performed or materials furnished at the request of the Airline by any mechanic or materialman. The Airline further covenants and agrees to pay promptly when due all bills, debts and obligations incurred by it in connection with its operation of said business on the Airport, and not to permit the same to become delinquent and to suffer no lien, mortgage, judgment or execution to be filed against said premises or improvements thereon which will in any way impair the rights of the City under this Agreement. The Airline shall have the right on giving the City prior written notice to contest any such mechanic's, materialman's or any other lien, and the Airline shall not, pending the termination of such contest, be obligated to pay, remove or otherwise discharge such lien or claim. The Airline agrees to indemnify and save harmless the City from any loss as a result of the Airline's action as aforesaid.

If the Airline shall in good faith proceed to contest any such tax, assessment or other public charge, or the validity thereof, by proper legal proceedings which shall operate to prevent the collection thereof or to prevent the appointment of a receiver because of nonpayment of any such taxes, assessments or other public charges, the Airline shall not be required to pay, discharge or remove any such tax, assessment or other public charge so long as such proceeding is pending and undisposed of; provided, however, that the Airline, not less than five (5) days before any such tax, assessment or charge shall become delinquent, shall give notice to the City of the Airline's intention to contest its validity. If such notice is so given by the Airline to the City and such contest is conducted in good faith by the Airline, the City shall not, pending the termination of such legal proceedings, pay, remove or discharge such tax, assessment or other charge.

8.05 LOSS OR DAMAGE TO PROPERTY

The City shall not be liable for any loss of property by theft or burglary from the airport or for any damage to person or property on said Airport resulting from airport operations including but not limited to operating the elevators or electric lighting, or wind, water, rain or snow, which may come into or issue or flow from any part of said Airport, or from the pipes, plumbing, wiring, gas or sprinklers thereof or that may be caused by the City's employees or any other cause whatsoever, and the Airline hereby covenants and agrees to make no claim for any such loss or damage at any time.

8.06 FORCE MAJEURE

Neither the City nor the Airline shall be deemed to be in breach of this Agreement by reason of failure to perform any of its obligations under this Agreement if, while and to the extent that such failure is due to embargoes, shortages of materials, acts of God, acts of the public enemy, acts of superior governmental authority, sabotage, strikes, boycotts, labor disputes, weather conditions, riots, rebellion and any circumstances for which it is not responsible and which are not within its reasonable control. This provision shall not apply to failures by the Airline to pay rents, fees or other charges, or to make any other money payment whatsoever required by this Agreement, except in those cases where provision is made in this Agreement for the abatement of such rents, fees, charges or payments under such circumstances.

8.07 INSURANCE MAINTAINED BY THE CITY

Miscellaneous Insurance. The City shall at all times carry with a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risk thereof:

(A) Fire and Extended Coverage Insurance. From and after the time when any contractors engaged in connection with the Airport, or any part thereof, shall cease to be responsible pursuant to the provisions of their respective contracts for loss or damage thereto occurring from any cause, the City shall insure and at all times keep the Airport insured to the extent possible with a responsible insurance company, companies or carriers authorized and qualified under the laws of the State of Colorado assume the risk thereof against direct physical damage or loss from fire and so-called extended coverage perils in an amount not less than

***** of the replacement value of the Facilities so insured, less depreciation; but such amount of insurance shall at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the City of a portion of any loss or damage as co-insurer; and also if at any time the City shall be unable to obtain such insurance to the extent above required at reasonable cost as determined by the Manager, the City shall maintain such insurance to the extent reasonably obtainable. Insurance against any other risks or type of loss as are or shall be customarily covered may be obtained, under a standard "all risk policy" with extended coverage for public property, or otherwise, including, without limitation, insurance against loss or damage to the Airport by flood or other waters, elements of weather, explosion of any nature, earthquake, and volcanic eruption (or any combination thereof), when, if, and to the extent any such insurance can be procured at reasonable rates in the sole opinion of the Manager.

(B) Loss of Use Insurance. To the extent not provided for in leases and other agreements between the City and others relating to the Airport, insurance covering loss of revenues from Airport facilities by reason of necessary interruption, total or partial, in the use thereof, resulting from damage thereto or destruction thereof, however caused, in such amount as is estimated to be sufficient to provide a full normal income during the period of suspension; but

(1) Such insurance shall cover a period of suspension of the period of reconstruction as estimated by the Airport Engineer, but not less than twelve months;

(2) Such insurance may exclude losses sustained by the City during the first seven days of any total or partial interruption of use; and

(3) If at any time the City shall be unable to obtain such insurance to the extent above required, it shall carry such insurance to the extent reasonably obtainable at reasonable rates in the sole option of the Manager.

In any calculation of the full normal income for such insurance, consideration shall be given to the expected, as well as current and prior, revenues from such Airport facilities, or from other sources, and may also make allowances for any probable decrease in the operation and maintenance expenses or any other charges and expenses while use is interrupted. Any proceeds of such insurance shall be deposited to the credit of the Revenue Fund and shall be subject to the uses of and shall be applied as provided for moneys in the Revenue Fund.

(C) Liability Insurance. Insurance in the form and amount recommended by the Manager and reasonably sufficient to insure against liability to any individual sustaining bodily injury or any person sustaining property damage or the death of any individual by reason of any defect or want of repair in or about the Airport, or by reason of the negligence of any employees, and against such other liability for individuals, including workmen's compensation insurance, to the extent attributed to ownership and operation of the Airport, and damage to property of persons; but in the case of the company or companies insuring the Airport under a general liability policy against loss from bodily injury or property damage, or both, the total liability of such company or companies for all damages because of all bodily injury and all property damage arising out of continuous or repeated exposure to substantially the same general conditions to which the policy applies as the result of any one occurrence, subject to such exclusions generally

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

made to such a policy, shall be not less than \$75,000,000.00 under a single limit of liability endorsement or other like provision of the policy, regardless of the number of:

- (1) Insureds under the policy,
- (2) Individuals who sustain bodily injury or persons who sustain property damage,
- (3) Claims made or suits brought on account of bodily injury or property damage, or
- (4) Occurrences.

(D) Maintenance of Policies. All such insurance policies designated in Subparagraphs (A) and (B) hereof shall be filed with the Manager and shall be subject to inspection at all reasonable times by Airline. If the Manager determines that certain insurance required in Subparagraphs (A) and (B) hereof cannot be obtained to the extent therein required at reasonable rates, the Manager shall prepare a written memorandum to that effect, designating each such type of insurance in question and stating in each such case that the insurance was not obtainable or that designated insurance was required in substitution for the required insurance, the reason or reasons for its substitution, and when and to the extent that the substituted insurance was procured at reasonable rates, as the case may be. Each such memorandum shall be filed with the policies on file with the Manager and shall also be subject to such inspection.

PART IX QUIET ENJOYMENT; INCONVENIENCE DURING CONSTRUCTION

9.01 COVENANT OF QUIET ENJOYMENT

Upon the payment by Airline of all rentals, rates, fees and charges properly assessed to Airline and the performance of the covenants and agreements on the part of Airline to be performed hereunder, Airline shall peacefully have and enjoy the premises, appurtenances, facilities, licenses and privileges granted herein; provided, however, it is recognized that certain temporary inconveniences may occur during construction.

9.02 INCONVENIENCE DURING CONSTRUCTION

The Airline recognizes that from time to time during the term of this Agreement it will be necessary for the City to initiate and carry forward extensive programs of construction, reconstruction, expansion, relocation, maintenance and repair in order that the Airport and its facilities may be suitable for the volume and character of air traffic and flight activity which will require accommodation, and that such construction, reconstruction, expansion, relocation, maintenance and repair may inconvenience the Airline in its operations at the Airport. The City shall consult with Airline prior to taking any such action which would adversely affect the Airline's operations at the Airport unless such action is necessitated by circumstances which in the opinion of the Manager pose an immediate threat to the health and safety of persons using the Airport. The Airline agrees that no liability shall attach to the City, its officers, agents, employees, contractors, subcontractors and representatives by reason of minor inconvenience or

minor discomfort as a result of such action and, for and in further consideration of the lease of the Demised Premises, the Airline waives any right to claim damages or other consideration for such minor inconvenience of minor discomfort.

PART X MISCELLANEOUS PROVISIONS

10.01 LEASE BINDING

This Agreement shall be binding on and extend to any successors of the respective parties hereto.

10.02 PARAGRAPH HEADINGS AND INDEX

The paragraph or Section headings and index or table of contents contained herein are for convenience and reference only and are not intended to define or limit the scope of any provision of this Agreement.

10.03 SIGNS

The Airline agrees that no signs or advertising displays shall be painted on or erected in any manner upon its Demised Premises without the prior written approval of the Manager or the Manager's authorized representative; and that signs identifying the Airline, or for any other purpose, will conform to reasonable standards established by the Manager, or the Manager's authorized representative, with respect to type, size, design, location, and content. The initial Airline directional signage package (roadway, Terminal, Concourse and directory) is provided by the City. All subsequent revisions and installations are at Airline's expense unless required pursuant to paragraph 4.08 herein.

10.04 VENDING MACHINES

No telecommunication devices, personal computers, amusement or vending machines or similar machines operated by coins or tokens, credit cards, paper currency, or any imaging or voice process, and no cash machines or pay telephones shall be installed or maintained in or upon the Airline's Demised Premises except with the permission of the Airline and the Manager and the number, type, kind and locations thereof shall be in the discretion of the Manager and the Airline. This prohibition includes, but not by way of limitation, sales from vending machines of such items as cigarettes, candy, maps, coffee, soft drinks, newspapers, stamps and insurance policies; telephones; dispensation of cash, money orders and checks; and operation of mechanical or electronic game devices, electronic video games, entertainment devices, phone cards and internet access. The Airline shall not permit the installation of any such machines, except by a concessionaire authorized by the Manager and subject to and in accordance with the concessionaire's agreement with the City. If and when the Airline permits the installation of vending machines in its Demised Premises, the Airline shall make no charge to the concessionaire for the privilege of installing or maintaining such machines, except that if the Airline provides the electric current or water to the concessionaire a reasonable charge may be made to cover the cost of the electricity and water consumed, and all fees paid by the concessionaire for the privilege shall be the property of the City.

10.05 SALE OF FOOD, BEVERAGES AND MERCHANDISE

The Airline shall not sell, or permit the sale of food, food products, beverages (both alcoholic and non-alcoholic) or merchandise upon the Preferential Use Facilities and Demised Premises occupied by it except by a concessionaire to whom the City has granted the right to provide such services in said Preferential Use Facilities and Demised Premises and except that, with respect to its Demised Premises, Airline may sell, or permit the sale of, such items on its own behalf or by a concessionaire selected by Airline. Airline agrees to pay the same fees and charges that would be applicable to an Airport concessionaire with respect to the sale of such products.

10.06 PURCHASES BY AIRLINE

Property, services and materials (except as otherwise provided in this Lease) may be purchased or otherwise obtained by the Airline from any person or corporation of its choice and no unjust or unreasonable discriminatory limitations, restrictions, charges or conditions shall be imposed by the City, directly or indirectly, against the Airline or its suppliers for the privilege of purchasing, selling, using, storing, withdrawing, handling, consuming, loading, unloading, or delivering any personal property of the Airline, by the Airline or its suppliers, or for the privilege of transporting such personal property to, from or on the Airport.

10.07 NON-DISCRIMINATION

The Airline, for itself, its successors and assigns, as a part of the consideration hereof does hereby agree as follows:

(A) As more fully set forth in Appendix 1 attached hereto and incorporated herein by reference, if facilities are constructed, maintained or otherwise operated on the Demised Premises for purposes in which federal financial assistance is extended under a Department of Transportation program or activity, or for another purpose involving the provision of a similar service or benefit, the Airline shall maintain and operate such facilities and services in compliance with all requirements of 49 C.F.R. Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

(B) The Airline will in all of its operations and activities in and at the Airport comply with all requirements of the Air Carrier Access Act, 49 U.S.C. § 41705, and regulations implementing such Act at 14 C.F.R. Part 382, and the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq. and all regulations implementing such Act.

10.08 NO PERSONAL LIABILITY

No director, officer or employee of either party shall be held personally liable under this Agreement or because of its execution or attempted execution.

10.09 NOTICES

All notices required to be given to the City hereunder shall be in writing and shall be sent by certified mail, return receipt requested, addressed to:

Manager of Aviation
Denver International Airport
8500 Peña Boulevard, AOB 9th Floor
Denver, Colorado 80249-6340

and Asset Development Section
Manager, Airlines
Denver International Airport
Denver, Colorado 80249-6340
8500 Peña Boulevard, AOB 9th Floor
Denver, Colorado 80249-6340

All notices required to be given to the Airline hereunder shall be in writing and shall be sent by certified mail, return receipt requested, addressed to:

Frontier Airlines, Inc.
Attn: Jeff Campbell
7001 Tower Road
Denver, CO 80249

provided that the parties or either of them, may designate in writing from time to time the addresses of substitute or supplementary persons in connection with said notices. The effective date of service of any such notice shall be the date such notice is mailed to the Airline or said Manager.

10.10 PLACE AND MANNER OF PAYMENTS

In all cases where the Airline is required by this Agreement to pay any rentals, fees or other charges or to make other payments to the City, such payments shall be due and payable without notice and shall be sent to: Airport Revenue Fund, Denver International Airport, P. O. Box 492065, Denver, Colorado 80249-2065, overnight express mail shall be addressed to: Airport Revenue Fund, Denver International Airport, Attn. Accounts Receivable, 8500 Peña Boulevard, Denver, CO 80249-6340 or at such other place in the City and County of Denver as the City may hereafter designate by notice in writing to the Airline. All payments shall be made in legal tender of the United States. Any check or electronic payment shall be received by the City subject to collection, and the Airline agrees to pay any bank charges for use of electronic payment methods or for the collection of any payments.

Any payment not made to the City or Airline when due shall accrue interest at the rate of ***** per annum commencing five (5) business days after such due date.

10.11 SEVERABILITY

In the event any covenant, condition or provision contained in this Agreement is held by any court of competent jurisdiction to be invalid, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained if the invalidity of any such covenant, condition or provision does not materially prejudice either party hereto in its respective rights and obligations contained in the valid covenants, conditions or provisions in this Agreement.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

10.12 SECURITY

It is understood and agreed by the Airline that in addition to the Airline's responsibilities to maintain the Preferential Use Facilities and Demised Premises as provided herein, it shall take reasonable security precautions to use and maintain the Preferential Use Facilities, Demised Premises, and Baggage System in a manner as to keep them secure from unauthorized intrusion and shall with respect to any area of the premises opening to an air operations area of the airport provide for an adequate security system designed to prevent unauthorized persons or vehicles from entering such air operations area. An "air operations area" is defined to mean any area of the Airport used or intended to be used for landing, takeoff or surface maneuvering of aircraft. An "adequate security system" is further defined as providing for security at a standard no less than required and set out in Transportation Security Administration (TSA) regulations, including 49 CFR, Subtitle B, Chapter XII, as it may be amended, or any similar law or regulations intended to replace or compliment such regulations.

It is further understood and agreed by the Airline that at any time during the term hereof when requested in writing by the Manager or his authorized representative, the Airline shall submit to the Manager the security plans that are to be used and are being used by the Airline on any or all of the Preferential Use Facilities and Demised Premises.

10.13 WAIVERS

No waiver of default by either party of any of the terms, covenants or conditions hereof to be performed, kept and observed by the Airline or the City shall be construed, or operate, as a waiver of such term, covenant, or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained to be performed, kept and observed by the Airline or the City.

The subsequent acceptance of rent hereunder by the City shall not be deemed to be a waiver of any preceding breach by the Airline of any term, covenant or condition of this Agreement other than the failure of the Airline to pay the particular rental so accepted, regardless of the City's knowledge of such preceding breach at the time of acceptance of such rent.

10.14 AIRLINE BOOKS AND RECORDS

The Airline agrees that the Manager and the Auditor of the City or any of their duly authorized representatives, until the expiration of three (3) years after the termination of this Agreement, shall have the right, at any reasonable time and at their own expense, to have access to and the right to examine any books, documents, papers and records of the Airline pertinent to this Agreement. The Airline, upon request by either, shall make all such books and records available for examination and copying in Denver.

10.15 CITY BOOKS AND RECORDS

The City shall follow such procedures and keep and maintain in Denver such books, records and accounts as are necessary or required under the provisions of this Agreement or the General Bond Ordinance. Such books, records and accounts shall contain all items affecting the computation of airline rentals, rates, fees and charges, recorded in accordance with reasonable accounting principles or procedures. Airline shall have the right, at any reasonable time and at its own expense, until the expiration of three (3) years after the termination of this Agreement, to examine and make copies of the City's books, records and accounts pertinent to the Agreement.

10.16 CITY SMOKING POLICY

The Airline agrees that it will prohibit smoking by its employees and the public in the Demised Premises and will not sell or advertise tobacco products. Airline acknowledges that smoking is not permitted in Airport buildings and facilities except for designated smoking lounges. The Airline and its officers, agents and employees shall cooperate and comply with the provisions of the City's Executive Order No. 99 dated December 1, 1993, Executive Order No. 13 dated July 31, 2002, the provisions of Denver Revised Municipal Code, §§ 24-301 to 317 et. seq., and the Colorado Clean Indoor Air Act, C.R.S. §§ 25-14-201 et. seq.

10.17 USE, POSSESSION OR SALE OF ALCOHOL OR DRUGS

The Airline and its officers, agents and employees shall cooperate and comply with the provisions of Denver Executive Order No. 94 dated October 29, 2002, and Attachment A thereto, or any successor executive order concerning the use, possession or sale of alcohol or drugs.

10.18 THIRD PARTIES

This Agreement does not, and shall not be deemed or construed to, confer upon or grant to any third party or parties (excepting parties to whom the Airline may assign this Agreement in accordance with Section 4.03 hereof, and excepting any successor to the City) any right to claim damages or to bring any suit, action or other proceeding against either the City or the Airline because of any breach hereof or because of any of the terms, covenants, agreements and conditions herein contained.

10.19 SUPPLEMENTAL INFORMATION TO BE SUPPLIED BY AIRLINE

Not later than fifteen (15) calendar days after the end of each month, the Airline shall complete and file with the City written activity reports for the preceding month on forms provided by the City. Information to be provided will include, but not be limited to; flight, passenger, freight and mail information as well as any non-preferential gate and custom use and remain overnight (RON) activity. Flight information will include, but not be limited to, number of flights in and out, revenue and non-revenue, and Domestic and International flights. Passenger information will include, but not be limited to, the number of passengers in the following categories: originating, deplaned destination, transfers in and out, revenue and non- revenue, and Domestic and International passengers. In addition, if an airline operates on multiple concourses, separate passenger information will be required for each respective concourse from which it operates.

10.20 CITY NON-DISCRIMINATION

In connection with the performance of work under this Agreement, the Airline agrees not to refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, marital status, or physical or mental disability. The Airline further agrees to insert the foregoing provision in all subleases hereunder.

10.21 DISPUTES

It is agreed and understood by the parties hereto that disputes under or related to this Agreement shall be resolved by administrative hearing which shall be conducted in accordance with the procedures set forth in Section 5-17, Revised Municipal Code of the City and County of Denver, or such other substantially similar ordinance as may be adopted hereafter by the City. The City, however, shall retain its right to obtain an order of eviction in accordance with applicable state laws. The parties hereto agree that the Manager's determination resulting from said administrative hearing shall be final, subject only to the right of the parties to appeal the determination under Colorado Rule of Civil Procedure 106, or subject to rights under federal law.

10.22 AMENDMENTS TO EXHIBITS AND APPENDICES

The parties acknowledge that the rights and obligations of each of them as set forth in this Agreement will extend over a period of years. The Exhibits and Appendices hereto are intended to set forth the parties' current understandings and expectations with respect to the intended leasehold interests and such understandings and expectations may change over time. Therefore, the Manager is expressly authorized to make adjustments to such exhibits and appendices from time to time to reflect agreed-upon changes, without affecting the underlying rights and obligations as set forth herein. Any such adjustments shall be evidenced in writing.

10.23 ENTIRE AGREEMENT; AMENDMENT

The parties acknowledge and agree that the provisions contained in this Agreement constitute the entire agreement and understanding between the parties with respect to the subject matter thereof, and that all representations made by any officer, agent or employee of the respective parties, unless included herein, are null and void and of no effect. This Agreement cannot be changed or terminated orally. No alterations, amendments, changes or modification, unless expressly reserved to the Manager herein, shall be valid unless executed by an instrument in writing by all the parties with the same formality as this Agreement.

10.24 CONDITION; FINAL APPROVAL

This Agreement is expressly subject to, and shall not be or become effective or binding on the City until approved by Denver City Council and fully executed by all signatories of the City and a fully executed copy has been delivered to Airline. This Agreement may be signed electronically by either party in the manner specified by the City.

END OF DOCUMENT

SIGNATURE PAGES FOLLOW

APPENDIX NO. 1

STANDARD FEDERAL ASSURANCES AND NONDISCRIMINATION

NOTE: As used below the term “contractor” shall mean and include the Airline, and the term “sponsor” shall mean the “City”.

During the term of this contract, the contractor, for itself, its assignees and successors in interest (hereinafter referred to as the “contractor”) agrees as follows:

1. Compliance with Regulations. The contractor shall comply with the Regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter “DOT”) Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.

2. Nondiscrimination. The contractor, with regard to the work performed by it during the contract, shall not discriminate on the grounds of race, creed, color, sex, national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.

3. Solicitations for Subcontractors, Including Procurements of Materials and Equipment. In all solicitations either by competitive bidding or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the contractor of the contractor’s obligations under this contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.

4. Information and Reports. The contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration (FAA) to be pertinent to ascertain compliance with such Regulations, orders, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish this information, the contractor shall so certify to the sponsor of the FAA, as appropriate, and shall set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance. In the event of the contractor’s noncompliance with the nondiscrimination provisions of this contract, the sponsor shall impose such contract sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

- a. Withholding of payments to the contractor under the contract until the contractor complies, and/or
- b. Cancellation, termination, or suspension of the contract, in whole or in part.

6. Incorporation of Provisions. The contractor shall include the provisions of paragraphs 1 through 5 in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations or directives issued pursuant thereto. The contractor shall take such action with respect to any subcontract or procurement as the sponsor or the FAA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the contractor may request the sponsor to enter into such litigation to protect the interests of the sponsor and, in addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

7. The Airline for itself, representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this agreement for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, the Airline shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

8. The Airline for itself, representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land: (1) that no person on the grounds of race, color, sex, creed or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, sex, creed or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Airline shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

9. NONDISCRIMINATION IN AIRPORT EMPLOYMENT OPPORTUNITIES

The Airline assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance.

It is unlawful for airport operators and their lessees, tenants, concessionaires and contractors to discriminate against any person because of race, color, national origin, sex, creed, or handicap in public services and employment opportunities.

APPENDIX NO. 2

DISADVANTAGED BUSINESS ENTERPRISES - REQUIRED STATEMENTS

Policy. It is the policy of the Department of Transportation that disadvantaged business enterprises as defined in 49 CFR Part 26 shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with federal funds under this agreement. Consequently, the DBE requirements of 49 CFR Part 26 apply to this agreement.

DBE Obligation. The City and its contractors agree to ensure that disadvantaged business enterprises as defined in 49 CFR Part 26 have the maximum opportunity to participate in the performance of contracts financed in whole or in part with federal funds provided under this agreement. In this regard, all recipients or contractors shall take all necessary and reasonable steps in accordance with 49 CFR Part 26 to ensure that disadvantaged business enterprises have the maximum opportunity to compete for and perform contracts. The City and its contractors shall not discriminate on the basis of race, color, sex, creed or national origin in the award and performance of DOT-assisted contracts.

49 CFR 26.5 defines a DOT-assisted contract as “any contract between a recipient and a contractor (at any tier) funded in whole or in part with DOT financial assistance, including letters of credit or loan guarantees.” “Contractor” means one who participates through a contract or subcontract (at any tier) in a DOT-assisted highway, transit, or airport program.

Contract Control Number: PLANE-201206414-00

Contractor Name: Frontier Airlines, Inc.

IN WITNESS WHEREOF, the parties have set their hands and affixed their seals at Denver, Colorado as of February 15, 2013.



SEAL

CITY AND COUNTY OF DENVER

ATTEST:

/s/ Debra Johnson

Debra Johnson, Clerk and Recorder,
Ex-Officio Clerk of the City and
County of Denver

By /s/ Michael B. Hancock

Michael B. Hancock, Mayor

APPROVED AS TO FORM:

DOUGLAS J. FRIEDNASH, Attorney
for the City and County of Denver

REGISTERED AND COUNTERSIGNED:

By /s/ Cary Kennedy

Cary Kennedy, Manager of
Revenue/Chief Financial Officer

By /s/ Helen E. Berkman

Helen E Berkman, Assistant City
Attorney

By /s/ Dennis J. Gallagher

Dennis J. Gallagher, Auditor

Contract Control Number: PLANE-201206414-00

Contractor Name: Frontier Airlines, Inc.

By: /s/ Scott L. Durgin

Name: Scott L. Durgin
(please print)

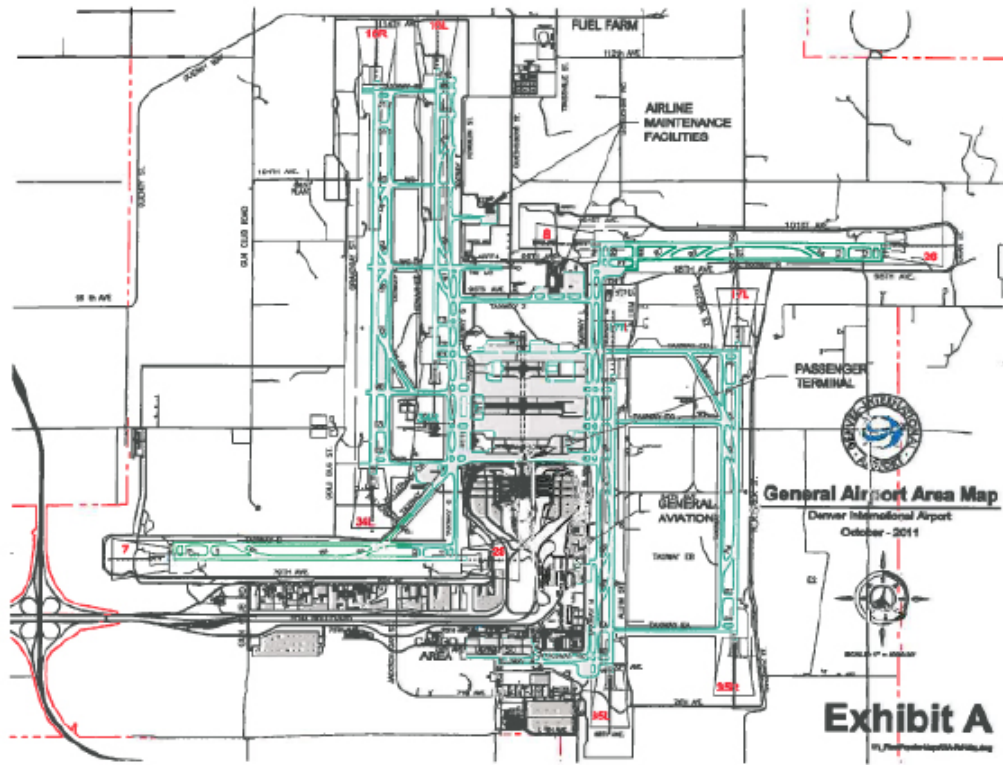
Title: Vice President, Lean Methods and Administration
(please print)

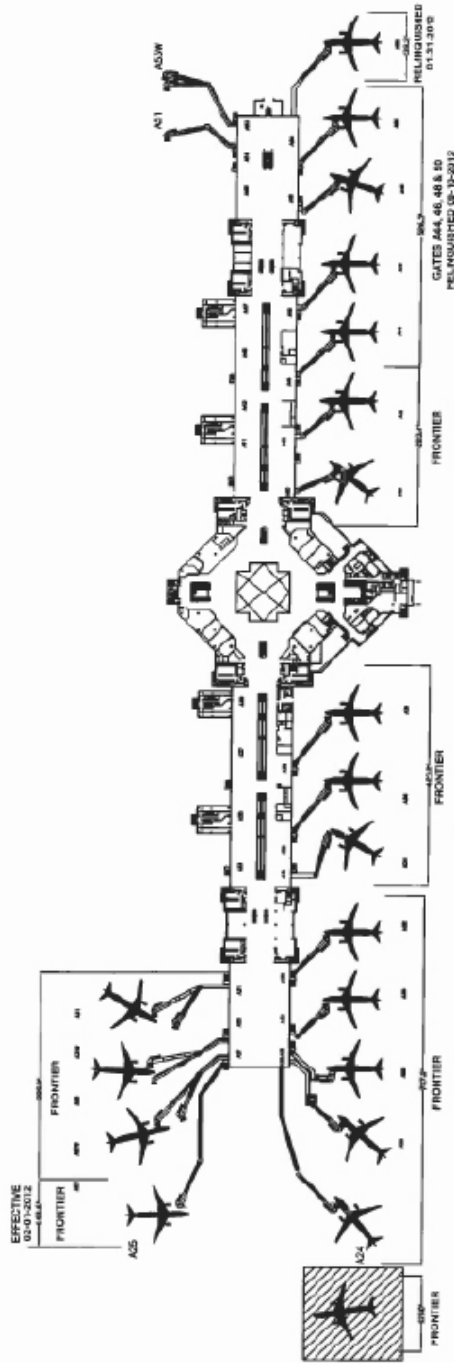
ATTEST: [if required]

By: _____

Name: _____
(please print)

Title: _____
(please print)



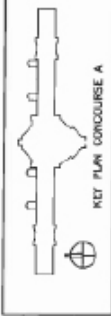


NOTE: This exhibit depicts only the number of aircraft parking positions and approximate location. It is not intended to address any construction details or airport layout issues.

PREFERENTIAL AIRCRAFT PARKING POSITIONS



NOT TO SCALE

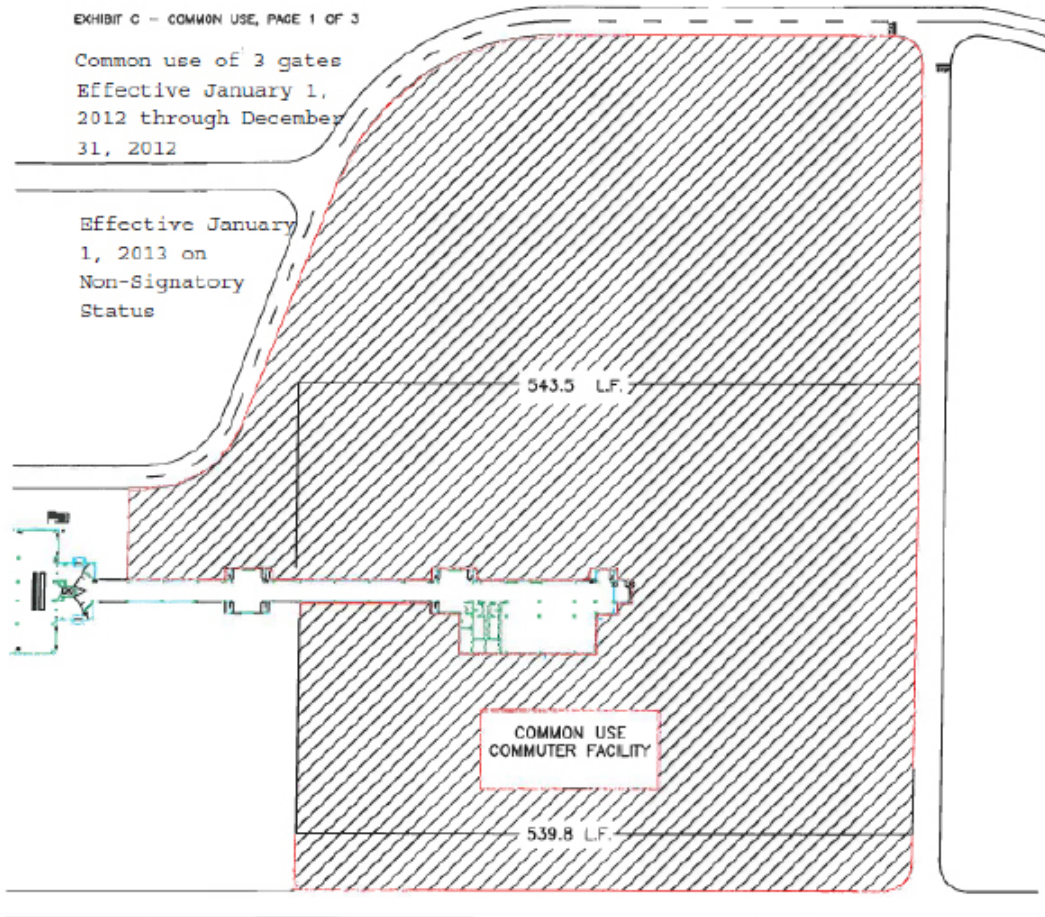


REVISED	REVISIONS
DENVER INTERNATIONAL AIRPORT	
EXHIBIT C	
PARKING POSITIONS	
FRONTIER AIRLINES	
CCF: FAL	DATE: 08/05/12

Frank Horn
MANAGER OF DESIGN

Common use of 3 gates
 Effective January 1,
 2012 through December
 31, 2012

Effective January
 1, 2013 on
 Non-Signatory
 Status



WALL OF CURB
 EXISTING WALL OF CURB
 EXISTING WALL OF CURB
 TYPICAL LIGHT LINE
 COLUMN
 NIC = Not Included
 (See Note on PG. 104)



Ronald Horn
 MANAGER OF DESIGN

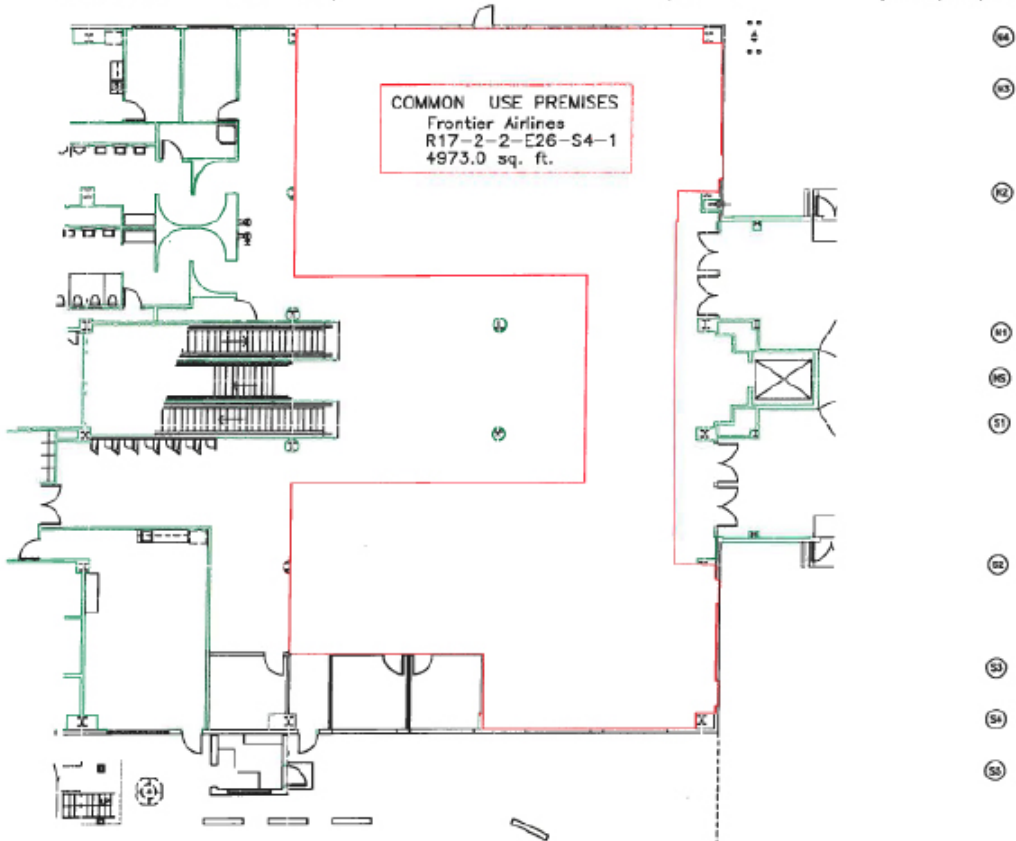
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

KEY PLAN CONCOURSE A R17-2-2-15-104-PRG		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT C-COMMON USE Concourse A Apron Level Frontier Airlines
		CC#: fal	DATE: 8/25/05

Effective January 1, 2012 through December 31, 2012

Effective January 1, 2013
Non-Signatory Status

CONC. WALL (BY CITY)
 STRUCTURAL WALL (BY CITY)
 OTHER WALL (BY CITY)
 TOWER LANE LINE
 (H) (X) COLLARS
 NIC = Not Included
 (By Laws of Pa., N. York.)



SCALE 1" = 20.00'

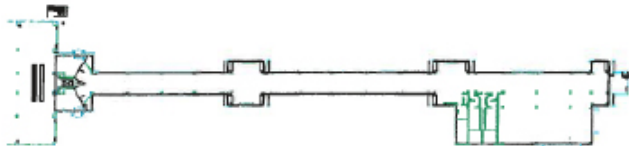
Ronald Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

		REVISED	DENVER INTERNATIONAL AIRPORT	
			EXHIBIT C-COMMON USE Concourse A Apron Level Frontier Airlines	
		CC#: fd	DATE: 9/05/05	

R17-2-2-15-116

Effective January 1, 2012 through
 December 31, 2012
 Effective January 1, 2013
 Non-Signatory Status



COMMON USE
 COMMUTER FACILITY
 R17-2-2-E28-S1-3
 16778.7 SQ. FT.

CONC. WALL, DRW. STYL.
 EXISTING WALL, DRW. STYL.
 GLASS WALL, DRW. STYL.
 EXIST. LEASE LINE
 (Symbol) = Not Included
 (Symbol) = Not Included
 (Symbol) = Not Included



NOT TO SCALE

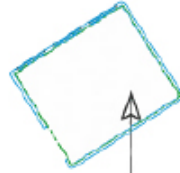
Ronald R. Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONCOURSE A</p> <p>R17-2-2-15-104</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT C-COMMON USE Concourse A Apron Level Frontier Airlines
		CC# tal	DATE: 8/25/05

W28

W27



Frontier Airlines
 R17-2-2-W27-N5-2
 85.0 sq. ft.
 2/22/00

EXCLUSIVE USE PREMISES

CONC. WALL (BY SET)
 STRUCTURAL WALL (BY SET)
 MASS WALL (BY SET)
 TYPICAL LOGIC LINE
 COLUMN
 NC = Not Included
(As Labeled in Sq. Ft. Calc.)



Hana Roub

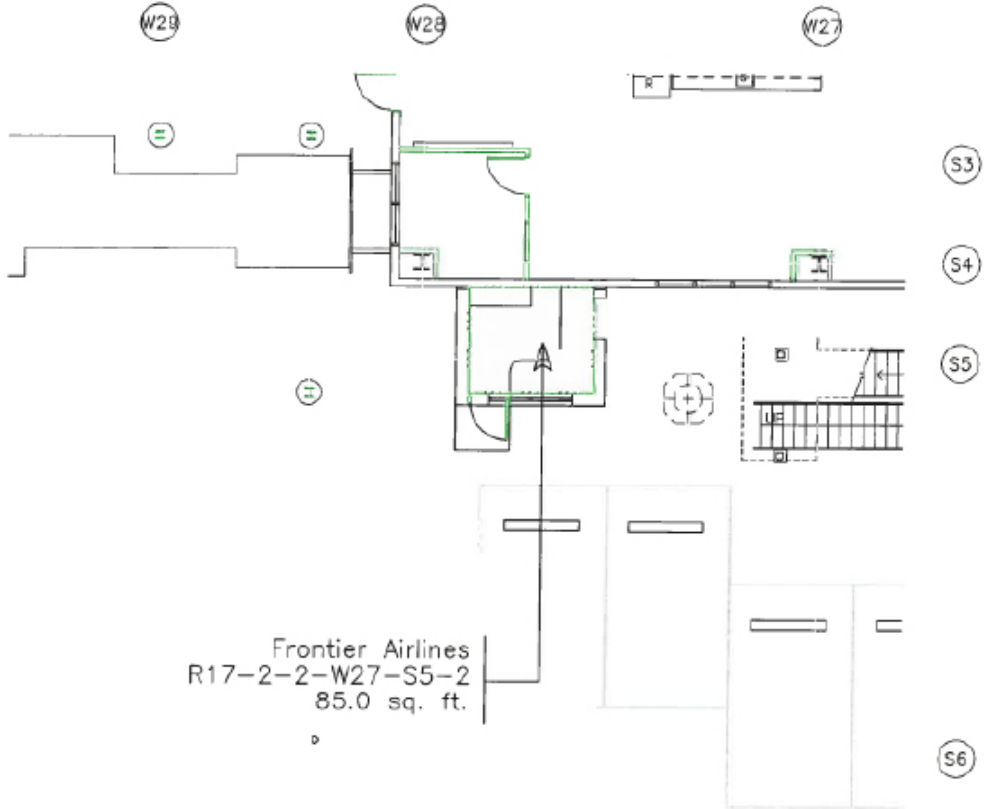
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONCOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Apron Level Frontier Airlines
		CC#: fal	DATE: 2/22/00

R17-2-2-15-90

Effective January 1, 2012 through End of Term



(---) CONG. WALL BY CITY
 (---) EXISTING WALL BY CITY
 (---) NEW WALL BY CITY
 (---) TYPICAL LINE LINE
 (---) (---) DETAILS
 NIC = Not Included
 (of Area of 24, 14, 15C)



Final Form

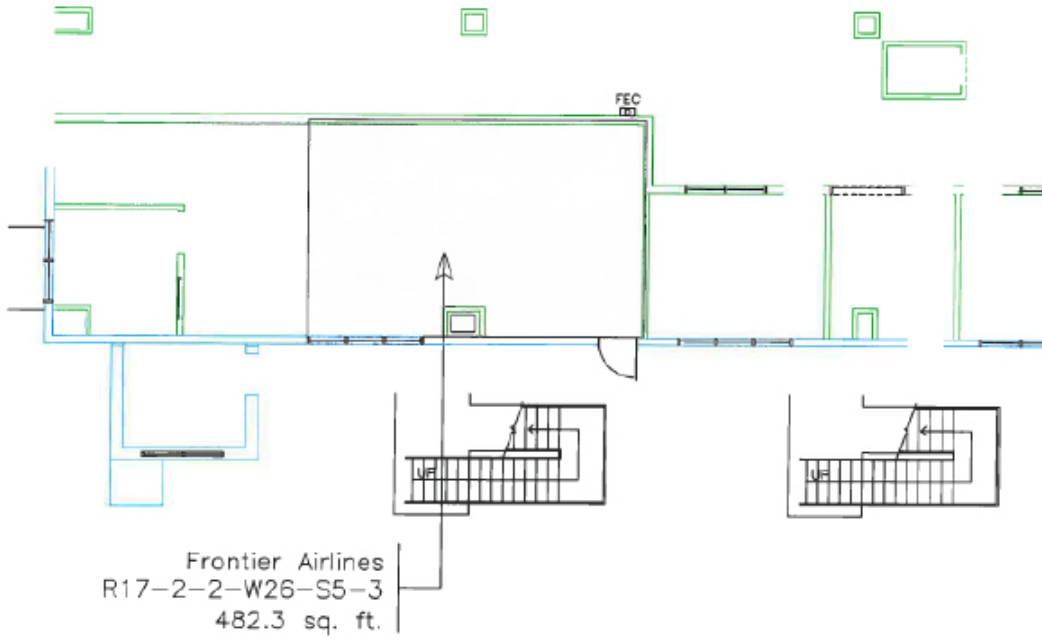
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

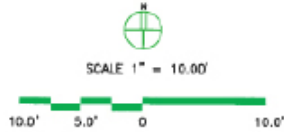
<p>KEY PLAN CONOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D: Concourse A Apron Level Frontier Airlines
		CC#: fal	DATE: 8/25/06

R17-2-2-15-62

Effective January 1, 2012 through October 31, 2012, or on date vacated by Frontier, whichever is later.



CONC. WALL BY CITY
STUD/ZIPPER WALL BY CITY
GLASS WALL BY CITY
THINNY LEASE LINE
COLUMNS
MIC = Not Included
(In Lease or Sq. Ft. Calc)

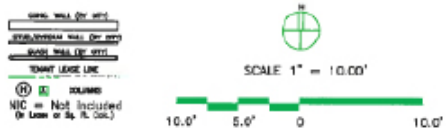
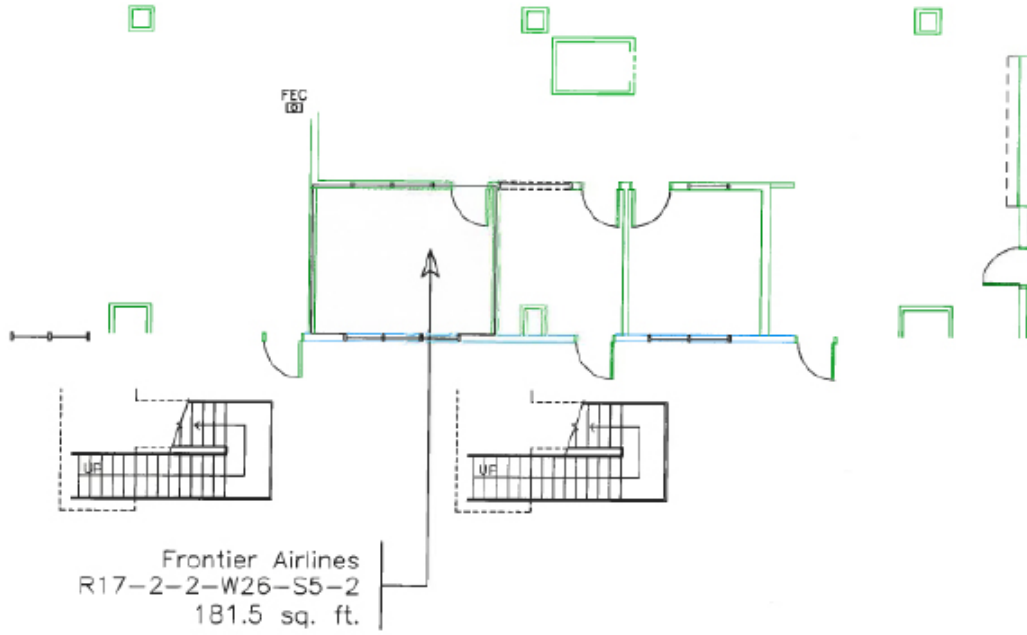


Richard Horn
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONCOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D: Concourse A Apron Level Frontier Airlines
		DC#: 101	DATE: 6/25/05

R17-2-2-15-128

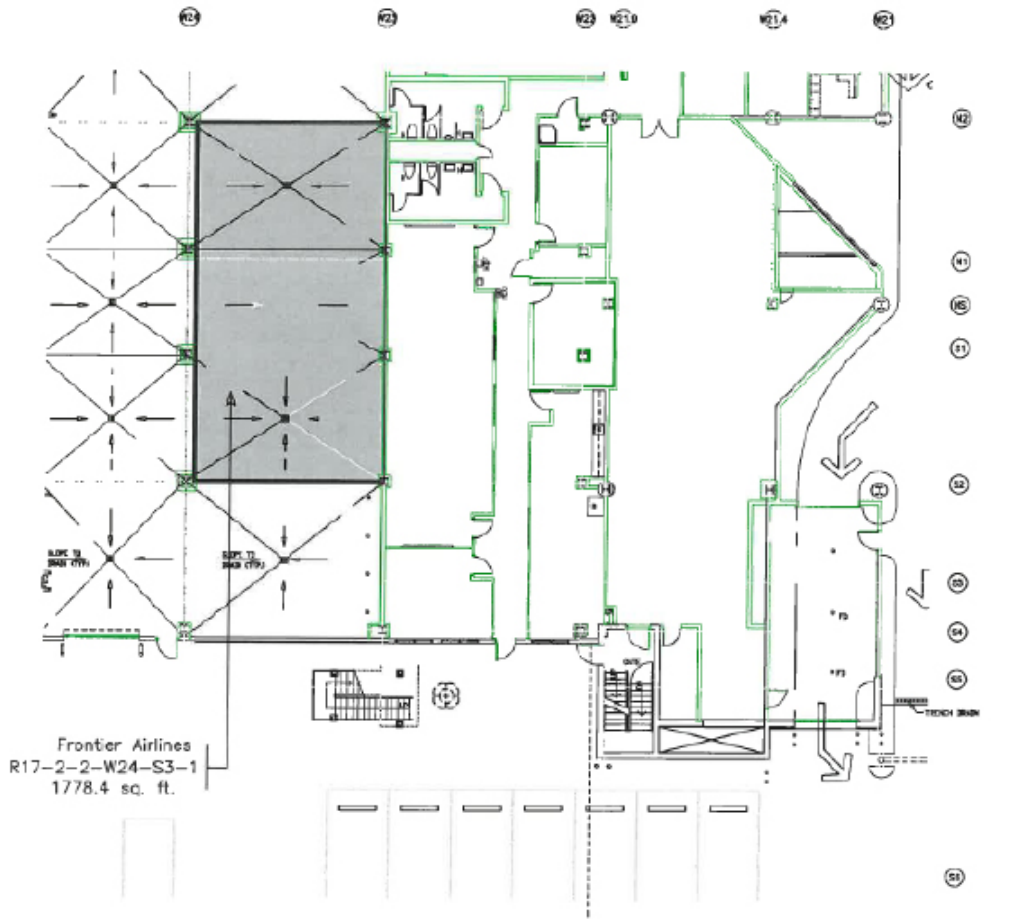


Richard Horn
MANAGER OF DESIGN

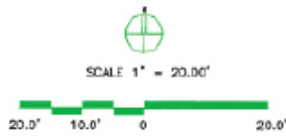
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONCOURSE A</p>		REVISIONS	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Apron Level Frontier Airlines
		CC#: fd	DATE: 8/25/05

Effective January 1, 2012 through End of Term



_____ EXIST. WALL (BY CITY)
 _____ STRUCT. WALL (BY CITY)
 _____ WALL WALL (BY CITY)
 _____ SHAD. LEASE LINE
 [Symbol] [Symbol] COLORADO
 NIC = NOT INCLUDED
 (N. Lines = By R. Only)




 MANAGER OF DESIGN

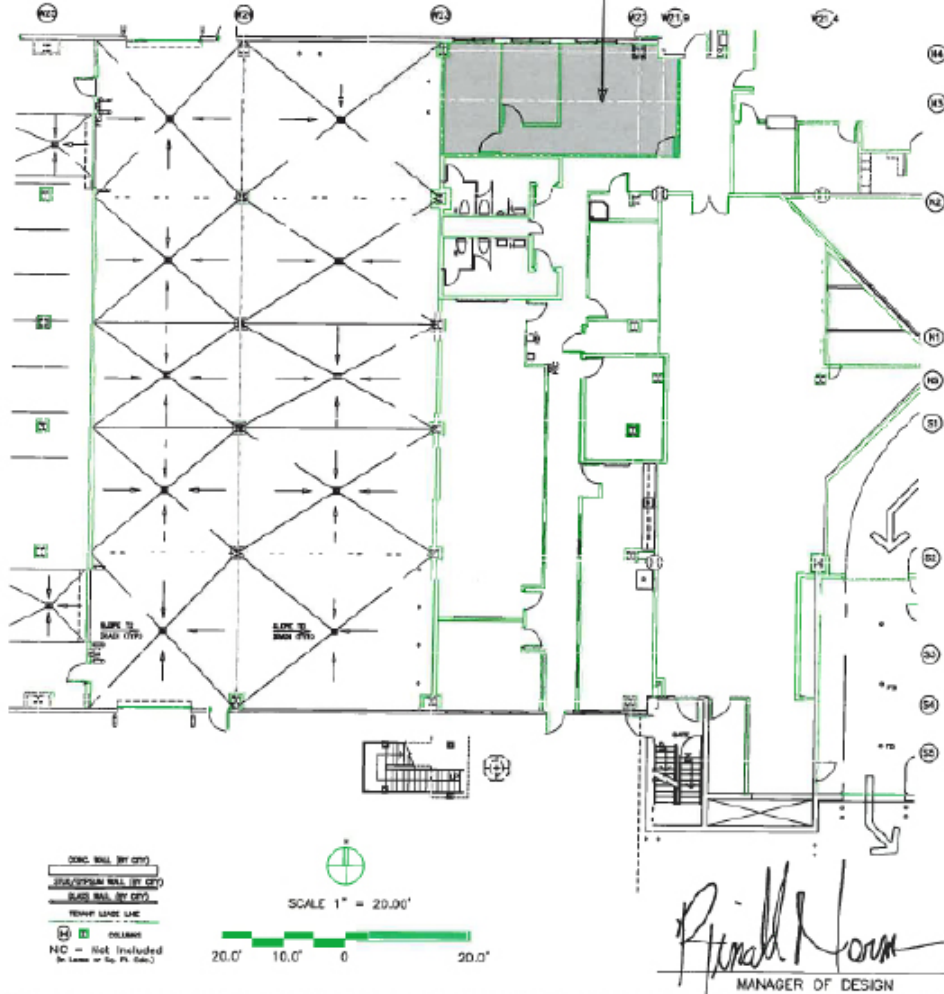
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level Frontier Airlines	
		CC#: fd	DATE: 8/25/05

R17-2-2-15-111

Effective January 1, 2012
Through 12/31/2012

Exclusive Use
Frontier Airlines
R17-2-2-W23-N2-1
694.8 sq. ft.

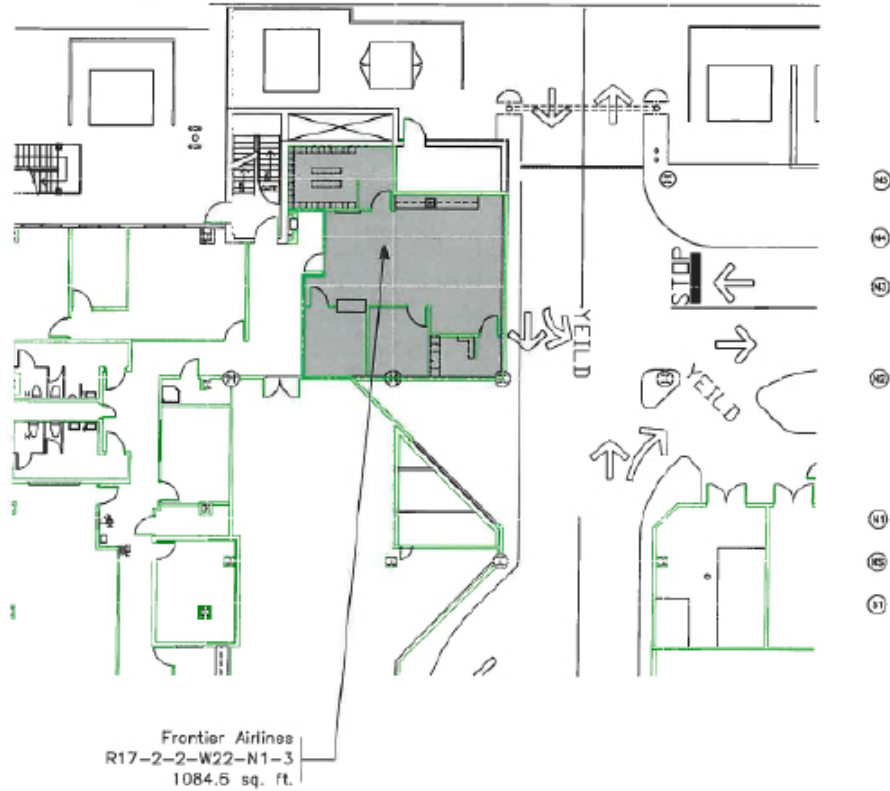


NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

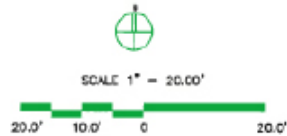


R17-2-2-15-7

Effective October 1, 2012 or on the date of occupancy, whichever is later through End of Term.



- CONC. WALL (BY CITY)
- STUD/GYPSUM WALL (BY CITY)
- GLASS WALL (BY CITY)
- TENANT LEASE LINE
- ① ② columns
- NIC = Not Included (In Lease or Sq. Ft. Calc.)



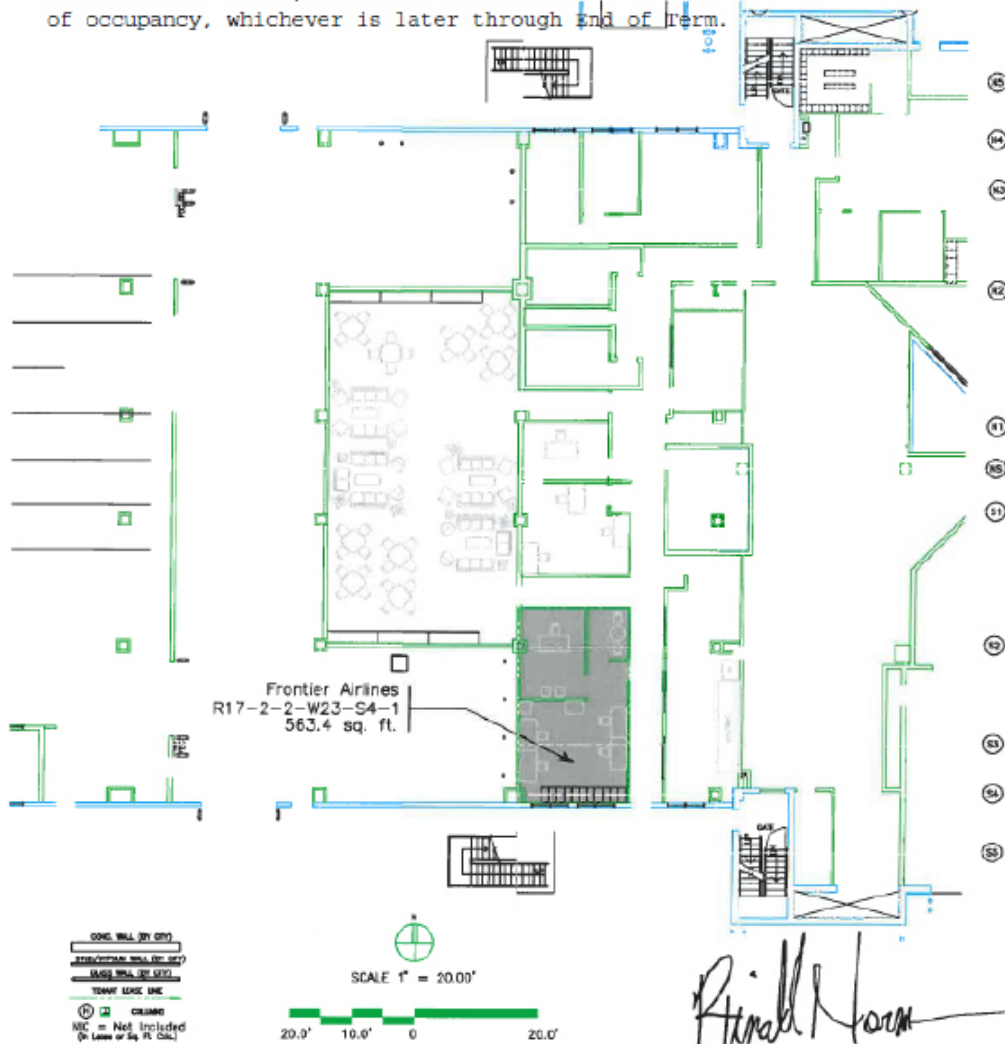
Rinal Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONDOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level Frontier Airlines	
		DC#: fal	DATE: 09/12/12

R17-2-2-15-8

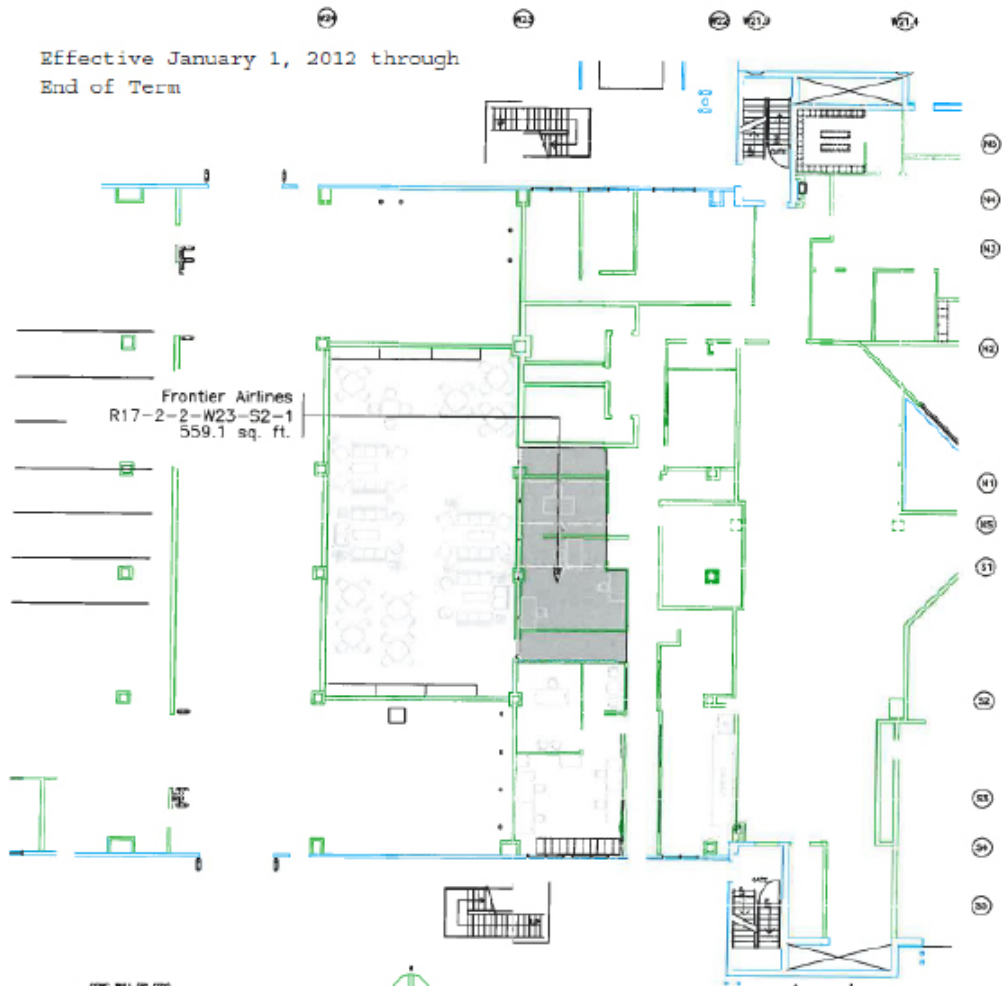
Effective October 1, 2012 or on the date of occupancy, whichever is later through end of term.



NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONCOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Apron Level Frontier Airlines
		CC#: fal	DATE: 8/13/12
R17-2-2-15-78			

Effective January 1, 2012 through
End of Term



CONC. WALL (BY CITY)
 CIVIL/STRUCT. WALL (BY CITY)
 STRUCT. WALL (BY CITY)
 TYPICAL LEASE LINE
 (C) (S) CHANGE
 NIC = NOT INCLUDING
 (BY LEASE OR BY CITY CODE)



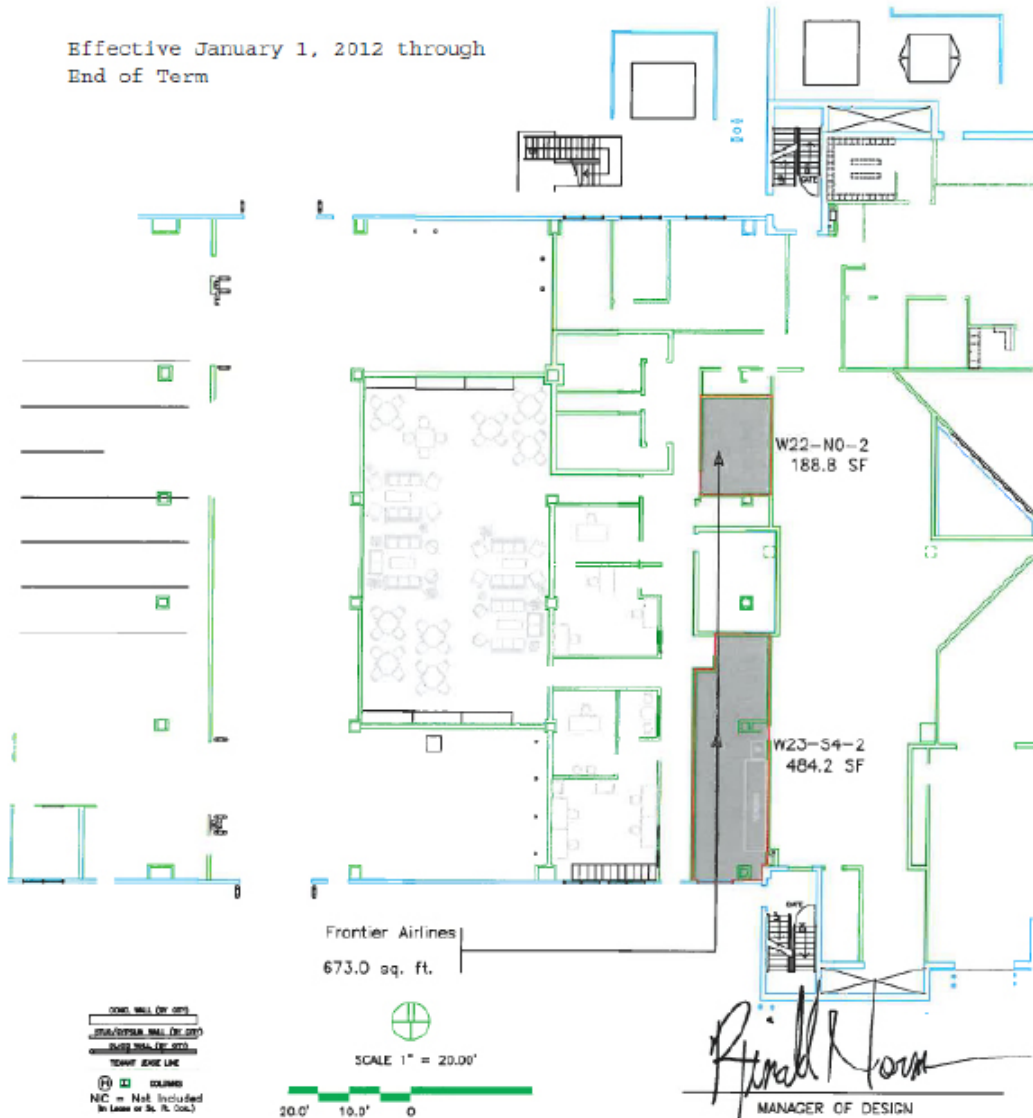
Ronald Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning date and is not intended to address construction details.

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level Frontier Airlines	
		CC#: fol	DATE: 8/29/07

R17-2-2-15-80

Effective January 1, 2012 through
End of Term

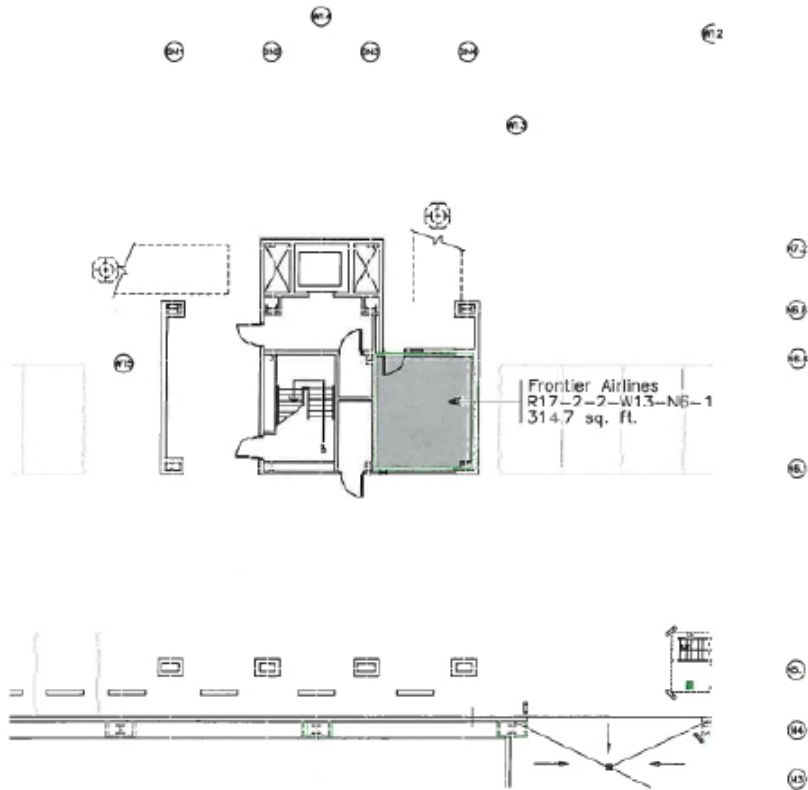


NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

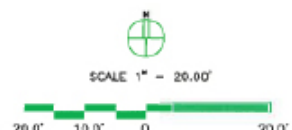
<p>KEY PLAN CONCOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT	
			EXHIBIT D Concourse A Apron Level Frontier Airlines	
		CC#: fel	DATE: 8/29/07	

017-0-0-45-74

Effective January 1, 2012 through October 14, 2012 or on the date vacated by Frontier, whichever is later.



1" = 20.00'
 20.0' 10.0' 0 20.0'

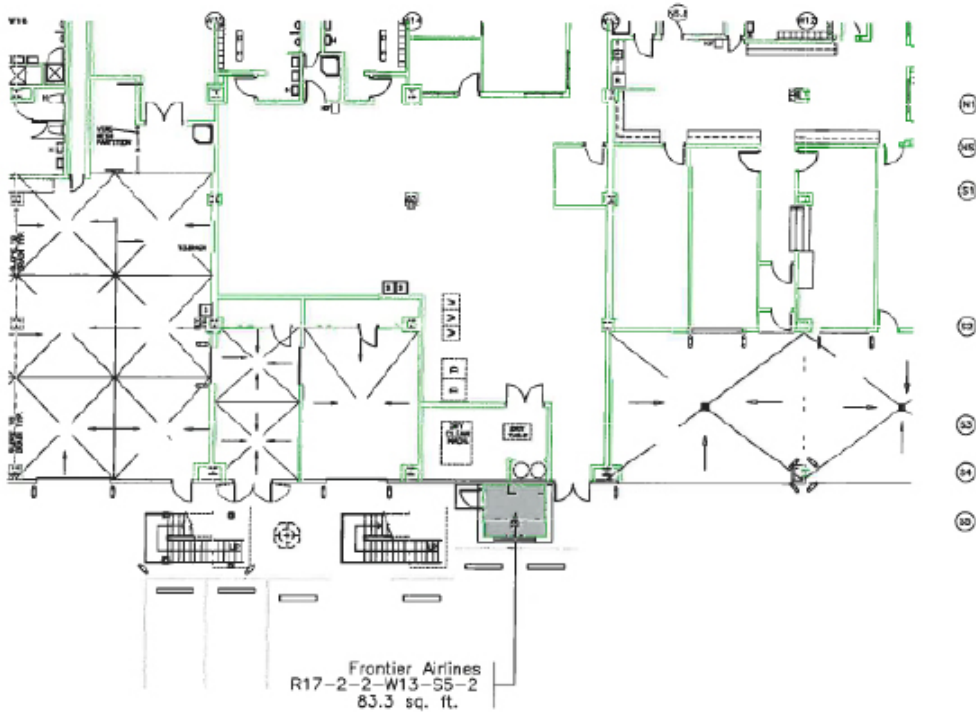


MANAGER OF DESIGN

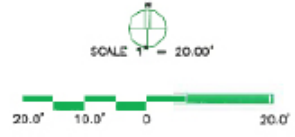
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

		REVISOR	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D
			Concourse A Apron Level Frontier Airlines
		CC#: fal	DATE: 8/25/06

R17-2-2-15-12



CONCRETE WALL (BY SITE)
 STRUCTURAL WALL (BY SITE)
 GLASS WALL (BY SITE)
 TENANT LEASE LINE
 COLUMN
 NIC = Not Included
 (N = North, S = South, E = East, W = West)



Ronald Horn
 MANAGER OF DESIGN

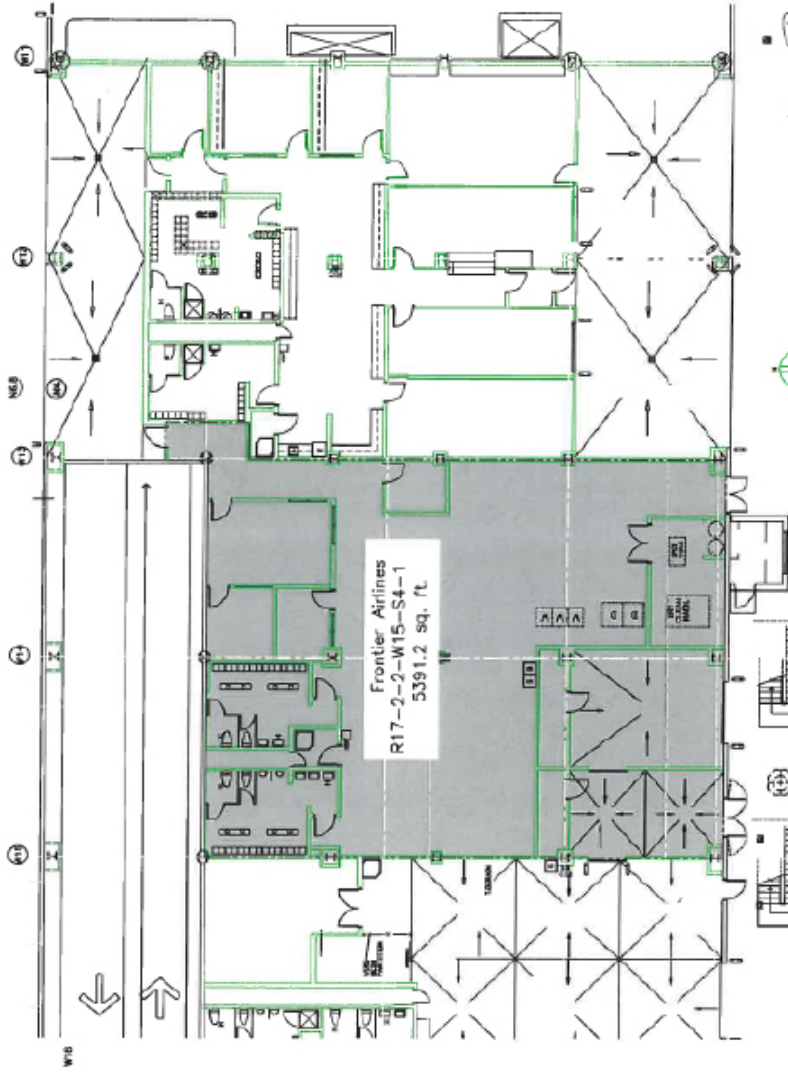
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

		REVISIONS	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level Frontier Airlines	CD#: fd DATE: 8/25/05

R17-2-2-15-52

Effective January 1, 2012 through October 31, 2012 or
 on date vacated by Frontier, whichever is later.

④ ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨



Hensel Phelps
 MANAGER OF DESIGN

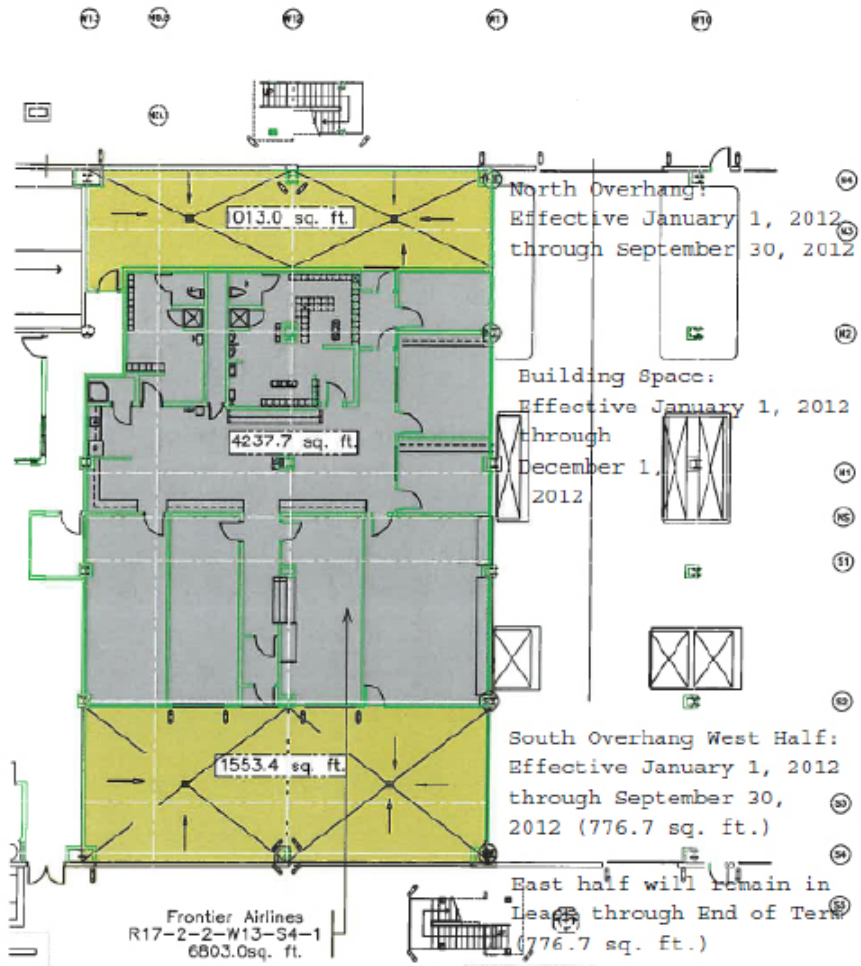
SCALE 1" = 20.00'

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

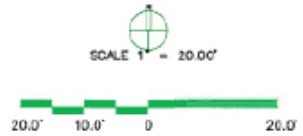
REVISED	DENVER INTERNATIONAL AIRPORT	DATE: 2/22/00
	EXHIBIT D	
	Concourse A Apron Level	
	Continental Airlines	
	CC#: 161	

KEY PLAN CONCOURSE A
 R17-2-2-15-11

- ④ AREA NOT TO BE CONSTRUCTED
- ② EXISTING WALL (BY CITY)
- ③ EXISTING WALL (BY STATE)
- ④ EXISTING WALL
- ⑤ EXISTING WALL
- ⑥ EXISTING WALL
- ⑦ EXISTING WALL
- ⑧ EXISTING WALL
- ⑨ EXISTING WALL
- ⑩ EXISTING WALL
- ⑪ EXISTING WALL
- ⑫ EXISTING WALL
- ⑬ EXISTING WALL
- ⑭ EXISTING WALL
- ⑮ EXISTING WALL
- ⑯ EXISTING WALL
- ⑰ EXISTING WALL
- ⑱ EXISTING WALL
- ⑲ EXISTING WALL
- ⑳ EXISTING WALL
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- ㊱ EXISTING WALL
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- ㊳ EXISTING WALL
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- ㊼ EXISTING WALL
- ㊽ EXISTING WALL
- ㊾ EXISTING WALL
- ㊿ EXISTING WALL



CONCRETE WALL (BY CITY)
 STEEL/ALUMINUM WALL (BY CITY)
 GLASS WALL (BY CITY)
 TENANT LEASE LINE
 CURB
 NIC = Not Included
 (By Lease or By City)

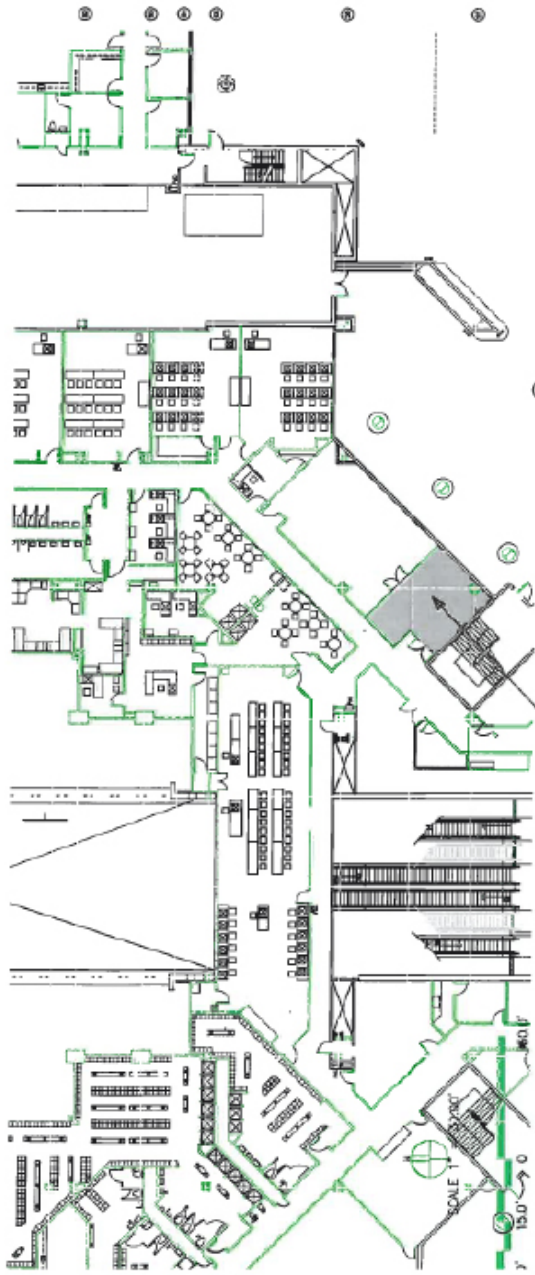


Ronald Horn
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level Frontier Airlines	
		CC#: 101	DATE: 8/25/05

R17-2-2-15-13



Frontier Airlines
R17-2-2-E2-S7-1
420.6 sq. ft.

Ronald Cook
MANAGER OF DESIGN

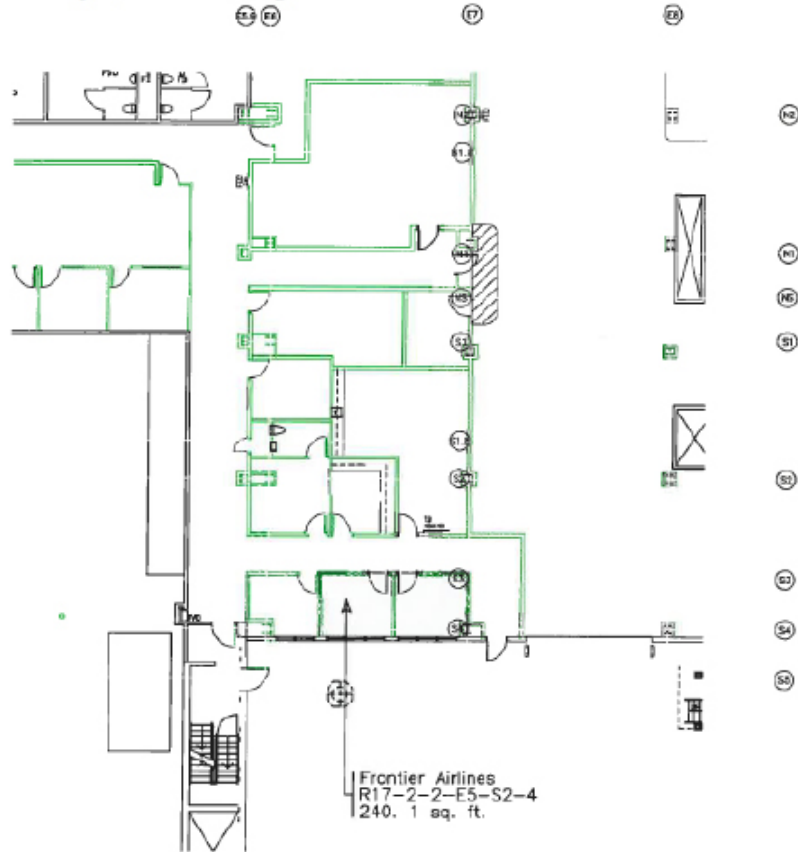
NOTE: This exhibit depicts only square footage of leasable area based upon planning data and is not intended to address construction details.

DATE: 05/02/07
SCALE: 1/8\"/>

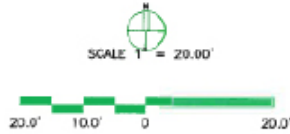
REVISIONS			
DENVER INTERNATIONAL AIRPORT EXHIBIT D FRONTIER AIRLINES CONCOURSE A - APRON LEVEL COPIED FOR DATE: 5/02/07			

R17-2-2-15-76

Effective January 1, 2012 through End of Term



(---) WALL (BT OR FT)
 (---) PARTITION WALL (BT OR FT)
 (---) GLASS WALL (BT OR FT)
 (---) TYPICAL LEASE LINE
 (□) COLUMN
 N/C = Not Included
 (in Room or On P.L. ONLY)



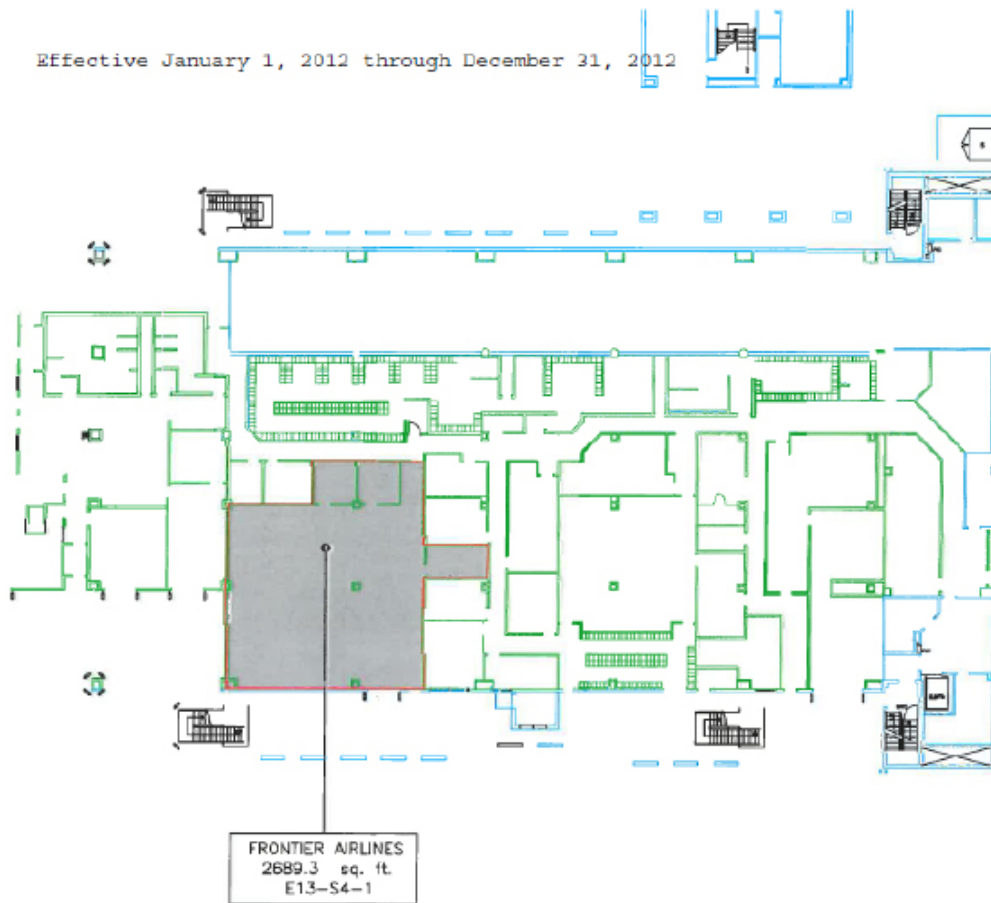

 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level Frontier Airlines	
		CC#: fa	DATE: 10/04/06

R17-2-2-15-17

Effective January 1, 2012 through December 31, 2012



FRONTIER AIRLINES
2689.3 sq. ft.
E13-S4-1

ORIG. WALL BY GDD
STRUCTURE WALL BY GDD
BASED WALL BY GDD
TYPICAL LEASE LINE
① ② COLUMN
NIC - Not Included
(See Legend on S4 PL. 036)



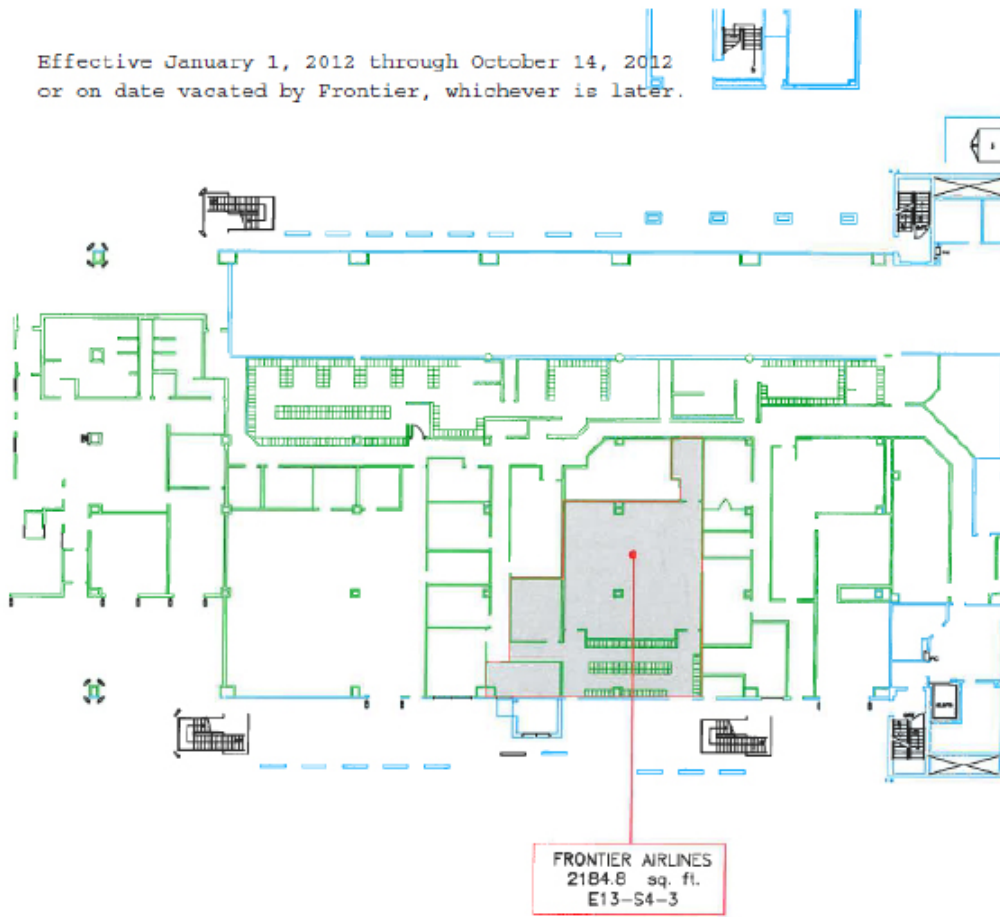
Ronald Horn
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONCOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level FRONTIER AIRLINES	
		CC#: FAL	DATE: 6/27/08

R17-2-2-15-141

Effective January 1, 2012 through October 14, 2012
 or on date vacated by Frontier, whichever is later.



DASH. WALL (BY CITY)
 DASH. WALL (BY CITY)
 DASH. WALL (BY CITY)
 THINW. BASE LINE
 COLUMNS
 NC = Not Included
 (In Lease or By Pl. Sec.)



Ronald R. Tom
 MANAGER OF DESIGN

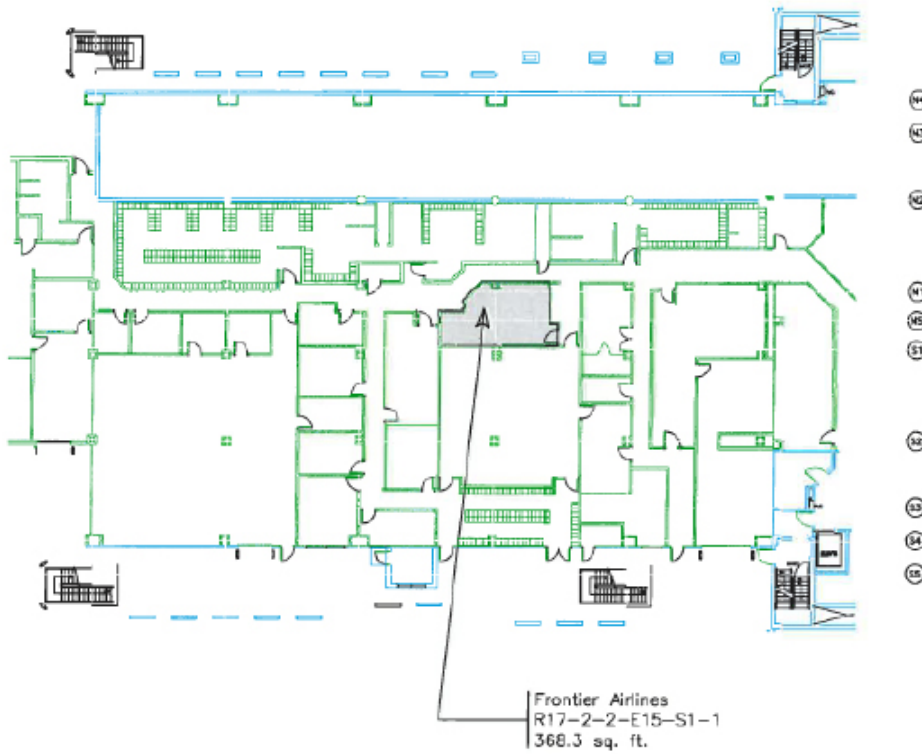
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONCOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D	
		Concourse A Apron Level	
		FRONTIER AIRLINES	
		CO#: FAL	DATE: 6/27/08

R17-2-2-15-143

Effective January 1, 2012 through December 31, 2012 or on date vacated by Frontier, whichever is later.

13 14 15 16 17 18



CONC. WALL (BY CITY)
 STUCCO/CONCRETE WALL (BY CITY)
 GLASS WALL (BY CITY)
 TENANT LEASE LINE
 COLUMN
 NIC = Not Included
 (In Lease or Sq. Ft. Calc.)



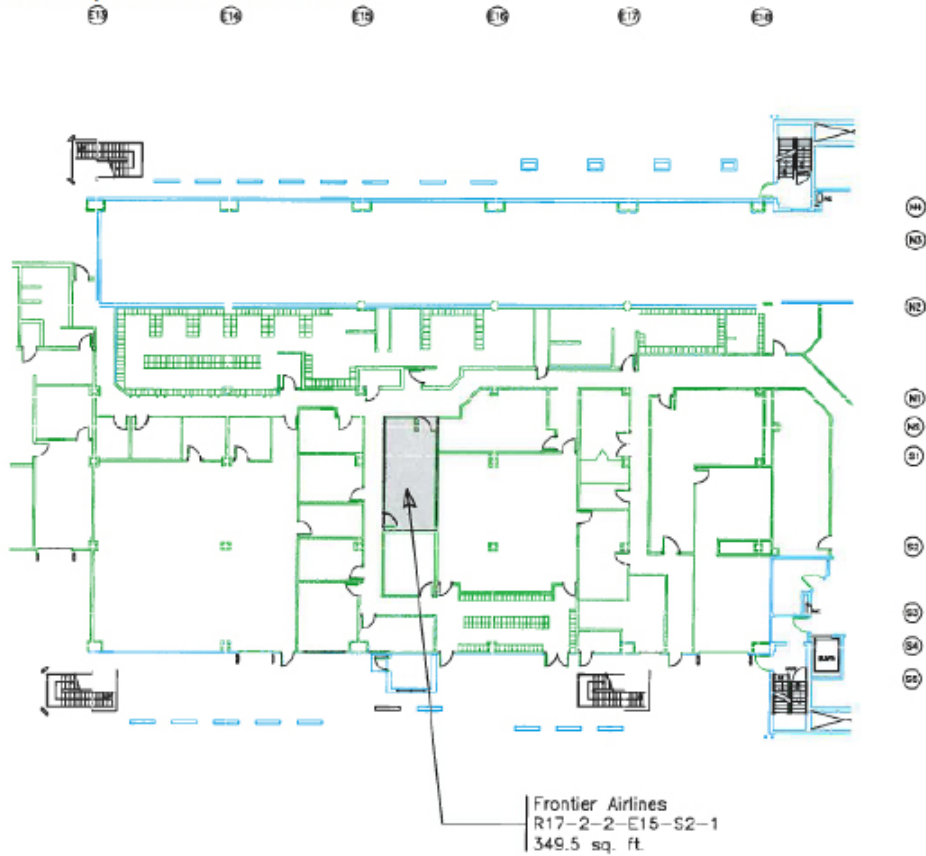
Ronald Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Apron Level FRONTIER AIRLINES
		CC#: fol	DATE: 3/23/10

R17-2-2-15-152

Effective January 1, 2012 through October 14, 2012 or on date vacated by Frontier, whichever is later.



CONC. WALL (BY CITY)
 STRUCTURAL WALL (BY CITY)
 GLASS WALL (BY CITY)
 THROAT LEASE LINE
 (H) (M) COLUMNS
 NIC = Not Included
 (If LEASED OR 30 FT. CONC.)



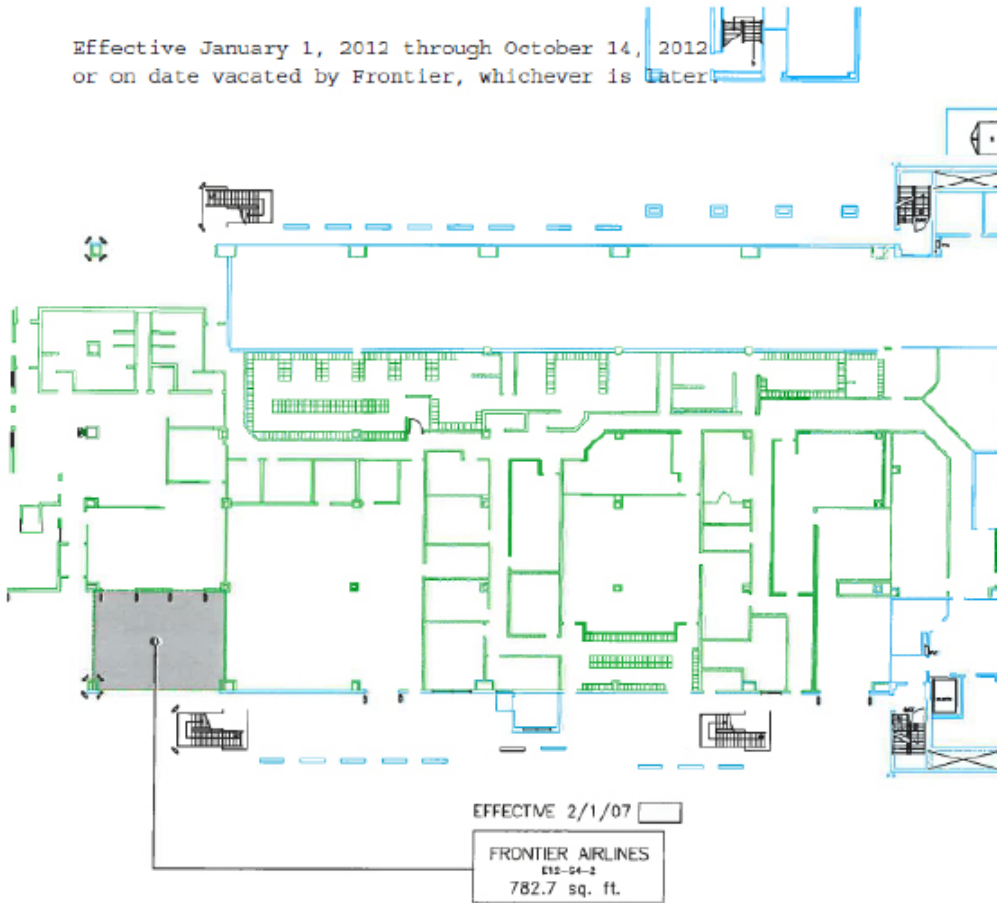
Ronald Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Apron Level FRONTIER AIRLINES
		CC#: fal	DATE: 3/16/10

R17-2-2-15-151

Effective January 1, 2012 through October 14, 2012
 or on date vacated by Frontier, whichever is later



ORIG. WALL (BY 07)
 STRUCTURAL WALL (BY 07)
 WALL (BY 07)
 TENANT LEASE LINE
 (C) (S) COLUMNS
 NIC = Not Included
 (S = Solid or S.R. Core)



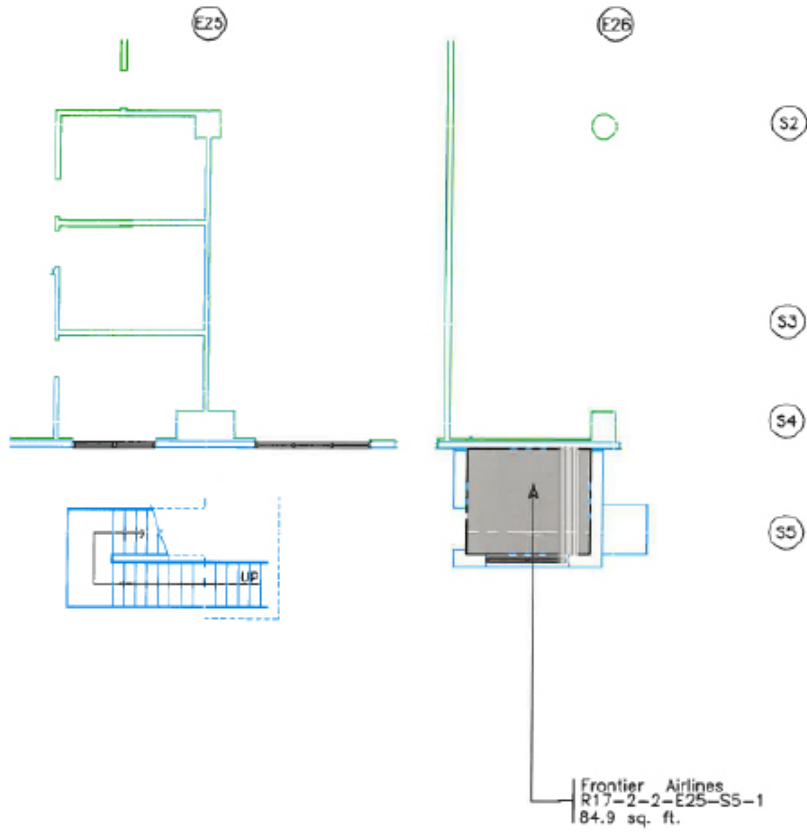
Richard Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

 KEY PLAN CONCOURSE A		REVISD	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level FRONTIER AIRLINES	
		CC#	DATE: 1/30/07

R17-2-2-15-137

Effective January 1, 2012 through September 10, 2012



CONC. WALL, SEE DET.
 FLOOR SYSTEM WALL, SEE DET.
 SLAB, SEE DET.
 REINFORCING BAR
 (NC = Not Included
 In Layout or Sd, P, Sec.)

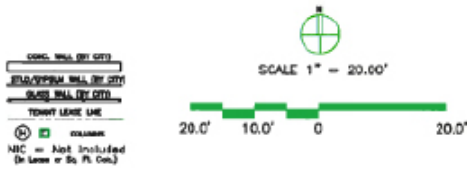
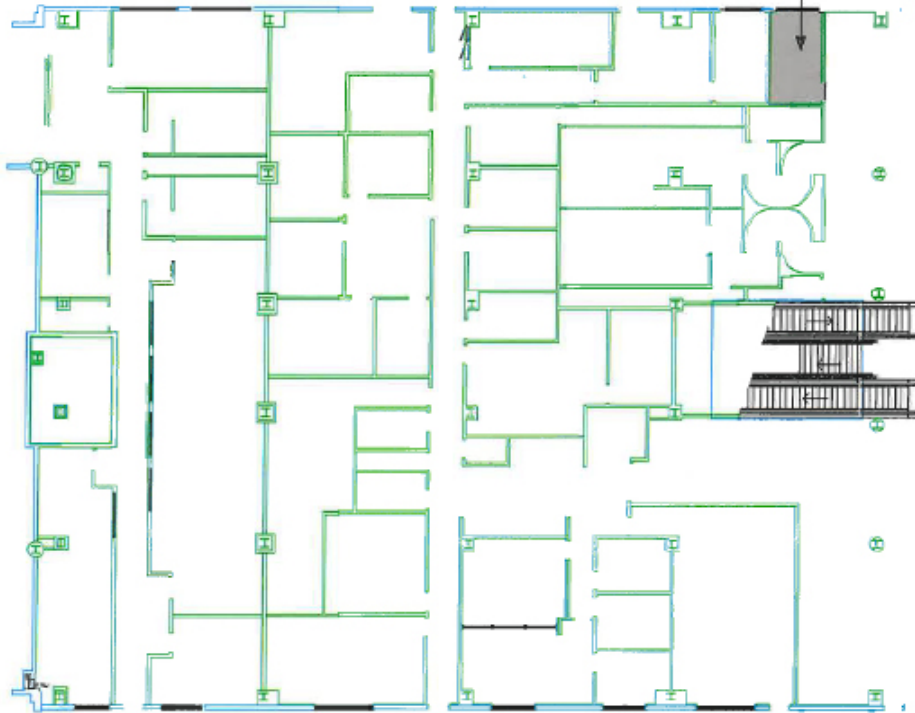
SCALE 1" = 10.00'

Richard Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONCOURSE A R17-2-2-15-86</p>		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level Frontier Airlines	
		CC#: fel	DATE: 6/28/06

Frontier Airlines, Inc.
 R17-2-2-E23-N2-2
 130.0 sq. ft.



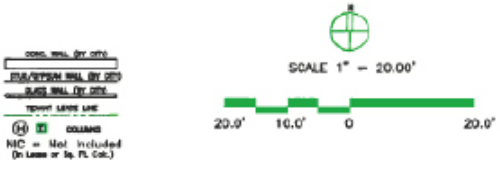
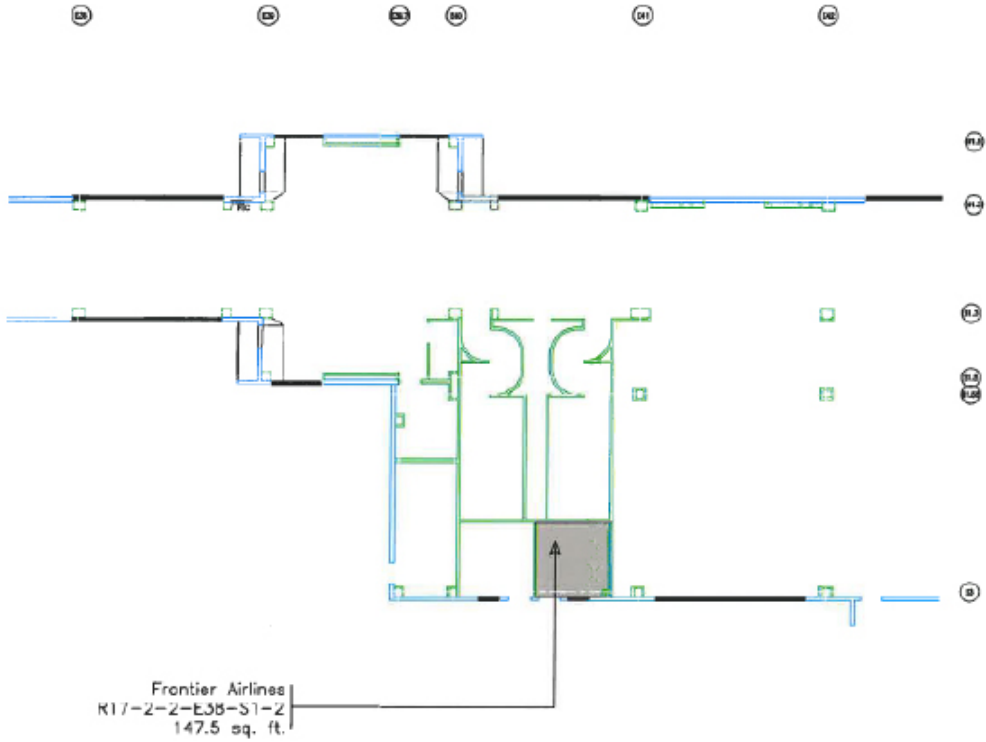
Ronald R. Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D- Concourse A Apron Level Frontier Airlines, Inc.
		CC#: fal	DATE: 8/25/05

R17-2-2-15-121

Effective January 1, 2012 through August 31, 2012



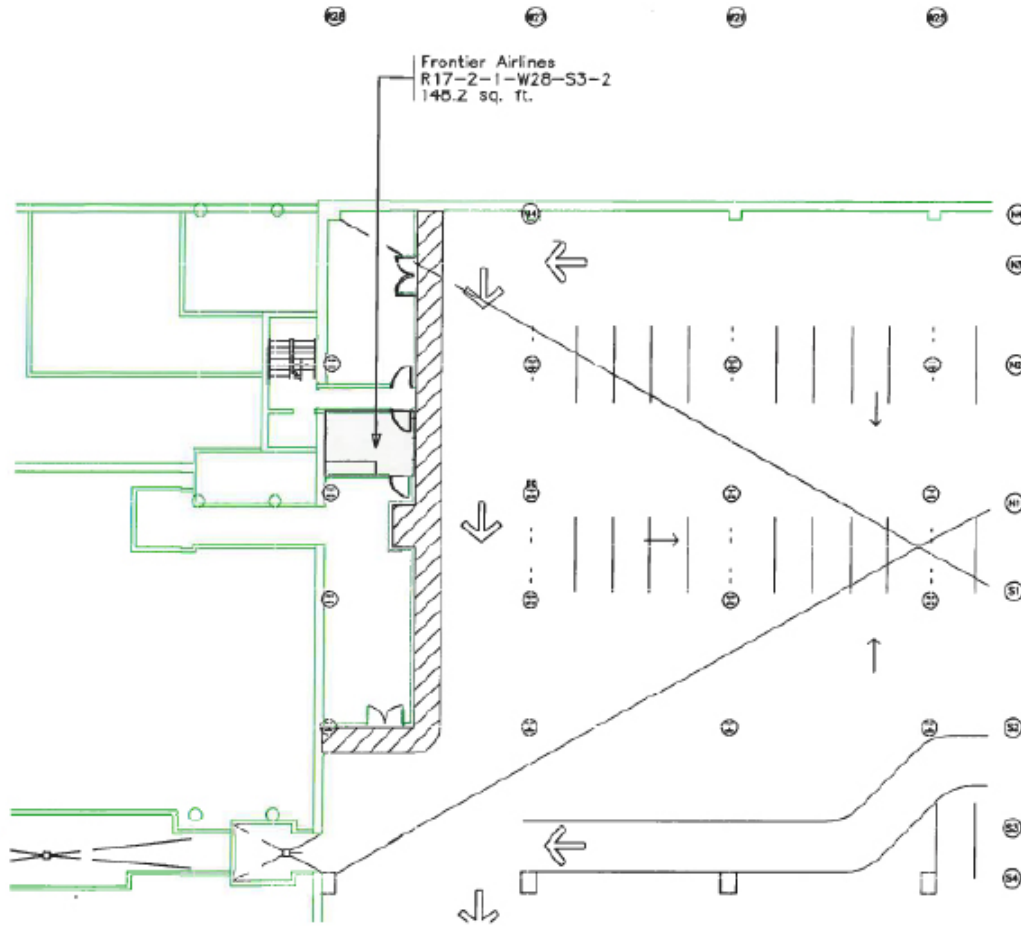
Richard Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

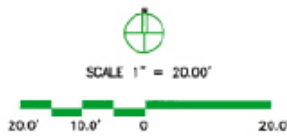
 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level Frontier Airlines	
		CC#: fcl	DATE: 9/09/08

R17-2-2-15-146

Effective January 1, 2012 through End of Term



(Symbol) WALL (20' OFF)
 (Symbol) STRUCTURAL WALL (20' OFF)
 (Symbol) SLAB WALL (20' OFF)
 (Symbol) VERIFIED LEVEL LINE
 (Symbol) SOURCE
 NC = Not Included
 (In Lamb of St. P. Code)

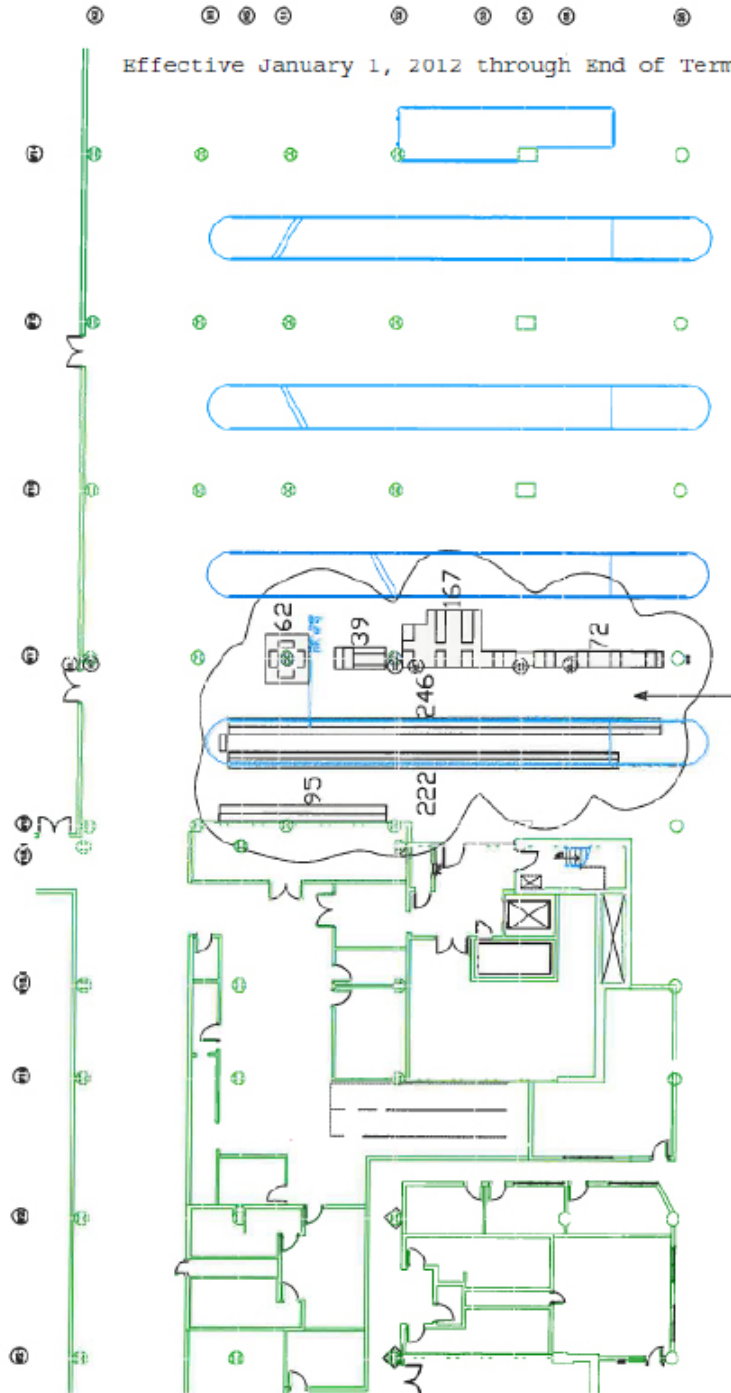



 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D: CONCOURSE A BASEMENT Frontier Airlines	
		CC#: fol	DATE: 8/25/05

R17-2-1-15-100



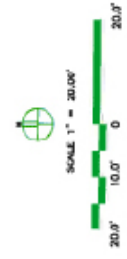
Effective January 1, 2012 through End of Term

FRONTIER AIRLINES
R17-2-1-W10-S4-3
1903.0 sq. ft.

ADDED TO THE LEASE ON SEPTEMBER 1, 2004

Ronald Horn
MANAGER OF DESIGN

- OWNER: BILL BY DATE
- CONTRACTOR: BILL BY DATE
- BASE: BILL BY DATE
- TENANT LEASE LINE
- RELEASE
- NOT RECORDED

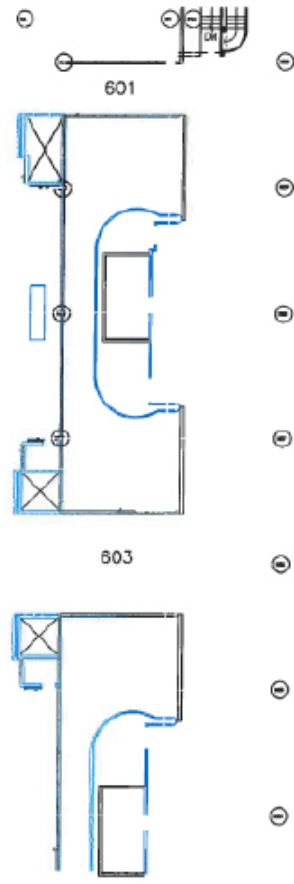
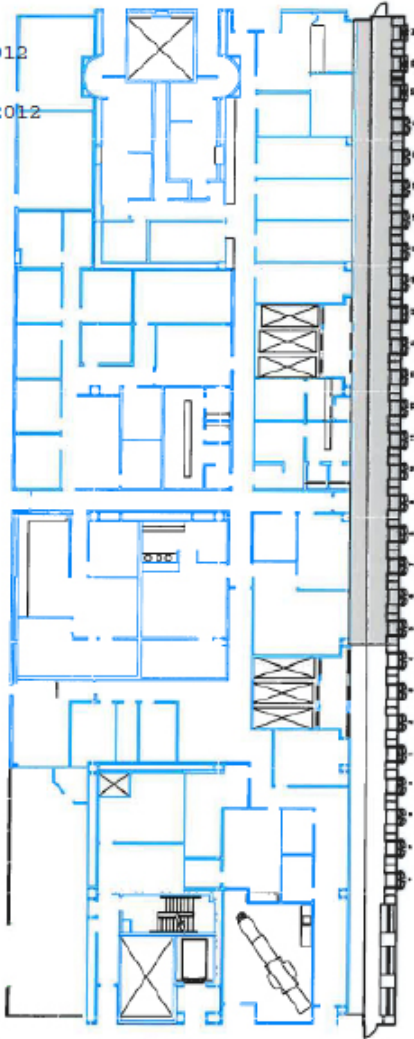


NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

	REVISION	DENVER INTERNATIONAL AIRPORT EXHIBIT D- Concourse A Bldg. Level FRONTIER AIRLINES, INC.
		CC# 874 DATE: 8/25/08

R17-2-1-10-45

Effective
January 1, 2012
through
October 31, 2012



Frontier Airlines
R16-1-6-E6-N22-1
1789.3 sq. ft.

CONGR. WALL BY CITY
 STRUCTURAL WALL BY CITY
 SLURRY WALL BY CITY
 TYPICAL LIGHT LINE
 (H) (I) COLUMNS
 MIC = Not Included
 (In Lease or Sq. Ft. Calc.)


 SCALE 1" = 20.00'

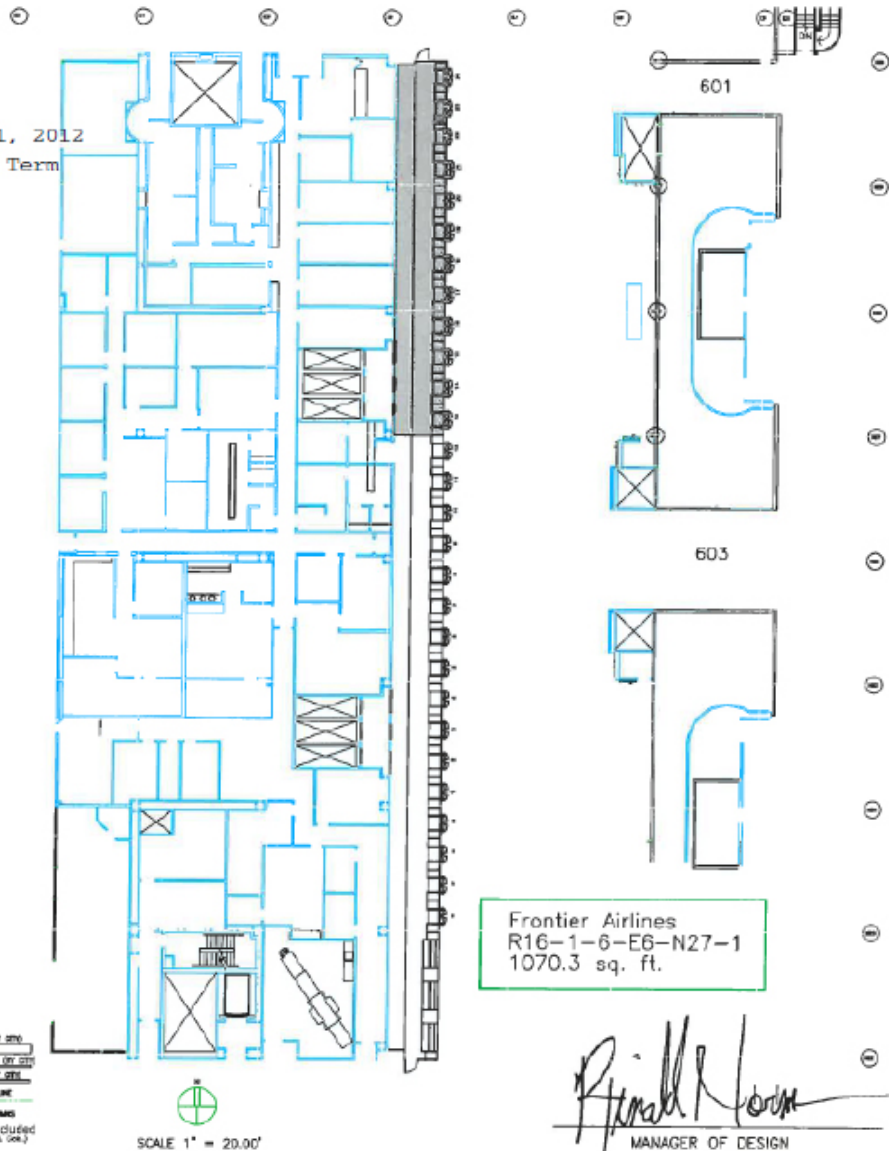

 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

	KEY PLAN TERMINAL AREA 		REVISED	DENVER INTERNATIONAL AIRPORT	
			12/19/08	EXHIBIT D Terminal Level 5 Frontier Airlines	
			CO#: tal	DATE: 9/04/08	

R16-1-6-15-135

Effective
November 1, 2012
to End of Term



Frontier Airlines
R16-1-6-E6-N27-1
1070.3 sq. ft.

CONC. WALL (BY CITY)
GLASS/WINDOW WALL (BY CITY)
GLASS WALL (BY CITY)
TENANT LEASE LINE
COLUMNS
NC = Not Included
(See Notes on pg. 15 of set.)

SCALE 1" = 20.00'

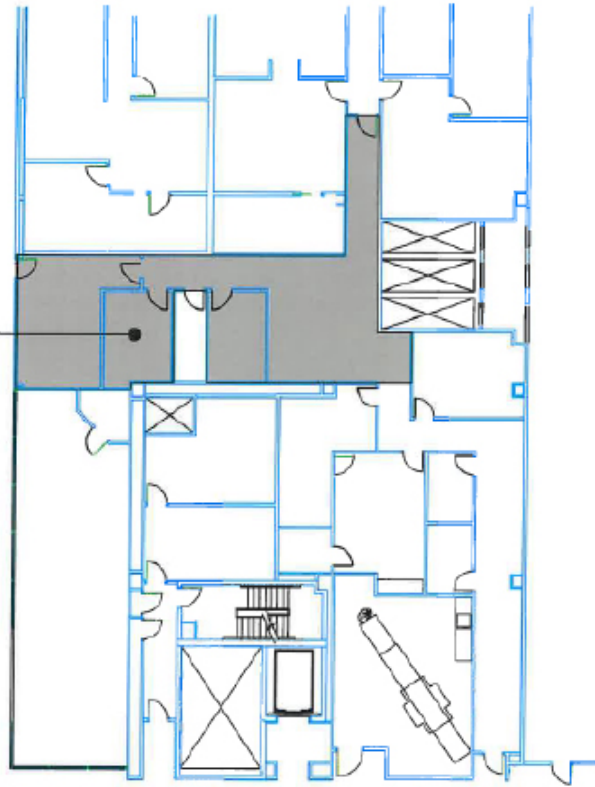
NOTE: This exhibit depicts only square footage of leased area based upon planning date and is not intended to address construction details.

		REVISED	DENVER INTERNATIONAL AIRPORT
		09/07/12	
			Terminal Level 6
			Frontier Airlines
		CC# fal	DATE: 9/04/08

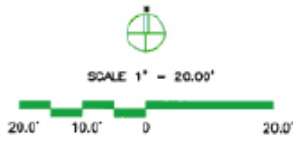
R16-1-6-15-135

Effective January
1, 2012 to End of Term

Frontier Airlines
R16-1-6-E3-N24-3
1233.6 sq. ft.



CONC. WALL (BY STD)
 STRUCTURAL WALL (BY STD)
 GLASS WALL (BY STD)
 TENANT LEASE LINE
 VOLUME
 NC = Not Included
 (By Letter of No. R. 10.2)



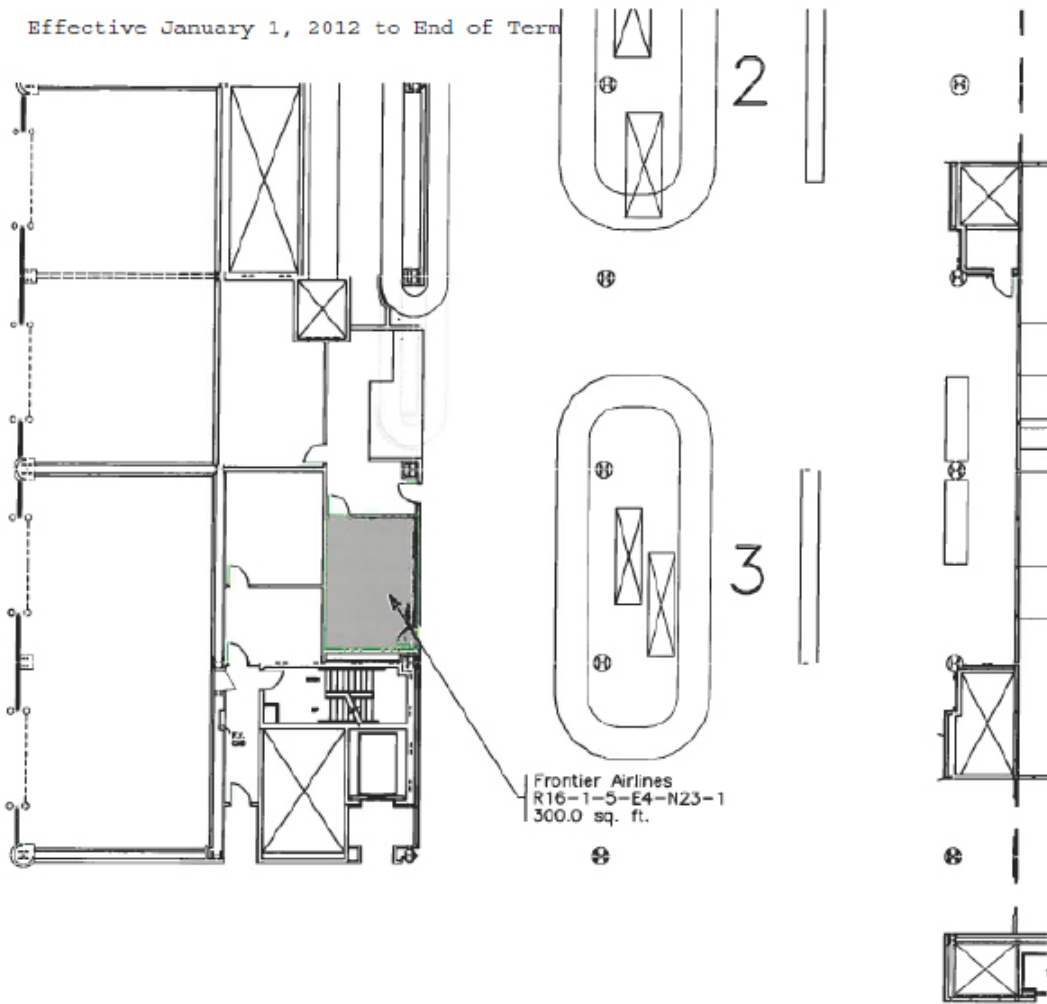
Ronald Horn
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

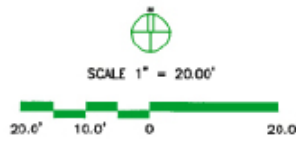
	KEY PLAN TERMINAL AREA 		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D- Terminal Level 6 Frontier Airlines	
			CC#: fa	DATE: 8/25/05

R16-1-6-15-111

Effective January 1, 2012 to End of Term



DASHED WALL (BY CITY)
 DASHED WALL (BY CITY)
 DASHED WALL (BY CITY)
 THICK LINE
 (C) COLUMNS
 NC - Not Included
 (In Lease or Sp. Pl. Loc.)



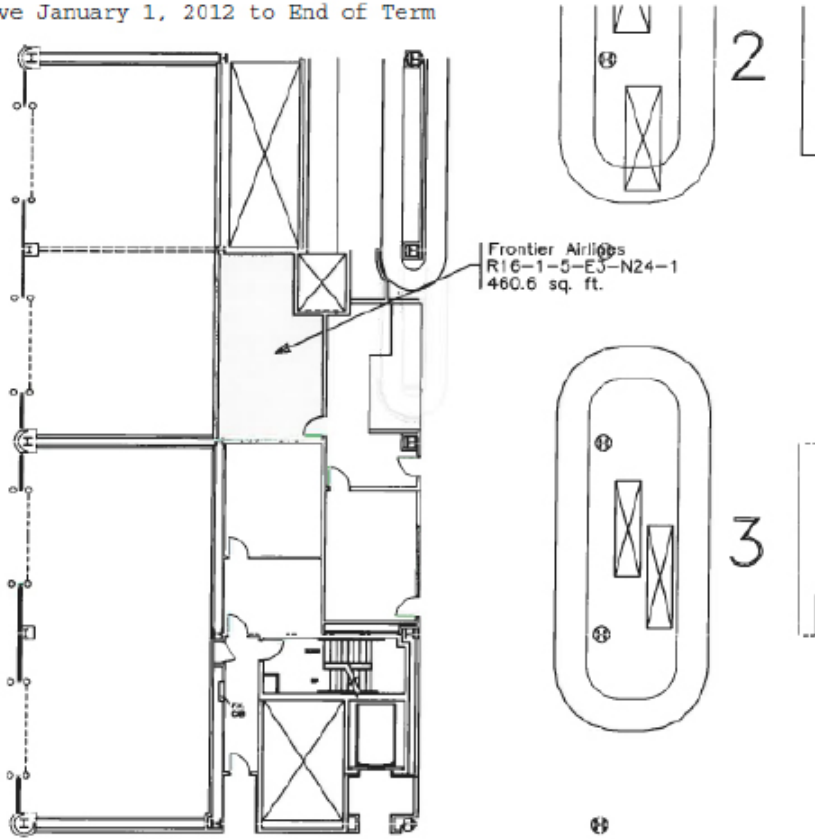
Ronald Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN TERMINAL AREA</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Terminal Level 5 Frontier Airlines
		CC#: 101	DATE: 8/25/05

R16-1-5-15-61

Effective January 1, 2012 to End of Term



CONC. WALL OR CURB
 EXIST. CONC. WALL OR CURB
 GLASS WALL OR CURB
 FORMER LEASE LINE
 (C) COLUMN
 NIC = Not Included
 (By Location of the P.C. Code)

SCALE 1" = 20.00'

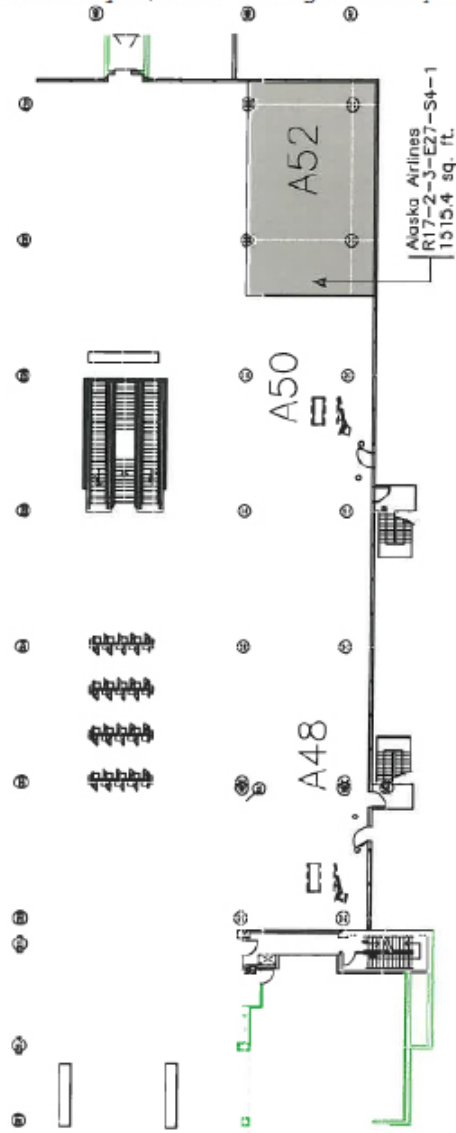


Ronald Horn
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

	KEY PLAN TERMINAL AREA 		REVISED	DENVER INTERNATIONAL AIRPORT	
				EXHIBIT D Terminal Level 5 Frontier Airlines	
			CC#: fal	DATE: 8/25/05	

R16-1-5-15-53



■ PREFERENTIAL USE PREMISES



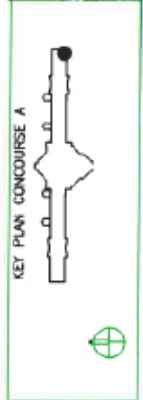
SCALE 1" = 30.00'



DATE: 02/15/12
 PROJECT: R17-2-3-E27-S4-1
 DRAWING: A52
 SCALE: 1" = 30.00'

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

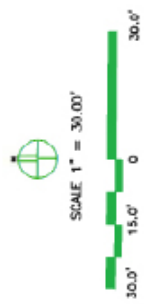
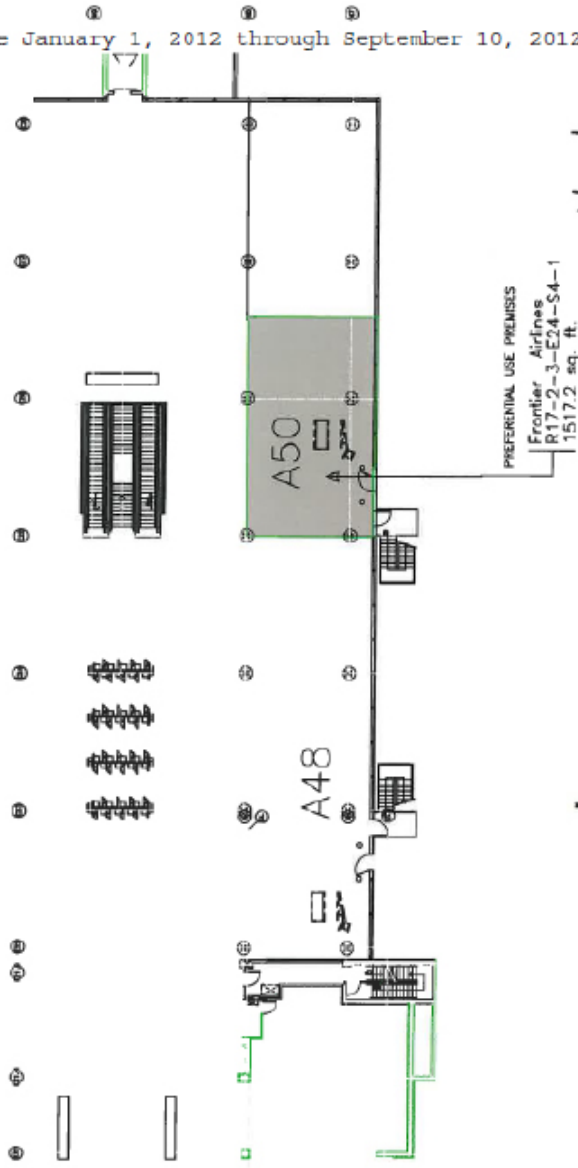
Richard K. ...
 MANAGER OF DESIGN



REVISION	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Conc. Level
	Alaska Airlines
	CC#: alal
	DATE: 02/15/12

R17-2-3-15-121

Effective January 1, 2012 through September 10, 2012



SCALE 1" = 30.00'

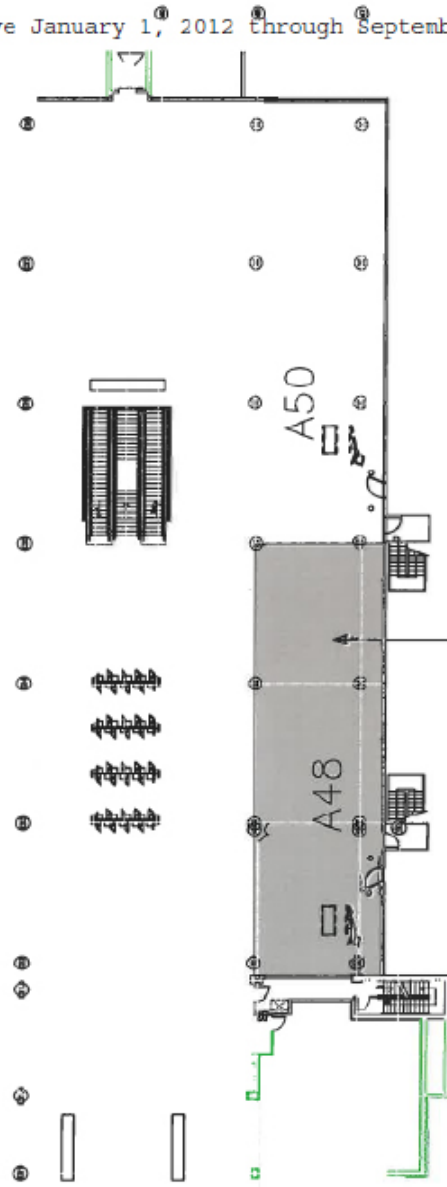
DATE: 06/29/06
 DRAWN BY: J. W. [unreadable]
 CHECKED BY: J. W. [unreadable]
 TITLE: CONCOURSE A
 CONC: 06/29/06
 NC = Not Included
 (S. 17-2-3-E24-S4-1)

NOTE: This exhibit depicts only square footages of leased area based upon planning data and is not intended to address construction details.

[Signature]
 MANAGER OF DESIGN

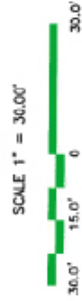
REVISIONS		
		DENVER INTERNATIONAL AIRPORT EXHIBIT D Concourse A Conc. Level Frontier Airlines
	CCF: fcl	DATE: 6/29/06

Effective January 1, 2012 through September 10, 2012



PROFESSIONAL USE PREMISES
 AirTron Airways, Inc.
 R17-2-3-E21-S4-1
 29,43.6 sq. ft.

[Signature]
 MANAGER OF DESIGN



NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

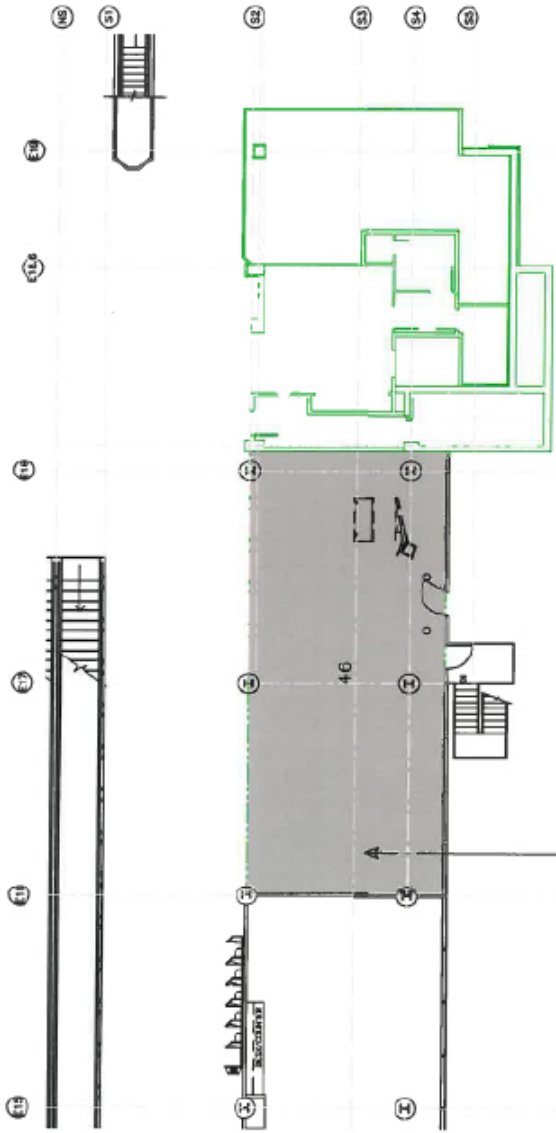
- CONC. WALL (BY CITY)
- AIRPORT/TERMINAL WALL (BY CITY)
- EXIST. WALL (BY CITY)
- TOWER CASE LINE
- COLUMN
- NC = Not Included (By Location or Size, etc. Only)

KEY PLAN CONCOURSE A

REVISED	8-20-08	DENVER INTERNATIONAL AIRPORT
EXHIBIT D		Concourse A Conc. Level
		AirTron Airlines
CC#:	atra	DATE: 11-20-06

R17-2-3-15-12

Effective January 1, 2012 through September 10, 2012



PREFERENTIAL USE PREMISES
 Frontier Airlines
 R17-2-3-E18-S4-1
 1987.9 sq. ft.



SCALE 1" = 20.00'



Frank Horn
 MANAGER OF DESIGN

MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

- COMP. WALL (PT. 07)
- EXISTENTIAL WALL (PT. 07)
- BASE WALL (PT. 07)
- WALL (PT. 07)
- CONCOURSE
- NIC = Not Included (To Scale or 1/4" = 10')

KEY PLAN CONCOURSE A

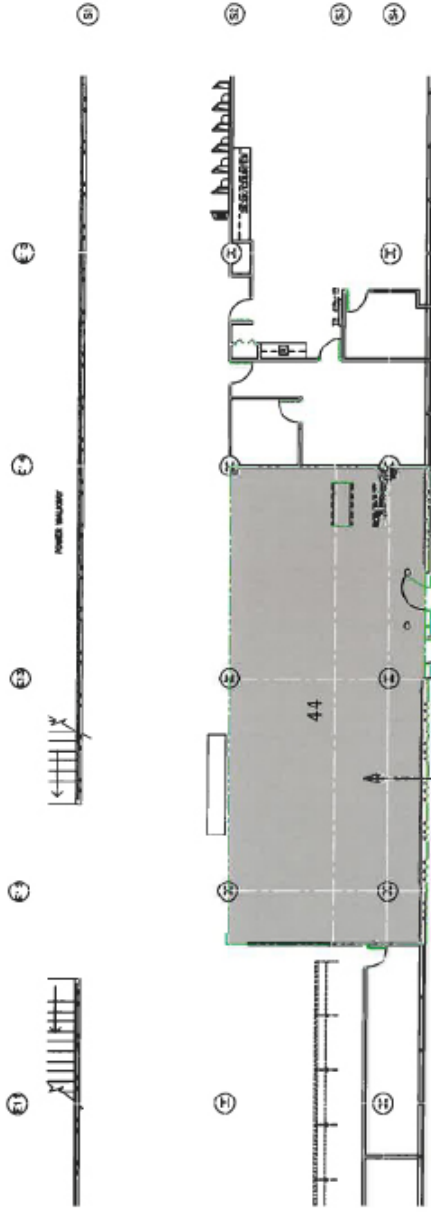


R17-2-3-15-11



REVISED

DENVER INTERNATIONAL AIRPORT
 EXHIBIT D-
 Concourse A Conc. Level
 Frontier Airlines
 CC#: fal
 DATE: 2/8/07



PREFERENTIAL USE PREMISES
Frontier Airlines
R17-2-3-E11-S4-1
2140.4 sq. ft.



SCALE 1" = 20.00'



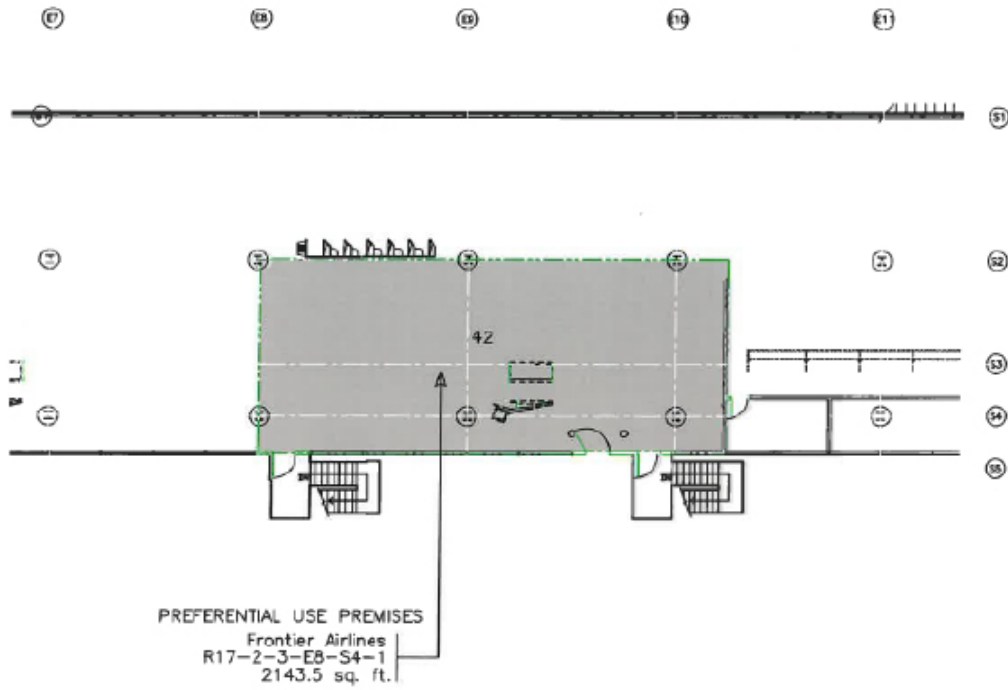
[Signature]
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

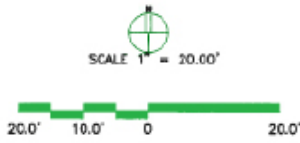
			DENVER INTERNATIONAL AIRPORT EXHIBIT D Concourse A Conc. Level Frontier Airlines
COUNTY OF DENVER	KEY PLAN CONCOURSE A R17-2-3-15-9	DENVER INTERNATIONAL AIRPORT EXHIBIT D Concourse A Conc. Level Frontier Airlines	DATE: 2/08/07
REVISED	CC#: fol	CC#: fol	DATE: 2/08/07

CONC. WALL BY 075
 STRUCTURAL WALL BY 020
 MASONRY WALL BY 020
 FINISH FLOOR LINE
 COLUMN
 NIC = Not Included
 (in case of sq. ft. call)

Effective January 1, 2012 to End of Term



CONC. WALL BY CITY
 STR./GLASS WALL BY CITY
 GLASS WALL BY CITY
 TYPICAL LEASE LINE
 (C) COLUMN
 NIC = Not Included
 (N = North or SW, PL = Plate)

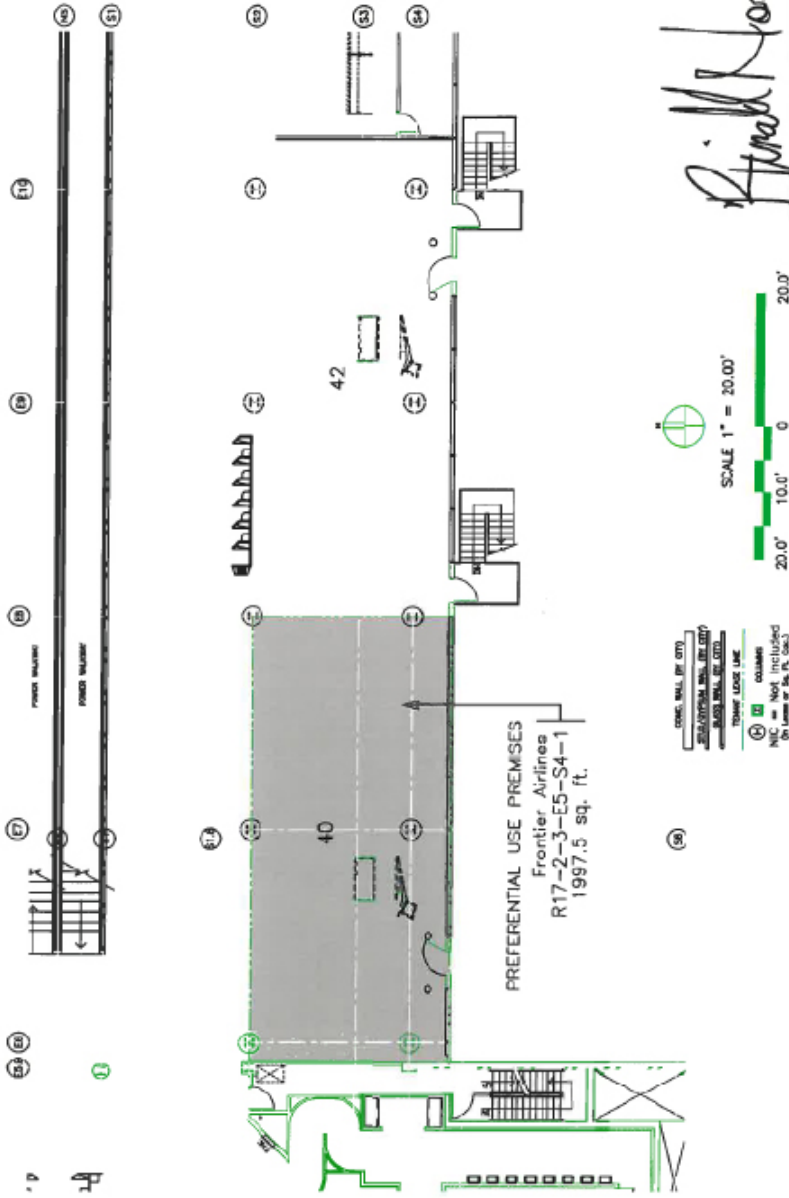


Ronald Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONCOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Conc. Level Frontier Airlines
		CC#: fd	DATE: 2/08/07

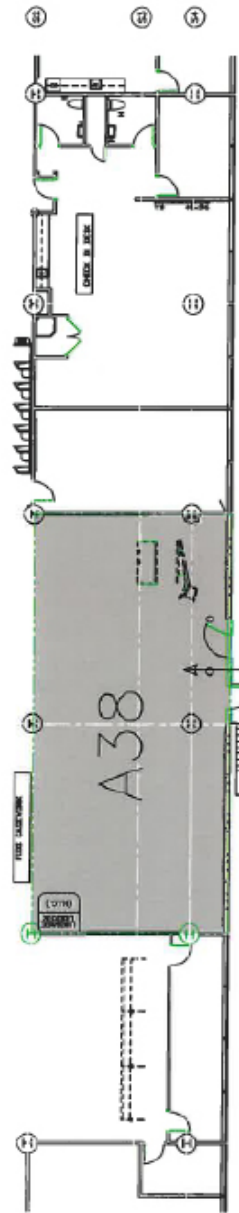
R17-2-3-2-2



NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

REVISION	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Conc. Level Frontier Airlines
DATE: 2/08/07	CC#: fal

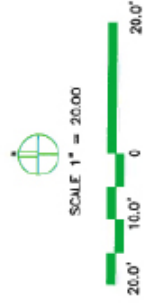
R17-2-3-15-7



Effective January 1,
2012 to End of Term

HansaRoeb
MANAGER OF DESIGN

Frontier Airlines
R17-2-3-W11-S4-1
1907.7 sq. ft.
 PREFERENTIAL USE

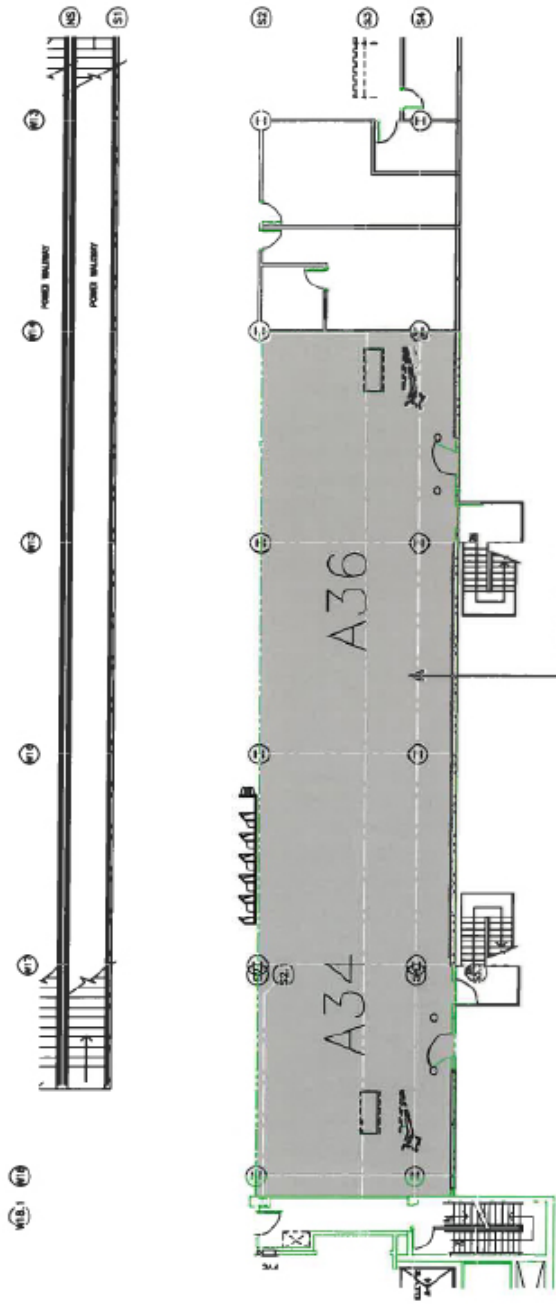


- CONC. WALL (OR CMU)
 - STUD/STYPICAL WALL (OR CITY)
 - GLASS WALL (OR CITY)
 - TYPICAL LEASE LINE
 - ④ column
- N/C = Not Included
(In Lease or Sq. Ft. Calc.)

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

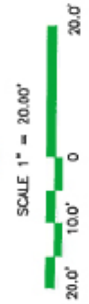
REVISIONS		
DENVER INTERNATIONAL AIRPORT	EXHIBIT D	KEY PLAN CONCOURSE A
Concourse A Conc. Level	Frontier Airlines	
CC#: fa1	DATE: 2/24/00	

R17-2-3-15-5



Frontier Airlines
R17-2-3-W18-S4-1
3907.8 sq. ft. 2/24/00

□ PREFERENTIAL USE



- CONC. WALL (BY CITY)
- SLAB/STIPPLED WALL (BY CITY)
- BRASS WALL (BY CITY)
- TRIMMED LASK LINE
- COLUMNS
- NC = Not Included
(In Accordance with P. Code)

HansaRock

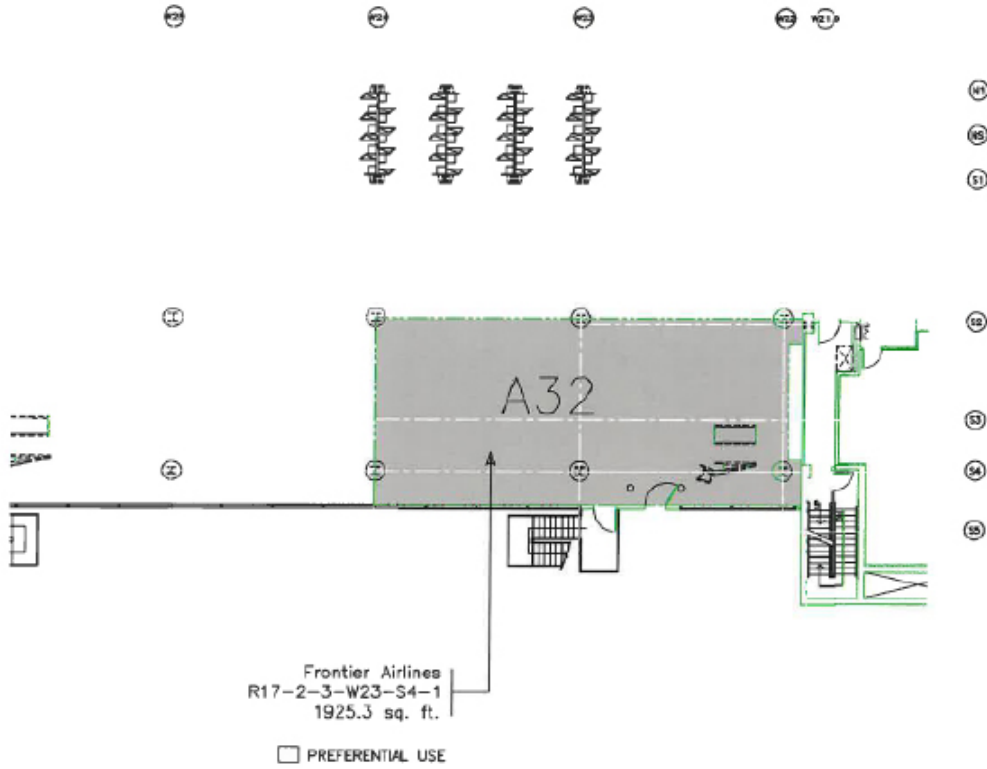
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

REVISIONS		
DENVER INTERNATIONAL AIRPORT EXHIBIT D Concourse A Conc. Level Frontier Airlines		
CC#: fal	DATE: 2/24/00	

R17-2-3-15-3

Effective January 1, 2012 to End of Term



- CONC. WALL (BY CITY)
- STUB/GYPSUM WALL (BY CITY)
- GLASS WALL (BY CITY)
- TENANT LEASE LINE
- COLUMNS
- NC - Not Included
(in Lease or Eq. Pt. Code)



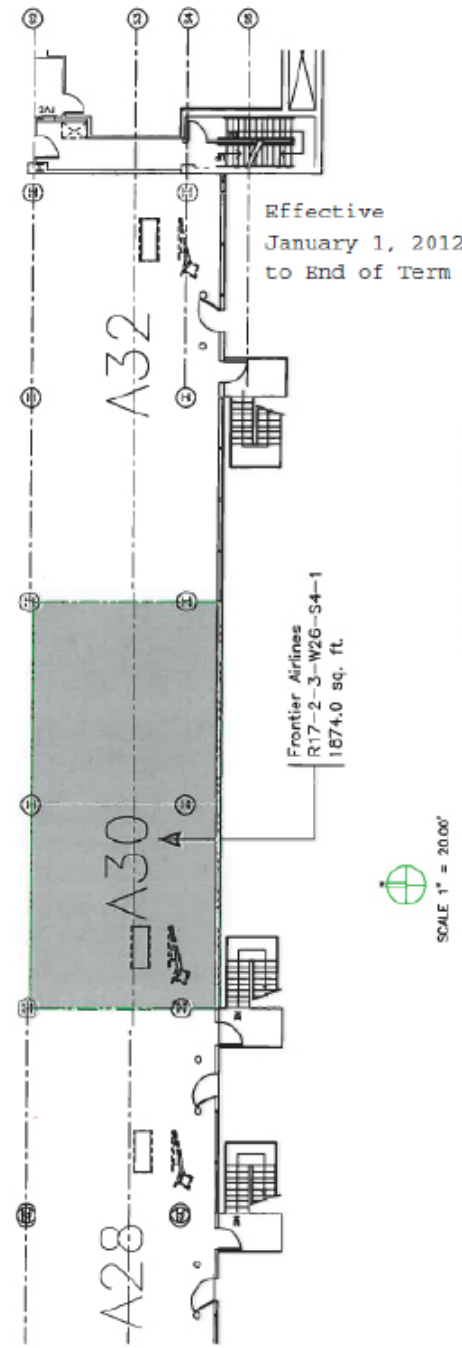
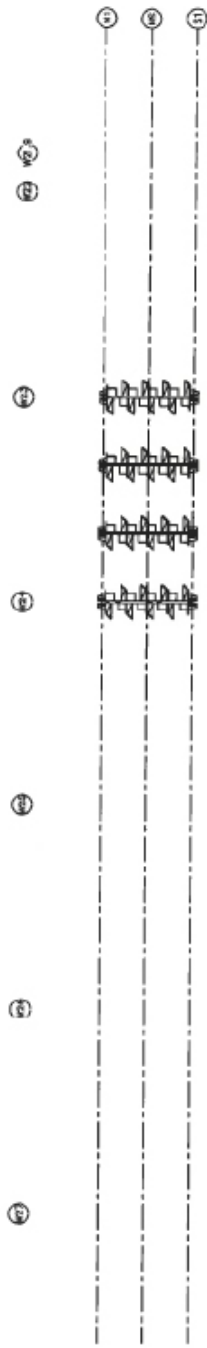
Hana Rocib

MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Conc. Level Frontier Airlines
		CC#: fol	DATE: 2/24/00

R17-2-3-2-1



Effective
January 1, 2012
to End of Term

Hanscomb
MANAGER OF DESIGN



EXCLUSIVE USE PREMISES

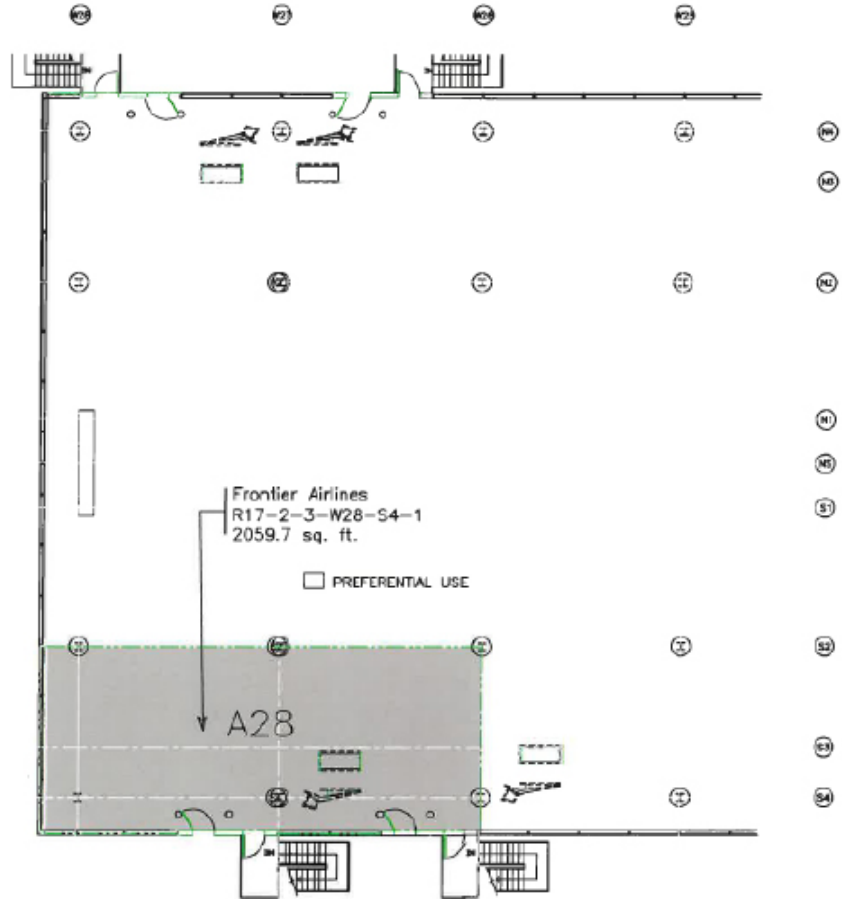
- CONC. WALL (IF CITY)
- STRO/CUTS/WALL (IF CITY)
- GLASS WALL (IF CITY)
- TYPICAL USE LINE
- ④ COLUMNS
- N/C = Not Included (If Lettered, It's CITY)

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

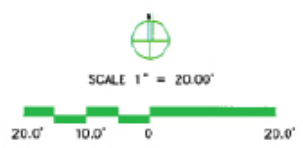
	REVISIONS	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Conc. Level Frontier Airlines
	KEY PLAN CONCOURSE A	CC#: tel
		DATE: 8/17/08

R17-2-3-15-2

Effective January 1, 2012 to End of Term



CONC. WALL (BY CITY)
 STRUCTURAL WALL (BY CITY)
 GLASS WALL (BY CITY)
 TERRACE LEASE LINE
 (N) (S) COLUMN
 NIC = Not Included
 (On Lease or To Be Built)

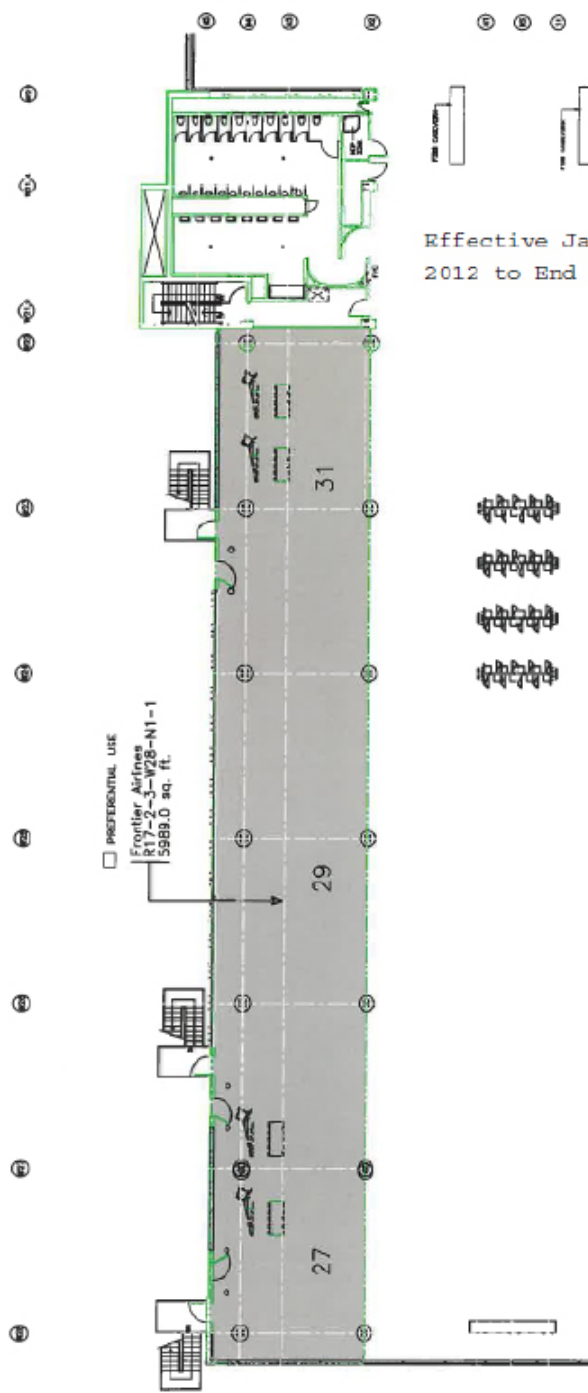


Hanna Roub
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONCOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Conc. Level Frontier Airlines	
		CC#: fal	DATE 2/23/00

R17-2-3-2-15



Effective January 1,
2012 to End of Term

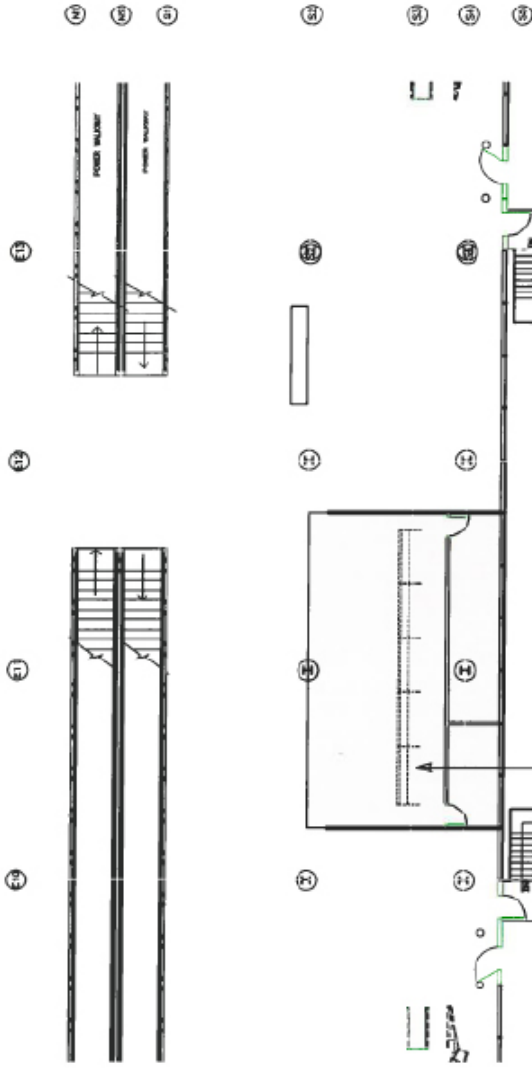
Hans Roub
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased areas based upon planning data and is not intended to address construction details.

REVISED	REVISIONS	KEY PLAN CONCOURSE A	DATE: 2/13/00
EXHIBIT D	DENVER INTERNATIONAL AIRPORT	CONCOURSE A CONC. LEVEL	FRONTIER AIRLINES
C/S#:	141		

817-2-3-V-1-16

DATE: 02/13/00
DRAWN BY: HAN ROUB
CHECKED BY: HAN ROUB
SCALE: AS SHOWN
NO. = NOT INCLUDED
IN THIS PLAN, IT MEANS



Frontier Airlines
R17-2-3-ETO-S4-1
14,244.6 sq. ft.



SCALE 1" = 20.00'



- CONC. WALL (BY CITY)
- GLAZED WALL (BY CITY)
- GLASS WALL (BY CITY)
- TRAVEL CONC. LAKE
- ① EXISTING
- ② NEW NOT HOLDERS
- ③ NEW (BY CITY)



KEY PLAN CONCOURSE A

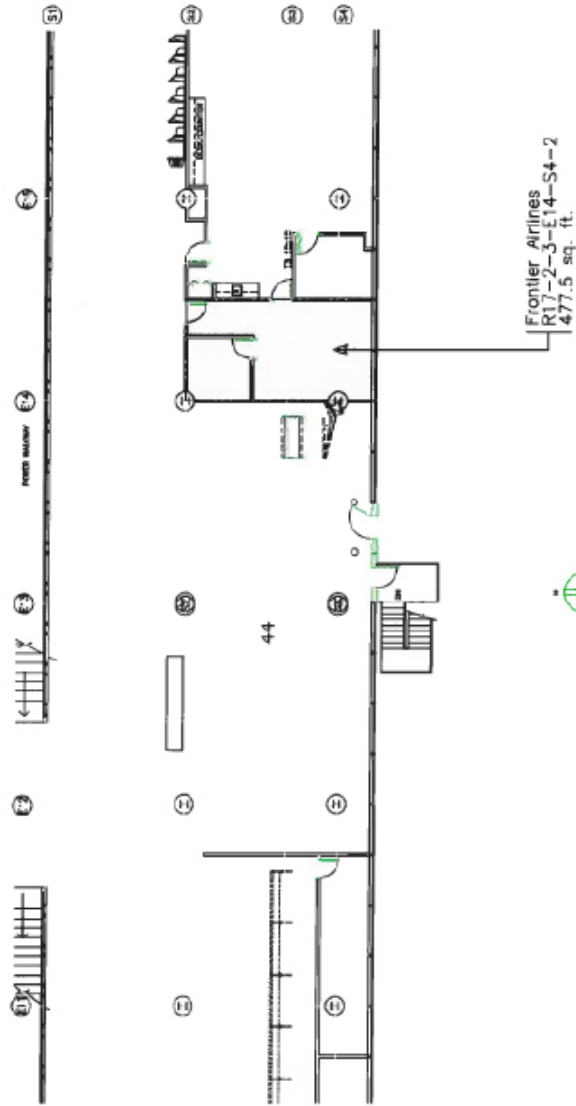
REVISIONS	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Conc. Level
	Frontier Airlines
CC#: fd	DATE: 12/09/10

R17-2-3-15-B

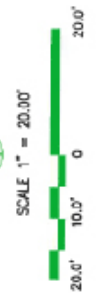
Frank Cook
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

Effective January 1, 2012 to October 14, 2012 or on date vacated by Frontier, whichever is later.



Frank Cook
MANAGER OF DESIGN



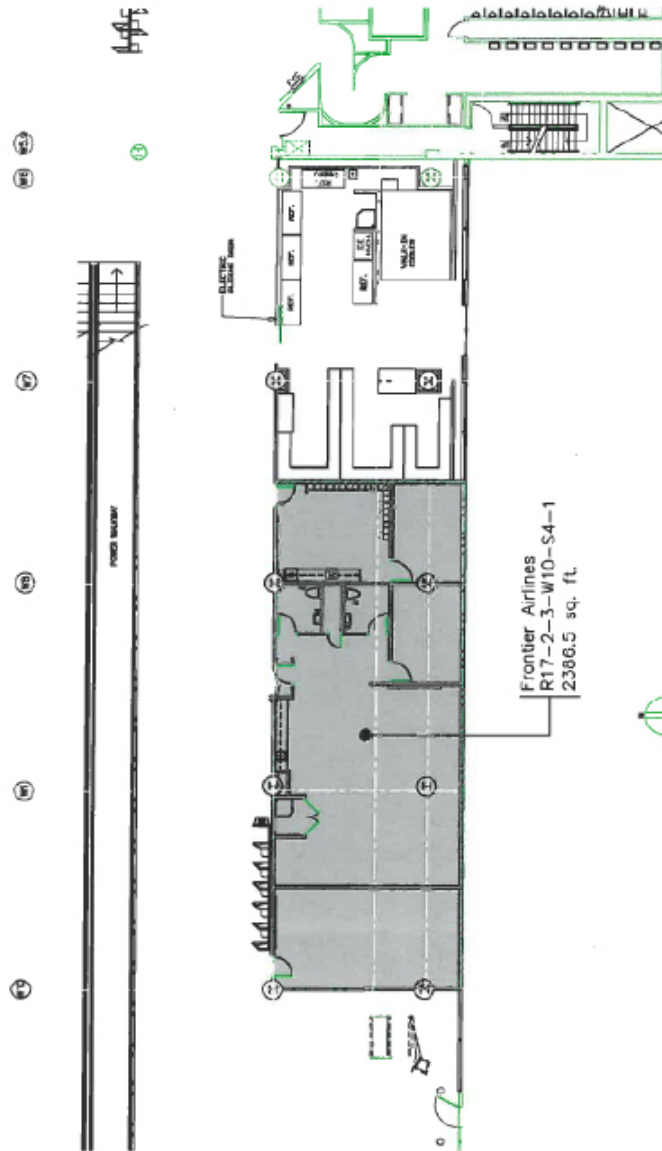
- CONC. WALL (OR CRT)
- STUB/FORM WALL (OR CRT)
- GLASS WALL (OR CRT)
- TRIM/LOGIC LINE
- (H) — COLUMNS
- N/C — Not Included (in limits of S4, P1, G6)

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

REVISIONS		
	DENVER INTERNATIONAL AIRPORT	KEY PLAN CONCOURSE A
	EXHIBIT D	
	Concourse A Conc. Level	
	Frontier Airlines	
	Cc#: fal	DATE: 5/02/07

R17-2-3-15-29

Effective January 1, 2012 to End of Term
 (Crew base may relocate; Exhibits to be changed out, not
 to exceed 50% reduction.)

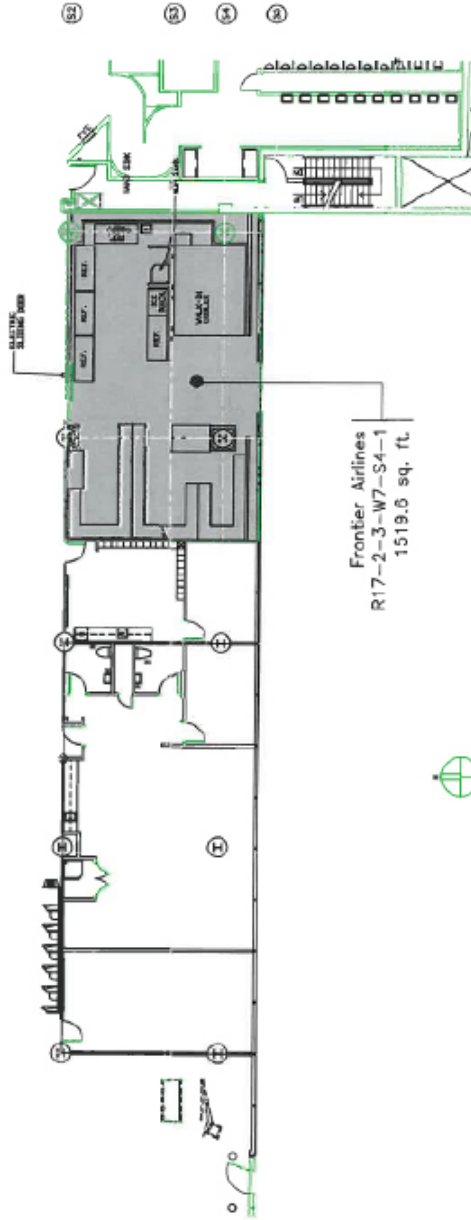


R. H. [unclear]
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

CONC. WALL (BY CITY)	REVISION			
STUB/OUTRUM WALL (BY CITY)	DENVER INTERNATIONAL AIRPORT EXHIBIT D Concourse A Conc. Level Frontier Airlines			
GLASS WALL (BY CITY)				C#:# Tol DATE: 07/26/12
TYPICAL LOAD LINE				
CHALKLINE				
NIC = Not Included (In Location or Req. P. Code)				

R17-2-3-15-1



Frontier Airlines
R17-2-3-W7-S4-1
1519.5 sq. ft.



SCALE 1" = 20.00'

Frank Tom
MANAGER OF DESIGN

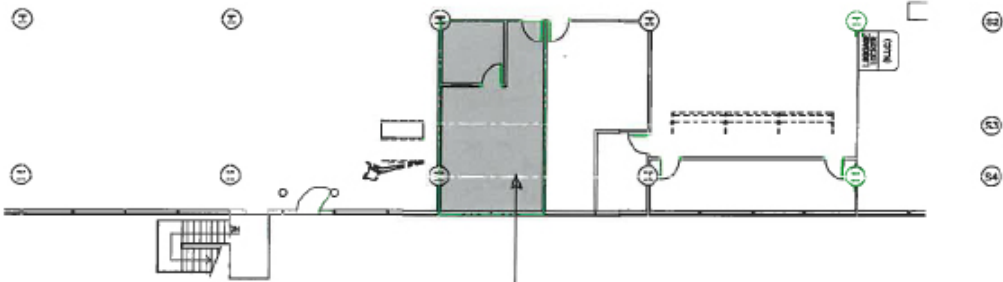
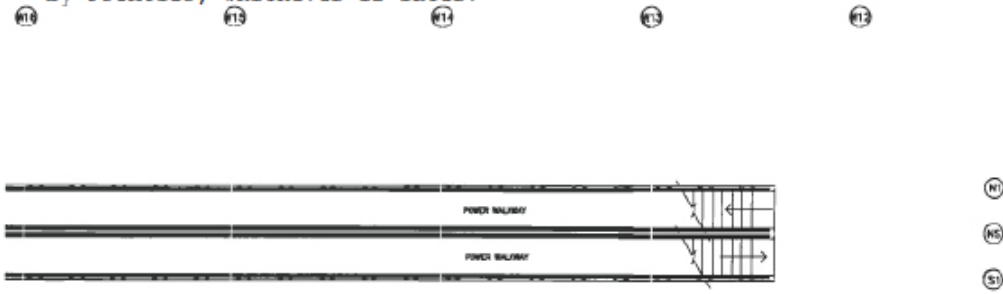
- CONC. WALL (BY CITY)
- ▨ STRUCTURAL WALL (BY CITY)
- ▧ ROOF WALL (BY CITY)
- TYPICAL LEASE LINE
- ⊕ COLUMNS
- ⊙ NIC = Not Included (In Lease or By R. Calc.)

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

REVISION	7/17/07			DENVER INTERNATIONAL AIRPORT EXHIBIT D Concourse A Conc. Level Frontier Airlines
DATE	07/26/12			

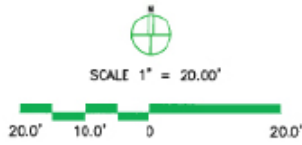
R17-2-3-15-6

Effective January 1, 2012 to October 14, 2012 or on date vacated by Frontier, whichever is later.



Frontier Airlines
R17-2-3-W13-S4-2
478.5 sq. ft.
04/22/99

- CONC. WALL (BY CITY)
- STUB/SPYHAWK WALL (BY CITY)
- GLASS WALL (BY CITY)
- TENANT LEASE LINE
- COLUMNS
- NIC = Not Included
(in Lease or Sq. Ft. Calc.)



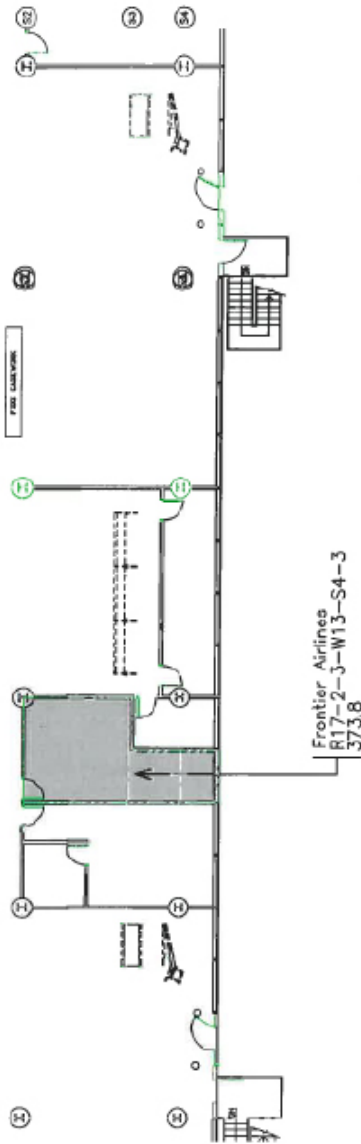
Hana Rocks

MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN CONCOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Conc. Level Frontier Airlines
		CC#: fel	DATE: 4/22/99

R17-2-3-15-37



Frank Lou
MANAGER OF DESIGN

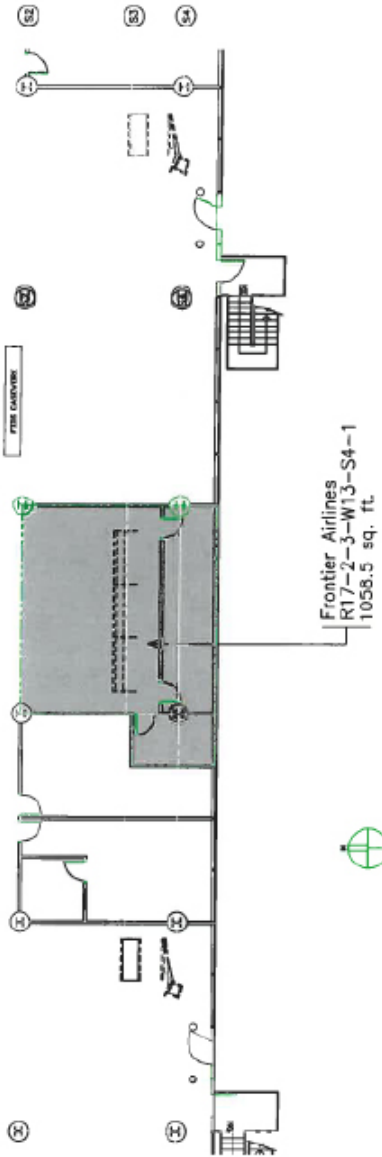
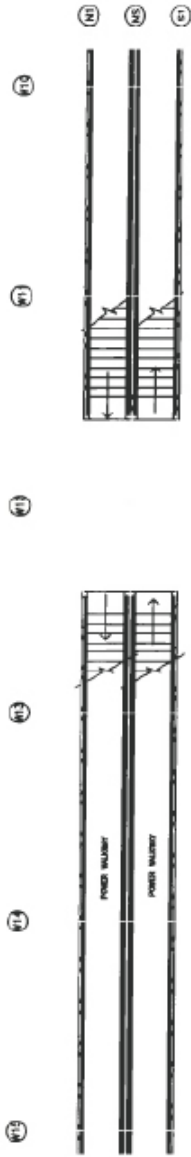
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

- CONC. WALL (IN CITY)
- SUB/STRESS WALL (IN CITY)
- GLASS WALL (IN CITY)
- TENANT LEASE LINE
- COLUMNS
- NIC = Not Included (In Lease or Sq. Ft. Calc.)

REVISIONS			KEY PLAN CONCOURSE A
DENVER INTERNATIONAL AIRPORT EXHIBIT D Concourse A Conc. Level Frontier Airlines		CG#: fsl	DATE: 8/31/07

R17-2-3-15-123

Effective January 1, 2012 to End of Term



Frontier Airlines
R17-2-3-W13-S4-1
1058.5 sq. ft.



EXCLUSIVE USE PREMISES

HavaRocks
MANAGER OF DESIGN

- CONC. WALL (BY CITY)
- STUCCO/CONCRETE WALL (BY CITY)
- GLASS WALL (BY CITY)
- TENANT LEASE LINE
- COLUMNS
- NIC = Not Included (In Location or Size, PL. Data)

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

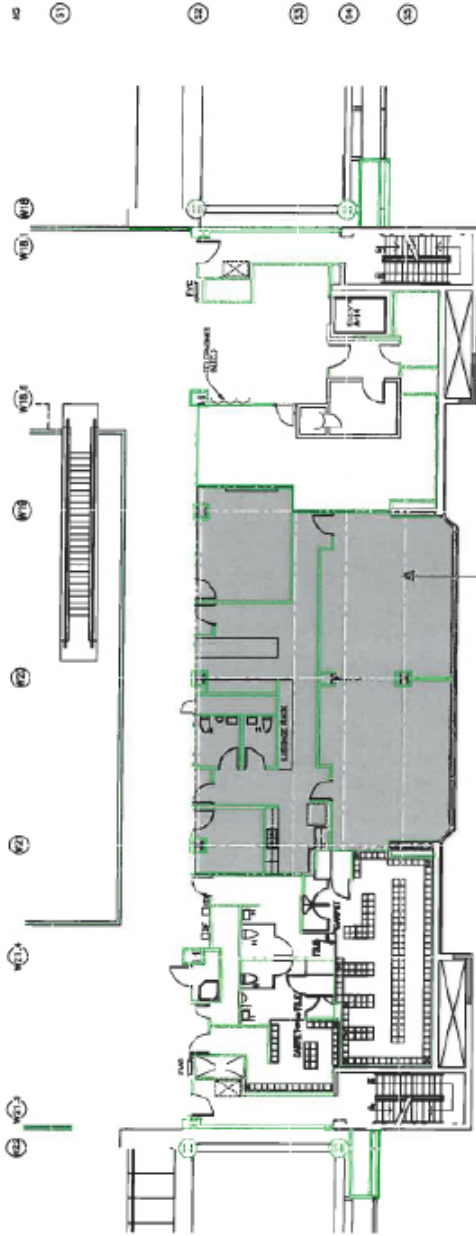
REVISIONS	DENVER INTERNATIONAL AIRPORT	CC#: fol	DATE: 2/24/00
	EXHIBIT D		
	Concourse A Conc. Level		
	Frontier Airlines		

KEY PLAN CONCOURSE A

REVISIONS

CITY OF DENVER

R17-2-3-15-4



Frontier Airlines
 R17-2-4-W2D-S5-1
 2369.7 sq. ft.

☐ EXCLUSIVE USE PREMISES

SCALE 1" = 20.00'



- CONC. WALL (BY CITY)
- STEE/CORRUS. WALL (BY CITY)
- GLASS WALL (BY CITY)
- TENANT LEASE LINE
- POUNDRS
- NIC = NOT INCLUDED
(In Lease or Sp. U. Lic.)

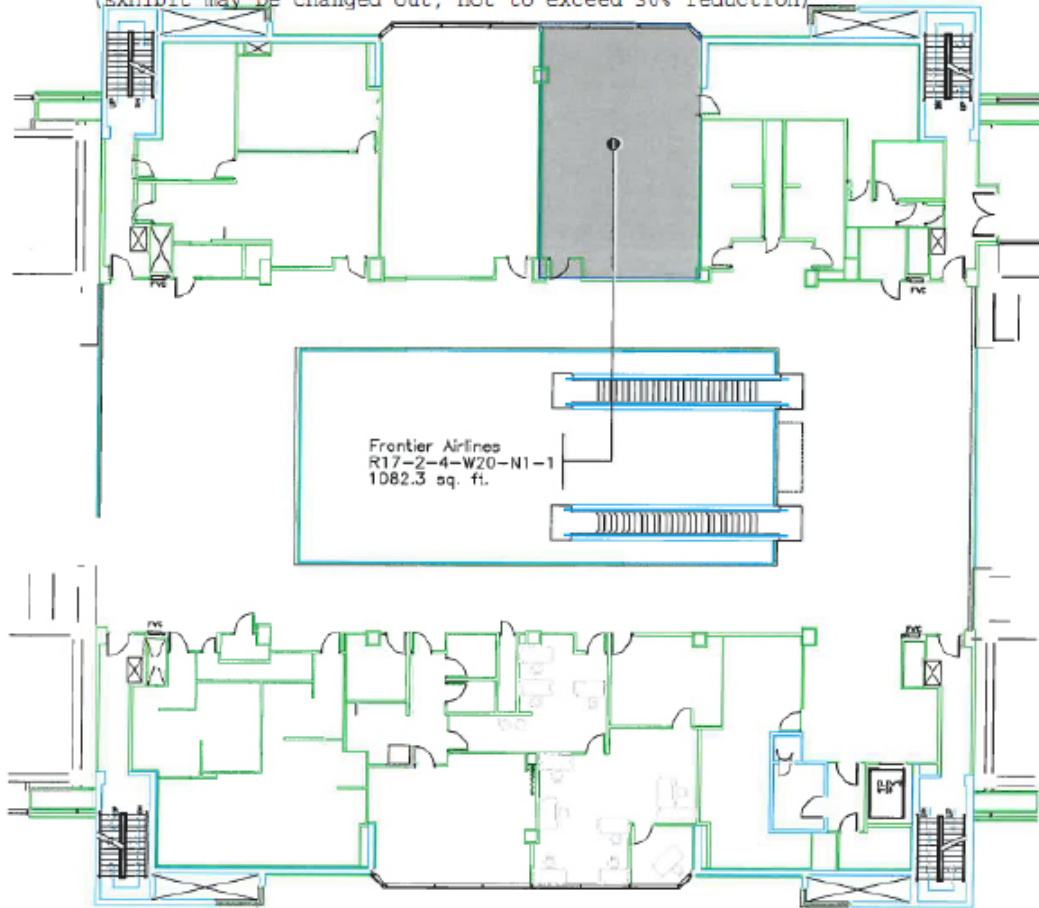
Hava Robb

MANAGER OF DESIGN

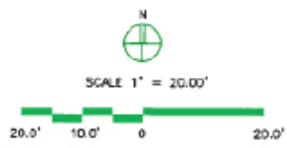
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

REVISED	9/08/05			DENVER INTERNATIONAL AIRPORT EXHIBIT D Concourse A Mezz. Level Frontier Airlines
DATE:	2/24/00			
R17-2-4-15-2		COFF: Tol		

Effective January 1, 2012 to End of Term
 (Exhibit may be changed out, not to exceed 30% reduction)



CONC. WALL BY 210
 STAIR/STAIRWELL BY 210
 CORE WALL BY 210
 TYPICAL LEASE LINE
 (C) COLUMN
 MIC = Not Included
 (See Notes to the Plans)



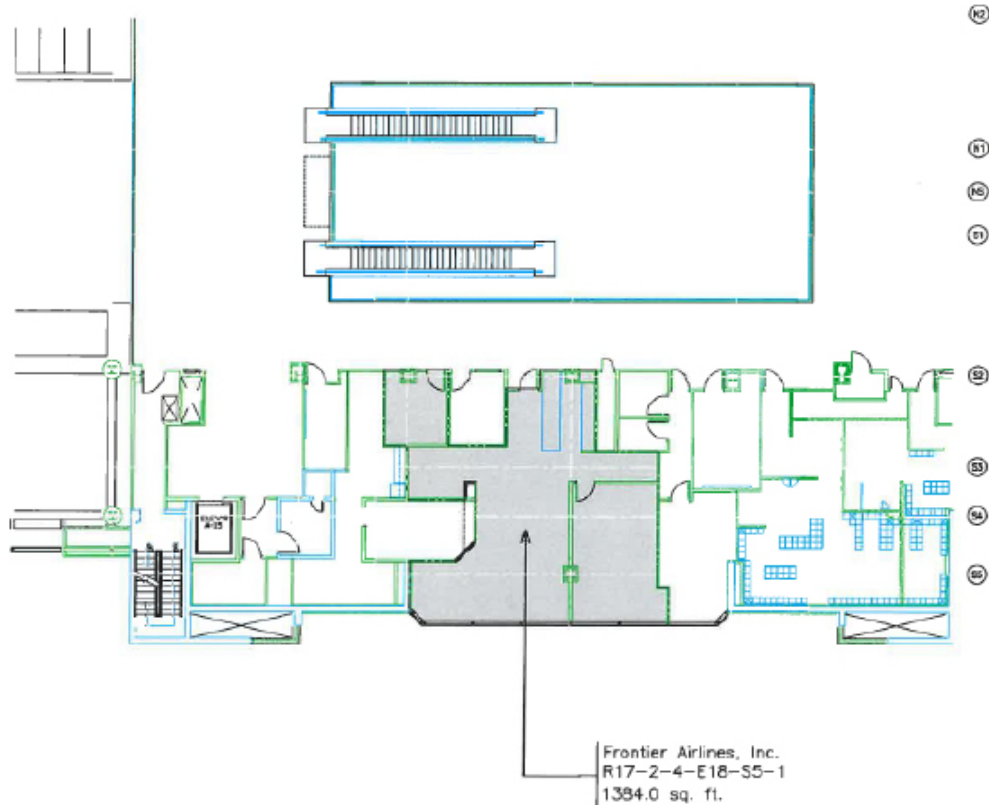
Rival Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

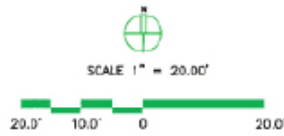
 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Mezz. Level Frontier Airlines
		CC#: fal	DATE: 4/18/07

R17-2-4-15-121

Effective January 1, 2012 to December 31, 2012 or date vacated by
 Frontier, whichever is later



CONC. WALL (BY CITY)
 SEWER/STORM WALL (BY CITY)
 SLAB WALL (BY CITY)
 EXIST. LEASE LINE
 (C) = EXISTING
 (N/C) = Not Included
 (BY OWNER OR BY PL. CODE)



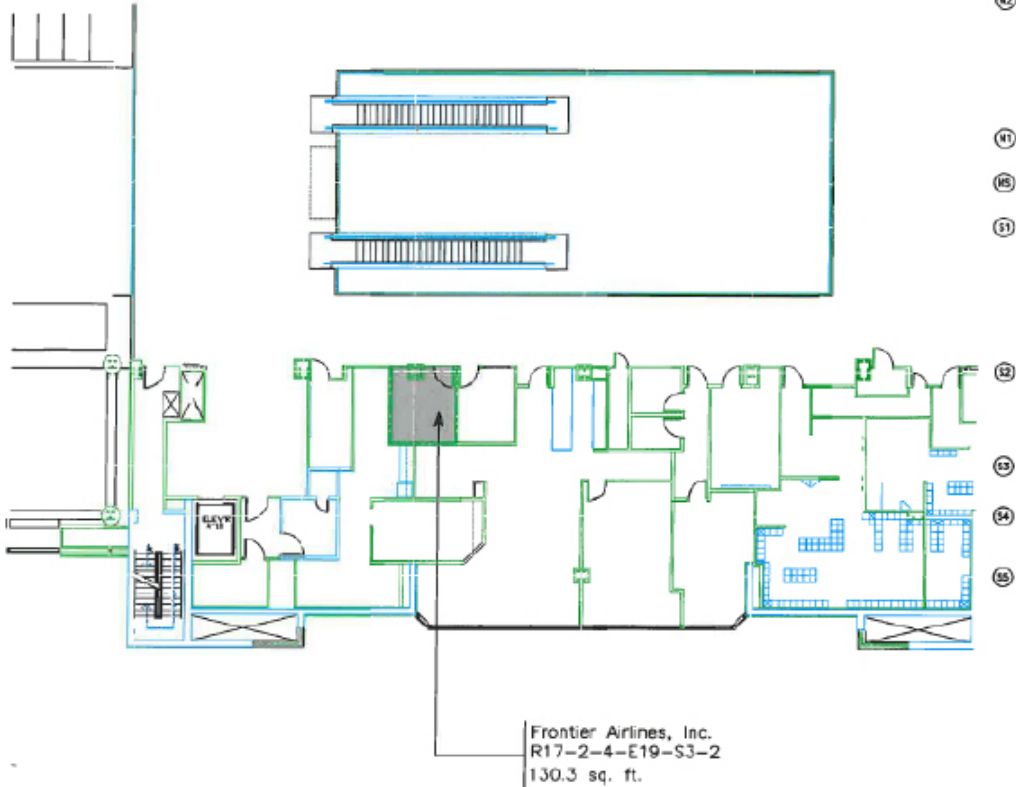
David Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

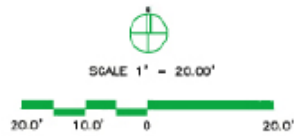
 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT	
		4/28/11	EXHIBIT D Concourse A Mezz Level 4 Frontier Airlines, Inc.	
		CC#:	fal	DATE: 8/25/05

R17-2-4-15-120

Effective January 1, 2013 or date occupied by Frontier, whichever is later to End of Term.



OREGON WALL (BY CITY)
 SEAWALL WALL (BY CITY)
 SLUG WALL (BY CITY)
 TERRY LEASE LINE
 (C) (S) COLUMNS
 NIC = Not Included
 (Or Lease of Reg. 74, 1992)



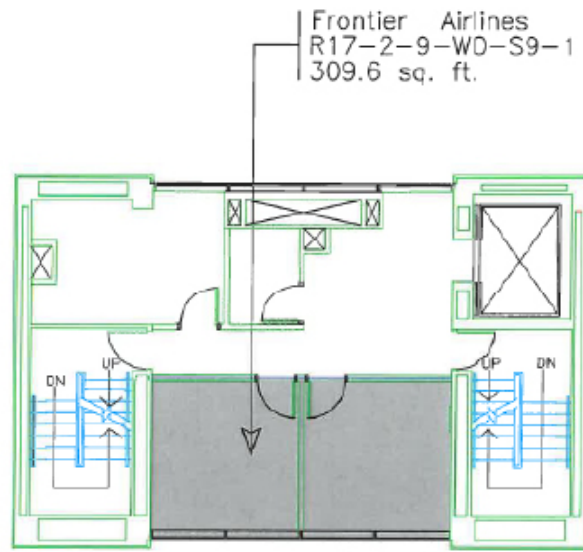
Final Form
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

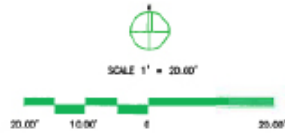
 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D: Concourse A Mezz Level 4 Frontier Airlines, Inc.	
		CC#: fal	DATE: 8/13/12

R17-2-4-15-124

Effective January 1, 2012 to End of Term



CONTOUR WALL (BY CITY)
 STRUCTURAL WALL (BY CITY)
 GLASS WALL (BY CITY)
 TYPICAL CORNER LINE
 (M) (S) RELEASE
 N/C - Not Included
 (R - Lines or Sta. Pl. Only)



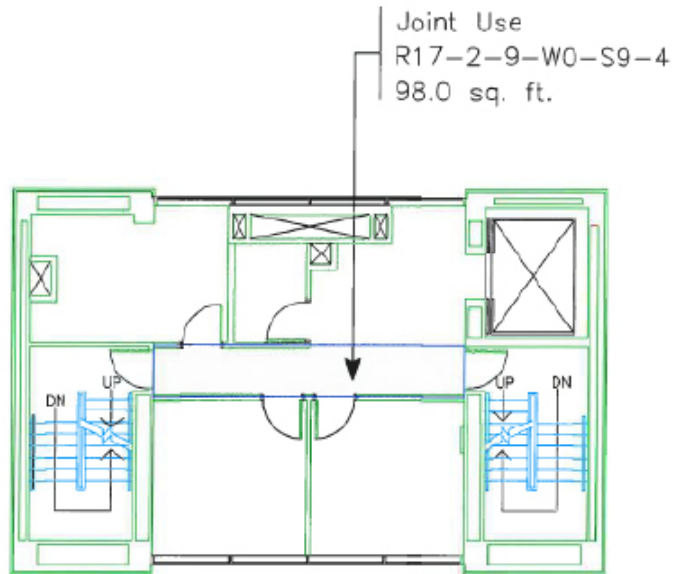
Richard Horn

MANAGER OF DESIGN

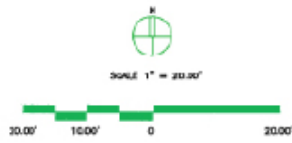
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

 KEY PLAN CONCOURSE A		REVISED 3/8/07	DENVER INTERNATIONAL AIRPORT	
			EXHIBIT D Concourse A Frontier Airlines	
		CC#: fat	DATE: 1/18/05	

R17-2-9-15-1



CONC. WALL (BY CIV)
 ELEVATION WALL (BY MEP)
 BOARD WALL (BY MEP)
 STAIR LEASE LINE
 (H) (X) COLUMNS
 NC = Not Included
 (In Lease or Sq. Ft. Calc.)




 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

  KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Frontier Airlines
		cc#: joint	DATE: 3/8/07

R17-2-9-15-2

EXHIBIT E

DENVER INTERNATIONAL AIRPORT

SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	<u>Exclusive Use Premises</u>	<u>Preferential Use Premises</u>	<u>Joint Use Premises</u>	<u>Non-Public Areas</u>	<u>Public Areas</u>	<u>Airfield</u>
Building Exteriors	*****	*****	*****	*****	*****	*****
Building Interior Finishes	*****	*****	*****	*****	*****	
High Speed Apron Doors	*****		*****	*****		
Loading Bridges	*****	*****				
Landscaping					*****	*****
Roadways					*****	*****
Law Enforcement, Fire Protection, Emergency Medical Services	*****	*****	*****	*****	*****	*****
Plumbing	*****	*****	*****	*****	*****	*****
Electrical and Lighting	*****	*****	*****	*****	*****	*****
Fire Alarm Systems	*****	*****	*****	*****	*****	
Fire Sprinkler Systems	*****	*****	*****	*****	*****	
Furnishings	*****	*****	*****	*****	*****	
HVAC	*****	*****	*****	*****	*****	
Glass Breakage	*****	*****	*****	*****	*****	
FIDS/BIDS/GIDS	*****	*****	*****	*****	*****	
Communications Systems/Paging	*****	*****	*****	*****	*****	
Custodial Service/Window Cleaning	*****	*****	*****	*****	*****	
People Movers (elevators, escalators, moving walkways, AGTS)	*****	*****	*****	*****	*****	
Signage	*****	*****	*****	*****	*****	*****
Snow Removal	*****	*****	*****	*****	*****	*****
Triturators			*****			
Baggage Handling Systems						
Bag Claim Carousel Equipment	*****					

1. *****
2. *****
3. *****
4. *****
5. *****
6. *****
7. *****
8. *****
9. *****

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

DENVER INTERNATIONAL AIRPORT

AIRLINE RATE-MAKING METHODOLOGY

General Rate-Making Concepts

The City will use a “compensatory” methodology to establish Terminal Complex rental rates. The Airlines will pay the fully allocated cost of the space that they lease in the Landside Terminal building and airside concourses.

Landing fees will be established according to a “cost center residual cost” methodology, under which the airlines will pay the costs of the Airfield, after first deducting airfield revenues from other sources (primarily general aviation landing fees and fuel flowage fees).

Rate-Making Procedures at the Airport

At the Airport, the City intends to use cost accounting concepts and rate-making procedures as described in the following sections.

Cost Centers Direct (revenue-producing) cost centers include the following:

Terminal Complex – All levels of space in the Landside Terminal and airside Concourses A, B, and C, including the pedestrian bridge to Concourse A, public escalators, elevators and moving walkways.

Commuter and Regional Jet Facilities – All levels of space in facilities in the Terminal Complex airside Concourses A and C primarily used for commuter and regional jet operations. The Commuter and Regional Jet Facilities cost center excludes the Concourse B Commuter Facility which is allocated to the Concourse B Tenant Finish cost center as outlined in the Stipulated Order dated November 21, 2003. Any additional commuter facilities on Concourse B will be allocated to the Commuter and Regional Jet Facilities. Sub-cost centers will be established for each respective facility. Commuter and Regional Jet ramp areas are assessed separately.

Airline Tenant Finishes and Equipment – Airline space finishes and equipment in the Terminal Complex, ticketing facilities, loading bridges, communications equipment, baggage and flight information display systems, and baggage sortation systems which shall include related equipment and space within Concourses A and B (and additional concourses as such sortation systems are operational), and approved modifications to the Automated Baggage system and Space. Sub-cost centers will be established for the Landside Terminal, International Facilities, each airside concourse and each airline as applicable.

Interline Bag Transfer Area – All space in the Landside Terminal used by airlines for interline baggage transfer operations.

Common Use Terminal Equipment All costs associated with the installation and maintenance of the City's common use terminal equipment. The airline is responsible for its proprietary equipment.

Concourse Joint Use Facilities – All space and related equipment in Concourses A, B, and C for tug space (parking, drives, and circulation) and common use facilities, (including, but not limited to, pre-conditioned air facilities, triturators, etc.). The apron level on Concourse C shall be included in the Concourse C tug circulation space (excluding the space occupied by the baggage carousels on the Concourse C Apron).

Baggage Claim – AU baggage claim space and equipment in the Landside Terminal including carousels, input conveyors and related inbound baggage handling space in the Landside Terminal.

Automated Baggage System and Space – The inbound and outbound automated DCV baggage systems (AABS and UABS), including their equipment and related space (excluding the Tunnel space allocated to the AGTS and Tunnel cost center) in the Landside Terminal and in the Tunnel from the Landside Terminal to the Concourses, separately serving Concourse A (the "AABS") and separately serving Concourse B (the "UABS"), including the costs of the maintenance space, control room equipment and related control room space, (excluding the costs of baggage sortation system equipment and space in the concourses and the costs of approved modifications to the automated systems which are included in the baggage sortation for each concourse).

Conventional Baggage System – The outbound conveyor baggage system and equipment, including all costs of baggage equipment, and construction costs to accommodate the Conventional Baggage System and related operations, Landside Terminal tug spaces (parking, drives and circulation), porter warming shelters, and odd size lift space in the Landside Terminal, Baggage Sortation space in the Landside Terminal, related maintenance space and the Baggage Sortation Space in the parking structure used for the Conventional Baggage System.

AGTS and Tunnels – The Automatic Guideway Transit System ("AGTS"), including vehicles and equipment, the AGTS tunnels and the baggage and tug tunnels between the Landside Terminal and the airside concourses and tunnel modifications for tug and cart operations.

International Facilities – International gates on Concourse A and related holdrooms, sterile circulation space, ramp areas, operations space, international baggage recheck belt space and equipment, and the FIS area in the Landside Terminal, and the international portion of the connector to Concourse A.

Concourse Ramp Area – The aircraft parking aprons and pushback zones located adjacent to the airside concourses.

Airfield Area – The runway and taxiway system, deicing and related facilities, undeveloped acreage, and 50% of the costs incurred to develop the North Cargo Site prior to February 28, 1995.

Public Parking Area – All space allocated for public parking in the parking structure and all other public parking lots (excluding the cost of the parking structure space allocated to the Conventional Baggage System in the Conventional Baggage System cost center in the event the average number of cars in the Parking Structure exceeds 12,000 for 22 consecutive days).

Employee Parking Area – The employee parking lot(s).

Fueling System – The fuel storage and distribution system, including hydrant fueling pits at the aircraft parking aprons.

Commercial Vehicle Facilities – The surface parking area and building to be used for staging commercial vehicles and the dedicated commercial roadways serving the Terminal Complex. Commercial vehicles include but not limited to hotel/motel courtesy vans, taxis and limousines.

Rental Car Facilities – Areas and roadways provided for rental car operations (excluding the Terminal Complex).

Cargo Area – The joint use air cargo facilities (including apron, building, ground service equipment, and truck parking areas) and other areas provided for air cargo carriers and freight forwarders. Sub-cost centers will be established for cargo building, cargo apron, cargo tenant finishes, and cargo ground service equipment areas.

Airline Maintenance and Support Area – Areas provided for airline maintenance facilities, cargo facilities, ground service equipment facilities and inflight kitchens.

Airport Mail Facility – Areas provided for the Airport mail facility.

Future Concourses – Costs related to all levels of space and associated apron areas of any airside concourses in addition to Concourses A, B, and C shall be allocated to new cost centers to be established.

Future Baggage Systems – Costs related to all levels of space and equipment for future baggage systems.

Indirect (nonrevenue-producing) cost centers are to include, but not limited to:

Access, Terminal, and Service Roadways – Peña Boulevard, other secondary access roads, the terminal area roadways, the terminal curbsides, the perimeter circulation roadway, and other secondary internal roadways.

Airport Maintenance – Airport maintenance facilities and indirect (unallocated) maintenance expenses.

Airport Administration – Airport administrative facilities and administrative expenses.

Aircraft Rescue and Fire Fighting (ARFF) – The rapid response stations, structural fire station(s) and ARFF operating expenses.

Certain Cost Center Allocations

The net requirement of the Terminal Complex will be recovered through rental rates. Net Terminal Complex requirements will be divided by total Rentable Space in the Terminal Complex to determine the average rental rate per square foot of rentable space. For purposes of calculating the average Terminal Complex rental rate, Rentable Space shall be *****. Concourse B Basement Space shall not include Baggage Sortation Space, Automated Baggage System Space, or Concourse Joint Use Facility space. The rental rate per square foot charged for 99,000 square feet of Basement Space on Concourse B will be *****. Space costs associated with baggage claim, Automated Baggage System and Space, International Facilities, and baggage sortation space on Concourse B shall be *****.

The net requirement of Commuter and Regional Jet Facilities shall be computed independently for each airside concourse. The requirement of each concourse Commuter and Regional Jet Facilities shall include all allocated Airport Costs. The requirement of each concourse Commuter and Regional Jet Facilities will be recovered through separate fees assessed based on the City's estimate of full utilization of the respective facility and allocated based on landed weight.

Charges for the Interline Bag Transfer Area will be *****.

The requirement for the Common Use Terminal Equipment (CUTE) will be *****. The CUTE fee will be assessed *****.

The net requirement of the Concourse Ramp Area will be recovered through *****. Commuter and regional aircraft ramp fees will be calculated based on *****.

The net requirement of the Airfield Area will be *****.

International fees will be assessed as follows to recover costs allocable to the International Facilities cost center. *****.

Fueling system charges will be *****.

Charges for the AGTS and Tunnels will be assessed *****.

Baggage Claim space will be *****. Charges for the Baggage Claim cost center will be *****.

Landside Terminal space allocated to the Conventional Baggage System will be *****. The cost of this space shall be *****. Space in the Public Parking Area will be *****. Charges for the

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Conventional Baggage System cost center, including equipment, construction costs and related Baggage Sortation Space in the Landside Terminal, and related Public Parking Area space will be *****. The costs of each module shall be charged to the airline(s) leasing or using those facilities. In the event the Conventional Baggage System equipment and/or space is jointly used by two or more airlines, *****. Furthermore, if a carousel is jointly used by two or more airlines, *****.

The cost of the Parking Structure and Baggage Sortation Space in the Landside Terminal will be *****. However, the airlines will not be charged for such costs until the average number of cars in the Parking Structure exceeds *****.

The cost of Concourse Joint Use Facilities shall be determined on the basis of *****. The cost of the Joint Use Facilities in each concourse shall be *****. Airline rentable space used to allocate the cost of Concourse Joint Use Facilities on Concourse C shall include *****.

The space associated with the Automated Baggage System and Space in the Terminal Complex will be *****. Debt service on Bonds issued to construct the Airport originally, amortization charges, and variable rate bond fees included in the ***** of costs allocable to the AABS shall be *****. The methodology to calculate the weighted average effective rate per square foot on each concourse is described below. The amount of PFC revenue allocated to the AABS shall *****.

The weighted average effective rate per square foot for each concourse shall be equal to *****.

Airline Tenant Finish and Equipment costs, excluding the costs of the baggage sortation equipment and approved modifications to the Automated Baggage System and Space to provide for the automated system on Concourses A and B, shall *****. The cost of Baggage Sortation Space located on concourses shall be *****.

The costs of the Concourse A baggage sortation system equipment and approved modifications, so long as such equipment is not being leased or utilized, shall be *****. One-half of Concourse A baggage sortation equipment is located on the east side of Concourse A and one-half of said equipment is located on the west side of Concourse A.

If an airline or airlines lease or utilize all of the baggage sortation system equipment on Concourse A, or a portion of said equipment on both the east and west sides of Concourse A, the costs of such equipment shall be *****. To the extent all of the Concourse A baggage sortation equipment is leased or utilized by an airline or airlines; all other airlines operating on Concourse A will not be responsible for costs associated with the Concourse A baggage sortation equipment.

If an airline or airlines lease or utilize all or any portion of the Concourse A baggage sortation system equipment at only one of the two locations, *****. Costs of the Concourse A baggage sortation system equipment not being leased or utilized by an airline or airlines shall continue to be allocated to all airlines operating on Concourse A on the basis of their respective passenger enplanements on Concourse A.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

The costs of the Concourse B baggage sortation system equipment and approved modifications shall be *****. The costs of the Concourse C baggage sortation system equipment as of February 28, 1995 shall be *****.

In the event an automated baggage system is constructed for Concourse C or for any additional airside concourse, the costs related to such baggage system(s), equipment and space shall be *****.

In the event a Future Baggage System is constructed for any concourse or concourses, the costs related to such baggage system(s), equipment and space shall be *****. Costs associated with the planning and design, excluding construction documents, for the Future Baggage System will be *****.

Costs associated with undeveloped acreage will be *****. Costs and revenues associated with developed acreage will be *****.

Not more than ***** of the costs (debt service and operating and maintenance expenses) associated with the Access and Terminal Roadways shall be allocated to the Terminal Complex.

Costs associated with the Service Roadways shall be *****.

Not more than ***** of the costs associated with Aircraft Rescue and Fire Fighting shall be allocated to the Airfield Area cost center.

Costs associated with the Airport Administration cost center will be allocated based on a 50150 revenue/dirt expense formula: *****.

Undeveloped space shall include space in which no buildout has occurred.

Rentable Space shall mean space leased pursuant to an agreement or on a per use basis, or typically available for lease in the Terminal Complex except for: (i) mechanical and electrical space, (ii) public spaces including restrooms, circulation spaces, stairwells, stairways, escalators, elevators, public lounges and public queuing space, (iii) Undeveloped Space, (iv) approximately 83,855 square feet of space in the basement of Concourse C until such space is leased or utilized, (v) the space in level 3 of the Landside Terminal interior to the tug circulation rights-of-way not otherwise leased or used, (vi) approximately 108,000 square feet of baggage sortation space on Concourse A, (vii) baggage sortation space in the Landside Terminal, unless the average number of cars in the parking structure exceeds 12,000 for 22 consecutive days, (viii) approximately 105,100 square feet of Concourse B baggage sortation space, (ix) space in the Administration Office Building and (x) space for security checkpoint areas and areas for explosive detection systems and explosive trace detection. The City shall determine what constitutes the various types of space and associated square footage in this paragraph and shall have the right, from time to time, to revise the categories of space and the square footage of each category.

If the 108,000 square feet of former baggage sortation Concourse A space is leased, the space will not be included in the calculation of airline rates and charges and, specifically, the calculation of the average Terminal Complex rental rate. The annual rental rate per square foot charged for Concourse A baggage sortation space shall be *****.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Baggage Sortation Space includes all areas where out-bound baggage IS sorted for delivery to departing aircraft.

Airport Costs

Airport Costs (also referred to as “requirements”) include without limitation:

- (1) Operation and Maintenance Expenses.
- (2) Deposits to the Operation and Maintenance Reserve Account of the General Bond Ordinance
- (3) Debt service including variable rate bond fees on Bonds issued for Airport and any other amounts required under the General Bond Ordinance except debt service paid by PFC revenues.
- (4) Debt service including variable rate bond fees on Bonds used for Airport land acquisition.
- (5) Equipment and capital outlays
- (6) Amortization of 50% of the City’s Airport expenditures incurred prior to January 1, 1990, from Capital Fund and Operating Fund moneys used for (a) pre-1990 planning and administrative costs, (b) Airport land acquisition, (c) Airport project costs, and (d) debt service including variable bond fees, on Bonds used for Airport land acquisition.
- (7) Amortization of all investments made for the New Airport project from other than Bonds or grants after January 1, 1990 and prior to February 28, 1995.
- (8) Amortization of the City’s investment in the Airport Coverage Account to be accumulated prior to February 28, 1995.
- (9) For the purposes of items (6), (7), and (8) above, amortization charges are to be calculated over 15 years at the weighted average effective interest cost on all Airport fixed-rate Bonds as originally issued prior to January 1, 1997. Except and only to the extent, if any, that the rights of the owners of its airport revenue bonds (including, without limitation, the rights arising from the rate maintenance covenant) are not thereby materially impaired, the City will cause, by January 1, 1997 (or as soon thereafter as possible consistent with the City’s aforesaid obligations to owners of its airport revenue bonds), amortization of the net unamortized balance of City’s investments in items (6), (7) and (8) above on a straight-line basis for the balance of the period through March 1, 2025.
- (10) Amortization of reimbursements made to United Airlines related to costs for modifications to the United Airlines automated DCV baggage system, not to exceed \$45 million, from other than bonds shall be calculated on a straight line basis over 30 years, effective as of the date of any such reimbursement, at the weighted average effective interest rate of all Airport fixed-rate bonds prior to January 1, 1997.

- (11) Amortization of the City's investments from the Capital Fund, subsequent to February 28, 1995, shall be amortized at the average rate of the Airport fixed-rate bonds over 15 years or the life of the asset, whichever is shorter, and charged to the Airlines.
- (12) All airline bad debt will be allocated to the airfield cost center.

PFC Revenues

PFC Revenues will not be treated as Gross Revenues for the purpose of establishing airline rates, fees and charges. For rate-making purposes, PFC revenues shall be *****.

Airport "Credits"

Interest income – Interest income on the Bond Reserve Fund (provided that the minimum Bond Reserve Requirement has been funded) and on the Interest and Principal Accounts of the Bond Fund that are Gross Revenues shall be *****.

Other credits – To the extent the City receives revenues for the use and lease of all, or any part, of the 108,000 square feet of undeveloped Concourse A baggage sortation space, such revenues will be *****.

Airline Revenue Credit – The City shall establish accounts within the Capital Fund as illustrated in Figure 1. Net Revenues of the Airport System, as defined in the General Bond Ordinance, flowing to the Capital Fund each year are to be used to replenish reserve funds or accounts as required in the General Bond Ordinance and the Coverage Account and to fund the Equipment and Capital Outlay Account for equipment and capital outlays included in the operating budget. Remaining Net Revenues are to be *****.

The City shall maintain a Coverage Account and fund that account up to *****. The Coverage Account shall be considered as Other Available Funds (as defined in the General Bond Ordinance) for the purpose of meeting the Rate Maintenance Covenant of the General Bond Ordinance.

Reduction of airline rates and charges

The City will reduce all airline rates and charges by *****. The sources available to the City for the rates and charges cost reductions include, but are not limited to: *****.

The rates and charges cost reductions outlined above shall cease if (i) there is an insufficient annual deposit to the Capital Improvement Account to make the annual ***** payment to Stapleton Development Corporation, (ii) the City is unable to meet its annual irrevocable

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

commitment to pay debt with PFC revenues under the Bond Ordinance, or (iii) regulatory or other legal action precludes payment of these rates and charges cost reductions (cost reductions will be deferred during the pendency of any such actions, and reinstated and extended as necessary upon a successful conclusion to such action to ensure that all airlines receive the full benefit of these reductions).

The City's rates and charges cost reduction contribution shall be reduced if Airport management (i) determines in good faith that there is a deficiency in any of the required Airport fund balances, (ii) receives an official written communication from any rating agency that a downgrade of the Airport's existing credit rating is likely unless a reduction to the City's rates and charges cost reduction contribution is made, or (iii) determines in good faith that operating cash balances are insufficient and contributions would jeopardize the ongoing operation of the airport.

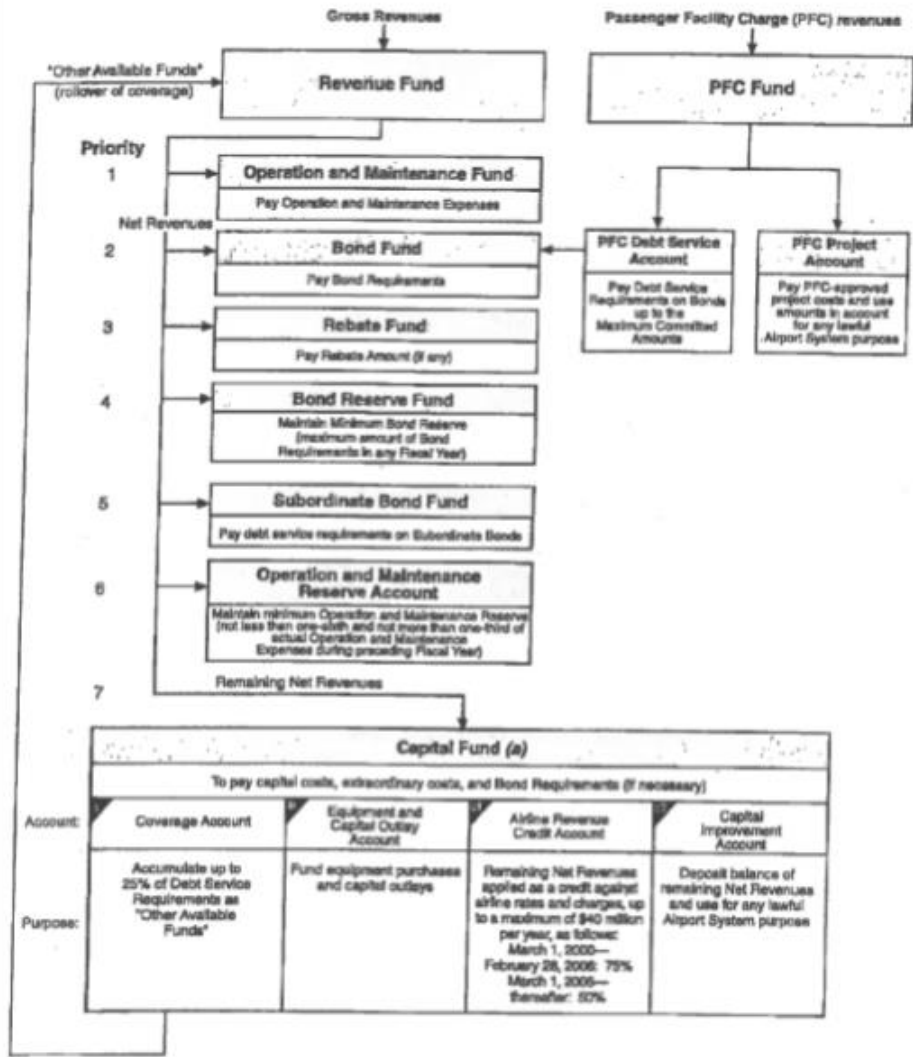
Miscellaneous

All defined terms used herein shall be consistent and subordinate to the defined terms in the General Bond Ordinance.

Concourse A Baggage Sortation Space

The City redeemed Airport project Bonds equal to the principal outstanding associated with approximately 108,000 square feet of Concourse A baggage sortation space.

Debt service costs associated with Bonds issued by the City to redeem the Bonds associated with the 108,000 square feet of Concourse A baggage sortation space shall be allocated to the cost centers of the Airport in the same proportion as debt service on Bonds issued for the Original Airport Project.



(a) Account structure for the Capital Fund to be established by the City as necessary for accounting purposes. The accounts are not required by the General Bond Ordinance.

Figure 1
 STRUCTURE OF FUNDS AND ACCOUNTS AND
 APPLICATION OF REVENUES UNDER
 THE GENERAL BOND ORDINANCE
 City and County of Denver
 March 2005

EXHIBIT G

Design Standards, Construction Procedures and Environmental Requirements

Section 1 Design Standards. The Airline agrees to utilize and comply with the Denver International Airport Design Standards Manuals for design of the Facilities. The Airline further agrees to design, construct, and operate the Facilities in accordance with the Denver International Airport Tenant Development Guidelines and the Denver International Airport Rules and Regulations, as they may be established or amended from time to time, and any other applicable design, construction, operation, and maintenance standards. See additional information at <http://business.flydenver.com/bizops/bizRequirements.asp>

All civil design drawings submitted by the Airline to the City shall be provided and submitted according to FAA requirements in Advisory Circular AC150/5300-18B GIS Standards: Collection of airport data through field and post processing methodologies are specified in this FAA Advisory Circular. The data model specifies the following Geographical Information System (GIS) feature groups: Airfield, Airspace, Cadastral, Environmental, Geospatial, Man Made Structures, Navigational Aids, Seaplane, Security, Surface Transportation, and Utilities. The model incorporates safety critical data including runway thresholds, navigational aids as well as other airport features including runways, taxiways, aprons, buildings, roadways, cadastral, land-uses, and utilities. The single GIS airport database will serve numerous needs and therefore requires a very robust set of data features and associated attributes. As a result, significant time and effort is required to collect and input the metadata (data about data). The power of an airport GIS database is derived from the metadata. The long term application of airport GIS data collection methodology will reduce survey costs, errors, and missing data.

To facilitate these FAA requirements GIS/CADD data submittals shall adhere to the data standards set forth in DIA Design Standards Manual 12 (DSM 12). CADD/GIS files must be submitted that are compatible with the FAA's AGIS database and includes all features required by the FAA relevant to the project. Each feature shall be fully and accurately attributed according to the specifications of FAA AC 150/5300-18B. Any files rejected by the FAA must be corrected and resubmitted to DIA's Project Manager until satisfactorily accepted by the FAA. Final CADD survey data required for FAA submission should adhere to the standards provided in DSM 12.

Approval of the City shall extend to and include consideration of architectural and aesthetic matters and the City reserves the right to reject any designs submitted and to require the Airline to resubmit designs and layout proposals until they meet with the City's approval.

In the event of disapproval by the City of any portion of the plans and specifications, the Airline shall promptly submit necessary modifications and revisions thereof.

Section 2 Construction Procedures. All construction work shall comply with the requirements of and standards established by the City and all other appropriate governmental agencies and entities.

The City shall at all times have the right to monitor and inspect the construction of the Facilities and all site improvements to assure that the Facilities and all site improvements are constructed and installed in compliance with the Plans and Specifications.

In order to assist the City in monitoring and inspecting such construction, the Airline's contractor or contractors shall submit, or cause to be submitted to the City, for information and record purposes, copies of all (i) permit applications, permits and plans required by permits, (ii) field test reports, (iii) material certificates, (iv) approved shop drawings to be reviewed for compliance with the Airport design and construction standards, (v) requests for payment to contractors or subcontractors, (vi) progress reports, (vii) notification of substantial completion of the leased facilities and all site improvements and final acceptance thereof, (viii) two copies of maintenance and operation manuals in connection with building systems and all updates thereof, (ix) as-constructed drawings, and (x) any other documents related to the construction of the Facilities which may be reasonably requested by the City.

No change order which materially changes the scope of the work shall be effected by the Airline without the approval of the Manager, which approval shall not be unreasonably withheld. The City will approve, conditionally approve or disapprove submissions of change orders within a reasonable period of time following receipt thereof. Any conditional approval or disapproval shall be accompanied by an explanation as to the reason therefore.

All construction work, materials, and installations involved in or incidental to the construction of the Facilities and all other improvements on Airport Property undertaken by the Airline throughout the term hereof shall be subject at all times to inspection and approval by the City.

The Airline shall give or cause to be given to the Manager advance notice before performing any modification to Airport Property.

The Airline shall cause all construction work, workmanship, materials, and installations to be in full compliance with plans and specifications. The City shall have the right to halt construction of the Facilities or any site improvement at any time if such construction is at material variance from the Plans and Specifications until such variance is corrected, or if such construction poses an immediate safety hazard at the Airport, until such safety hazard is eliminated. The City shall cooperate and use its best efforts to alleviate and resolve any such variance or impediment to the safe operation of the Airport so as to permit continuation of construction as expeditiously as possible.

The Airline, at its sole cost and expense, shall make and obtain such utility connections, hook-ups or taps as shall be necessary and shall have the right to receive all necessary utilities and services and shall secure all necessary applications and permits and shall pay all application and permit fees, hook-up or tap fees and all other user charges of whatever nature occasioned thereby. The Airline further agrees at its sole cost and expense to provide meters adequate to measure the amount of utilities and water used or consumed and to maintain said equipment in such a manner as to supply accurate measurement of such usage and consumption.

The Airline shall also include in its agreements with its general contractors covenants that require the construction contractor and its subcontractors of any tier to pay all workers, mechanics, and laborers in accordance with the rates and classifications established under the federal Davis-Bacon Act and Section 20-76 or the Denver Revised Municipal Code, whichever is greater. The Airline further agrees, if requested by the Manager, to fully comply with the procedural requirements of Section 20-76 of the Denver Revised Municipal Code by requiring its general contractors and their subcontractors of any and all tiers to submit to the City true and correct copies of the payroll records of all workers, laborers and mechanics employed.

The Airline throughout the term of this Agreement shall not without the prior written approval of the Manager make any material or structural alterations, improvements or additions to Airport Property, including without limitation any interior modifications or improvements.

Any work necessary to make any alterations, improvements or additions to the premises throughout the term of this Agreement shall be done at the Airline's sole cost and expense and in accordance with and subject to all of the required approvals, submittals and procedures, and all other requirements of whatsoever nature, set forth herein in reference to the initial construction by the Airline of the Facilities and its related site improvements.

Upon completion of such work, the Airline shall deliver to the City revised as-constructed drawings, and evidence of payment, contractor's affidavits, and full and final waivers of any liens for labor, services, or materials. The Airline shall include in the Airline's agreement with its contractors provisions whereby such contractors shall defend and hold the City harmless from all costs, damages, liens, and expenses related to such work.

All work done by the Airline or its contractors shall be done in a first-class workmanlike manner using only good grades of materials and shall comply with all insurance requirements and all applicable laws and ordinances and rules and regulations of governmental departments or agencies. Whenever a conflict arises between state or local law, ordinances or regulations, and federal law or regulations, Federal law or regulations applicable to this agreement shall control.

Within 60 days after completion of construction of the Facilities, the Airline shall furnish to the Manager two sets of as-constructed drawings, showing in detail all construction, including the locations of all underground and above ground utility lines.

All civil as-constructed drawings shall be provided by the Airline to the City in accordance with the City's design standards, and shall be submitted to: AC150/5300-18B GIS Standards and shall adhere to the data standards set forth in DIA Design Standards Manual 12 (DSM 12). CADD/GIS files must be submitted that are compatible with the FAA's AGIS database and include all features required by the FAA relevant to the project. Each feature shall be fully and accurately attributed according to the specifications of FAA AC 150/5300-18B. Any files rejected by the FAA must be corrected and resubmitted to DIA's Project Manager until satisfactorily accepted by the FAA. Final CADD survey data required for FAA submission should adhere to the standards provided in DSM 12.

Section 3 Compliance with Environmental Requirements.

(a) Compliance by the Airline. The Airline, in conducting any activity on the Airport, including any environmental response or remedial activities, shall comply with all applicable local, state, and federal environmental rules, regulations, statutes, laws or orders, (collectively, “Environmental Requirements”).

The Airline agrees to ensure that any new facilities or any modifications or alterations to existing facilities are designed, constructed, operated and maintained in a manner that minimizes environmental impact through appropriate preventive measures and complies with all federal, state, and local environmental requirements, including the Airport’s Tenant Development Guidelines, which shall be provided to Airline.

The Airline shall financially reimburse the City for penalties incurred by the City as a result of the release of any pollutant or contaminant from the premises covered in this Agreement resulting from or arising out of the Airline’s operations.

The Airline shall conduct all environmental monitoring pertaining to Airline construction, operation, and maintenance activities required by Environmental Requirements. Monitoring records shall be retained as required by Environmental Requirements and available for inspection. The Airline is required to release any or all nonprivileged environmental data upon request from the City.

The Airline shall obtain all necessary federal, state, and local environmental permits and comply with all applicable federal, state, and local environmental permit requirements concerning its operations at the airport.

In the case of a release, spill, or leak caused by Airline construction, operation or maintenance activities, the Airline shall immediately call the Airport Communications Center at x4200. The Airline then shall, as soon as reasonably practicable, control and remediate the contaminated media as required by applicable Environmental Requirements.

(b) Review of Environmental Documents. The Airline, at the request of the City, shall make available for inspection and copying at the City’s expense, upon reasonable notice and at reasonable times, any or all of the documents and materials that the Airline has prepared or submitted to any governmental agency. If there is a federal, state or local duty to file any notice or report of a release or threatened release of Regulated Materials on, under or about the leased facilities, the Airline shall provide a copy of such report or notice to the City.

For purposes of this Agreement, “Regulated Materials” shall mean any wastes, substances, radiation, or materials (whether solids, liquids, or gases) that are defined as or included in the definition of “hazardous substances”, “hazardous wastes”, “hazardous materials”, “solid wastes”, “universal wastes”, “toxic substances”, “toxic pollutants”, “contaminants”, “pollutants”, “regulated substances”, or words of similar import, under any applicable federal, Colorado, or local rules, regulations, statutes, laws, or orders.

(c) Access for Environmental Inspection. The City shall have a right of access to the leased facilities and to any of the improvements thereon without prior notice to

inspect the same to confirm that the Airline is using the premises in accordance with the Environmental Requirements. Such inspection will not unreasonably interfere with Airline's operations. If the City finds evidence of non-compliance or threatened non-compliance with Environmental Requirements, the Airline, at the request of the City, shall conduct such testing and analysis as is necessary to ascertain whether the Airline is using the premises in compliance with all Environmental Requirements.

(d) Correction of Environmental Non-Compliance. If the Airline fails to comply in all material respects with any applicable Environmental Requirement, the City, after providing Airline with reasonable notice under the circumstances and reasonable opportunity to correct such noncompliance, in addition to its rights and remedies described elsewhere in this Agreement, at its election, may enter the premises and take such measures as may be necessary to insure compliance with the Environmental Requirements, all at the Airline's expense.

(e) Duty to Notify City. In the event of a release or threatened release of pollutants to the environment caused by Airline's use or occupancy of the premises, the Airline shall immediately notify the Airport Communications Center at x4200 and shall notify the City in writing as soon as reasonably practicable. In the event any claim, demand, action or notice is made against the Airline with regard to the Airline's failure or alleged failure to comply with any Environmental Requirements, the Airline, shall notify the City in writing as soon as reasonably practicable, and provide the City with copies of any written claims, demands, notices or actions so made.

(f) Environmental Remediation. The Airline shall undertake all actions as required by applicable Environmental Requirements to remedy or remove any Regulated Materials and any other environmental contamination discovered on or under the premises and/ caused by the Airline to bring the premises into compliance with all applicable Environmental Requirements in effect as of the date thereof.

The work shall be performed at the Airline's expense after the Airline submits to the City a written plan for completing such work and receives the prior written approval of the City, not to be unreasonably withheld, and the City shall have the right to review and inspect all such work at any time and at the City's expense using consultants and representatives of the City's choice. Cleanup levels for any environmental remediation work shall comply with applicable Environmental Requirements.

(g) Environmental Requirements for New Construction (including modifications or alterations to existing facilities). Throughout the construction activities for any facilities, the Airline is responsible for complying with all of the requirements under Denver International Airport Technical Specifications Section 01566 (Environmental Controls), Section 16642 (Cathodic Protection) and the Airports' Tenant Development Guidelines, all of which shall be provided to Airline.

(1) Air Pollution. All activities associated with the construction of the Facilities shall be performed under the Airline's (or its agent's) fugitive dust permit for the construction project. The Airline is responsible for complying with the terms of its permit.

In order to comply with the above-referenced permit requirements, the Airline shall implement the procedures and techniques identified in Technical Specifications Section 01566.

(2) Water Pollution Controls. The Airline shall comply with the environmental specifications identified in Technical Specifications Section 01566.

(3) Soil Erosion and Sedimentation Control. The Airline shall comply with the environmental specifications for soil erosion and sediment control during construction, identified in Technical Specifications Section 01566. The Airline shall implement “best management practices” in preventing soil erosion and controlling sedimentation. The Airline shall obtain all necessary state and local permits for new development or construction. The Airline is responsible for the preparation and implementation of any plan required by the permits.

(4) Solid and Hazardous Waste Controls. This subsection applies to solid waste and hazardous waste as defined by federal and state regulations. Solid waste is defined as all putrescible and non-putrescible solid, semi-solid and liquid wastes, but does not include hazardous waste. The Airline is responsible to minimize the amount of solid and hazardous waste generated during construction activities. A commercially reasonable effort should be made to recycle generated construction debris. The Airline is responsible for the safe disposal of all solid and hazardous waste and shall dispose of such waste in accordance with Environmental Requirements and Mayor’s Executive Order No. 115 (City requirement to direct all non-hazardous waste to DADS Landfill for disposal). Disposal of hazardous wastes on Denver International Airport property is prohibited. Recyclable waste is accepted at approved Airport recycling locations.

The Airline is responsible for complying with the solid and hazardous waste control requirements listed in Technical Specifications Section 01566.

(5) Noise and Vibration Control. Noise and vibration control requirements are listed in Technical Specifications Section 01566.

(h) Environmental Requirements for Operation and Maintenance.

(1) Storage Tanks and Ancillary Equipment. All underground storage tanks and pipelines, and any above-ground storage tanks and pipelines in contact with the ground, and any other underground metallic structures installed by Airline on Airport Property shall be integrated into a cathodic protection program. Airport officials shall be notified of any removal, addition, or modification of underground tanks, piping, and other metallic structures.

Wastewater from maintenance activities shall be pretreated with a water quality pre-treatment device. These devices shall be inspected and maintained by the Airline.

The Airline shall be responsible for all containment, treatment, and disposal of all fuel spills caused by Airline operations using “Best Management

Practices.” The Airline shall make all “best efforts” to recycle recovered fuel. A Spill Prevention Control and Countermeasures Plan shall be prepared and submitted according to federal (40 CFR 112) and state requirements.

Fuel storage tanks shall either be installed above ground, according to appropriate federal and state requirements, or underground in accordance with EPA regulations cited in 40 CFR Part 280 and State of Colorado CCR 1101-14.

(2) Air Pollution Control. The Airline shall obtain all necessary air emission control permits associated with operation and maintenance of its facilities.

(3) Water Pollution Control. The Airline shall obtain all necessary permits under NPDES (National Pollutant Discharge Elimination System) stormwater regulations (40 CFR Part 122-124), Colorado Pollutant Discharge System (CDDS), and industrial and sanitary pretreatment requirements.

The Airline shall comply with all federal and state water pollution control requirements. Upon the direction of the City, the Airline will be responsible for conducting all appropriate water quality monitoring related to its Denver International Airport operations. This data shall be released to the City upon the City’s request.

(i) Waste Management Plan.

(1) The Airline shall prepare and submit to the City upon request a waste management plan outlining its program for recycling, waste management and waste minimization at DIA to the extent reasonably possible.

(2) The Airline shall make good faith efforts to participate in recycling programs offered by the Airport and to identify upon request locations on the Demised Premises at which recycling collection containers may be placed.

**FIRST AMENDMENT TO
USE AND LEASE**

THIS FIRST AMENDMENT TO USE AND LEASE AGREEMENT (this “**First Amendment**”) is made and entered into as of the date state on the City’s signature page below, by and between the **CITY AND COUNTY OF DENVER**, a municipal corporation of the State of Colorado, on behalf of its Department of Aviation (“**the City**”); and **FRONTIER AIRLINES, INC.**, a corporation organized and existing under and by virtue of the laws of the State of Colorado (“**Airline**”).

WITNESSETH

WHEREAS, the City owns and operates Denver International Airport (“**DIA**” or the “**Airport**”); and

WHEREAS, the parties hereto entered into a certain Use and Lease Agreement, executed January 1, 2012 by the parties (the “**Existing Agreement**”);

WHEREAS, capitalized terms used in this First Amendment but not defined shall have the meanings set forth in the Existing Agreement;

WHEREAS, in April of 2015, the Airline and the City entered into discussions relating to the reconfiguration of the Airline’s Demised Premises; and

WHEREAS, the parties now wish to modify certain terms and conditions of the Existing Agreement to formalize the reconfiguration of the Demised Premises.

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the parties hereto agree as follows:

1. The Parties have negotiated the return and relocation of portions of the Demised Premises as set forth in the Existing Agreement. These revisions to the Demised Premises are set forth in “Exhibit C” and “Exhibit D” which are attached hereto and hereby replace “Exhibit C” and “Exhibit D” from the Existing Agreement.

2. The effective date of this Amendment shall be July 1, 2015 and to continue in effect through the remaining term of the Agreement (December 31, 2016). The parties agree to work cooperatively to accomplish the required relocation, as more fully set forth in Exhibit C and Exhibit D, by September 30, 2015, or as otherwise agreed by the parties, for both gate changes and facility changes. Any available Airline Revenue Credit will be paid on a pro-rata basis for the space used in the Airport during the period of January 1, 2015 to June 30, 2015 and thereafter from July 1, 2015 for the remainder of the lease term.

3. As Consideration for the return and relocation of the Demised Premises, as more fully set forth on Exhibit C and Exhibit D, Article 3.04, "PAYMENT OF FIXED AND VARIABLE RATES, FEES AND CHARGES" of the Existing Agreement, is hereby modified by adding paragraph C, which reads as follows:

(C) The Airline will reimburse the City for the costs incurred in order to complete the return and relocation of the Demised Premises. These costs shall not exceed *****. Within a reasonable timeframe, the City agrees to use the reimbursed cost to procure and install comparable common use technology similar to what exists at gates A44 and A46. Frontier agrees to reimburse the City for this work within thirty (30) days upon receipt of invoice based on actual costs, with detailed documentation of such costs.

4. Except as modified by this First Amendment, all of the terms and conditions of the Existing Agreement shall remain in full force and effect.

5. This First Amendment shall not be effective or binding on the City until approved and fully executed by all signatories of the City and County of Denver.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Contract Control Number: PLANE-201206414-01

Contractor Name: FRONTIER AIRLINES, INC.

By: /s/ James Dempsey

Name: James Dempsey
(please print)

Title: Chief Financial Officer
(please print)

ATTEST: [if required]

By: _____

Name: _____
(please print)

Title: _____
(please print)

Contract Control Number: PLANE-201206414-01

Contractor Name: FRONTIER AIRLINES, INC.

IN WITNESS WHEREOF, the parties have set their hands and affixed their seals at Denver, Colorado as of July 1, 2015.

SEAL

CITY AND COUNTY OF DENVER

ATTEST:

By: /s/ Michael B. Hancock

Michael B. Hancock, Mayor

/s/ Debra Johnson

Debra Johnson, Clerk and Recorder, Ex-Officio Clerk of the City and County of Denver

APPROVED AS TO FORM:

REGISTERED AND COUNTERSIGNED:

D. Scott Martinez, Attorney for the City and County of Denver

By: /s/ Cary Kennedy

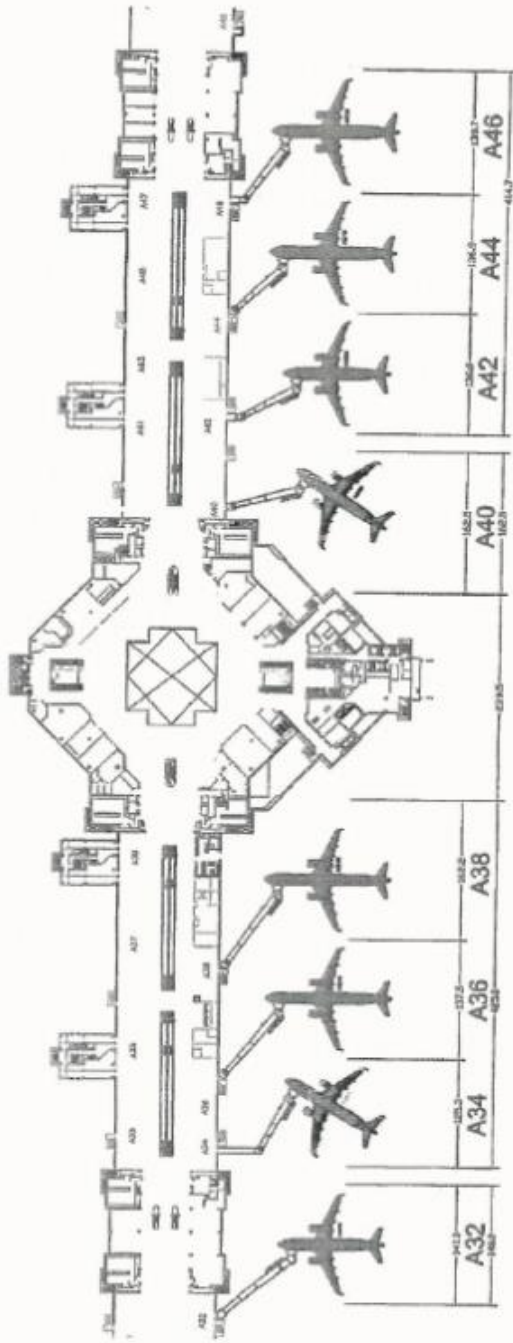
Cary Kennedy, Manager of Finance

By: /s/ Max Taylor

Max Taylor, Assistant City Attorney

By: /s/ Timothy M. O'Brien

Timothy M. O'Brien, Auditor



CONCOURSE A

PREFERENTIAL AIRCRAFT PARKING POSITIONS



NOTE:

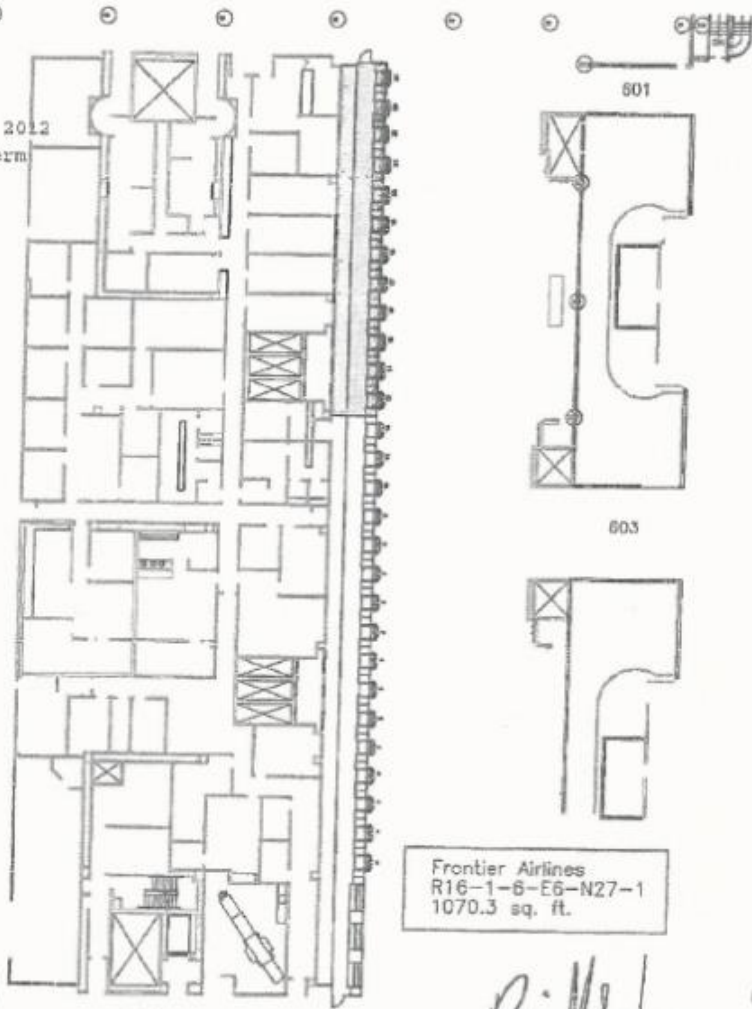
This exhibit depicts only approximate dimensions and square footage of locked area based upon planning data and is not intended to show dimensions for construction details.

David M. Mark
 Director of Facilities Services

REVISED		
KEY PLAN CONCOURSE A		
DENVER INTERNATIONAL AIRPORT		
EXHIBIT C		
GATE LOCATION		
FRONTIER AIRLINES		
CC#:	Full	DATE: 06/03/15

AC-PKC-FAL-2015

Effective
November 1, 2012
to End of Term



Frontier Airlines
R16-1-6-E6-N27-1
1070.3 sq. ft.

Richard Horn
MANAGER OF DESIGN

DO NOT SCALE
THIS DRAWING
FOR CONSTRUCTION
OR FOR ANY OTHER
PURPOSE
MC - Not Included
10/04/08

SCALE 1" = 20.00'

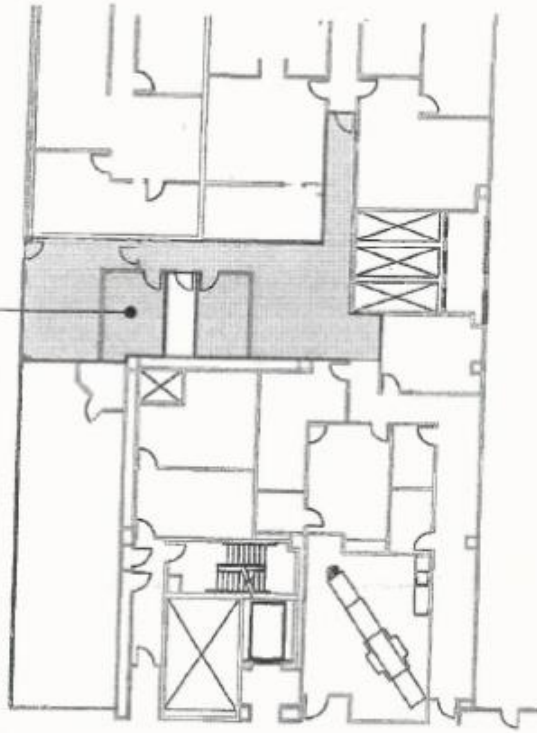
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.



REVISED 09/07/12	DENVER INTERNATIONAL AIRPORT
	EXHIBIT 'D'
	Terminal Level 6
	Frontier Airlines
COPIES	DATE: 9/04/08
R16-1-6-10-135	

Effective January
1, 2012 to End of Term

Frontier Airlines
R16-1-6-E3-N24-3
1233.6 sq. ft.



DO NOT SCALE
DIMENSIONS SHOWN ON THIS
DRAWING ARE FOR INFORMATION
ONLY
© 2008
INC - Not Included
By Order of the F. O. A. S.

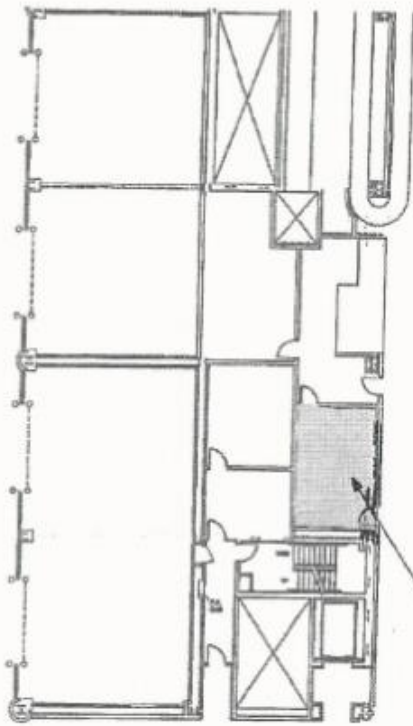


Richard Horn
MANAGER OF DESIGN

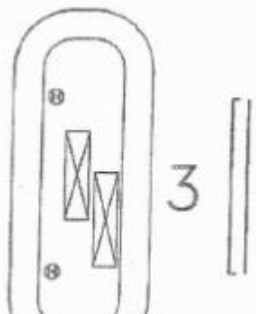
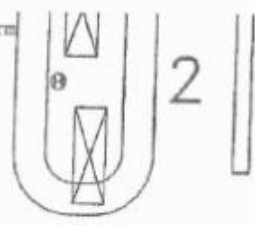
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN TERMINAL AREA</p>		REVISED	DENVER INTERNATIONAL AIRPORT
		<p>EXHIBIT D- Terminal Level 6 Frontier Airlines</p>	
COF: <i>fd</i>		DATE: 8/25/08	

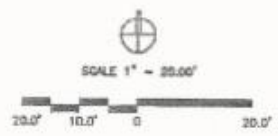
R16-1-8-15-111



Frontier Airlines
R16-1-5-E4-N23-1
300.0 sq. ft.

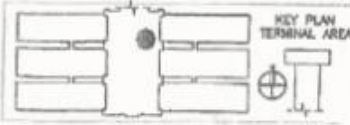


DATE: 08/25/08
DRAWN BY: J. H. [unreadable]
CHECKED BY: [unreadable]
SCALE: 1" = 20.00'
③ = Not Included
④ = Not Included



David [unreadable]
MANAGER OF DESIGN

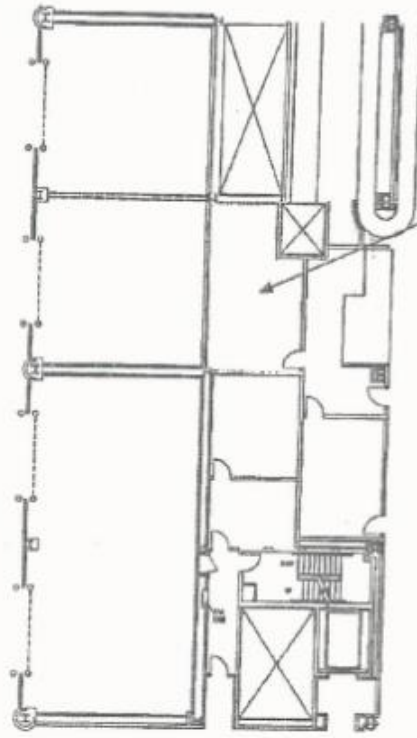
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.



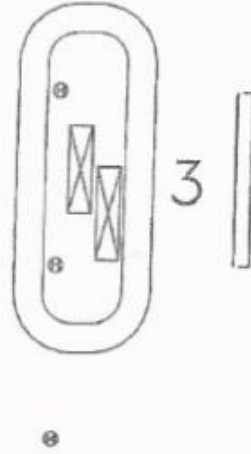
REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Terminal Level 5
	Frontier Airlines
CC#:	DATE: 8/25/08

R16-1-5-15-81

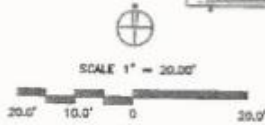
Effective January 1, 2012 to End of Term



Frontier Airlines
R16-1-5-E3-N24-1
460.6 sq. ft.

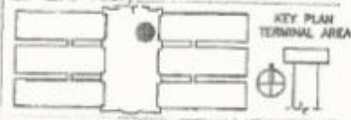


THIS PLAN IS NOT TO BE USED FOR CONSTRUCTION PURPOSES WITHOUT THE WRITTEN CONSENT OF THE ARCHITECT.



Ronald Horn
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.



REVISED

DENVER INTERNATIONAL AIRPORT

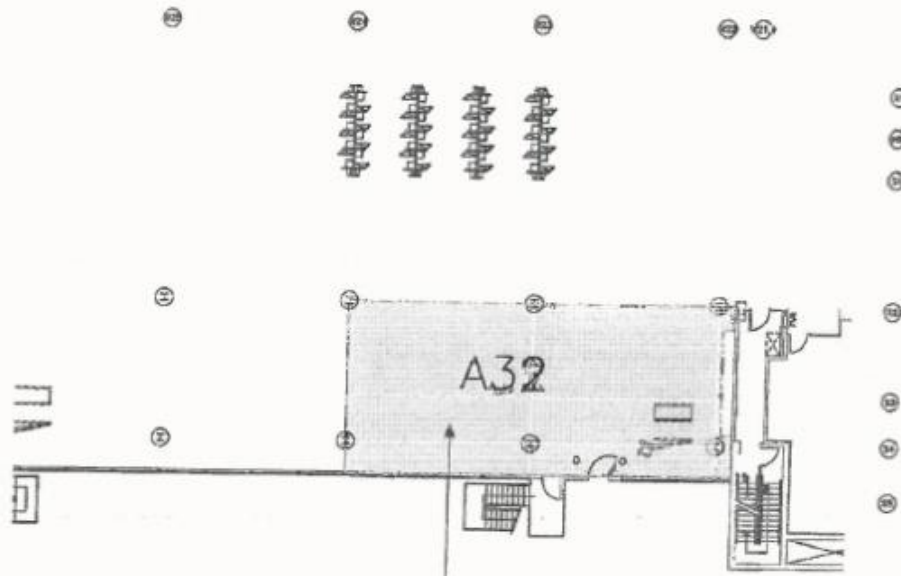
EXHIBIT D
Terminal Level 5
Frontier Airlines

CC: fa

DATE: 8/25/05

R16-1-5-15-53

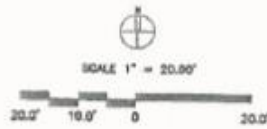
Effective January 1, 2012 to End of Term



Frontier Airlines
R17-2-3-W23-S4-1
1925.3 sq. ft.

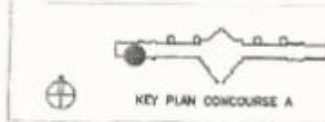
PREFERENTIAL USE

CONC. WALL (BY CITY)
STRUCTURAL WALL (BY CITY)
SHELF (BY CITY)
REMOVED LEASE LINE
① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ ⑩ ⑪ ⑫ ⑬ ⑭ ⑮ ⑯ ⑰ ⑱ ⑲ ⑳ ㉑ ㉒ ㉓ ㉔ ㉕ ㉖ ㉗ ㉘ ㉙ ㉚ ㉛ ㉜ ㉝ ㉞ ㉟ ㊱ ㊲ ㊳ ㊴ ㊵ ㊶ ㊷ ㊸ ㊹ ㊺ ㊻ ㊼ ㊽ ㊾ ㊿
NIC = Not Included
(in Cases of the PL Code)

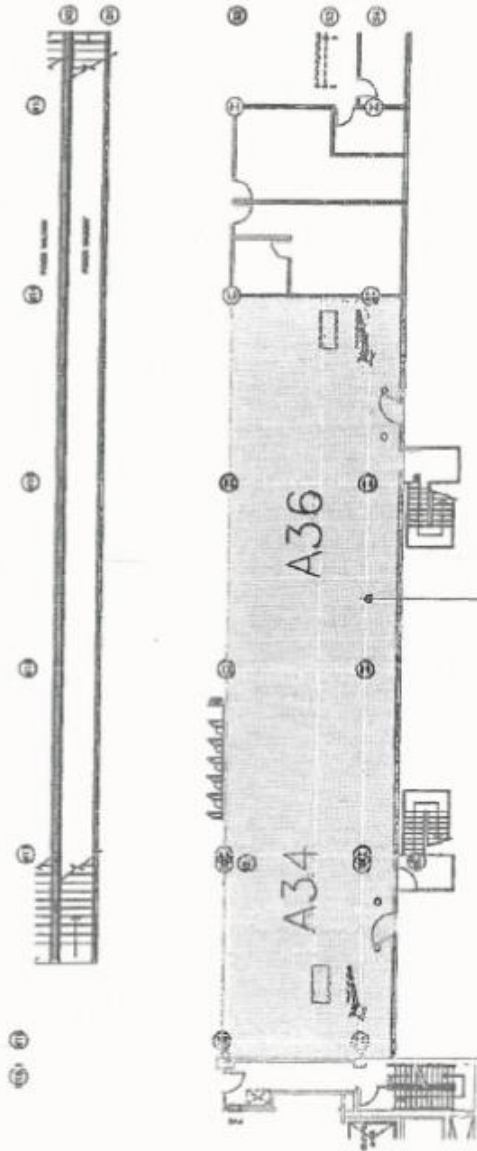


HanaRoc's
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.



REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Conc. Level
	Frontier Airlines
CC#: tal	DATE: 2/24/00
R17-2-3-2-1	



Frontier Airlines
R17-2-3-W18-S4-1
3907.9 sq. ft. 2/24/00

PREFERENTIAL USE



SCALE 1" = 20.00'

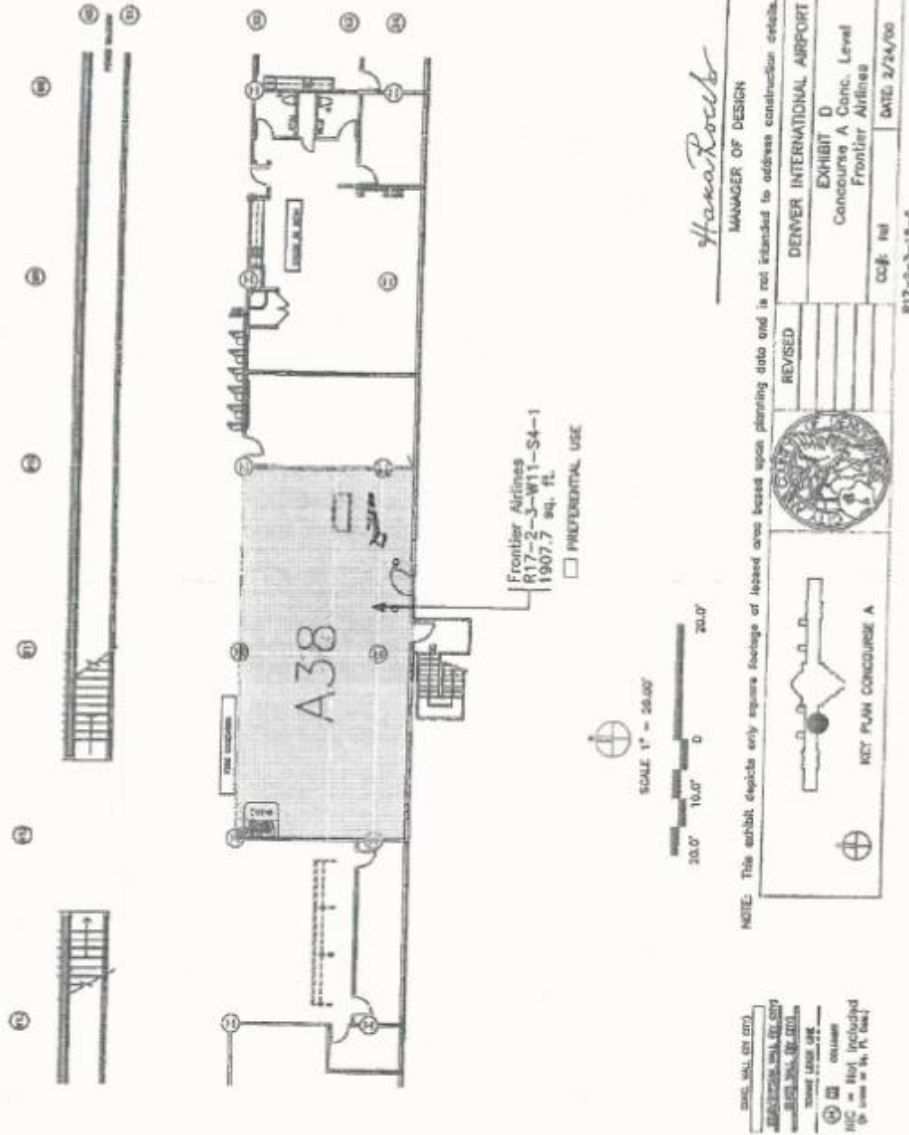


Hanna Roeb
MANAGER OF DESIGN

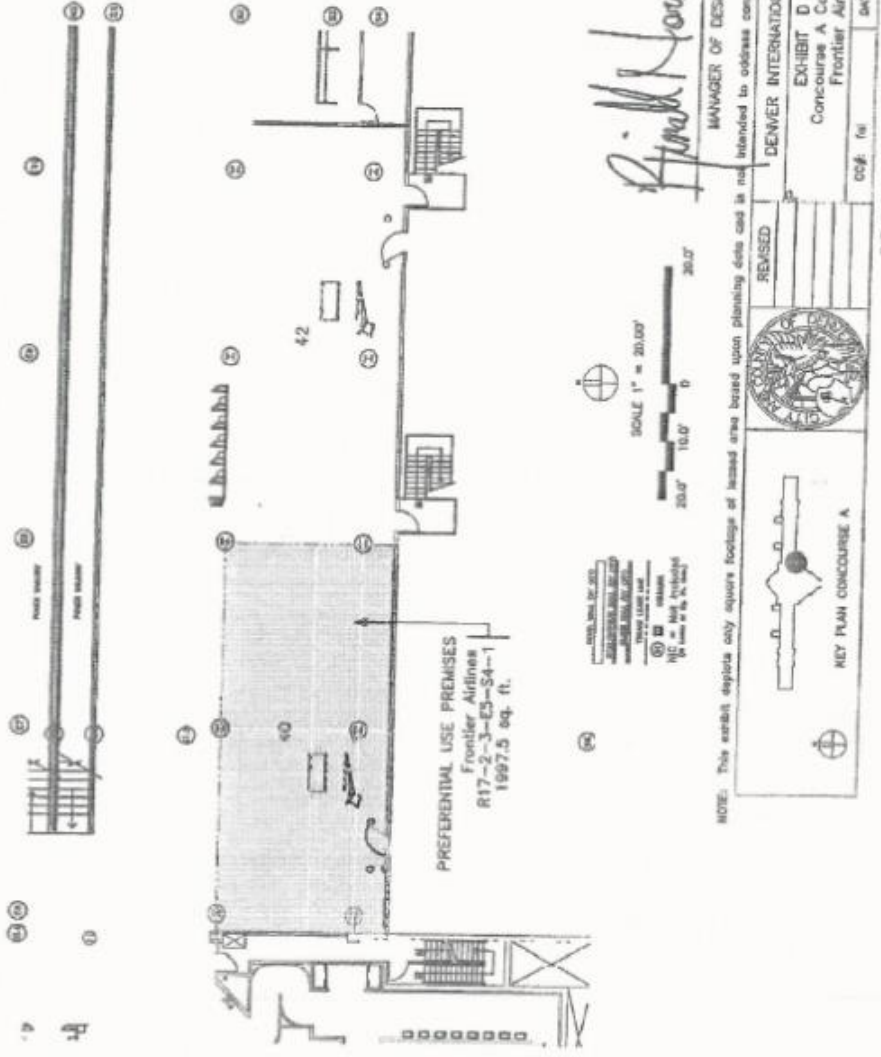
NOTE: This exhibit depicts only square footages of listed areas based upon planning data and is not intended to address construction details.

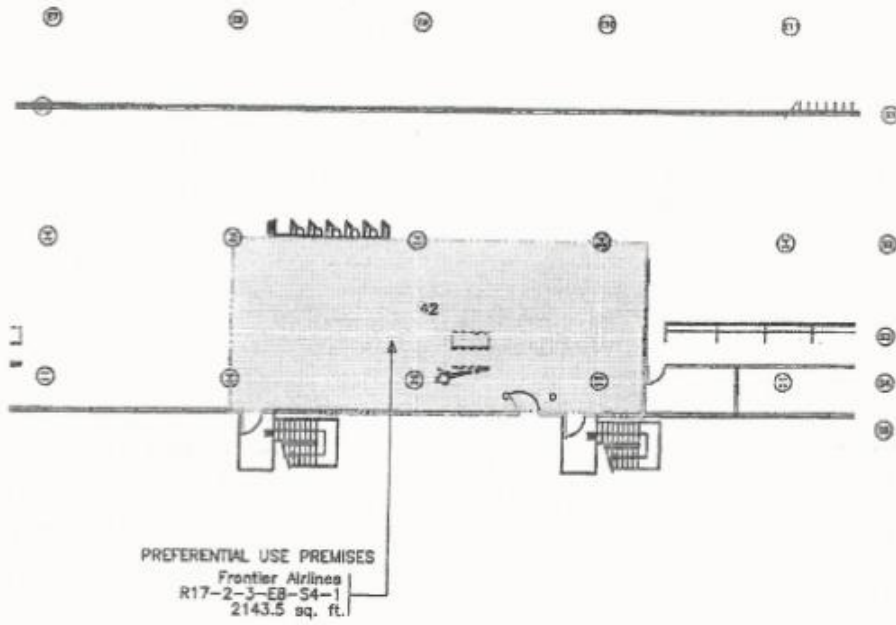
<p>DATE: 08/11/09 (R. 000)</p> <p>DESIGNED BY: JLS, BLS, DSD</p> <p>DRAWN BY: JLS, BLS, DSD</p> <p>CHECKED BY: JLS</p> <p>PROJECT: CONCOURSE A</p> <p>NO. 000000</p> <p>NC = Not Included (in Volume of Set, P. 000)</p>	<p>REVISED</p> <p>KEY PLAN CONCOURSE A</p>	<p>DENVER INTERNATIONAL AIRPORT</p> <p>EXHIBIT D</p> <p>Concourse A Conc. Level</p> <p>Frontier Airlines</p> <p>CC# For</p> <p>DATE: 2/24/00</p>
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R17-2-3-15-3



Effective January 1, 2012 to End of Term



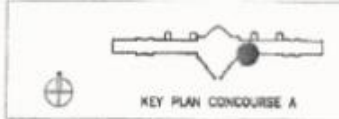


DATE: 08/06/07
 DRAWN BY: JLD
 CHECKED BY: JLD
 DESIGNED BY: JLD
 TITLE: CONSTRUCTION
 1/2" = 1'-0" SCALE
 NC or Not Included
 (As Indicated by the Code)



Richard Horn
 MANAGER OF DESIGN

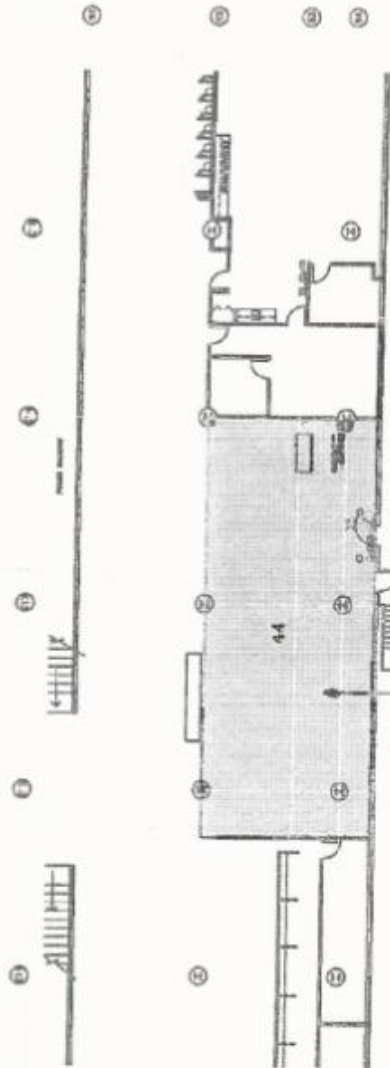
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.



REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Conc. Level
	Frontier Airlines
CC#: fel	DATE: 2/08/07

R17-2-3-2-1

Effective July 1, 2015 to End of Term



PREFERENTIAL USE PREMISES
Frontier Airlines
R17-2-3-E11-54-1
2140.4 sq. ft.

SCALE 1" = 20.00'



DATE: 11/10/12
DRAWN: J.L. COLE
CHECKED: J.L. COLE
PROJECT: DENVER INTERNATIONAL AIRPORT
CONCOURSE A
R17-2-3-E11-54-1
SHEET: 140

NOTE: This exhibit depicts only square footages of leased area based upon planning data and is not intended to address construction details.

KEY PLAN CONCOURSE A



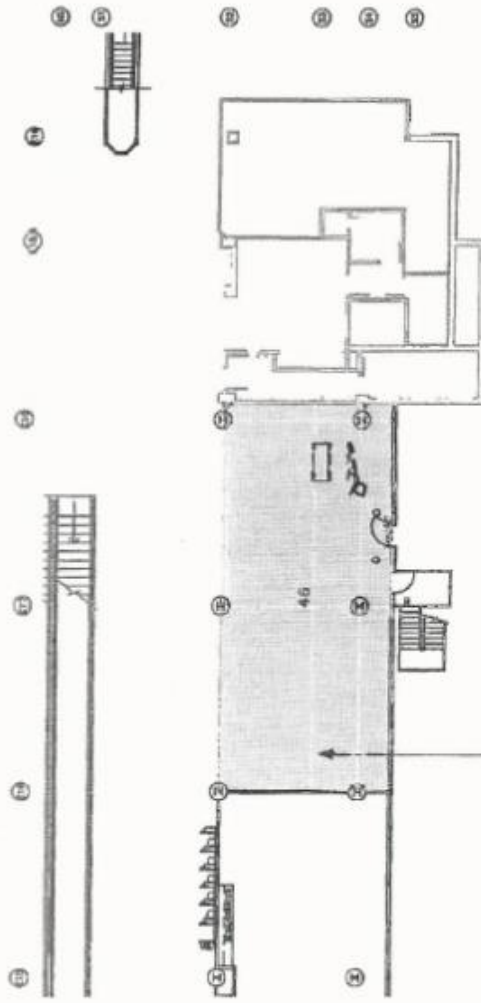
R17-2-3-15-6



REVISED

MANAGER OF DESIGN
DENVER INTERNATIONAL AIRPORT
EXHIBIT D
Concourse A Conc. Level
Frontier Airlines
COF: fnt
DATE: 2/19/07

Handwritten signature: Rinald



PREFERENTIAL USE PREMISES
Frontier Airlines
R17-2-3-C10-S4-1
1987.5 sq. ft.



DATE: 2/6/07
 DENVER INTERNATIONAL AIRPORT
 EXHIBIT D
 Concourse A Conc. Level
 Frontier Airlines

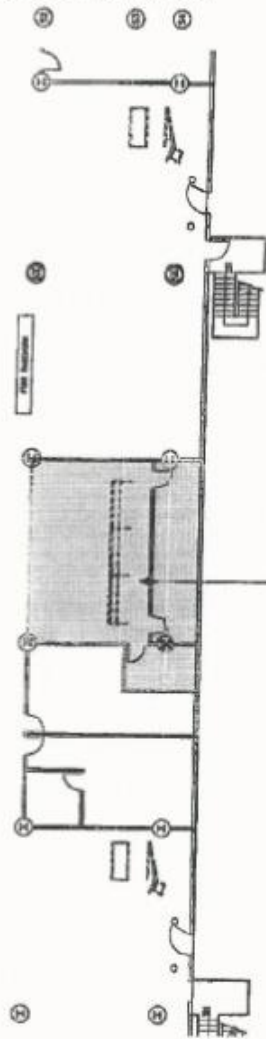
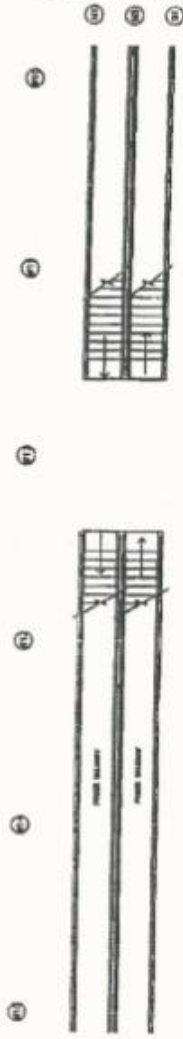
NOTE: This exhibit depicts only square footage of leased area based upon plotting data and is not intended to address construction details.

MANAGER OF DESIGN

Handwritten signature: Fred Lock



Effective January 1, 2012 to End of Term



Frontier Airlines
R17-2-3-W13-S4-1
1058.5 sq. ft.



EXCLUSIVE USE PREMISES

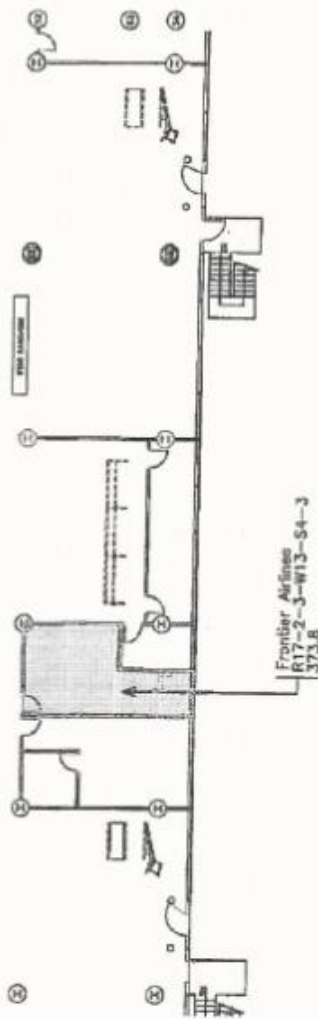
HavaRock
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased areas based upon planning data and is not intended to address construction details.

REVISED		KEY PLAN CONCOURSE A
DENVER INTERNATIONAL AIRPORT		
EXHIBIT D		
Concourse A Conc. Level		
Frontier Airlines		
ccj: fm	DATE: 2/24/00	

R17-2-3-10-4

CONC. WALL (IN CITY)
 CONC. WALL (OUT OF CITY)
 CONC. WALL (IN CITY)
 CONC. WALL (OUT OF CITY)
 CONC. WALL (IN CITY)
 CONC. WALL (OUT OF CITY)
 CONC. WALL (IN CITY)
 CONC. WALL (OUT OF CITY)
 CONC. WALL (IN CITY)
 CONC. WALL (OUT OF CITY)



Frank Tom
MANAGER OF DESIGN

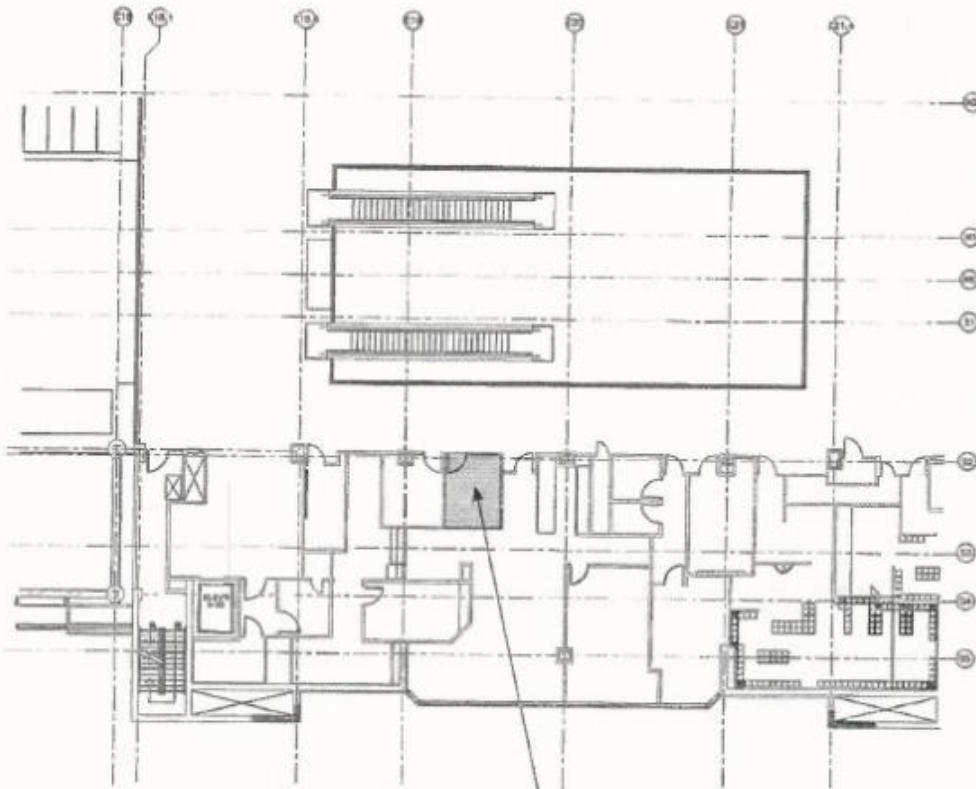
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

- CONC. WALL, 30' O.T.Y.
- STRUCTURAL WALL, 24" (30')
- STRUCTURAL WALL, 24" (30')
- WALL, CONC. WALL
- WALL, CONC. WALL
- NO. 11 NOT INCLUDED
- NO. 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24

REVISION	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Conc. Level
	Frontier Airlines
DATE: 8/31/07	

RT7-3-3-15-123

Effective July 1, 2015 to End of Term



Frontier Airlines, Inc.
R17-2-4-E19-S3-1
117.9 sq. ft.

- COND. WALL (BY CITY)
- INSULATED WALL (BY CITY)
- GLASS WALL (BY CITY)
- EDWIT LEASE LINE
- ⊕ COLUMNS
- NIC = Not Included
(In Lease or As Pl. Sec.)



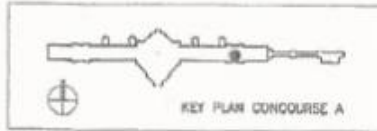
SCALE 1" = 20.00'



NOTE:

This exhibit depicts only approximate dimensions and square footage of leased area based upon planning data and is not intended to show dimensions for construction details.

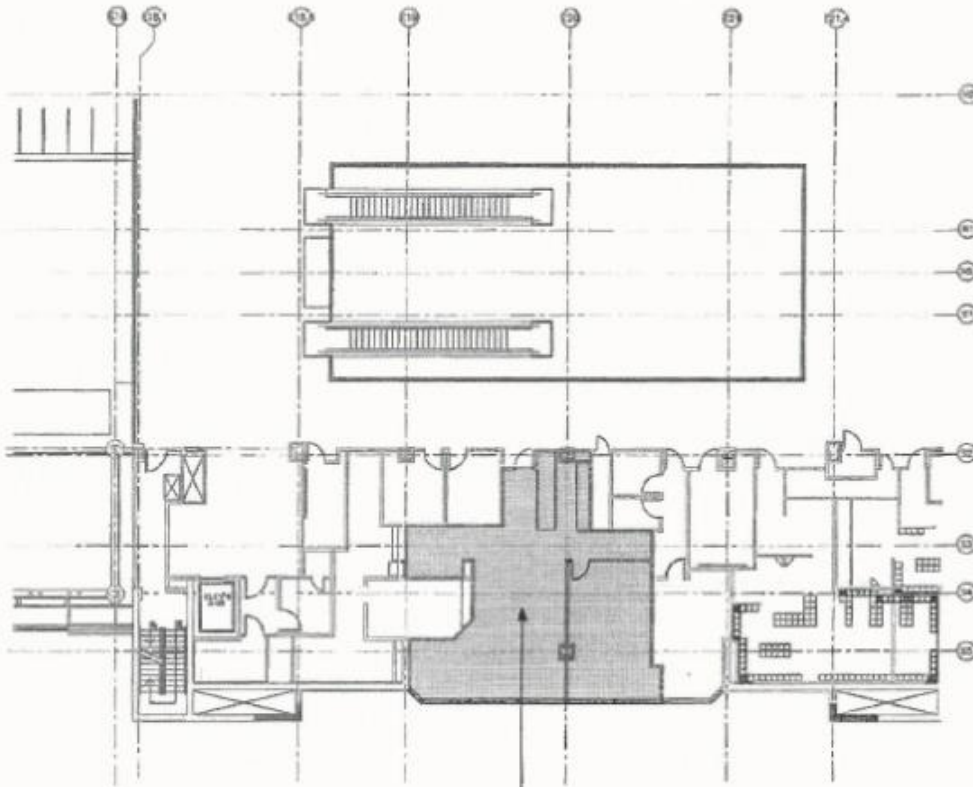
David Marshall
Director of Facilities Services



REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Mezz Level 4
	Frontier Airlines, Inc.
CC#: tel	DATE: 06/01/15

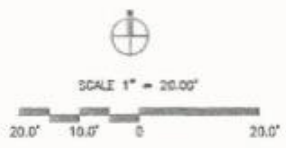
R17-2-4-15-119

Effective July 1, 2015 to End of Term



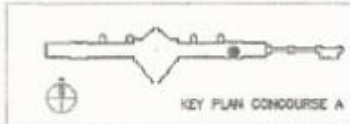
Frontier Airlines, Inc.
R17-2-4-E18-SS-1
1253.8 sq. ft.

- LEVEL WALL (BY CITY)
- SEMI-CIRCULAR WALL (BY CITY)
- GLASS WALL (BY CITY)
- TENANT LEASE LINE
- ④ COLUMNS
- NSC = Not Included
(in Lines or Sq. Ft. Call)



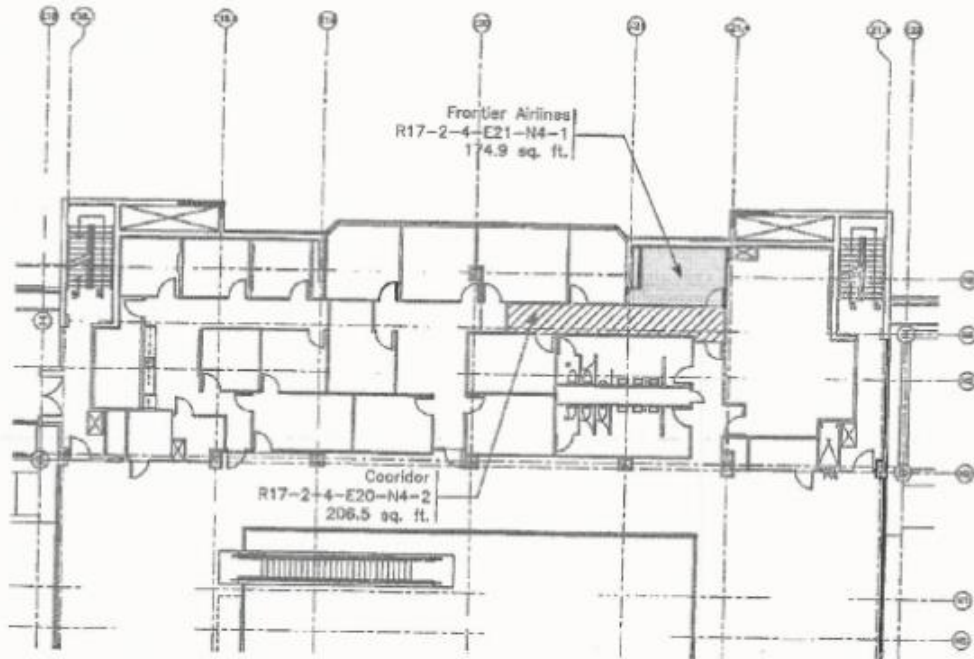
NOTE:
This exhibit depicts only approximate dimensions and square footage of leased area based upon planning data and is not intended to show dimensions for construction details.

David Washburn
Director of Facilities Services



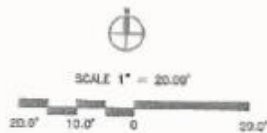
REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Mezz Level 4
	Frontier Airlines, Inc.
CC#: fai	DATE: 06/01/15

R17-2-4-15-120



Frontier's share of corridor: 36.9%
or 76.2 sq. ft.

CONC. WALL BY CIV
 STRUCTURAL WALL BY CIV
 SLAB WALL BY CIV
 STAIRY CORE CASE
 COLUMNS
 NIC = Not Included
 (In Cases or On Pl. WALL)

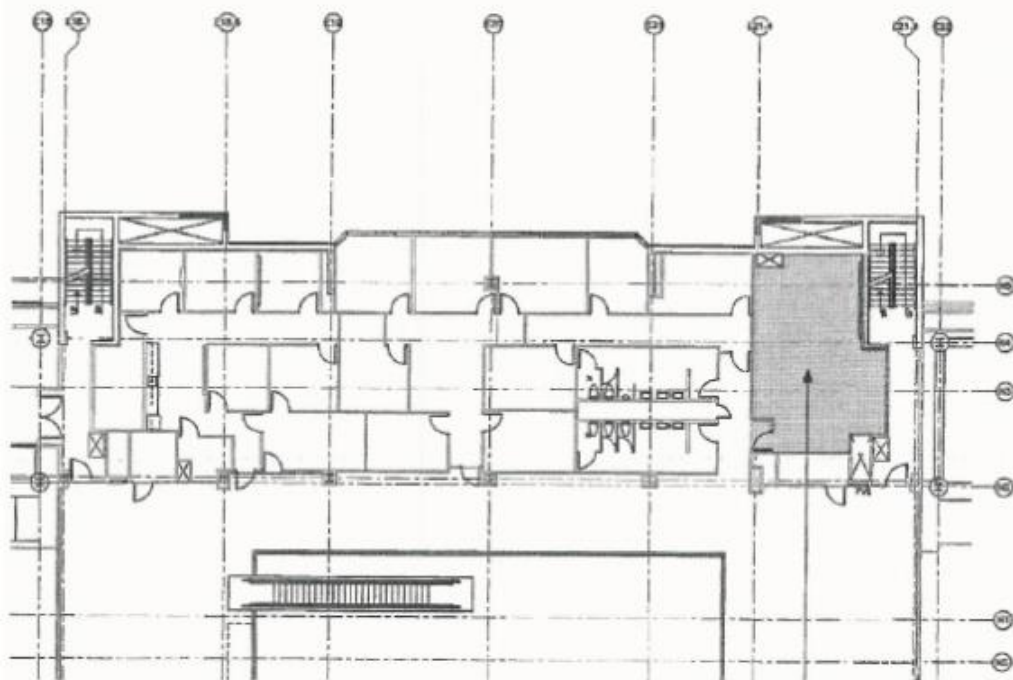


NOTE:
 This exhibit depicts only approximate dimensions and square footage of located area based upon planning data and is not intended to show dimensions for construction details.


 Director of Facilities Services

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Mezz. Level Frontier Airlines	
		CC# 151	DATE 06/01/15

R17-2-4-15-30



Frontier Airlines
R17-2-4-E21-N2-2
658.0 sq. ft.

- COND. WALL BY STD
- PERMANENT WALL BY STD
- GLASS WALL BY STD
- TENANT LEASE LINE
- ⊕ ⊞ COLUMN
- NIC = Not Included
(In Lease or St. Pl. Dets.)



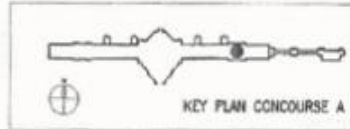
SCALE 1" = 20.00'



NOTE:

This exhibit depicts only approximate dimensions and square footage of leased area based upon planning data and is not intended to show dimensions for construction details.

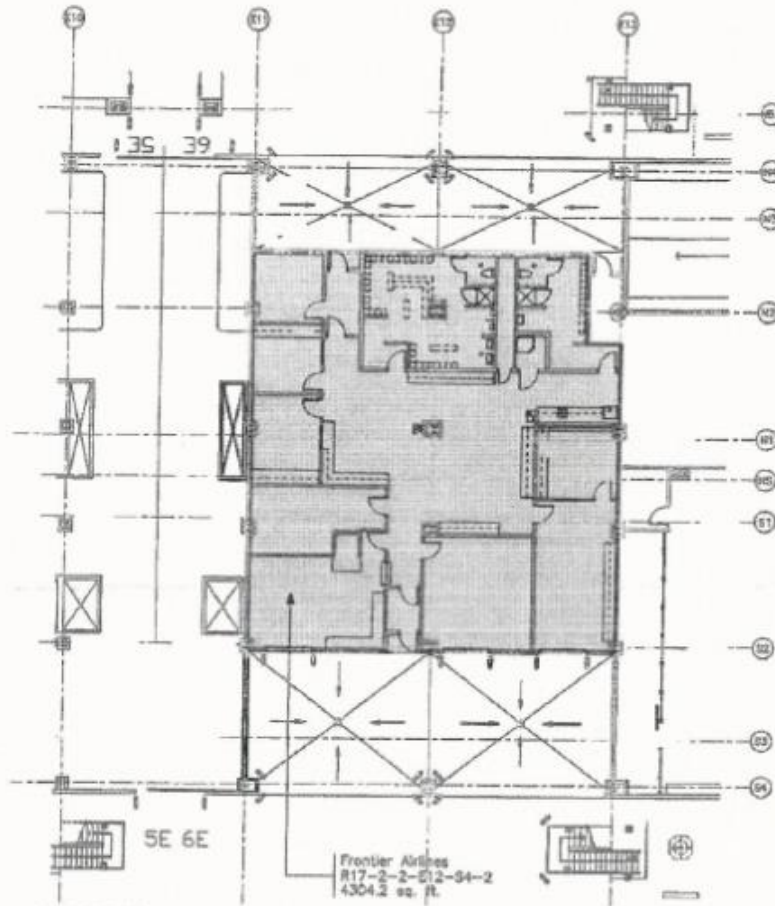
David Marshall
Director of Facilities Services



REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Mezz. Level
	Frontier Airlines
CC#: fal	DATE: 06/01/15

R17-2-4-15-28

Effective July 1, 2015 to End of Term



FINISH WALL BY G10
 CONCRETE WALL BY 010
 GLASS WALL BY 020
 THIN WALL BY 030
 COLUMN
 NIC = Not Included
 (In Lines or by R. Line)

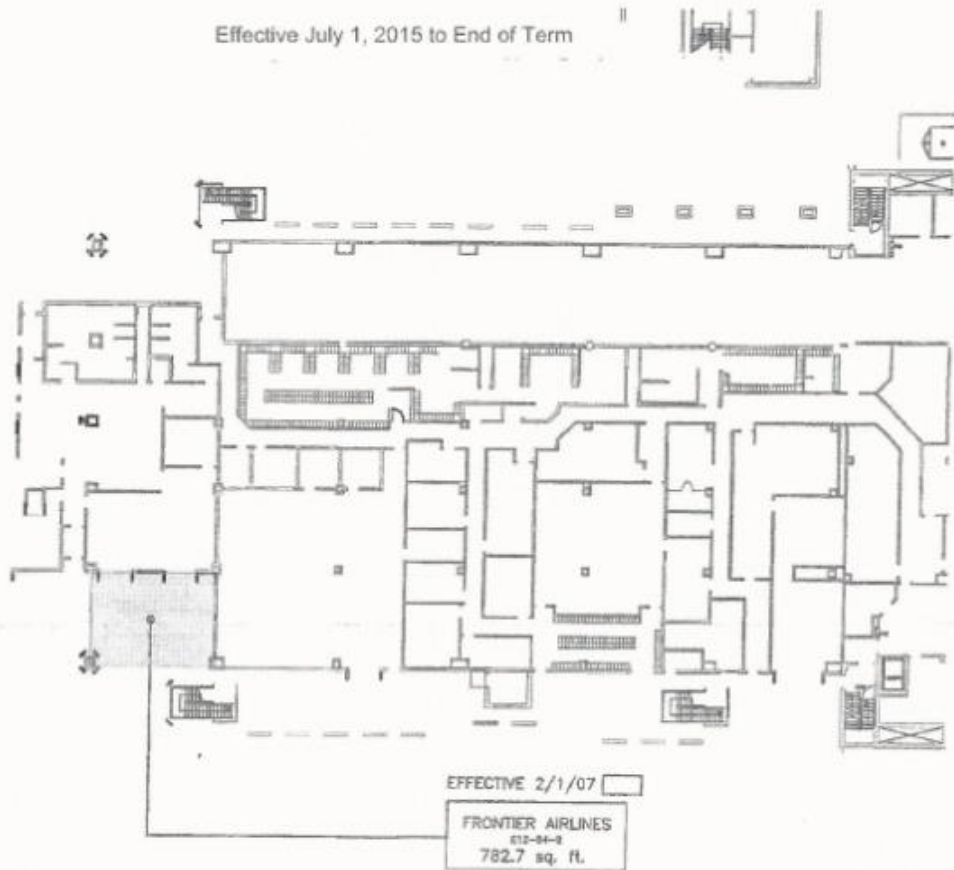
SCALE 1" = 20.00'
 20.0' 10.0' 0 20.0'

NOTE:
 This exhibit depicts only approximate dimensions and square footages of leased area based upon planning data and is not intended to show dimensions for construction details.

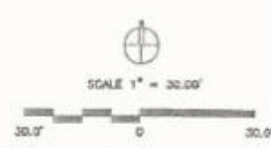

 Director of Facilities Services

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level Frontier Airlines	
		CC# 101	DATE: 05/18/15
R17-2-2-15-165			

Effective July 1, 2015 to End of Term



2008, 2011, 2012, 2013
2014, 2015, 2016, 2017
2018, 2019, 2020
2021, 2022, 2023
2024, 2025, 2026
2027, 2028, 2029
2030, 2031, 2032
2033, 2034, 2035
2036, 2037, 2038
2039, 2040, 2041
2042, 2043, 2044
2045, 2046, 2047
2048, 2049, 2050



Richard K. ...
MANAGER OF DESIGN

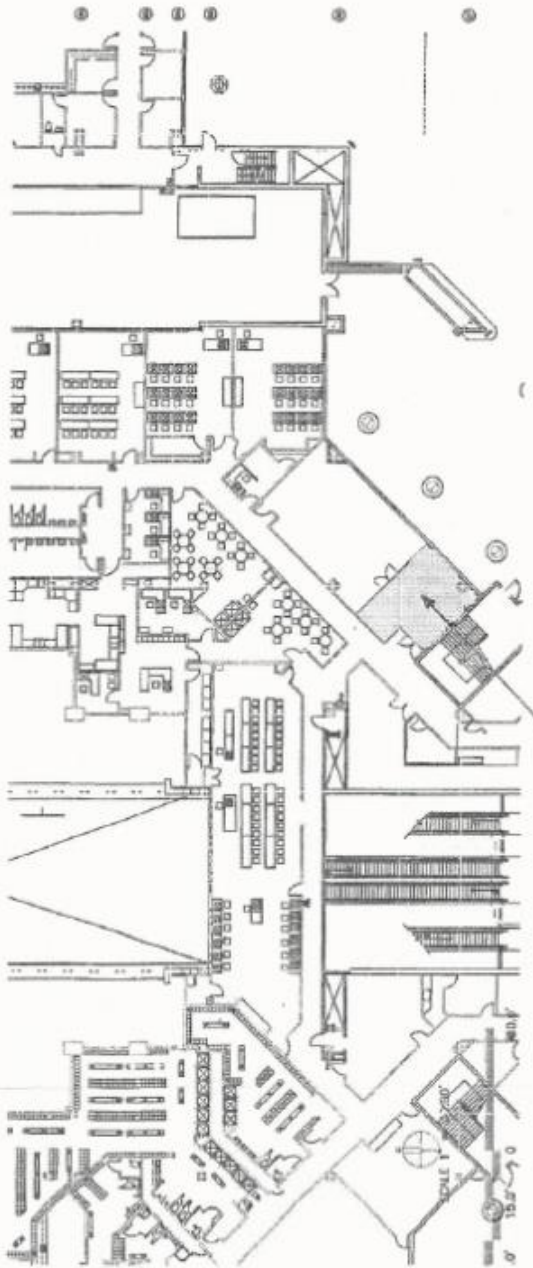
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.



REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Apron Level
	FRONTIER AIRLINES
CC: FAL	DATE: 1/30/07

R17-2-2-15-137

Effective January 1, 2012 through End of Term



Frontier Airlines
R17-2-2-E2-S7-1
4206 sq. ft.

Frank Tom
MANAGER OF DESIGN

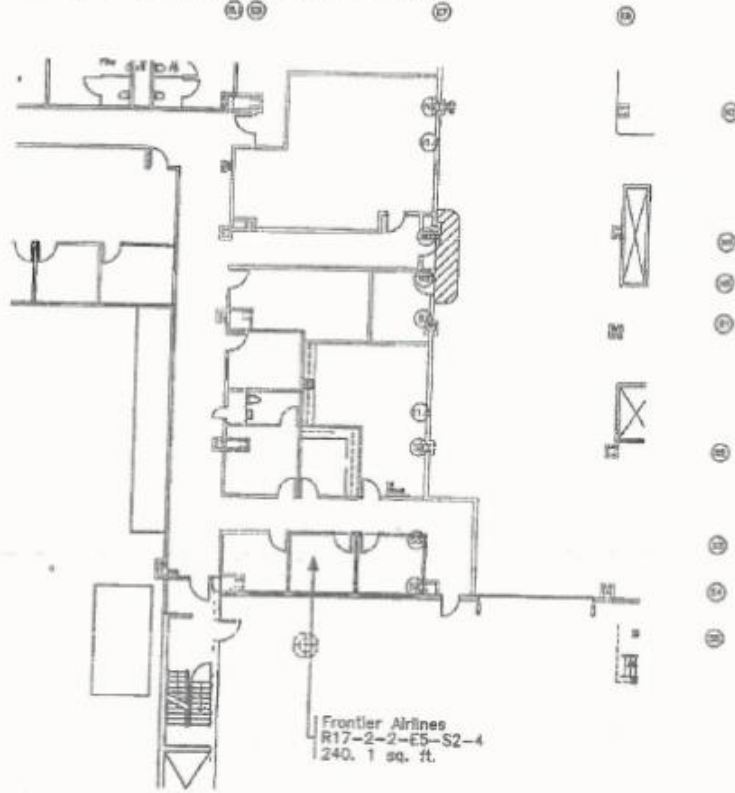
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	FRONTIER AIRLINES
KEY PLAN CONCOURSE A	CONCOURSE A - APRON LEVEL
	CC#: 1st
	DATE: 5/02/07

DATE: 5/02/07
 PROJECT: DENVER INTERNATIONAL AIRPORT
 DRAWING: EXHIBIT D
 SCALE: AS SHOWN
 SHEET: 1 OF 1

R17-2-2-15-76

Effective January 1, 2012 through End of Term



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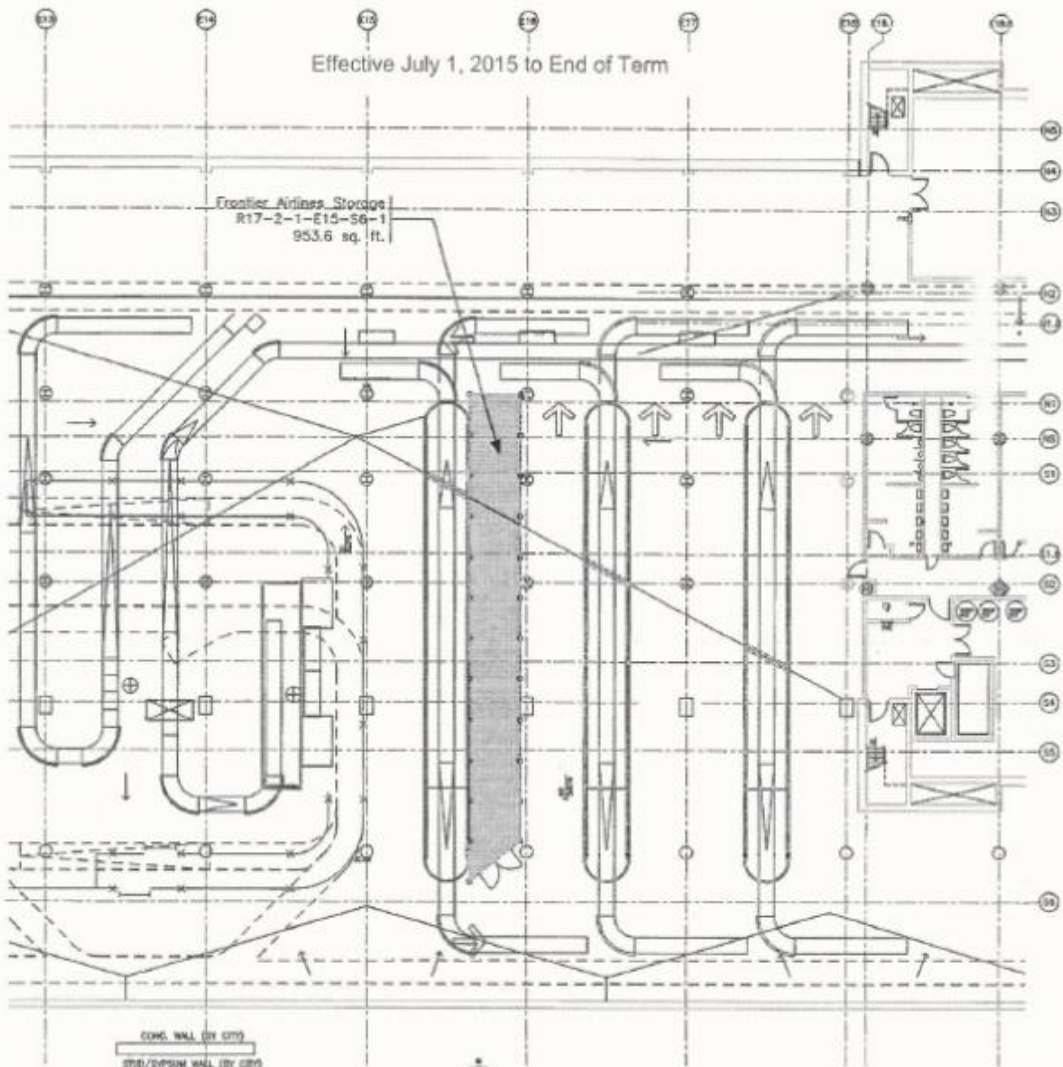



 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

 KEY PLAN CONCOURSE A		DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Apron Level Frontier Airlines
REVISED	CC# for	DATE: 10/04/08
R17-2-2-15-17		

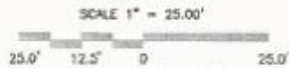
Effective July 1, 2015 to End of Term



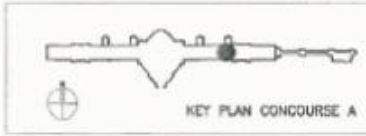
- CONC. WALL BY CITY
- STIR/ROCKWALL BY CITY
- GLASS WALL BY CITY
- TENANT LEASE LINE
- ⊕ ⊗ COLUMN

NOTE: NIC = Not Included (In Lease or Op. Pl. Doc.)

This exhibit depicts only approximate dimensions and square footage of leased area based upon planning data and is not intended to show dimensions for construction details.



Mark H. Adams
 Director of Facilities Services



REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT A
	Concourse A Bamt. Level
	Frontier Airlines
CC#: fal	DATE: 06/09/15

R17-2-1-15-67

SECOND AMENDMENT TO THE AIRPORT USE AND LEASE AGREEMENT

THIS SECOND AMENDMENT TO THE AIRPORT USE AND LEASE AGREEMENT is made and entered into as of the date stated on the City's signature page below, by and between the **CITY AND COUNTY OF DENVER**, a municipal corporation of the State of Colorado, on behalf of its Department of Aviation ("**the City**") and **FRONTIER AIRLINES, INC.**, a corporation organized and existing under and by virtue of the laws of the State of Colorado, and authorized to do business in the State of Colorado ("**Airline**").

WITNESSETH

WHEREAS, the City owns and operates Denver International Airport ("DIA" or the "Airport"); and

WHEREAS, the parties hereto entered into a certain Use and Lease Agreement, which was effective January 1, 2012, (the "Existing Agreement"), under which the Airline and the City agree to the terms of the Airlines use and lease of certain premises and facilities at the Airport; and

WHEREAS, the City now wishes to extend the term of the Existing Agreement with this Amendment; and

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the parties hereto agree as follows:

1. Section 7.01 of the Existing Agreement, entitled "Term of Agreement" is hereby deleted in its entirety and replaced with:

7.01 TERM OF AGREEMENT

The term of this Agreement shall commence on January 1, 2012 and shall terminate on December 31, 2018, unless this Agreement is earlier cancelled, terminated, or extended as hereinafter provided. The Agreement term may be extended at its current terms and conditions for two additional one-year periods, but in no event shall the term be extended beyond December 31, 2020. These extensions, if exercised by the Airport, shall be exercised by providing written notice to the Airline on or before November 30 of the preceding year."

2. "Exhibit C" found in the Existing Agreement shall be deleted in its entirety and replaced with the new "Exhibit C" attached hereto.
3. "Exhibit D" found in the Existing Agreement shall be deleted in its entirety and replaced with the new "Exhibit D" attached hereto.
4. "Exhibit F" found in the Existing Agreement shall be deleted in its entirety and replaced with the new "Exhibit F" attached hereto.
5. Except as modified by this Amendment, all of the terms and conditions of the Existing Contract shall remain in full force and effect.

6. This Amendment to Contract shall not be effective or binding on the City until approved and fully executed by all signatories of the City and County of Denver.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Contract Control Number: PLANE-201206414-02

Contractor Name: Frontier Airlines, Inc.

By: /s/ Howard Diamond

Name: Howard Diamond
(please print)

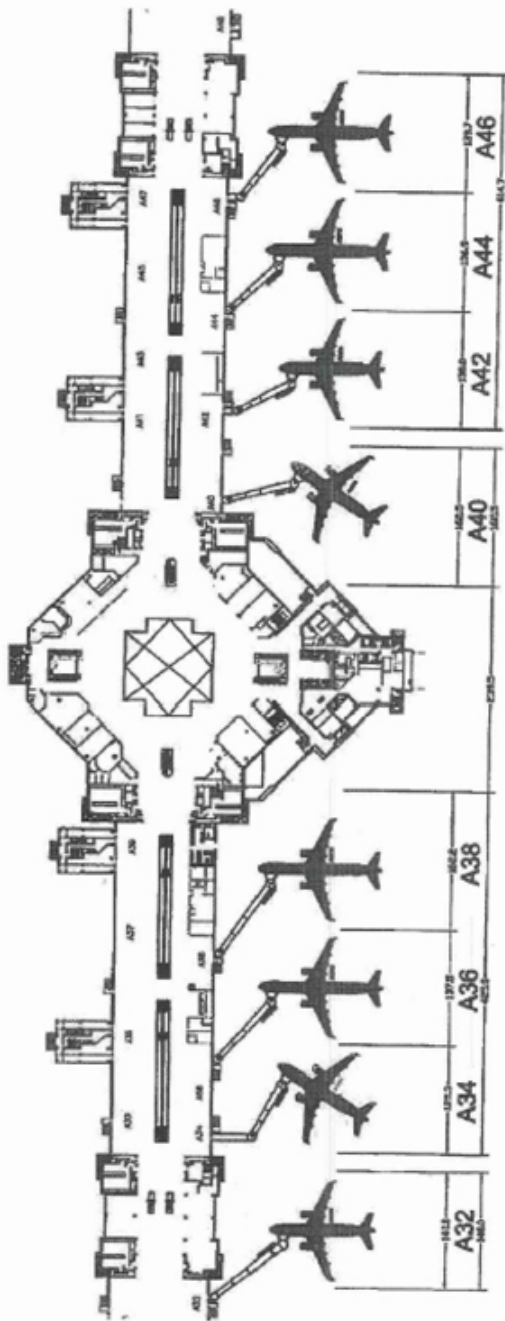
Title: SVP, General Counsel & Secretary
(please print)

ATTEST: [if required]

By: _____

Name: _____
(please print)

Title: _____
(please print)



CONCOURSE A

PREFERENTIAL AIRCRAFT PARKING POSITIONS



NOTE:

This exhibit depicts only approximate dimensions and square footage of leased area based upon planning data and is not intended to show dimensions for construction details.

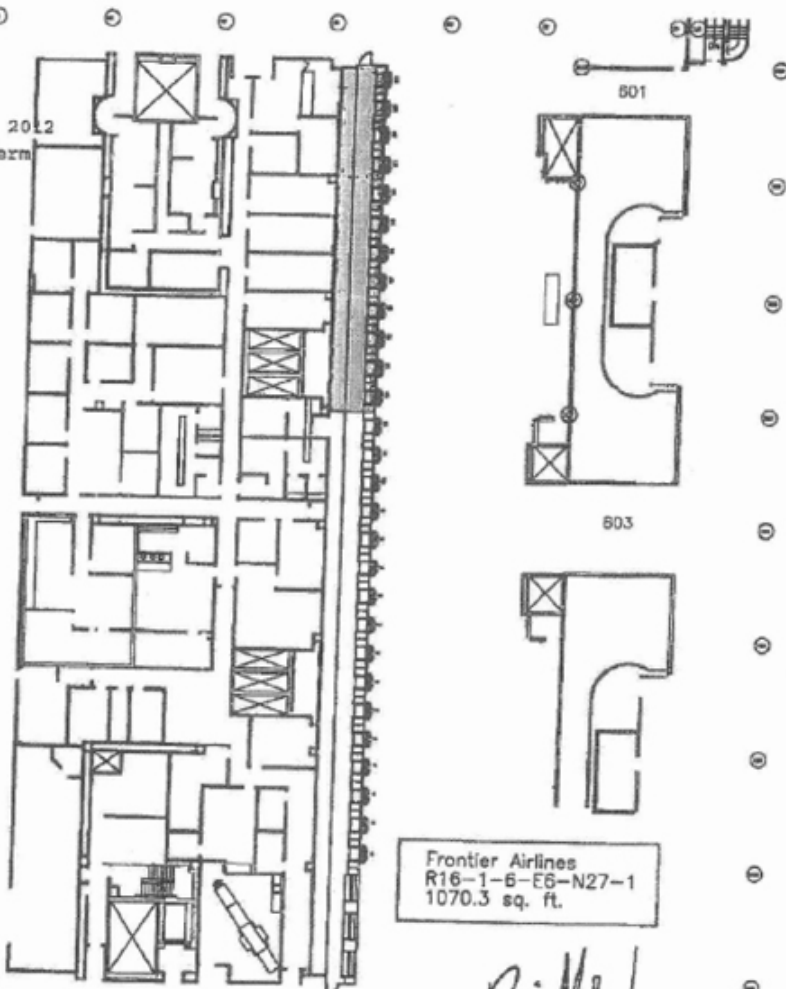
	REVISED	
	DENVER INTERNATIONAL AIRPORT EXHIBIT C GATE LOCATION FRONTIER AIRLINES	
Conf: 1d		DATE: 06/03/19

Dariusz Mark
 Director of Facilities Services

AC-PKG-FAL-2015

Sig Ticket Counters

Effective
November 1, 2012
to End of Term



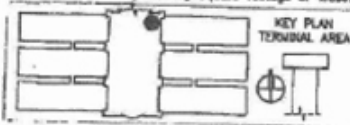
Frontier Airlines
R16-1-6-E6-N27-1
1070.3 sq. ft.

Ronald Horn
MANAGER OF DESIGN

DO NOT SCALE
FROM THIS PLAN
FOR CONSTRUCTION
WORK
© 2012
NOT TO BE USED
FOR ANY OTHER PROJECT

SCALE 1" = 20.00'

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

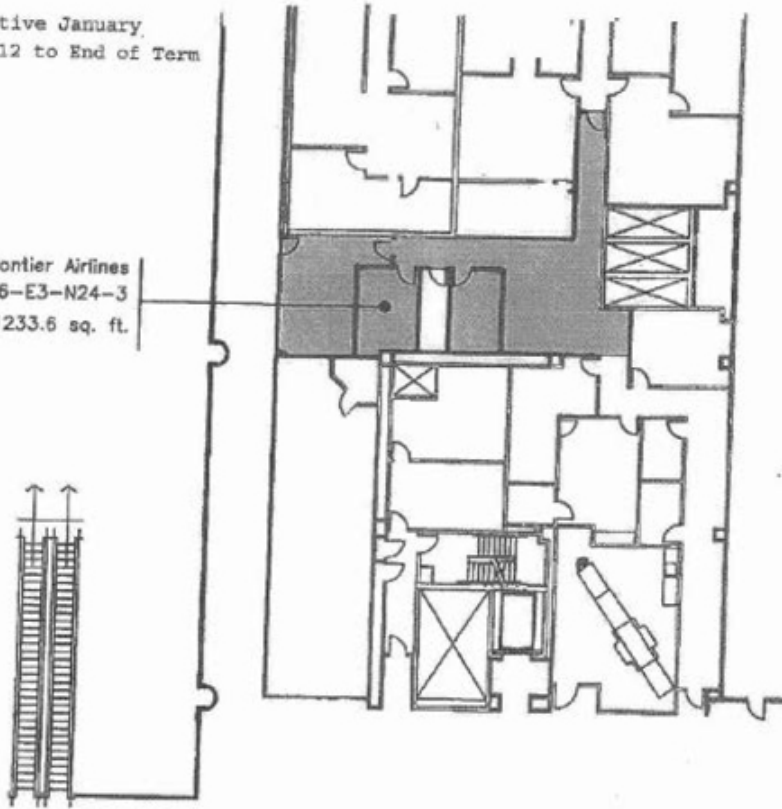


REVISED	DENVER INTERNATIONAL AIRPORT
08/07/12	EXHIBIT D
	Terminal Level 6
	Frontier Airlines
cc: fel	DATE: 8/04/08

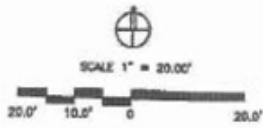
R16-1-6-15-135

Effective January
1, 2012 to End of Term

Frontier Airlines
R16-1-6-E3-N24-3
1233.6 sq. ft.



1. ALL WORK SHALL BE IN ACCORDANCE WITH THE DESIGN AND SPECIFICATIONS OF THE ARCHITECT. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE APPROPRIATE AGENCIES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROTECTING ALL EXISTING UTILITIES AND STRUCTURES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR MAINTAINING ACCESS TO ALL ADJACENT AREAS. THE CONTRACTOR SHALL BE RESPONSIBLE FOR RESTORING ALL AREAS TO ORIGINAL CONDITION OR BETTER. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE APPROPRIATE AGENCIES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROTECTING ALL EXISTING UTILITIES AND STRUCTURES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR MAINTAINING ACCESS TO ALL ADJACENT AREAS. THE CONTRACTOR SHALL BE RESPONSIBLE FOR RESTORING ALL AREAS TO ORIGINAL CONDITION OR BETTER.



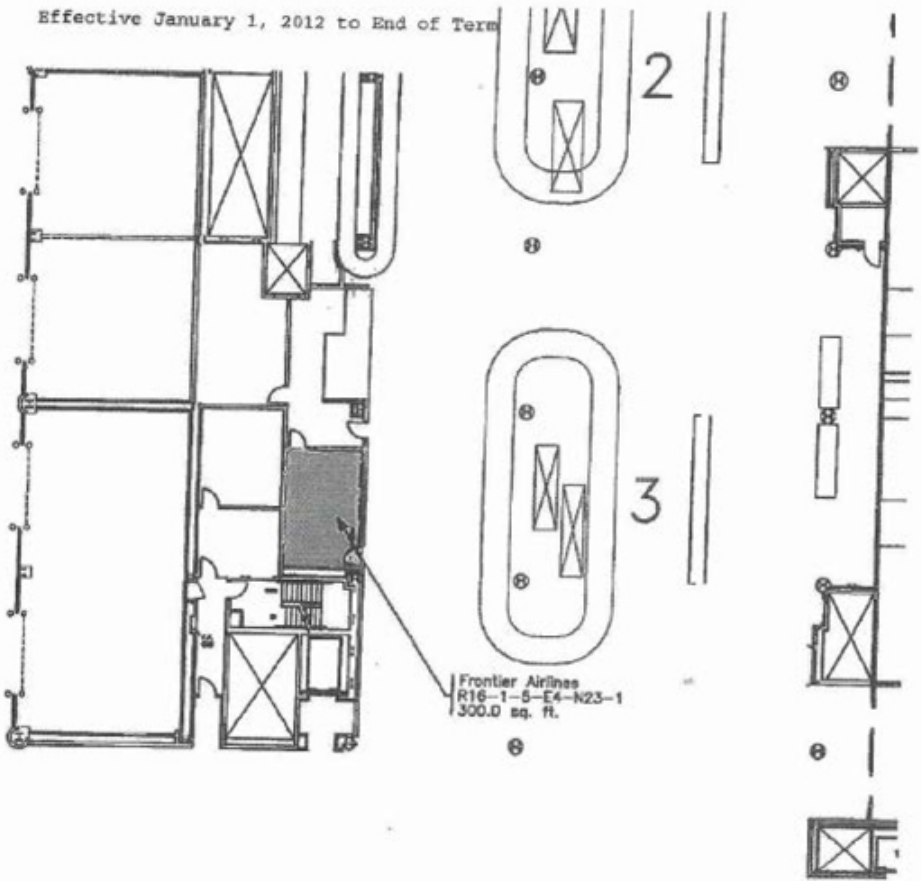
Richard Horn
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

<p>KEY PLAN TERMINAL AREA</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D- Terminal Level 6 Frontier Airlines
		cc: [redacted]	DATE: 8/28/05

R16-1-6-15-111

Effective January 1, 2012 to End of Term



- WALL, 1/2\"/>



SCALE 1" = 20.00'



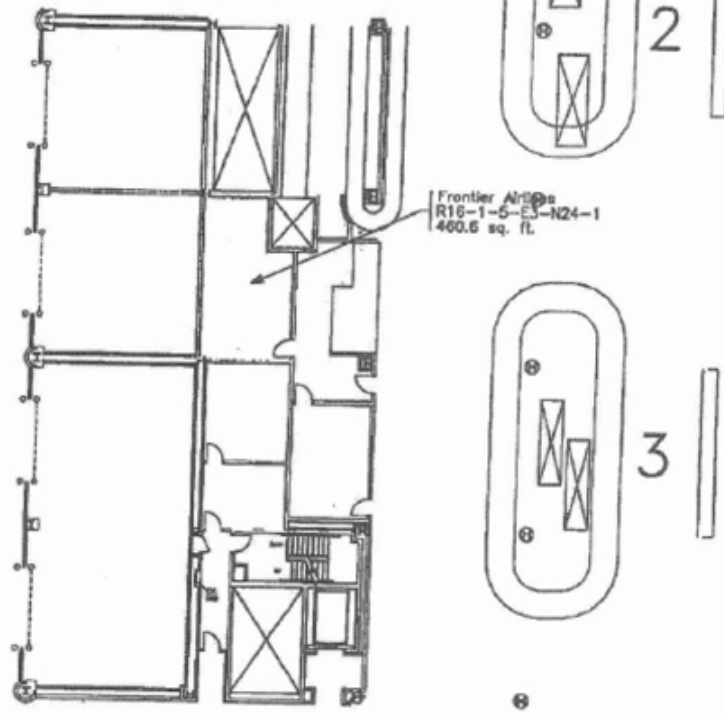
Final Horn
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

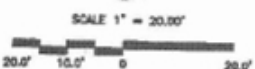
		REVISIONS 1 2 3	DENVER INTERNATIONAL AIRPORT EXHIBIT D Terminal Level 5 Frontier Airlines ccf: id DATE: 8/25/05
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R16-1-5-15-81

Effective January 1, 2012 to End of Term

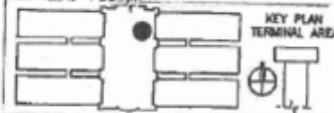


NOT TO SCALE
REVISIONS
DATE
BY
CHECKED
DATE
BY
NOT TO SCALE
DATE
BY



Richard Horn
MANAGER OF DESIGN

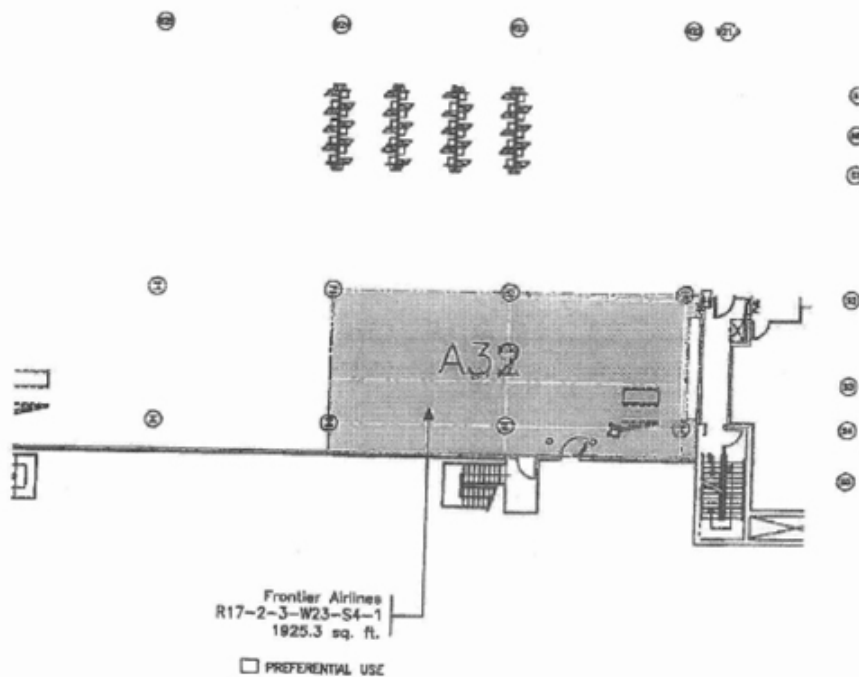
NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.



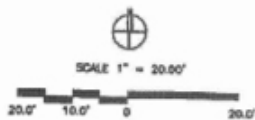
REVISED	DENVER INTERNATIONAL AIRPORT
EXHIBIT D Terminal Level 5 Frontier Airlines	
CC#: fol	DATE: 6/25/05

R16-1-5-15-53

Effective January 1, 2012 to End of Term



DOOR SHALL BE OPEN
ELEVATOR SHALL BE OPEN
GLASS SHALL BE OPEN
WHEN IN USE ONLY
NIC - Not Included
(In Issue or Sp. Pl. Cont.)



Hana Powell

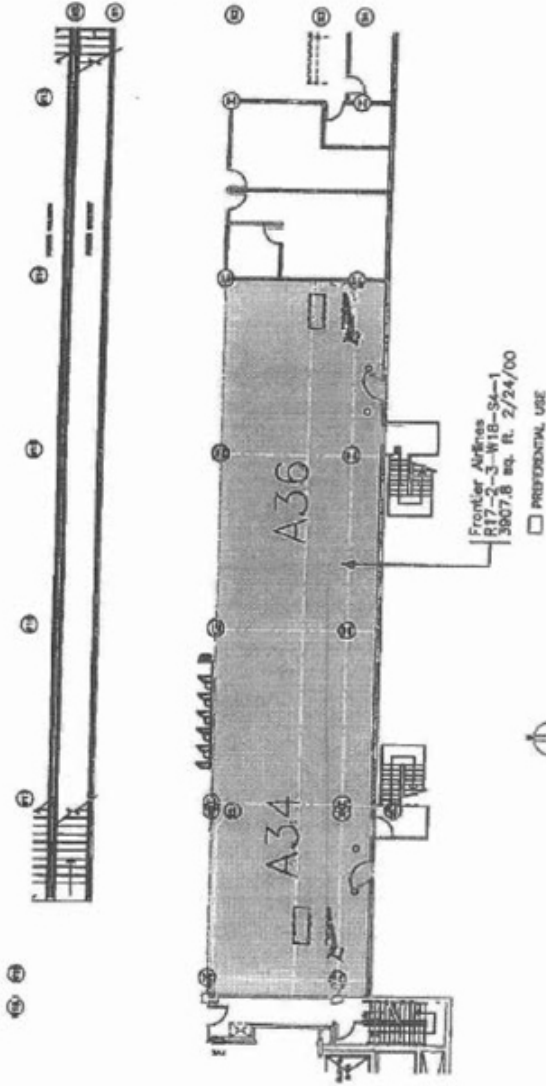
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
		EXHIBIT D Concourse A Conc. Level Frontier Airlines	
		ccj: fml	DATE: 2/24/00

R17-2-3-2-1

Effective January 1, 2012 to End of Term

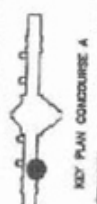


DATE: 01/24/00
 DRAWN BY: J. B. [unreadable]
 CHECKED BY: [unreadable]
 NAME: J. B. [unreadable]
 TITLE: [unreadable]
 (C) [unreadable]
 REC - Not Included
 In Issue of 24, R. [unreadable]

Hanna Roeb
 MANAGER OF DESIGN

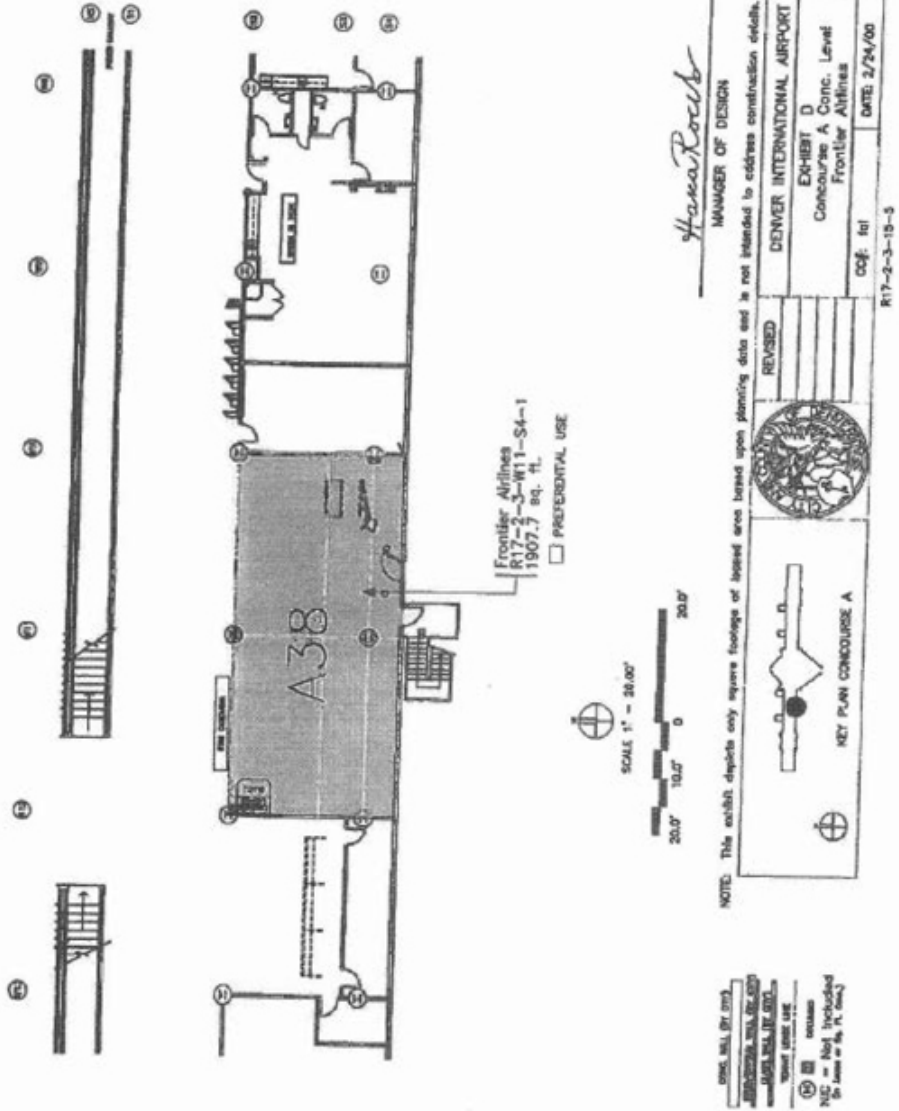
NOTE: This exhibit depicts only square footage of listed areas based upon planning data and is not intended to address construction details.

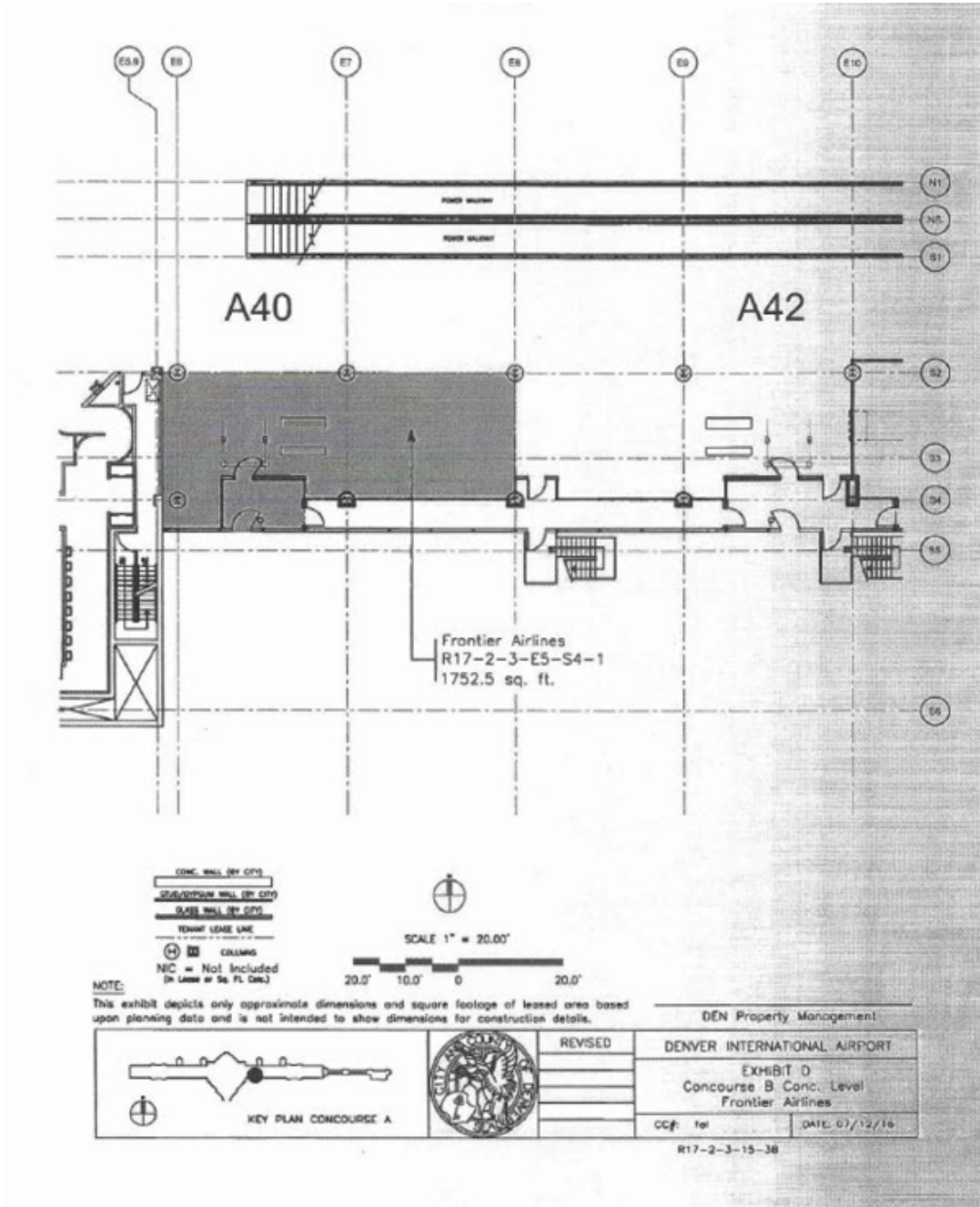
REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Conc. Level 1
	Frontier Airlines
CC#	DATE: 2/24/00

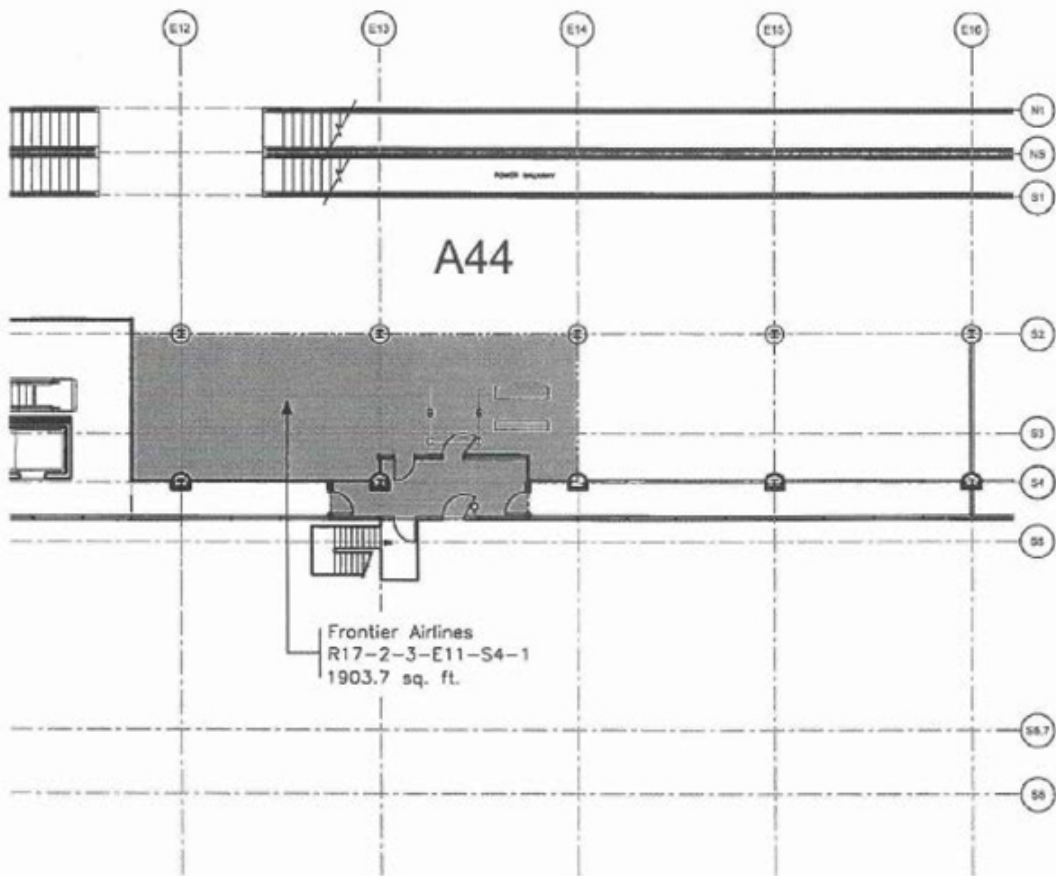


R17-3-15-3

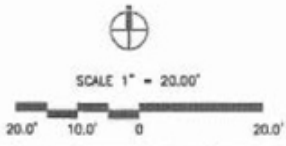
Effective January 1, 2012 to End of Term



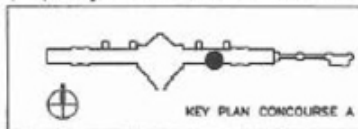




CONC. WALL (BY CITY)
 STAINLESS STEEL WALL (BY CITY)
 GLASS WALL (BY CITY)
 TENANT LEASE LINE
 (C) (S) COLUMNS
 NIC = Not Included
 (In Letters or Sq. Ft. Call.)

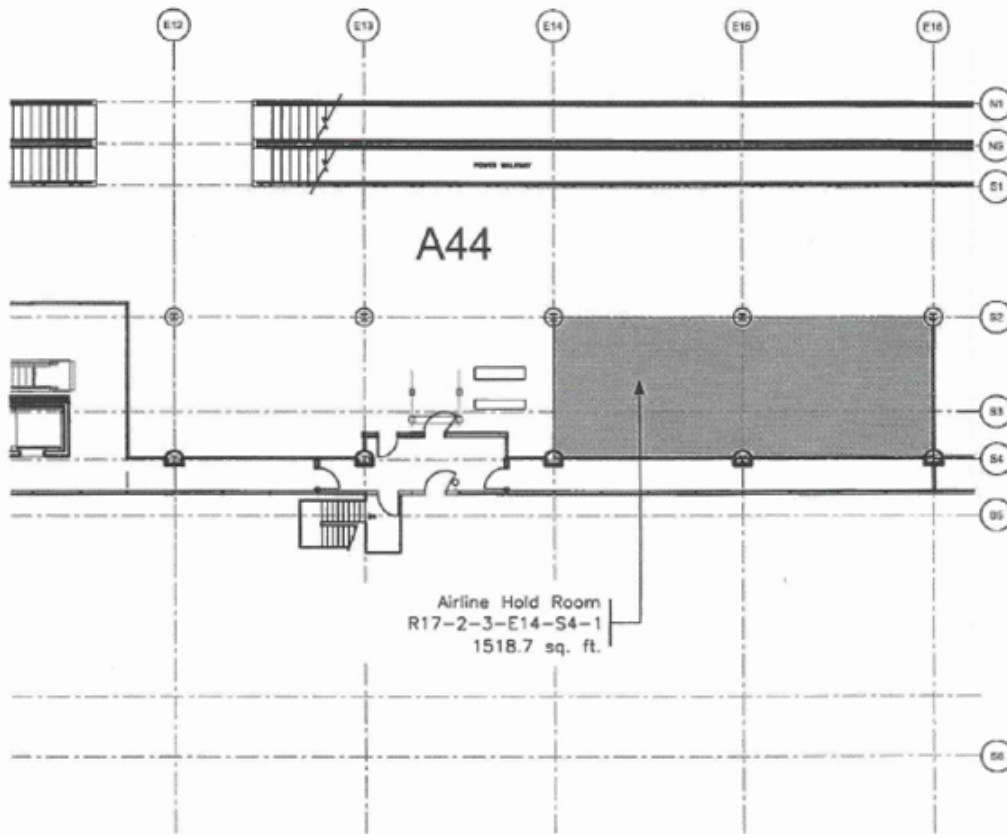


NOTE:
 This exhibit depicts only approximate dimensions and square footage of leased area based upon planning data and is not intended to show dimensions for construction details.



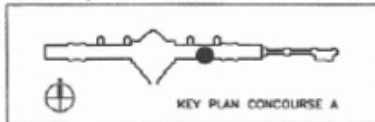
DEN Property Management	
REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse B Conc. Level
	Airline Hold Room
CC#: ahr	DATE: 07/12/16
R17-2-3-15-42	

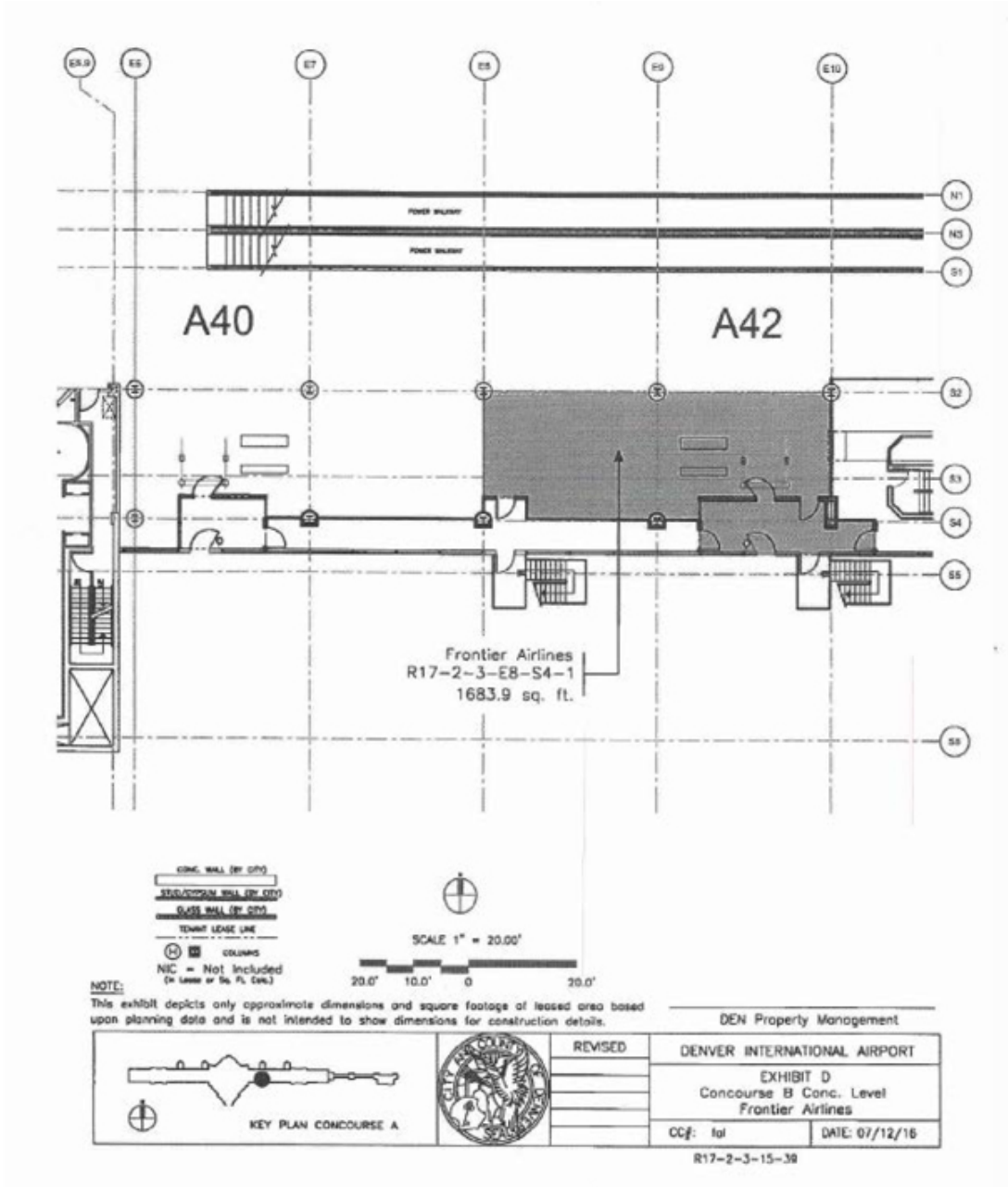
A44 Revision (additional)

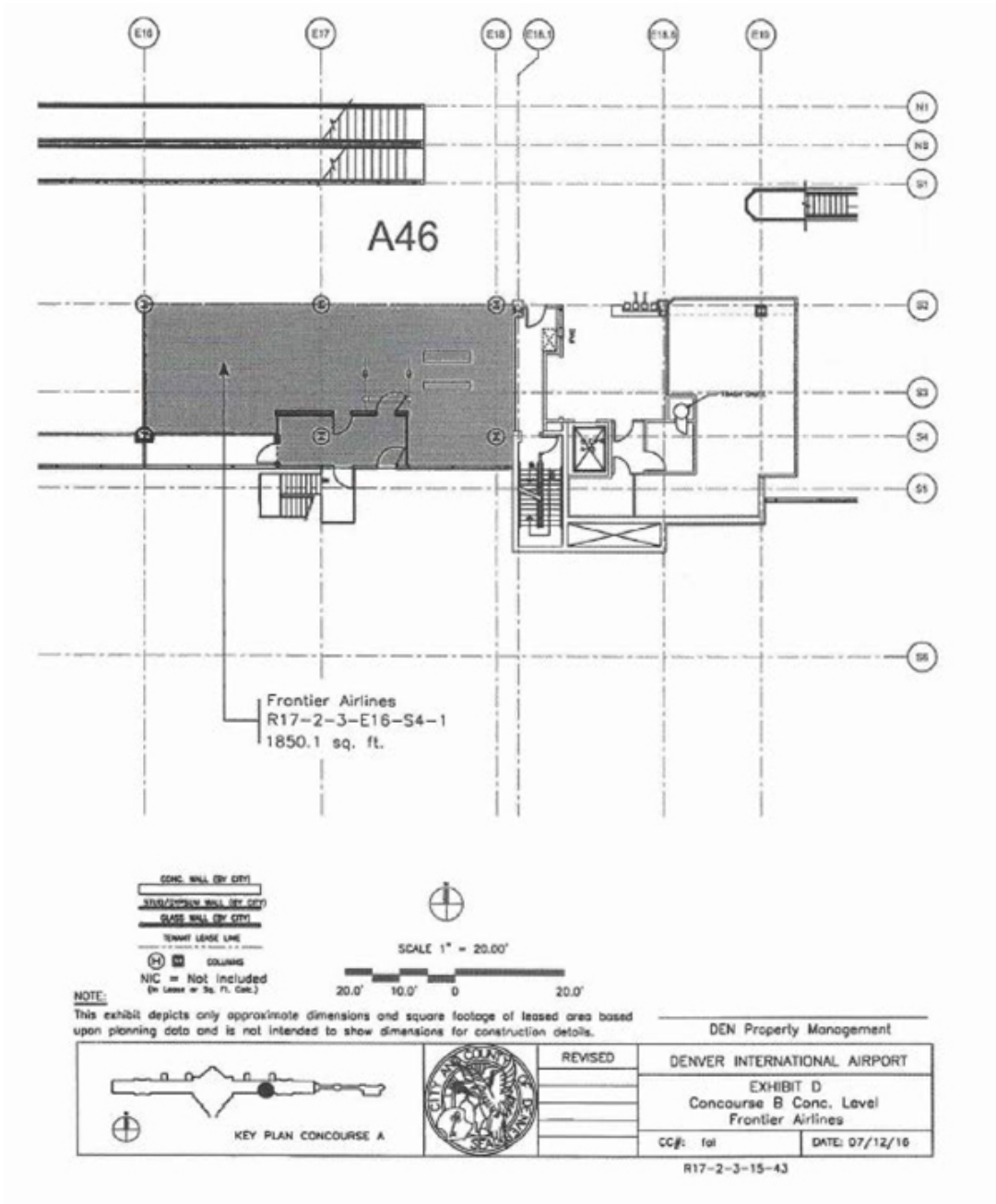


<p>CONC. WALL (BY CITY)</p> <p>STUD/STYPAN WALL (BY CITY)</p> <p>GLASS WALL (BY CITY)</p> <p>TENANT LEASE LINE</p> <p> COLUMN NIC = Not Included (In Lease or Sq. Ft. Calc.) </p>	<p>SCALE 1" = 20.00'</p>	<p>DEN Property Management</p> <p>DENVER INTERNATIONAL AIRPORT</p> <p>EXHIBIT D Concourse B Conc. Level Airline Hold Room</p> <p>CCF: ahr DATE: 07/12/16</p> <p>R17-2-3-15-42</p>
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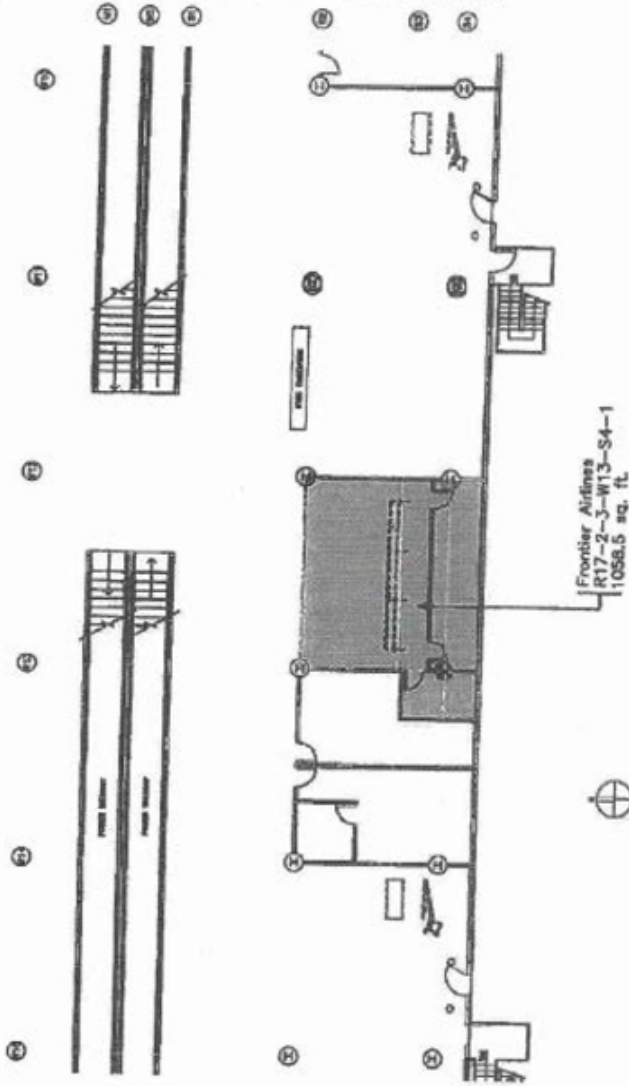
NOTE: This exhibit depicts only approximate dimensions and square footage of leased area based upon planning data and is not intended to show dimensions for construction details.







Effective January 1, 2012 to End of Term



SCALE 1" = 20.00'

EXCLUSIVE USE PREMISES

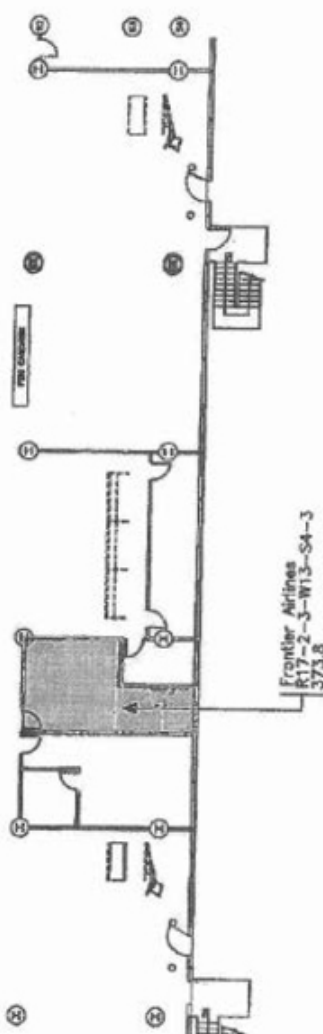
DOES NOT EXIST
 DISCONTINUED
 SHARP LINE
 (X) EXISTING
 NC - Not Included
 (As shown on Pgs. 14, 15)

HavaRoub
 MANAGER OF DESIGN

NOTE: This exhibit depicts only square footages of leased areas based upon planning notes and is not intended to address construction details.

REVISED		DENVER INTERNATIONAL AIRPORT	DATE: 2/14/00
KEY PLAN CONCOURSE A		EXHIBIT D Concourse A Conc. Level Frontier Airlines	CSC: J4
			R17-2-3-15-4

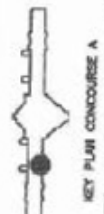
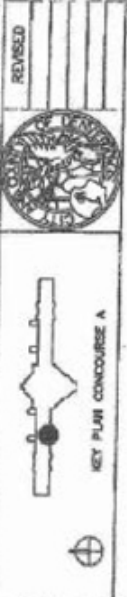
Effective January 1, 2012 to End of Term



NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

Richard L. ...
 MANAGER OF DESIGN

DENVER INTERNATIONAL AIRPORT
 EXHIBIT D
 Concourse A Conc. Level
 Frontier Airlines
 OCF: fel
 DATE: 8/31/07

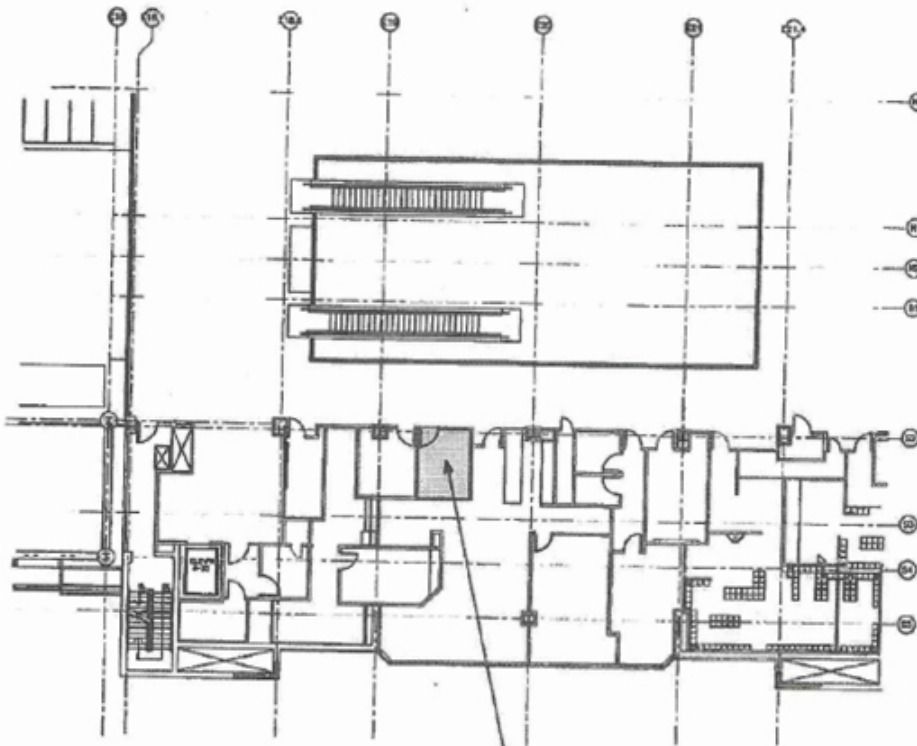


DATE: 8/31/07
 DRAWN BY: J. ...
 CHECKED BY: J. ...
 SCALE: 1/8\"/>

R17-2-3-15-123

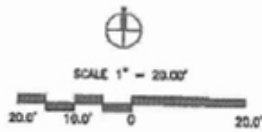
Drug test office

Effective July 1, 2015 to End of Term



Frontier Airlines, Inc.
R17-2-4-E19-S3-1
117.9 sq. ft.

DOOR WALL BY DWG
ENCLOSURE WALL BY EIP
GLASS WALL BY DWG
REMOVE EXIST. LINE
COLUMN
NIC = Not Included
(In Cases of Sig. Pl. Colls.)



NOTE:
This exhibit depicts only approximate dimensions and square footage of leased area based upon planning data and is not intended to show dimensions for construction details.

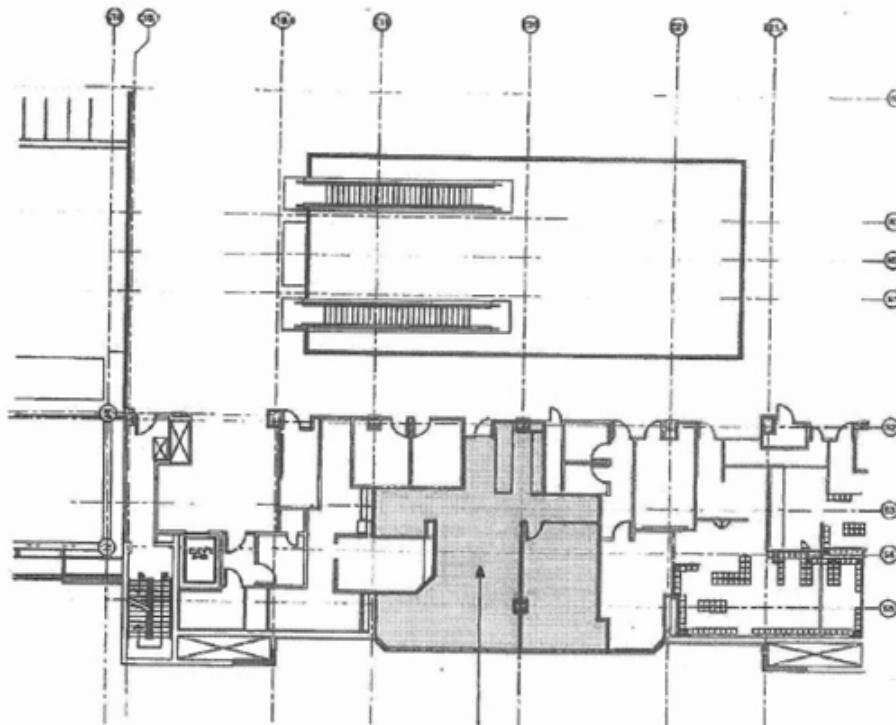
David Marshall
Director of Facilities Services

<p>KEY PLAN CONCOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Mezz Level 4 Frontier Airlines, Inc.
		CC: fal	DATE: 06/01/15

R17-2-4-15-119

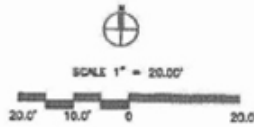
Crew Room

Effective July 1, 2015 to End of Term



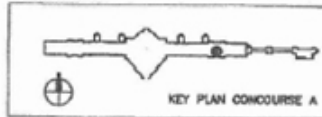
Frontier Airlines, Inc.
R17-2-4-E18-S5-1
1253.8 sq. ft.

- SOIL WALL (BY CITY)
- STRUCTURAL WALL (BY CITY)
- GLASS WALL (BY CITY)
- TOURIST EDGE LINE
- COLUMNS
- NC = Not Included
(in terms of the 1% rule)



David Marshall
Director of Facilities Services

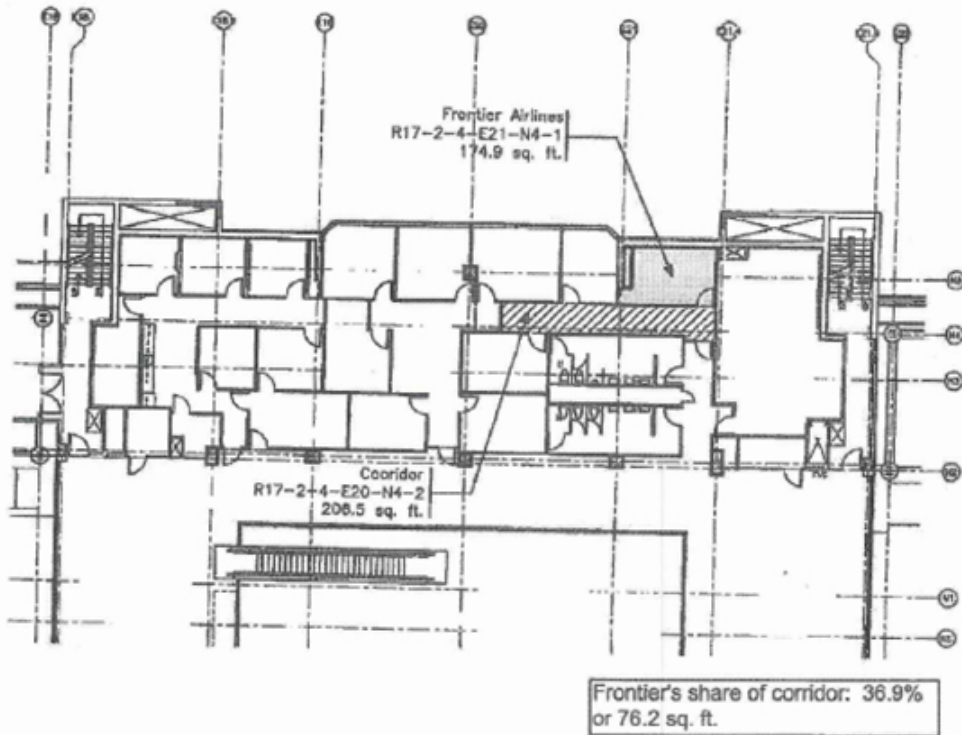
NOTE:
This exhibit depicts only approximate dimensions and square footage of leased area based upon planning data and is not intended to show dimensions for construction details.



REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Mezz Level 4
	Frontier Airlines, Inc.
CC#	DATE 08/01/15
R17-2-4-15-120	

Crew Conf Room

Effective July 1, 2015 to End of Term



KING WALL (BY CITY)
 FLOOR/CEILING WALL (BY CITY)
 GLASS WALL (BY CITY)
 TENANT EDGE LINE
 SOURCE
 NIC = Not Included
 (N. Side or S. A. Side)

SCALE 1" = 20.00'
 20.0' 10.0' 0 20.0'

NOTE:
 This exhibit depicts only approximate dimensions and square footage of leased areas based upon planning data and is not intended to show dimensions for construction details.

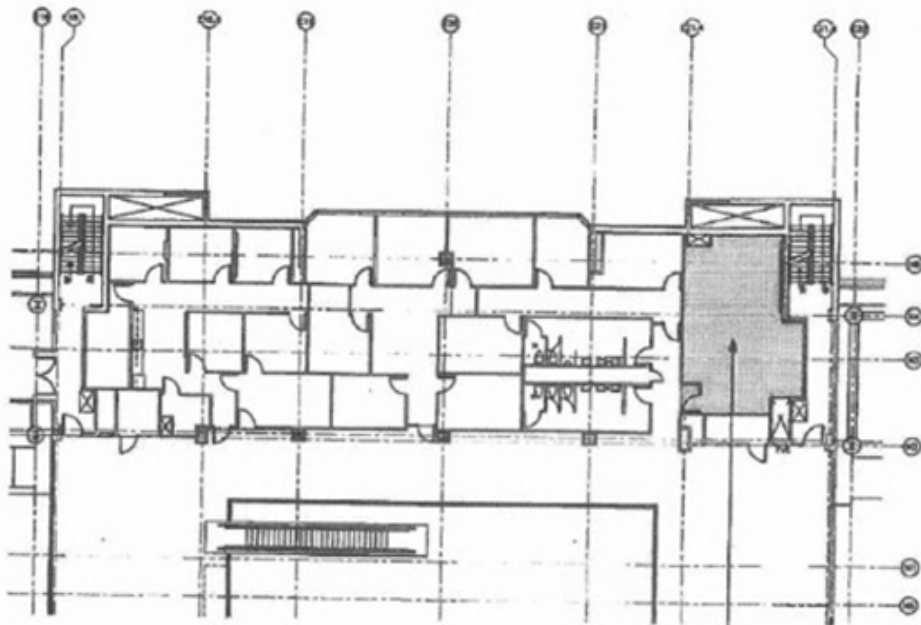
David Marshall
 Director of Facilities Services

<p>KEY PLAN CONCOURSE A</p>		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Mezz. Level Frontier Airlines
		cc#: tel	DATE: 06/01/15

R17-2-4-15-30

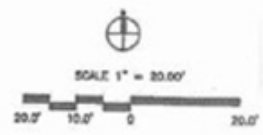
Leadership

Effective July 1, 2015 to End of Term



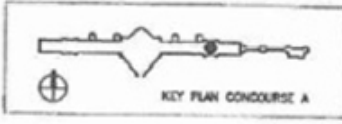
Frontier Airlines
R17-2-4-E21-N2-2
658.0 sq. ft.

THIS WILL BE CHG
ASB/CHG/ASB/CHG/CHG
R17-2-4-E21-N2-2
FRONTIER AIRLINES
NEVER LOSE LINE
NC = Not Included
(In base or by Ft. S&A)



NOTE:
This exhibit depicts only approximate dimensions and square footages of leased area based upon planning data and is not intended to show dimensions for construction details.

David Marshall
Director of Facilities Services

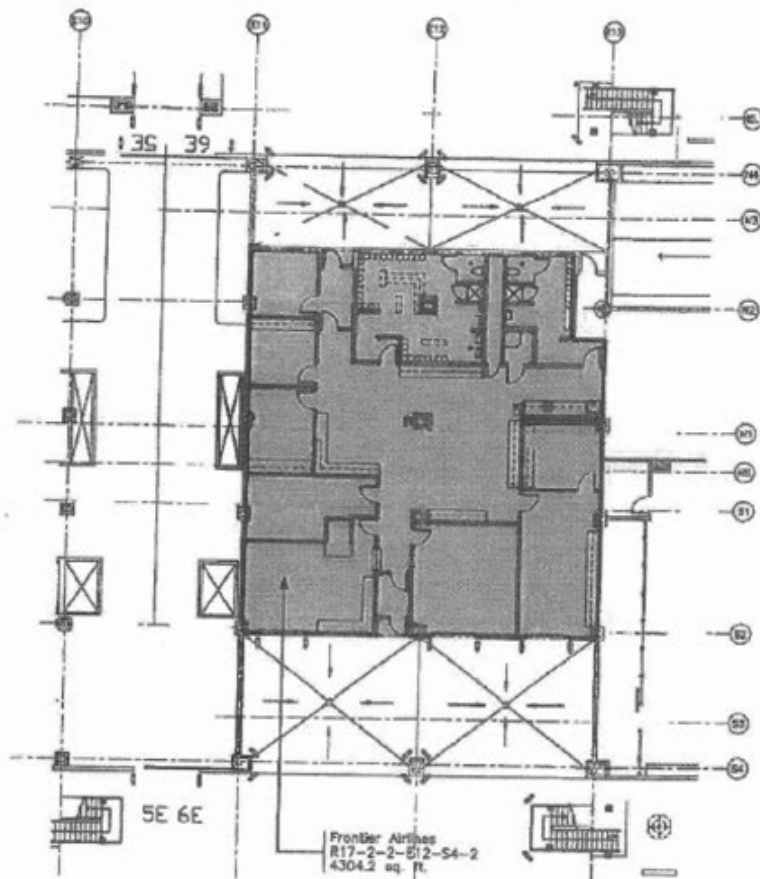


REVISED	DENVER INTERNATIONAL AIRPORT
	EXHIBIT D
	Concourse A Mezz. Level
	Frontier Airlines
CCF: fa	DATE: 06/01/15

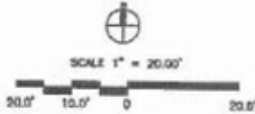
R17-2-4-15-29

MX Breakroom

Effective July 1, 2015 to End of Term



CONC. WALL (BY 071)
 STRUCTURAL WALL (BY 071)
 GLASS WALL (BY 071)
 FINISH LINE LINE
 (C) COLUMN
 NIC - Not Included
 (In terms of Sq. Ft. Calc.)

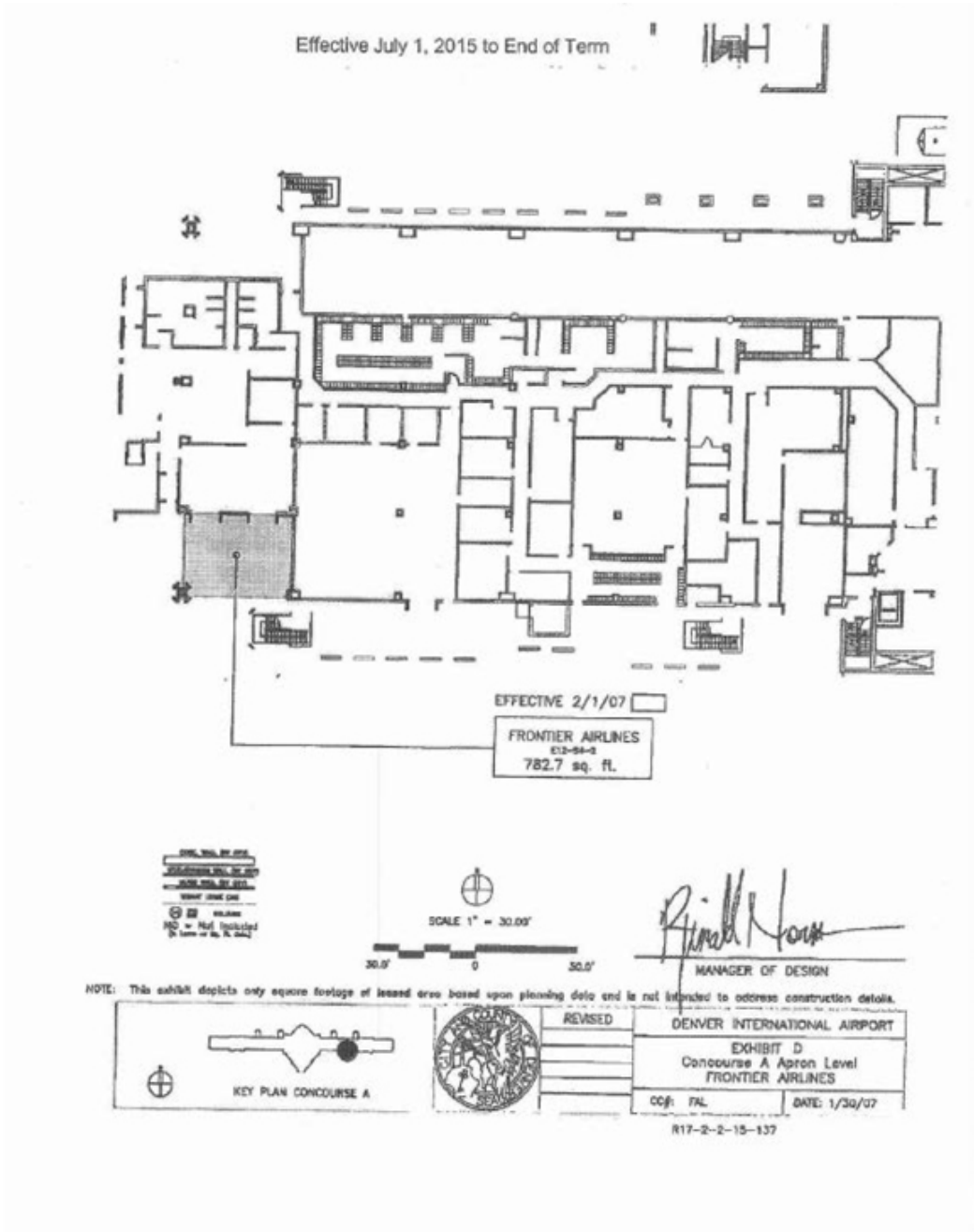


NOTE:
 This exhibit depicts only approximate dimensions and square footage of leased area based upon planning data and is not intended to show dimensions for construction details.

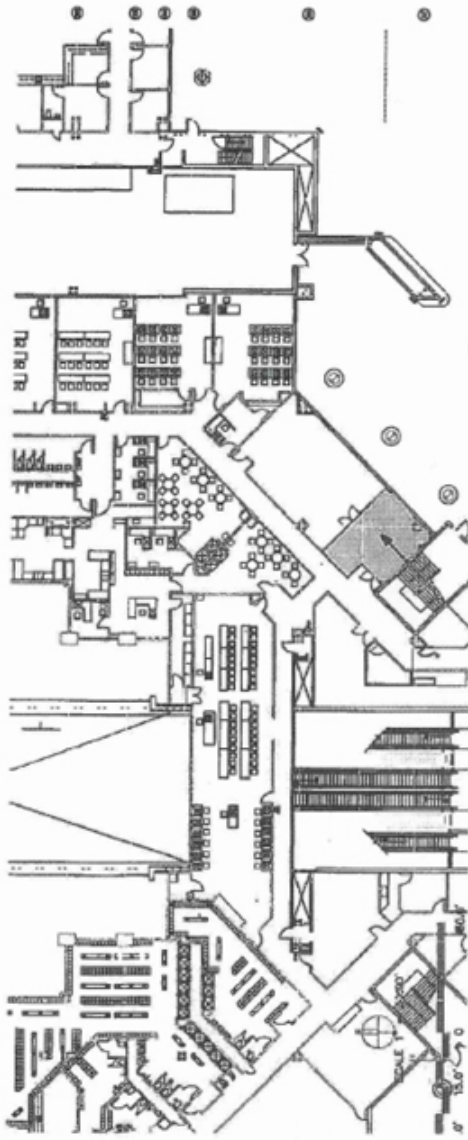
David M. ...
 Director of Facilities Services

 KEY PLAN CONCOURSE A		REVISED	DENVER INTERNATIONAL AIRPORT
			EXHIBIT D Concourse A Apron Level Frontier Airlines
		CC#:	DATE: 05/18/15
			R17-2-2-15-165

Line MX overhang



Effective January 1, 2012 through End of Term



Frontier Airlines
R17-2-2-E2-S7-1
420.6 sq. ft.

[Signature]
MANAGER OF DESIGN

NOTE: This exhibit depicts only square footage of leased area based upon planning data and is not intended to address construction details.

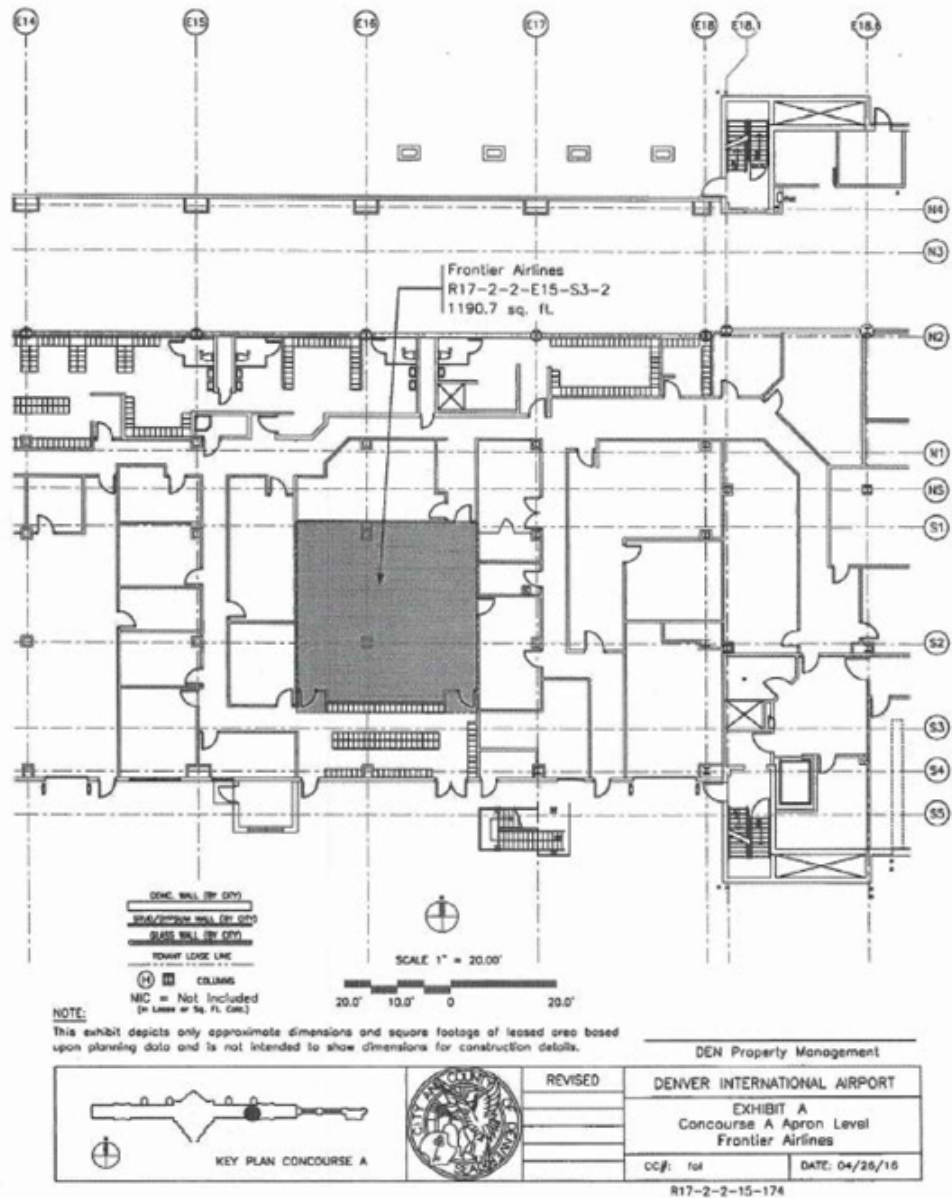
- DATE: 09/02/07
- PROJECT: DENVER INTERNATIONAL AIRPORT
- EXHIBIT: EXHIBIT D
- FRONTIER AIRLINES
- CONCOURSE A - APRON LEVEL
- CC# 101
- DATE: 9/02/07

REVISED

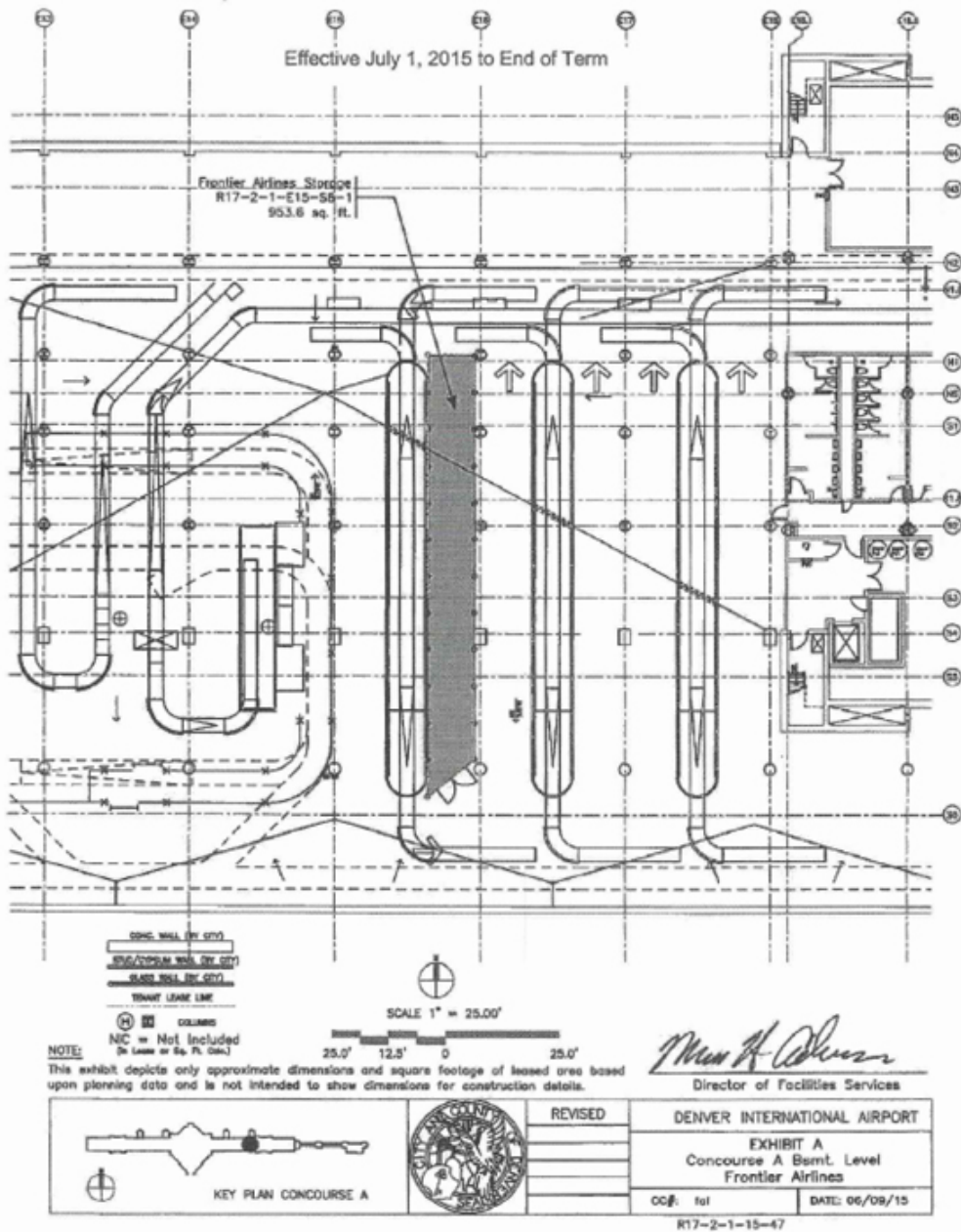
KEY PLAN CONCOURSE A

R17-2-2-15-78

Ramp Breakroom



Basement



DENVER INTERNATIONAL AIRPORT

AIRLINE RATE-MAKING METHODOLOGY

General Rate-Making Concepts

The City will use a “compensatory” methodology to establish Terminal Complex rental rates. The Airlines will pay the fully allocated cost of the space that they lease in the Landside Terminal building and airside concourses.

Landing fees will be established according to a “cost center residual cost” methodology, under which the airlines will pay *****.

Rate-Making Procedures at the Airport

At the Airport, the City intends to use cost accounting concepts and rate-making procedures as described in the following sections.

Cost Centers Direct (revenue-producing) cost centers include the following:

Terminal Complex—All levels of space in the Landside Terminal and airside Concourses A, B, and C, including the pedestrian bridge to Concourse A, public escalators, elevators and moving walkways.

Commuter and Regional Jet Facilities – All levels of space in facilities in the Terminal Complex airside Concourses A and C primarily used for commuter and regional jet operations. The Commuter and Regional Jet Facilities cost center excludes the Concourse B Commuter Facility which is allocated to the Concourse B Tenant Finish cost center as outlined in the Stipulated Order dated November 21, 2003. Any additional commuter facilities on Concourse B will be allocated to the Commuter and Regional Jet Facilities. Sub-cost centers will be established for each respective facility. Commuter and Regional Jet ramp areas are assessed separately.

Airline Tenant Finishes and Equipment—Airline space finishes and equipment in the Terminal Complex, ticketing facilities, loading bridges, communications equipment, baggage and flight information display systems, and baggage sortation systems which shall include related equipment and space within Concourses A and B (and additional concourses as such sortation systems are operational), and approved modifications to the Automated Baggage system and Space. Sub-cost centers will be established for the Landside Terminal, International Facilities, each airside concourse and each airline as applicable.

Interline Bag Transfer Area – All space in the Landside Terminal used by airlines for interline baggage transfer operations.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Common Use Terminal Equipment All costs associated with the installation and maintenance of the City's common use terminal equipment. The airline is responsible for its proprietary equipment.

Concourse Joint Use Facilities—All space and related equipment in Concourses A, B, and C for tug space (parking, drives, and circulation) and common use facilities, (including, but not limited to, pre-conditioned air facilities, tritulators, etc.). The apron level on Concourse C shall be included in the Concourse C tug circulation space (excluding the space occupied by the baggage carousels on the Concourse C Apron).

Baggage Claim—AU baggage claim space and equipment in the Landside Terminal including carousels, input conveyors and related inbound baggage handling space in the Landside Terminal.

Automated Baggage System and Space—The inbound and outbound automated DCV baggage systems (AABS and UABS), including their equipment and related space (excluding the Tunnel space allocated to the AGTS and Tunnel cost center) in the Landside Terminal and in the Tunnel from the Landside Terminal to the Concourses, separately serving Concourse A (the "AABS") and separately serving Concourse B (the "UABS"), including the costs of the maintenance space, control room equipment and related control room space, (excluding the costs of baggage sortation system equipment and space in the concourses and the costs of approved modifications to the automated systems which are included in the baggage sortation for each concourse).

Conventional Baggage System—The outbound conveyor baggage system and equipment, including all costs of baggage equipment, and construction costs to accommodate the Conventional Baggage System and related operations, Landside Terminal tug spaces (parking, drives and circulation), porter warming shelters, and odd size lift space in the Landside Terminal, Baggage Sortation space in the Landside Terminal, related maintenance space and the Baggage Sortation Space in the parking structure used for the Conventional Baggage System.

AGTS and Tunnels—The Automatic Guideway Transit System ("AGTS"), including vehicles and equipment, the AGTS tunnels and the baggage and tug tunnels between the Landside Terminal and the airside concourses and tunnel modifications for tug and cart operations.

International Facilities—International gates on Concourse A and related holdrooms, sterile circulation space, ramp areas, operations space, international baggage recheck belt space and equipment, and the FIS area in the Landside Terminal, and the international portion of the connector to Concourse A.

Concourse Ramp Area—The aircraft parking aprons and pushback zones located adjacent to the airside concourses.

Airfield Area—The runway and taxiway system, deicing and related facilities, undeveloped acreage, and *****% of the costs incurred to develop the North Cargo Site prior to February 28, 1995.

Public Parking Area—All space allocated for public parking in the parking structure and all other public parking lots (excluding the cost of the parking structure space allocated to the Conventional Baggage System in the Conventional Baggage System cost center in the event the average number of cars in the Parking Structure exceeds 12,000 for 22 consecutive days).

Employee Parking Area—The employee parking lot(s).

Fueling System—The fuel storage and distribution system, including hydrant fueling pits at the aircraft parking aprons.

Commercial Vehicle Facilities—The surface parking area and building to be used for staging commercial vehicles and the dedicated commercial roadways serving the Terminal Complex. Commercial vehicles include but not limited to hotel/motel courtesy vans, taxis and limousines.

Rental Car Facilities—Areas and roadways provided for rental car operations (excluding the Terminal Complex).

Cargo Area—The joint use air cargo facilities (including apron, building, ground service equipment, and truck parking areas) and other areas provided for air cargo carriers and freight forwarders. Sub-cost centers will be established for cargo building, cargo apron, cargo tenant finishes, and cargo ground service equipment areas.

Airline Maintenance and Support Area—Areas provided for airline maintenance facilities, cargo facilities, ground service equipment facilities and inflight kitchens.

Airport Mail Facility—Areas provided for the Airport mail facility.

Future Concourses—Costs related to all levels of space and associated apron areas of any airside concourses in addition to Concourses A, B, and C shall be allocated to new cost centers to be established.

Future Baggage Systems - Costs related to all levels of space and equipment for future baggage systems.

Indirect (nonrevenue-producing) cost centers are to include, but not limited to:

Access, Terminal, and Service Roadways—Peña Boulevard, other secondary access roads, the terminal area roadways, the terminal curbsides, the perimeter circulation roadway, and other secondary internal roadways.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Airport Maintenance—Airport maintenance facilities and indirect (unallocated) maintenance expenses.

Airport Administration—Airport administrative facilities and administrative expenses.

Aircraft Rescue and Fire Fighting (ARFF)—The rapid response stations, structural fire station(s) and ARFF operating expenses.

Certain Cost Center Allocations

The net requirement of the Terminal Complex will be recovered through rental rates. Net Terminal Complex requirements will be divided by total Rentable Space in the Terminal Complex to determine the average rental rate per square foot of rentable space. For purposes of calculating the average Terminal Complex rental rate, Rentable Space shall be *****. Concourse B Basement Space shall not include Baggage Sortation Space, Automated Baggage System Space, or Concourse Joint Use Facility space. The rental rate per square foot charged for 99,000 square feet of Basement Space on Concourse B will be *****. Space costs associated with baggage claim, Automated Baggage System and Space, International Facilities, and baggage sortation space on Concourse B shall be *****.

The net requirement of Commuter and Regional Jet Facilities shall be computed independently for each airside concourse. The requirement of each concourse Commuter and Regional Jet Facilities shall include *****. The requirement of each concourse Commuter and Regional Jet Facilities will *****.

Charges for the Interline Bag Transfer Area will be *****.

The requirement for the Common Use Terminal Equipment (CUTE) will be *****. The CUTE fee will be assessed *****.

The net requirement of the Concourse Ramp Area will be recovered through *****. Commuter and regional aircraft ramp fees will be calculated based on *****.

The net requirement of the Airfield Area will be *****.

International fees will be assessed as follows to recover costs allocable to the International Facilities cost center. *****

Fueling system charges will be *****.

Charges for the AGTS and Tunnels will be assessed *****.

Baggage Claim space will be *****. Charges for the Baggage Claim cost center will be *****.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Landside Terminal space allocated to the Conventional Baggage System will be *****. The cost of this space shall be *****. Space in the Public Parking Area will be *****. Charges for the Conventional Baggage System cost center, including equipment, construction costs and related Baggage Sortation Space in the Landside Terminal, and related Public Parking Area space will be *****. The costs of each module shall be charged to the airline(s) leasing or using those facilities. In the event the Conventional Baggage System equipment and/or space is jointly used by two or more airlines, *****. Furthermore, if a carousel is jointly used by two or more airlines, *****.

The cost of the Parking Structure and Baggage Sortation Space in the Landside Terminal will be *****. However, the airlines will not be charged for such costs until the average number of cars in the Parking Structure exceeds *****.

The cost of Concourse Joint Use Facilities shall be determined on the basis of *****. The cost of the Joint Use Facilities in each concourse shall be *****. Airline rentable space used to allocate the cost of Concourse Joint Use Facilities on Concourse C shall include *****.

The space associated with the Automated Baggage System and Space in the Terminal Complex will be *****. Debt service on Bonds issued to construct the Airport originally, amortization charges, and variable rate bond fees included in the ***** of costs allocable to the AABS shall be *****. The methodology to calculate the weighted average effective rate per square foot on each concourse is described below. The amount of PFC revenue allocated to the AABS shall *****.

The weighted average effective rate per square foot for each concourse shall be equal to *****.

Airline Tenant Finish and Equipment costs, excluding the costs of the baggage sortation equipment and approved modifications to the Automated Baggage System and Space to provide for the automated system on Concourses A and B, shall be *****. The cost of Baggage Sortation Space located on concourses shall be *****.

The costs of the Concourse A baggage sortation system equipment and approved modifications, so long as such equipment is not being leased or utilized, shall be *****. One-half of Concourse A baggage sortation equipment is located on the east side of Concourse A and one-half of said equipment is located on the west side of Concourse A.

If an airline or airlines lease or utilize all of the baggage sortation system equipment on Concourse A, or a portion of said equipment on both the east and west sides of Concourse A, the costs of such equipment shall be *****. To the extent all of the Concourse A baggage sortation equipment is leased or utilized by an airline or airlines; all other airlines operating on Concourse A will not be responsible for costs associated with the Concourse A baggage sortation equipment.

If an airline or airlines lease or utilize all or any portion of the Concourse A baggage sortation system equipment at only one of the two locations, *****. Costs of the Concourse A baggage sortation system equipment not being leased or utilized by an airline or airlines shall continue to be allocated to all airlines operating on Concourse A on the basis of their respective passenger enplanements on Concourse A.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

The costs of the Concourse B baggage sortation system equipment and approved modifications shall be *****. The costs of the Concourse C baggage sortation system equipment as of February 28, 1995 shall be *****.

In the event an automated baggage system is constructed for Concourse C or for any additional airside concourse, the costs related to such baggage system(s), equipment and space shall be *****.

In the event a Future Baggage System is constructed for any concourse or concourses, the costs related to such baggage system(s), equipment and space shall be *****. Costs associated with the planning and design, excluding construction documents, for the Future Baggage System will be *****.

Costs associated with undeveloped acreage will be *****. Costs and revenues associated with developed acreage will be *****.

Not more than ***** of the costs (debt service and operating and maintenance expenses) associated with the Access and Terminal Roadways shall be allocated to the Terminal Complex.

Costs associated with the Service Roadways shall be *****.

Not more than ***** of the costs associated with Aircraft Rescue and Fire Fighting shall be allocated to the Airfield Area cost center.

Costs associated with the Airport Administration cost center will be allocated based on a 50/50 revenue/direct expense formula: *****.

Undeveloped space shall include space in which no buildout has occurred.

Rentable Space shall mean space leased pursuant to an agreement or on a per use basis, or typically available for lease in the Terminal Complex except for: (i) mechanical and electrical space, (ii) public spaces including restrooms, circulation spaces, stairwells, stairways, escalators, elevators, public lounges and public queuing space, (iii) Undeveloped Space, (iv) approximately 83,855 square feet of space in the basement of Concourse C until such space is leased or utilized, (v) the space in level3 of the Landside Terminal interior to the tug circulation rights-of-way not otherwise leased or used, (vi) approximately 108,000 square feet of baggage sortation space on Concourse A, (vii) baggage sortation space in the Landside Terminal, unless the average number of cars in the parking structure exceeds 12,000 for 22 consecutive days, (viii) approximately 105,100 square feet of Concourse B baggage sortation space, (ix) space in the Administration Office Building and (x) space for security checkpoint areas and areas for explosive detection systems and explosive trace detection. The City shall determine what constitutes the various types of space and associated square footage in this paragraph and shall have the right, from time to time, to revise the categories of space and the square footage of each category.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

If the 108,000 square feet of former baggage sortation Concourse A space is leased, the space will not be included in the calculation of airline rates and charges and, specifically, the calculation of the average Terminal Complex rental rate. The annual rental rate per square foot charged for Concourse A baggage sortation space shall be *****.

Baggage Sortation Space includes all areas where out-bound baggage is sorted for delivery to departing aircraft.

Airport Costs

Airport Costs (also referred to as “requirements”) include without limitation:

- (1) Operation and Maintenance Expenses.
- (2) Deposits to the Operation and Maintenance Reserve Account of the General Bond Ordinance
- (3) Debt service including variable rate bond fees on Bonds issued for Airport and any other amounts required under the General Bond Ordinance except debt service paid by PFC revenues.
- (4) Debt service including variable rate bond fees on Bonds used for Airport land acquisition.
- (5) Equipment and capital outlays
- (6) Amortization of 50% of the City’s Airport expenditures incurred prior to January 1, 1990, from Capital Fund and Operating Fund moneys used for (a) pre-1990 planning and administrative costs, (b) Airport land acquisition, (c) Airport project costs, and (d) debt service including variable bond fees, on Bonds used for Airport land acquisition.
- (7) Amortization of all investments made for the New Airport project from other than Bonds or grants after January 1, 1990 and prior to February 28, 1995.
- (8) Amortization of the City’s investment in the Airport Coverage Account to be accumulated prior to February 28, 1995.
- (9) For the purposes of items (6), (7), and (8) above, amortization charges are to be calculated over 15 years at the weighted average effective interest cost on all Airport fixed-rate Bonds as originally issued prior to January 1, 1997. Except and only to the extent, if any, that the rights of the owners of its airport revenue bonds (including, without limitation, the rights arising from the rate maintenance covenant) are not thereby materially impaired, the City will cause, by January 1, 1997 (or as soon thereafter as possible consistent with the City’s aforesaid obligations to owners of its airport revenue bonds), amortization of the net unamortized balance of City’s investments in items (6), (7) and (8) above on a straight-line basis for the balance of the period through March 1, 2025.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- (10) Amortization of reimbursements made to United Airlines related to costs for modifications to the United Airlines automated DCV baggage system, not to exceed \$*****, from other than bonds shall be calculated on a straight line basis over 30 years, effective as of the date of any such reimbursement, at the weighted average effective interest rate of all Airport fixed-rate bonds prior to January 1, 1997.
- (11) Amortization of the City's investments from the Capital Fund, subsequent to February 28, 1995, shall be amortized at the average rate of the Airport fixed-rate bonds over 15 years or the life of the asset, whichever is shorter, and charged to the Airlines.
- (12) All airline bad debt will be allocated to the airfield cost center.
- (13) Notwithstanding anything to the contrary in paragraphs (9) and (11) above, amortization charges shall be calculated and charged to the Airlines as follows:
 - (a) *****
 - (b) *****

PFC Revenues

PFC Revenues will not be treated as Gross Revenues for the purpose of establishing airline rates, fees and charges. For rate-making purposes, PFC revenues shall be *****.

Airport "Credits"

Interest income – Interest income on the Bond Reserve Fund (provided that the minimum Bond Reserve Requirement has been funded) and on the Interest and Principal Accounts of the Bond Fund that are Gross Revenues shall be *****.

Other credits – To the extent the City receives revenues for the use and lease of all, or any part, of the 108,000 square feet of undeveloped Concourse A baggage sortation space, such revenues will be *****.

Airline Revenue Credit – The City shall establish accounts within the Capital Fund as illustrated in Figure 1. Net Revenues of the Airport System, as defined in the General Bond Ordinance, flowing to the Capital Fund each year are to be used to replenish reserve funds or accounts as required in the General Bond Ordinance and the Coverage Account and to fund the Equipment and Capital Outlay Account for equipment and capital outlays included in the operating budget. Remaining Net Revenues are to be *****.

The City shall maintain a Coverage Account and fund that account up to *****. The Coverage Account shall be considered as Other Available Funds (as defined in the General Bond Ordinance) for the purpose of meeting the Rate Maintenance Covenant of the General Bond Ordinance.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Reduction of airline rates and charges

The City will reduce all airline rates and charges by *****. The sources available to the City for the rates and charges cost reductions include, but are not limited to: *****.

The rates and charges cost reductions outlined above shall cease if (i) there is an insufficient annual deposit to the Capital Improvement Account to make the annual ***** payment to Stapleton Development Corporation, (ii) the City is unable to meet its annual irrevocable commitment to pay debt with PFC revenues under the Bond Ordinance, or (iii) regulatory or other legal action precludes payment of these rates and charges cost reductions (cost reductions will be deferred during the pendency of any such actions, and reinstated and extended as necessary upon a successful conclusion to such action to ensure that all airlines receive the full benefit of these reductions).

The City's rates and charges cost reduction contribution shall be reduced if Airport management (i) determines in good faith that there is a deficiency in any of the required Airport fund balances, (ii) receives an official written communication from any rating agency that a downgrade of the Airport's existing credit rating is likely unless a reduction to the City's rates and charges cost reduction contribution is made, or (iii) determines in good faith that operating cash balances are insufficient and contributions would jeopardize the ongoing operation of the airport.

Miscellaneous

All defined terms used herein shall be consistent and subordinate to the defined terms in the General Bond Ordinance.

Concourse A Baggage Sortation Space

The City redeemed Airport project Bonds equal to the principal outstanding associated with approximately 108,000 square feet of Concourse A baggage sortation space.

Debt service costs associated with Bonds issued by the City to redeem the Bonds associated with the 108,000 square feet of Concourse A baggage sortation space shall be allocated to the cost centers of the Airport in the same proportion as debt service on Bonds issued for the Original Airport Project

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

[DENVER INTERNATIONAL AIRPORT]

May 5, 2015
Frontier Airlines, Inc.
Attn: James Dempsey
7001 Tower Road
Denver, CO 80249

Dear Mr. Dempsey,

This Letter of Agreement summarizes the essential business terms by which the City and County of Denver, on behalf of its Department of Aviation, will permit Frontier Airlines, Inc. ("Frontier") to reconfigure its leasehold at Denver International Airport ("DEN").

On June 9, 2014, Frontier and the City entered into an Airport Use and Lease Agreement (the "Agreement"), which will expire on December 31, 2016. In February 2015, Frontier and DEN staff began discussions concerning the possible reconfiguration of the Demised Premises described in the Agreement in order to better align Frontier's leasehold with its current service schedule. Based on these discussions, the parties have agreed to the following business terms:

1. Frontier will release between 20,500 and 21,500 square feet of specifically identified signatory and non-signatory space.
2. Frontier will release preferential gates A25, A27, A29, A31, A24, A26, A28, and A30.
3. Frontier will retain or expand to gates A32, A34, A36, A38, A40, A42, A44 and A46 as preferential gates.
4. The City will work with Spirit Airlines to relocate Spirit from gate A44 to another location. In addition, the City will vacate its Radio Shop for Frontier to occupy.
5. Frontier will reimburse the City for the costs incurred in order to complete the actions listed in Paragraph 4. These costs shall not exceed \$***** and will be applied towards the procurement and installation of comparable common use technology which currently exists at A44 and A46. Frontier agrees to reimburse the City for this work within thirty (30) days upon receipt of invoice based on actual costs.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

6. Frontier will have full access to two City common use gates, separate from the gates listed in paragraph 7. Frontier will continue to operate their international arrivals using gates A33, A35 or A37.
7. In light of the anticipated conversion of gates A42 and A44 to international gates in First Quarter 2016, Frontier agrees that they will operate international arrivals out of these gates as a priority. The City agrees to provide City common use gates as overflow for Frontier's international flights at A33, A35 or A37. For clarification the priority on gates A42 and A44 will be as follows;
 1. Frontier Airlines International Arrivals
 2. Frontier Airlines Domestic Arrivals
 3. Other Airline International Arrivals
8. The transition to the new gates listed in paragraph 3 will take place during the months of May and June 2015 and be completed by July 1, 2015 for gate changes and July 31, 2015 for facility changes.
9. Frontier agrees to coordinate regularly with the City on the sequencing and timing of the transition in order to meet the deadlines set out in paragraph 8 above.
10. File Agreement will be amended to reflect these accommodations. The parties intend for the Agreement amendment to be effective on July 1, 2015 and to continue in effect through the remaining term of the Agreement (December 31, 2016), The parties agree to work cooperatively to accomplish the required amendments.
11. This Letter of Agreement will be in full force and effect on July 1, 2015. Any changes to this Letter of Agreement will require the consent of both Frontier and DEN. All terms and conditions are subject to the review and confirmation of Denver City Council through amendment to the Use and Lease Agreement. Notwithstanding the above, the City shall exercise reasonable business efforts to implement the paragraph 4 gate relocations prior to July 1, 2015.
12. Both parties will use best efforts to sign an amendment to the Agreement in advance of July 1, 2015 however the parties acknowledge that the reduction in rent payable will be adjusted in line with the gate and other space changes from July 1, 2015.
13. All airport related revenue sharing/concession credit will be payable pro-rata on the basis of space used in the airport during the period of January 1, 2015 to June 30, 2015 and thereafter from July 1, 2015 for the remainder of the lease term.
14. All space changes are set out in Schedule A (attached) of this Letter of Agreement.

The City will have to commit considerable staff resources, undertake extensive planning, expend costs, and coordinate with other airlines to accommodate and support the reconfiguration of Frontier's leasehold. To initiate this effort, the City requires certainty that Frontier agrees with the essential business terms enumerated above. For this reason, the City has reduced the deal points to writing and is requesting Frontier's approval of this Letter of Agreement on or before May 5, 2015.

Frontier, by signing and returning this letter agreement to DEN, affirms that they have read the terms listed above and agree to the terms and conditions contained herein.

The City is committed to retaining Frontier as our hometown airline and hopes that the reconfiguration of Frontier's leasehold will support your continued presence at DEN for many years to come,

Sincerely,

/s/ Kim Day

Kim Day
Chief Executive Officer
Denver International Airport

/s/ James Dempsey

James Dempsey,
Chief Financial Officer
Frontier Airlines

Attached: Schedule A

SCHEDULE A

<u>Current Space</u>	<u>Tenant Finish</u>	<u>Sq. Ft.</u>	<u>Return Y/N or New</u>	<u>After Changes</u>	<u>Tenant Finish</u>	<u>Sq. Ft.</u>
Ticket Counter				Ticket Counter		
R16-2-6-E6-N27-1	Yes	1070.30	No	R16-2-6-E6-N27-1	Yes	1070.30
Ticket Office				Ticket Office		
R16-1-6-E3-N24-3	Yes	1233.60	No	R16-1-6-E3-N24-3	Yes	1233.60
Baggage Service Office				Baggage Service Office		
R16-1-4-E4-N23-1	Yes	300.00	No	R16-1-4-E4-N23-1	Yes	300.00
R16-1-5-E3-N24-1	Yes	460.6	No	R16-1-5-E3-N24-1	Yes	460.60
Terminal Total		3064.50		Terminal Total		3064.50
Hold Rooms				Hold Rooms		
			New	R17-2-3-E16-S4-1 - A46	Yes	1988.10
			New	R17-2-3-E11-S4-1 - A44	Yes	2141.00
R17-2-3-E8-S4-1 - A42	Yes	2143.50	No	R17-2-3-E8-S4-1 - A42	Yes	2143.50
R17-2-3-E5-S4-1-A40	Yes	1997.50	No	R17-2-3-E5-S4-1 - A40	Yes	1997.50
R17-2-3-W11-S4-1 -A38	Yes	1907.70	No	R17-2-3-W11-S4-1 - A38	Yes	1907.70
R17-2-3-W18-S4-1 - A34/A36	Yes	3907.80	No	R17-2-3-W18-S4-1 - A34/A36	Yes	3907.80
R17-2-3-W23-S4-1 - A32	Yes	1925.30	No	R17-2-3-W23-S4-1 - A32	Yes	1925.30
R17-2-3-W26-S4-1 - A30	Yes	1874.00	Yes			
R17-2-3-W28-S4-1 - A28	Yes	2059.70	Yes			
R17-2-3-W28-N1-1 - A27/A31	Yes	5989.00	Yes			
Hold Room Total		21804.50		Hold Room Total		16010.90
Ramp Aircraft Parking(Ln. Ft.)		2086.50		Ramp Aircraft Parking (Ln. Ft.)		1138.40
Office Space				Office Space		
R17-2-3-W10-S4-1	Yes	2386.50	Yes			
R17-2-3-W13-S4-3	Yes	373.80	No	R17-2-3-W13-S4-3	Yes	373.80
R17-2-3-W13-S4-1	Yes	1058.50	No	R17-2-3-W13-S4-1	Yes	1058.50
R17-2-4-W20-S5-1	Yes	2369.70	Yes			
R17-2-4-W20-N1-1	Yes	1082.30	Yes			
R17-2-4-E19-S3-2	Yes	130.30	No	R17-2-4-E19-S3-2	Yes	130.30
R17-2-9-W0-S9-1	Yes	309.60	Yes			
R17-2-9-W0-S9-4	Yes	58.80	Yes			
			New	R17-2-4-E18-S5-1	Yes	1253.70
			New	R17-2-4-E18-N2-5	Yes	170.00
			New	R17-2-4-E21-N2-2	Yes	603.70
Total Office Space		7769.50		Total Office Space		3590.00
Operations Space				Operations Space		
R17-2-2-W27-N5-2	Yes	85.00	Yes			
R17-2-2-W27-S5-2	Yes	85.00	Yes			
R17-2-2-W24-S3-1	No	1778.40	Yes			
R17-2-2-W22-N1-3	Yes	1084.60	Yes			
R17-2-2-W23-S4-1	Yes	563.40	Yes			
R17-2-2-W23-S2-1	Yes	559.10	Yes			
R17-2-2-W22-NO-2	Yes	188.80	Yes			
R17-2-2-W23-S4-2	Yes	484.20	Yes			
R17-2-2-W13-S4-1	No	776.70	Yes			
R17-2-2-W13-S5-2	Yes	83.30	Yes			
R17-2-2-E2-S7-1	Yes	420.60	No	R17-2-2-E2-S7-1	Yes	420.60
R17-2-2-E5-S2-4	Yes	240.10	Yes			
R17-2-1-W28-S3-2	Yes	148.20	Yes			
			New	R17-2-2-E8-S5-1	Yes	84.99
			New	R17-2-2-E11-S4-2	Yes	4300.00
			New	R17-2-2-E12-S4-2	No	782.70
Total Operations		6497.40		Total Operations		5588.29

May 1, 2015

<u>Current Space</u>	<u>Tenant Finish</u>	<u>Sq. Ft.</u>	<u>Return Y/N or New</u>	<u>After Changes</u>	<u>Tenant Finish</u>	<u>Sq. Ft.</u>
Basement Space (Written off space)						
R17-2-1-W18-S4-3	No	903.00	Yes			
R17-1-1-W11S6-3	No	400.00	Yes			
			New	Caged Area	No	500.00
Total Basement		1303.00		Total Basement		500.00

May 1, 2015

Current Space

SIGNATORY SPACE - TERMINAL

Ticket Counter

R16-2-6-E6-N27-1

Ticket Office

R16-1-6-E3-N24-3

Baggage Service Office

R16-1-4-E4-N23-1

R16-1-5-E3-N24-1

SIGNATORY SPACE - CONC A

Hold Rooms

R17-2-3-E8-S4-1 - A42

R17-2-3-E5-S4-1 - A40

R17-2-3-W11-S4-1-A38

R17-2-3-W18-S4-1 - A34/A36

R17-2-3-W23-S4-1 - A32

R17-2-3-W26-S4-1 - A30

R17-2-3-W28-S4-1 - A28

R17-2-3-W28-N1-1 - A27/A31

Office Space

R17-2-3-W10-S4-1

R17-2-3-W13-S4-2

R17-2-3-W13-S4-3

R17-2-3-W13-S4-1

R17-2-4-W20-S5-1

R17-2-4-W20-N1-1

R17-2-4-E19-S3-2

R17-2-9-W0-S9-1

R17-2-9-W0-S9-4

Operations Space

R17-2-2-W27-N5-2

R17-2-2-W27-S5-2

R17-2-2-W24-S3-1

R17-2-2-W22-N1-3

R17-2-2-W23-S4-1

R17-2-2-W23-S2-1

R17-2-2-W22-N0-2

R17-2-2-W23-S4-2

R17-2-2-W13-S4-1

R17-2-2-W13-S5-2

R17-2-2-E2-S7-1

R17-2-2-E5-S2-4

R17-2-1-W28-S3*2

Basement Space (Written off space)

R17-2-1-W18-S4-3

R17-1-1-W11S6-3

Total Basement

After July Changes

SIGNATORY SPACE - TERMINAL

Ticket Counter

R16-2-6-E6-N27-1

Ticket Office

R16-1-6-E3-N24-3

Baggage Service Office

R16-1-4-E4-N23-1

R16-1-5-E3-N24-1

SIGNATORY SPACE - CONC A

Hold Rooms

R17-2-3-E16-S4-1 - A46

R17-2-3-E11-S4-1 - A44

R17-2-3-E8-S4-1 - A42

R17-2-3-E5-S4-1 - A40

R17-2-3-W11-S4-1 - A38

R17-2-3-W18-S4-1 - A34/A36

R17-2-3-W23-S4-1 - A32

Office Space

R17-2-4-E19-S3-2

R17-2-5-W5-N3-2

R17-2-5-W5-N3-1

R17-2-5-W4-N5-1

R17-2-5-W4-N5-2

R17-2-2-E2-S7-1

R17-2-1-E19-S5-1

R17-2-2-E11-S4-2

R17-2-2-E12-S4-2

New Caged Area

New Office Area

Total Basement

Current Space

TOTAL SIGNATORY

**Concourse A Non-Signatory
Office**

R17-2-3-W7-S4-1

Concourse A Non-Signatory Operations

R17-2-2-W13-S4-1

Terminal Non-Signatory Ticket Counter

R16-1-6-E6-N25-1

After July Changes

TOTAL SIGNATORY

**FRONTIER GROUP HOLDINGS, INC.
2017 INCENTIVE AWARD PLAN**

ARTICLE 1.

PURPOSE

The purpose of the Frontier Group Holdings, Inc. 2017 Incentive Award Plan (as it may be amended or restated from time to time, the "Plan") is to promote the success and enhance the value of Frontier Group Holdings, Inc. (the "Company") by linking the individual interests of the members of the Board, Employees, and Consultants to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Administrator" shall mean the entity that conducts the general administration of the Plan as provided in Article 12. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 12.6, or as to which the Board has assumed, the term "Administrator" shall refer to such person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

2.2 "Applicable Accounting Standards" shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company's financial statements under United States federal securities laws from time to time.

2.3 "Applicable Law" shall mean any applicable law, including without limitation: (a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.4 "Award" shall mean an Option, a Stock Appreciation Right, a Restricted Stock award, a Restricted Stock Unit award, an Other Stock or Cash Based Award or a Dividend Equivalent award, which may be awarded or granted under the Plan.

2.5 “Award Agreement” shall mean any written notice, agreement, terms and conditions, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine consistent with the Plan.

2.6 “Board” shall mean the Board of Directors of the Company.

2.7 “Change in Control” shall mean and includes each of the following: (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital stock of the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of the Company; (ii) the consummation of a sale of all or substantially all of the assets of the Company to a third party; or (iii) the consummation of any merger involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then “beneficially owned” (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the stockholders of the Company immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a “Change in Control” if: (w) its sole purpose is to change the state of the Company’s incorporation; (x) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction; or (y) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing or otherwise).

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or any portion of an Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b), (c) or (d) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a “change in control event,” as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

2.8 “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder, whether issued prior or subsequent to the grant of any Award.

2.9 “Committee” shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board or the Compensation Committee of the Board described in Article 12 hereof.

2.10 “Common Stock” shall mean the common stock of the Company.

2.11 “Company” shall have the meaning set forth in Article 1.

2.12 “Consultant” shall mean any consultant or adviser engaged to provide services to the Company or any Subsidiary who qualifies as a consultant or advisor under the applicable rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement or, prior to the Public Trading Date, under Rule 701 of the Securities Act.

2.13 “Covered Employee” shall mean any Employee who is, or could become, a “covered employee” within the meaning of Section 162(m) of the Code.

2.14 “Director” shall mean a member of the Board, as constituted from time to time.

2.15 “Director Limit” shall have the meaning set forth in Section 4.6.

2.16 “Dividend Equivalent” shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 10.2.

2.17 “DRO” shall mean a “domestic relations order” as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.18 “Effective Date” shall mean the day prior to the Public Trading Date.

2.19 “Eligible Individual” shall mean any person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Administrator.

2.20 “Employee” shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code and the Treasury Regulations thereunder) of the Company or of any Subsidiary.

2.21 “Equity Restructuring” shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per-share value of the Common Stock underlying outstanding Awards.

2.22 “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.23 “Fair Market Value” shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Capital Market, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any national market system or

(iii) quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

Notwithstanding the foregoing, with respect to any Award granted after the effectiveness of the Company's registration statement relating to its initial public offering and prior to the Public Trading Date, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company's final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

2.24 "Greater Than 10% Stockholder" shall mean an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

2.25 "Holder" shall mean a person who has been granted an Award.

2.26 "Incentive Stock Option" shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.27 "Non-Employee Director" shall mean a Director of the Company who is not an Employee.

2.28 "Non-Employee Director Equity Compensation Policy" shall have the meaning set forth in Section 4.6.

2.29 "Non-Qualified Stock Option" shall mean an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

2.30 "Option" shall mean a right to purchase Shares at a specified exercise price, granted under Article 6. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall only be Non-Qualified Stock Options.

2.31 “Option Term” shall have the meaning set forth in Section 6.4.

2.32 “Organizational Documents” shall mean, collectively, (a) the Company’s articles of incorporation, certificate of incorporation, by-laws or other similar organizational documents relating to the creation and governance of the Company, and (b) the Committee’s charter or other similar organizational documentation relating to the creation and governance of the Committee.

2.33 “Other Stock or Cash Based Award” shall mean a cash payment, cash bonus award, stock payment, stock bonus award, performance award or incentive award that is paid in cash, Shares or a combination of both, awarded under Section 10.1, which may include, without limitation, deferred stock, deferred stock units, performance awards, retainers, committee fees, and meeting-based fees.

2.34 “Performance-Based Compensation” shall mean any compensation that is intended to qualify as “performance-based compensation” as described in Section 162(m)(4)(C) of the Code.

2.35 “Performance Criteria” shall mean the criteria (and adjustments) that the Administrator selects for an Award for purposes of establishing the Performance Goal or Performance Goals for a Performance Period, determined as follows:

(a) The Performance Criteria that shall be used to establish Performance Goals are limited to the following: (i) earnings before interest, taxes, depreciation, rent and amortization expenses, or EBITDAR; (ii) earnings before interest, taxes, depreciation and amortization, or EBITDA; (iii) earnings before interest and taxes, or EBIT; (iv) EBITDAR, EBITDA, EBIT or earnings before taxes and unusual, special or nonrecurring items as measured either against the annual budget or as a ratio to revenue or return on total capital; (v) net earnings; (vi) earnings per share; (vii) net income (before or after taxes); (viii) profit margin; (ix) operating margin; (x) operating income; (xi) net operating income; (xii) net operating income after taxes; (xiii) growth; (xiv) net worth; (xv) cash flow; (xvi) cash flow per share; (xvii) total stockholder return; (xviii) return on capital, assets, equity or investment; (xix) stock price performance; (xx) revenues; (xxi) revenues per available seat mile; (xxii) costs; (xxii) costs per available seat mile; (xxiv) working capital; (xxv) capital expenditures or statistics; (xxvi) improvements in capital structure; (xxvii) economic value added; (xxviii) industry indices; (xxix) regulatory ratings; (xxx) customer satisfaction ratings; (xxxi) expenses and expense ratio management; (xxxii) debt reduction; (xxxiii) profitability of an identifiable business unit or product; (xxxiv) levels of expense, cost or liability by category, operating unit or any other delineation; (xxxv) implementation or completion of projects or processes; (xxxvi) combination of airline operating certificates within a specified period; (xxxvii) measures of operational performance (including, without limitation, U.S. Department of Transportation performance rankings in operational areas), quality, safety, productivity or process improvement; or (xxxviii) measures of employee satisfaction or employee engagement, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared

to results of a peer group or to market performance indicators or indices or, where applicable, on a per-share or per seat-mile basis. The Administrator, in its sole discretion, may provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include, but are not limited to, one or more of the following: (i) items related to a change in Applicable Accounting Standards; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the sale or disposition of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under Applicable Accounting Standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; (xiv) items related to acquired in-process research and development; (xv) items relating to changes in tax laws; (xvi) items relating to major licensing or partnership arrangements; (xvii) items relating to asset impairment charges; (xviii) items relating to gains or losses for litigation, arbitration and contractual settlements; (xix) items attributable to expenses incurred in connection with a reduction in force or early retirement initiative; (xx) items relating to foreign exchange or currency transactions and/or fluctuations; or (xxi) items relating to any other unusual or nonrecurring events or changes in Applicable Law, Applicable Accounting Standards or business conditions. For all Awards intended to qualify as Performance-Based Compensation, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

2.36 "Performance Goals" shall mean, for a Performance Period, one or more goals established in writing by the Administrator for the Performance Period based upon one or more Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a Subsidiary, division, business unit, or an individual. The achievement of each Performance Goal shall be determined, to the extent applicable, with reference to Applicable Accounting Standards.

2.37 "Performance Period" shall mean one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Holder's right to, vesting of, and/or the payment in respect of, an Award.

2.38 "Permitted Transferee" shall mean, with respect to a Holder, (a) prior to the Public Trading Date, any "family member" of the Holder, as defined under Rule 701 of the Securities Act and (b) on or after the Public Trading Date, any "family member" of the Holder, as defined in the General Instructions to Form S-8 Registration Statement under the Securities Act (or any successor form thereto), or any other transferee specifically approved by the Administrator after taking into account Applicable Law.

2.39 "Plan" shall have the meaning set forth in Article 1.

2.40 “Prior Plan” shall mean the Falcon Acquisition Group, Inc. 2014 Equity Incentive Plan.

2.41 “Program” shall mean any program adopted by the Administrator pursuant to the Plan containing the terms and conditions intended to govern a specified type of Award granted under the Plan and pursuant to which such type of Award may be granted under the Plan.

2.42 “Public Trading Date” shall mean the first date upon which Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

2.43 “Restricted Stock” shall mean Common Stock awarded under Article 8 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.44 “Restricted Stock Units” shall mean the right to receive Shares awarded under Article 9.

2.45 “Section 409A” shall mean Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the Effective Date.

2.46 “Securities Act” shall mean the Securities Act of 1933, as amended.

2.47 “Shares” shall mean shares of Common Stock.

2.48 “Stock Appreciation Right” shall mean an Award entitling the Holder (or other person entitled to exercise pursuant to the Plan) to exercise all or a specified portion thereof (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of such Award from the Fair Market Value on the date of exercise of such Award by the number of Shares with respect to which such Award shall have been exercised, subject to any limitations the Administrator may impose.

2.49 “SAR Term” shall have the meaning set forth in Section 6.4.

2.50 “Subsidiary” shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.51 “Substitute Award” shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.52 "Termination of Service" shall mean:

(a) As to a Consultant, the time when the engagement of a Holder as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(b) As to a Non-Employee Director, the time when a Holder who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(c) As to an Employee, the time when the employee-employer relationship between a Holder and the Company or any Subsidiary is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to any Termination of Service, including, without limitation, whether a Termination of Service has occurred, whether a Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of any Program, Award Agreement or otherwise, or as otherwise required by Applicable Law, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then-applicable regulations and revenue rulings under said Section. For purposes of the Plan, a Holder's employee-employer relationship or consultancy relations shall be deemed to be terminated in the event that the Subsidiary employing or contracting with such Holder ceases to remain an Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Sections 3.1(b) and 13.2 the aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan is the sum of: (i) [], (ii) any Shares which as of the Effective Date are available for issuance under any of the Prior Plan,

or are subject to awards under the Prior Plan which are forfeited or lapse unexercised and which following the Effective Date are not issued under the Prior Plans; and (iii) an annual increase on the first day of each year beginning in 2018 and ending in 2027, equal to the lesser of (A) [percent] [(%)] of the Shares outstanding (on an as-converted basis) on the last day of the immediately preceding fiscal year and (B) such smaller number of Shares as determined by the Board; provided, however, no more than [] Shares may be issued upon the exercise of Incentive Stock Options. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock, treasury Common Stock or Common Stock purchased on the open market.

(b) To the extent all or a portion of an Award or Prior Plan award is forfeited, expires or such Award, Prior Plan award or portion thereof is settled for cash (in whole or in part), the Shares subject to such Award, Prior Plan award or portion thereof, shall, to the extent of such forfeiture, expiration or cash settlement, again be available for future grants of Awards under the Plan. The following Shares shall be added to the Shares authorized for grant under Section 3.1(a) and will be available for future grants of Awards: (i) Shares tendered by a Holder or withheld by the Company in payment of the exercise price of an Option or any stock option granted under a Prior Plan; (ii) Shares tendered by the Holder or withheld by the Company to satisfy any tax withholding obligation with respect to an Award or an option granted under a Prior Plan; and (iii) Shares subject to Stock Appreciation Rights that are not issued in connection with the stock settlement of the Stock Appreciation Rights on exercise thereof. Notwithstanding anything to the contrary contained herein, Shares purchased on the open market with the cash proceeds from the exercise of Options or stock options granted under a Prior Plan shall not be added to the Shares authorized for grant under Section 3.1(a) and will not be available for future grants of Awards. Any Shares forfeited by the Holder or repurchased by the Company under Section 8.4 at a price not greater than the price originally paid by the Holder so that such Shares are returned to the Company will again be available for Awards in an amount corresponding to the reduction in the share reserve previously made in accordance with Section 3.1(a) above. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

(c) Substitute Awards shall not reduce the Shares authorized for grant under the Plan, except as may be required by reason of Section 422 of the Code. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided that Awards using such available Shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company or its Subsidiaries immediately prior to such acquisition or combination.

ARTICLE 4.

GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. Except for any Non-Employee Director's right to Awards that may be required pursuant to the Non-Employee Director Equity Compensation Policy as described in Section 4.6, no Eligible Individual or other Person shall have any right to be granted an Award pursuant to the Plan and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Holders or any other persons uniformly. Participation by each Holder in the Plan shall be voluntary and nothing in the Plan or any Program shall be construed as mandating that any Eligible Individual or other Person shall participate in the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement that sets forth the terms, conditions and limitations for such Award as determined by the Administrator in its sole discretion (consistent with the requirements of the Plan and any applicable Program). Award Agreements evidencing Awards intended to qualify as Performance-Based Compensation shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 162(m) of the Code. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.4 At-Will Service. Nothing in the Plan or in any Program or Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Director or Consultant for, the Company or any Subsidiary, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company or any Subsidiary.

4.5 Foreign Holders. Notwithstanding any provision of the Plan or applicable Program to the contrary, in order to comply with the laws in countries other than the United

States in which the Company and its Subsidiaries operate or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign securities exchange or other Applicable Law, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with Applicable Law (including, without limitation, applicable foreign laws or listing requirements of any foreign securities exchange); (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the share limitation contained in Section 3.1 or the Director Limit; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any foreign securities exchange.

4.6 Non-Employee Director Awards.

(a) Non-Employee Director Equity Compensation Policy. The Administrator, in its sole discretion, may provide that Awards granted to Non-Employee Directors shall be granted pursuant to a written nondiscretionary formula established by the Administrator (the "Non-Employee Director Equity Compensation Policy"), subject to the limitations of the Plan. The Non-Employee Director Equity Compensation Policy shall set forth the type of Award(s) to be granted to Non-Employee Directors, the number of Shares to be subject to Non-Employee Director Awards, the conditions on which such Awards shall be granted, become exercisable and/or payable and expire, and such other terms and conditions as the Administrator shall determine in its sole discretion. The Non-Employee Director Equity Compensation Policy may be modified by the Administrator from time to time in its sole discretion.

(b) Director Limit. Notwithstanding any provision to the contrary in the Plan or in the Non-Employee Director Equity Compensation Policy, the value (determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of equity-based Awards granted to a Non-Employee Director as compensation for services as a Non-Employee Director during any fiscal year of the Company may not exceed \$[], increased to \$[] in the fiscal year of his or her initial service as a Non-Employee Director (the applicable amount, the "Director Limit").

ARTICLE 5.

PROVISIONS APPLICABLE TO AWARDS INTENDED TO QUALIFY AS PERFORMANCE-BASED COMPENSATION

5.1 Purpose. The Administrator may, in its sole discretion, (a) determine whether an Award is intended to qualify as Performance-Based Compensation and (b) at any time after any such determination, alter such intent for any or no reason. If the Administrator, in its sole discretion, decides to grant an Award that is intended to qualify as Performance-Based Compensation (other than an Option or Stock Appreciation Right), then the provisions of this Article 5 shall control over any contrary provision contained in the Plan or any applicable

Program; provided that, if after such decision the Administrator alters such intention for any reason, the provisions of this Article 5 shall no longer control over any other provision contained in the Plan or any applicable Program. The Administrator, in its sole discretion, may (i) grant Awards to Eligible Individuals that are based on Performance Criteria or Performance Goals or any such other criteria and goals as the Administrator shall establish, but that do not satisfy the requirements of this Article 5 and that are not intended to qualify as Performance-Based Compensation and (ii) subject any Awards intended to qualify as Performance-Based Compensation to additional conditions and restrictions unrelated to any Performance Criteria or Performance Goals (including, without limitation, continued employment or service requirements) to the extent such Awards otherwise satisfy the requirements of this Article 5 with respect to the Performance Criteria and Performance Goals applicable thereto. Unless otherwise specified by the Administrator at the time of grant, the Performance Criteria with respect to an Award intended to be Performance-Based Compensation payable to a Covered Employee shall be determined on the basis of Applicable Accounting Standards.

5.2 Procedures with Respect to Performance-Based Awards. To the extent necessary to comply with the requirements of Section 162(m)(4)(C) of the Code, with respect to any Award which is intended to qualify as Performance-Based Compensation, no later than 90 days following the commencement of any Performance Period or any designated fiscal period or period of service (or such earlier time as may be required under Section 162(m) of the Code), the Administrator shall, in writing, (a) designate one or more Eligible Individuals, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period based on the Performance Criteria, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Administrator shall certify in writing whether and the extent to which the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned under such Awards, the Administrator (i) shall, unless otherwise provided in an Award Agreement, have the right to reduce or eliminate the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant, including the assessment of individual or corporate performance for the Performance Period, but (ii) shall in no event have the right to increase the amount payable for any reason.

5.3 Payment of Performance-Based Awards. Unless otherwise provided in the applicable Program or Award Agreement and only to the extent otherwise permitted by Section 162(m) of the Code, as to an Award that is intended to qualify as Performance-Based Compensation, the Holder must be employed by the Company or a Subsidiary throughout the Performance Period. Unless otherwise provided in the applicable Program or Award Agreement, a Holder shall be eligible to receive payment pursuant to such Awards for a Performance Period only if and to the extent the Performance Goals for such Performance Period are achieved.

5.4 Additional Limitations. Notwithstanding any other provision of the Plan and except as otherwise determined by the Administrator, any Award which is granted to an Eligible Individual and is intended to qualify as Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code or any regulations or rulings issued thereunder that are requirements for qualification as Performance-Based Compensation, and the Plan and the applicable Program and Award Agreement shall be deemed amended to the extent necessary to conform to such requirements.

ARTICLE 6.

GRANTING OF OPTIONS AND STOCK APPRECIATION RIGHTS

6.1 Granting of Options and Stock Appreciation Rights to Eligible Individuals. The Administrator is authorized to grant Options and Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine, which shall not be inconsistent with the Plan.

6.2 Qualification of Incentive Stock Options. The Administrator may grant Options intended to qualify as Incentive Stock Options only to employees of the Company, any of the Company's present or future "parent corporations" or "subsidiary corporations" as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. No person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which "incentive stock options" (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Holder during any calendar year under the Plan, and all other plans of the Company and any parent corporation or subsidiary corporation thereof (as defined in Section 424(e) and 424(f) of the Code, respectively), exceeds \$100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the immediately preceding sentence shall be applied by taking Options and other "incentive stock options" into account in the order in which they were granted and the fair market value of stock shall be determined as of the time the respective options were granted. Any interpretations and rules under the Plan with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. Neither the Company nor the Administrator shall have any liability to a Holder, or any other Person, (a) if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as an Incentive Stock Option or (b) for any action or omission by the Company or the Administrator that causes an Option not to qualify as an Incentive Stock Option, including without limitation, the conversion of an Incentive Stock Option to a Non-Qualified Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option.

6.3 Option and Stock Appreciation Right Exercise Price. The exercise price per Share subject to each Option and Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a Share on the date the Option or Stock Appreciation Right, as applicable, is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). Notwithstanding the foregoing, in the case of an Option or Stock Appreciation Right that is a Substitute Award, the exercise price per share of the Shares subject to such Option or Stock

Appreciation Right, as applicable, may be less than the Fair Market Value per share on the date of grant; provided that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Section 424 and 409A of the Code.

6.4 Option and SAR Term. The term of each Option (the "Option Term") and the term of each Stock Appreciation Right (the "SAR Term") shall be set by the Administrator in its sole discretion; provided, however, that the Option Term or SAR Term, as applicable, shall not be more than (a) ten (10) years from the date the Option or Stock Appreciation Right, as applicable, is granted to an Eligible Individual (other than a Greater Than 10% Stockholder), or (b) five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. Except as limited by the requirements of Section 409A or Section 422 of the Code and regulations and rulings thereunder or the first sentence of this Section 6.4 and without limiting the Company's rights under Section 11.7, the Administrator may extend the Option Term of any outstanding Option or the SAR Term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Options or Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Holder or otherwise, and may amend, subject to Section 11.7 and 13.1, any other term or condition of such Option or Stock Appreciation Right relating to such Termination of Service of the Holder or otherwise.

6.5 Option and SAR Vesting. The period during which the right to exercise, in whole or in part, an Option or Stock Appreciation Right vests in the Holder shall be set by the Administrator and set forth in the applicable Award Agreement. Unless otherwise determined by the Administrator in the Award Agreement, the applicable Program or by action of the Administrator following the grant of the Option or Stock Appreciation Right, (a) no portion of an Option or Stock Appreciation Right which is unexercisable at a Holder's Termination of Service shall thereafter become exercisable and (b) the portion of an Option or Stock Appreciation Right that is unexercisable at a Holder's Termination of Service shall automatically expire on the date of such Termination of Service.

6.6 Substitution of Stock Appreciation Rights; Early Exercise of Options. The Administrator may provide in the applicable Program or Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; provided that such Stock Appreciation Right shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable, and shall also have the same exercise price, vesting schedule and remaining term as the substituted Option. The Administrator may provide in the terms of an Award Agreement that the Holder may exercise an Option in whole or in part prior to the full vesting of the Option in exchange for unvested shares of Restricted Stock with respect to any unvested portion of the Option so exercised. Shares of Restricted Stock acquired upon the exercise of any unvested portion of an Option shall be subject to such terms and conditions as the Administrator shall determine.

ARTICLE 7.

EXERCISE OF OPTIONS AND STOCK APPRECIATION RIGHTS

7.1 Exercise and Payment. An exercisable Option or Stock Appreciation Right may be exercised in whole or in part. However, an Option or Stock Appreciation Right shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Option or Stock Appreciation Right, a partial exercise must be with respect to a minimum number of Shares. Payment of the amounts payable with respect to Stock Appreciation Rights pursuant to this Article 7 shall be in cash, Shares (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

7.2 Manner of Exercise. Except as set forth in Section 7.3, all or a portion of an exercisable Option or Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, the stock plan administrator of the Company or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option or Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed or otherwise acknowledge electronically by the Holder or other person then entitled to exercise the Option or Stock Appreciation Right or such portion thereof;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with Applicable Law.

(c) In the event that the Option shall be exercised pursuant to Section 11.3 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option or Stock Appreciation Right, as determined in the sole discretion of the Administrator; and

(d) Full payment of the exercise price and applicable withholding taxes for the Shares with respect to which the Option or Stock Appreciation Right, or portion thereof, is exercised, in a manner permitted by the Administrator in accordance with Sections 11.1 and 11.2.

7.3 Notification Regarding Disposition. The Holder shall give the Company prompt written or electronic notice of any disposition of Shares acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Holder, or (b) one year after the date of transfer of such Shares to such Holder. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Holder in such disposition or other transfer.

ARTICLE 8.

AWARD OF RESTRICTED STOCK

8.1 Award of Restricted Stock. The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan or any applicable Program, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate. The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value, if any, of the Shares to be purchased, unless otherwise permitted by Applicable Law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by Applicable Law.

8.2 Rights as Stockholders. Subject to Section 8.4, upon issuance of Restricted Stock, the Holder shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said Shares, subject to the restrictions in the Plan, any applicable Program and/or the applicable Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the Shares to the extent such dividends and other distributions have a record date that is on or after the date on which the Holder to whom such Restricted Stock are granted becomes the record holder of such Restricted Stock; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the Shares may be subject to the restrictions set forth in Section 8.3. In addition, with respect to a share of Restricted Stock with performance-based vesting, dividends which are paid prior to vesting shall only be paid out to the Holder to the extent that the performance-based vesting conditions are subsequently satisfied and the share of Restricted Stock vests.

8.3 Restrictions. All shares of Restricted Stock (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall be subject to such restrictions and vesting requirements as the Administrator shall provide in the applicable Program or Award Agreement. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of the applicable Program or Award Agreement.

8.4 Repurchase or Forfeiture of Restricted Stock. Except as otherwise determined by the Administrator, if no price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Holder's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration on the date of such Termination of Service. If a price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Company shall have the right to repurchase from the Holder the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Holder for such Restricted Stock or such other amount as may be specified in the applicable Program or Award Agreement. Notwithstanding

the foregoing, the Administrator, in its sole discretion, may provide that upon certain events, including, without limitation, a Change in Control, the Holder's death, retirement or disability or any other specified Termination of Service or any other event, the Holder's rights in unvested Restricted Stock then subject to restrictions shall not lapse, such Restricted Stock shall vest and cease to be forfeitable and, if applicable, the Company shall cease to have a right of repurchase.

8.5 Section 83(b) Election. If a Holder makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Holder would otherwise be taxable under Section 83(a) of the Code, the Holder shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service along with proof of the timely filing thereof with the Internal Revenue Service.

ARTICLE 9.

AWARD OF RESTRICTED STOCK UNITS

9.1 Grant of Restricted Stock Units. The Administrator is authorized to grant Awards of Restricted Stock Units to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator.

9.2 Vesting of Restricted Stock Units. At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including, without limitation, vesting based upon the Holder's duration of service to the Company or any Subsidiary, one or more Performance Criteria, Company performance, individual performance or other specific criteria, in each case on a specified date or dates or over any period or periods, as determined by the Administrator.

9.3 Settlement. At the time of grant, the Administrator shall specify the settlement date applicable to each grant of Restricted Stock Units, which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the Holder (if permitted by the applicable Award Agreement); provided that, except as otherwise determined by the Administrator, and subject to compliance with Section 409A, in no event shall the settlement date relating to each Restricted Stock Unit occur following the later of (a) the 15th day of the third month following the end of calendar year in which the applicable portion of the Restricted Stock Unit vests; or (b) the 15th day of the third month following the end of the Company's fiscal year in which the applicable portion of the Restricted Stock Unit vests. On the settlement date, the Company shall, in accordance with the applicable Award Agreement and subject to Section 11.4(f), transfer to the Holder one unrestricted, fully transferable Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited, or in the sole discretion of the Administrator, an amount in cash equal to the Fair Market Value of such Shares on the settlement date or a combination of cash and Common Stock as determined by the Administrator.

9.4 Settlement upon Termination of Service. An Award of Restricted Stock Units shall only be settled while the Holder is an Employee, a Consultant or a member of the Board, as

applicable; provided, however, that the Administrator, in its sole discretion, may provide (in an Award Agreement or otherwise) that a Restricted Stock Unit award may be settled subsequent to a Termination of Service in certain events, including a Change in Control, the Holder's death, retirement or disability or any other specified Termination of Service.

ARTICLE 10.

AWARD OF OTHER STOCK OR CASH BASED AWARDS AND DIVIDEND EQUIVALENTS

10.1 Other Stock or Cash Based Awards. The Administrator is authorized to (a) grant Other Stock or Cash Based Awards, including awards entitling a Holder to receive Shares or cash to be delivered immediately or in the future, to any Eligible Individual and (b) determine whether such Other Stock or Cash Based Awards shall be Performance-Based Compensation. Subject to the provisions of the Plan and any applicable Program, the Administrator shall determine the terms and conditions of each Other Stock or Cash Based Award, including the term of the Award, any exercise or purchase price, performance goals, including the Performance Criteria, transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement. Other Stock or Cash Based Awards may be paid in cash, Shares, or a combination of cash and Shares, as determined by the Administrator, and may be available as a form of payment in the settlement of other Awards granted under the Plan, as stand-alone payments, as a part of a bonus, deferred bonus, deferred compensation or other arrangement, and/or as payment in lieu of compensation to which an Eligible Individual is otherwise entitled.

10.2 Dividend Equivalents. Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Holder and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such restrictions and limitations as may be determined by the Administrator. In addition, Dividend Equivalents with respect to an Award with performance-based vesting that are based on dividends paid prior to the vesting of such Award shall only be paid out to the Holder to the extent that the performance-based vesting conditions are subsequently satisfied and the Award vests.

ARTICLE 11.

ADDITIONAL TERMS OF AWARDS

11.1 Payment. The Administrator shall determine the method or methods by which payments by any Holder with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) Shares (including, in the case of payment of the exercise price of an Award, Shares issuable pursuant to the exercise of the Award) or Shares held for such minimum period of time as may be established by the Administrator, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c)

delivery of a written or electronic notice that the Holder has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided that payment of such proceeds is then made to the Company upon settlement of such sale, (d) other form of legal consideration acceptable to the Administrator in its sole discretion, or (e) any combination of the above permitted forms of payment. Notwithstanding any other provision of the Plan to the contrary, no Holder who is a Director or an “executive officer” of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

11.2 Tax Withholding. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Holder to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Holder’s FICA, employment tax or other social security contribution obligation) required by law to be withheld with respect to any taxable event concerning a Holder arising as a result of the Plan or any Award. The Administrator may, in its sole discretion and in satisfaction of the foregoing requirement, allow a Holder to satisfy such obligations by any payment means described in Section 11.1 hereof, including without limitation, by allowing such Holder to have the Company or any Subsidiary withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). The number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a fair market value on the date of withholding or repurchase no greater than the aggregate amount of such liabilities based on the maximum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income (or such other number as would not result in adverse financial accounting consequences for the Company or any of its Subsidiaries). The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of Shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

11.3 Transferability of Awards.

(a) Except as otherwise provided in Sections 11.3(b) and 11.3(c):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than (A) by will or the laws of descent and distribution or (B) subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed;

(ii) No Award or interest or right therein shall be liable for or otherwise subject to the debts, contracts or engagements of the Holder or the Holder’s successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be

voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by Section 11.3(a)(i); and

(iii) During the lifetime of the Holder, only the Holder may exercise any exercisable portion of an Award granted to such Holder under the Plan, unless it has been disposed of pursuant to a DRO. After the death of the Holder, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Program or Award Agreement, be exercised by the Holder's personal representative or by any person empowered to do so under the deceased Holder's will or under the then-applicable laws of descent and distribution.

(b) Notwithstanding Section 11.3(a), the Administrator, in its sole discretion, may determine to permit a Holder or a Permitted Transferee of such Holder to transfer an Award other than an Incentive Stock Option (unless such Incentive Stock Option is intended to become a Nonqualified Stock Option) to any one or more Permitted Transferees of such Holder, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than (A) to another Permitted Transferee of the applicable Holder or (B) by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Holder (other than the ability to further transfer the Award to any Person other than another Permitted Transferee of the applicable Holder); and (iii) the Holder (or transferring Permitted Transferee) and the receiving Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under Applicable Law and (C) evidence the transfer. In addition, and further notwithstanding Section 11.3(a), hereof, the Administrator, in its sole discretion, may determine to permit a Holder to transfer Incentive Stock Options to a trust that constitutes a Permitted Transferee if, under Section 671 of the Code and other Applicable Law, the Holder is considered the sole beneficial owner of the Incentive Stock Option while it is held in the trust.

(c) Notwithstanding Section 11.3(a), a Holder may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Holder and to receive any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Program or Award Agreement applicable to the Holder and any additional restrictions deemed necessary or appropriate by the Administrator. If the Holder is married or a domestic partner in a domestic partnership qualified under Applicable Law and resides in a community property state, a designation of a person other than the Holder's spouse or domestic partner, as applicable, as the Holder's beneficiary with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written or electronic consent of the Holder's spouse or domestic partner. If no beneficiary has been designated or survives the Holder, payment shall be made to the person entitled thereto pursuant

to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time; provided that the change or revocation is delivered in writing to the Administrator prior to the Holder's death.

11.4 Conditions to Issuance of Shares.

(a) The Administrator shall determine the methods by which Shares shall be delivered or deemed to be delivered to Holders. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with Applicable Law and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Holder make such reasonable covenants, agreements and representations as the Administrator, in its sole discretion, deems advisable in order to comply with Applicable Law.

(b) All share certificates delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with Applicable Law. The Administrator may place legends on any share certificate or book entry to reference restrictions applicable to the Shares (including, without limitation, restrictions applicable to Restricted Stock).

(c) The Administrator shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator, in its sole discretion, shall determine whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding down.

(e) The Company, in its sole discretion, may (i) retain physical possession of any stock certificate evidencing Shares until any restrictions thereon shall have lapsed and/or (ii) require that the stock certificates evidencing such Shares be held in custody by a designated escrow agent (which may but need not be the Company) until the restrictions thereon shall have lapsed, and that the Holder deliver a stock power, endorsed in blank, relating to such Shares.

(f) In the Company's sole discretion and notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by Applicable Law, the Company shall not deliver to any Holder certificates evidencing Shares issued in connection with any Award and instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

11.5 Forfeiture and Claw-Back Provisions. All Awards (including any proceeds, gains or other economic benefit actually or constructively received by a Holder upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award and

any payments of a portion of an incentive-based bonus pool allocated to a Holder) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of Applicable Law, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, whether or not such claw-back policy was in place at the time of grant of an Award, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

11.6 Repricing. The Administrator shall, without the approval of the stockholders of the Company, have the authority to (a) amend any outstanding Option or Stock Appreciation Right to reduce its exercise price per Share, or (b) cancel any Option or Stock Appreciation Right in exchange for cash or another Award.

11.7 Amendment of Awards. Subject to Applicable Law, the Administrator may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or settlement, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Holder's consent to such action shall be required unless (a) the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Holder, or (b) the change is otherwise permitted under the Plan (including, without limitation, under Section 13.2 or 13.10).

11.8 Data Privacy. As a condition of receipt of any Award, each Holder explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section 11.8 by and among, as applicable, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Holder's participation in the Plan. The Company and its Subsidiaries may hold certain personal information about a Holder, including but not limited to, the Holder's name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its Subsidiaries, details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the "Data"). The Company and its Subsidiaries may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Holder's participation in the Plan, and the Company and its Subsidiaries may each further transfer the Data to any third parties assisting the Company and its Subsidiaries in the implementation, administration and management of the Plan. These recipients may be located in the Holder's country, or elsewhere, and the Holder's country may have different data privacy laws and protections than the recipients' country. Through acceptance of an Award, each Holder authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Holder's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or any of its Subsidiaries or the Holder may elect to deposit any Shares. The Data related to a Holder will be held only as long as is necessary to implement, administer, and manage the Holder's participation in the Plan. A Holder may, at any time, view the Data held by the Company with respect to such Holder, request additional information about the storage and processing of the Data with respect to such Holder, recommend any necessary corrections to the Data with respect to the Holder or refuse or

withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel Holder's ability to participate in the Plan and, in the Administrator's discretion, the Holder may forfeit any outstanding Awards if the Holder refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Holders may contact their local human resources representative.

ARTICLE 12.

ADMINISTRATION

12.1 Administrator. The Committee shall administer the Plan (except as otherwise permitted herein). To the extent necessary to comply with Rule 16b-3 of the Exchange Act, and with respect to Awards that are intended to be Performance-Based Compensation, including Options and Stock Appreciation Rights, then the Committee shall take all action with respect to such Awards, and the individuals taking such action shall consist solely of two or more Non-Employee Directors, each of whom is intended to qualify as both a "non-employee director" as defined by Rule 16b-3 of the Exchange Act or any successor rule and an "outside director" for purposes of Section 162(m) of the Code. Additionally, to the extent required by Applicable Law, each of the individuals constituting the Committee shall be an "independent director" under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. Notwithstanding the foregoing, any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 12.1 or the Organizational Documents. Except as may otherwise be provided in the Organizational Documents or as otherwise required by Applicable Law, (a) appointment of Committee members shall be effective upon acceptance of appointment, (b) Committee members may resign at any time by delivering written or electronic notice to the Board and (c) vacancies in the Committee may only be filled by the Board. Notwithstanding the foregoing, (i) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and, with respect to such Awards, the terms "Administrator" as used in the Plan shall be deemed to refer to the Board and (ii) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 12.6.

12.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The Administrator shall have the power to interpret the Plan, all Programs and Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend the Plan or any Program or Award Agreement; provided that the rights or obligations of the Holder of the Award that is the subject of any such Program or Award Agreement are not materially and adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is otherwise permitted under Section 11.5 or Section 13.10. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee in its capacity as the Administrator under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or any successor rule, or Section

162(m) of the Code, or any regulations or rules issued thereunder, or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded are required to be determined in the sole discretion of the Committee.

12.3 Action by the Administrator. Unless otherwise established by the Board, set forth in any Organizational Documents or as required by Applicable Law, a majority of the Administrator shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

12.4 Authority of Administrator. Subject to the Organizational Documents, any specific designation in the Plan and Applicable Law, the Administrator has the exclusive power, authority and sole discretion to:

(a) Designate Eligible Individuals to receive Awards;

(b) Determine the type or types of Awards to be granted to each Eligible Individual (including, without limitation, any Awards granted in tandem with another Award granted pursuant to the Plan);

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, purchase price, any Performance Criteria or performance criteria, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and claw-back and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

(e) Determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Holder;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any Programs, rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan, any Program or any Award Agreement;

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan; and

(k) Accelerate wholly or partially the vesting or lapse of restrictions of any Award or portion thereof at any time after the grant of an Award, subject to whatever terms and conditions it selects and Section 13.2.

12.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Program or any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding and conclusive on all Persons.

12.6 Delegation of Authority. The Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 12; provided, however, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, (b) Covered Employees with respect to Awards intended to constitute Performance Based Compensation, or (c) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under any Organizational Documents and Applicable Law (including, without limitation, Section 162(m) of the Code). Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation or that are otherwise included in the applicable Organizational Documents, and the Board or Committee, as applicable, may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 12.6 shall serve in such capacity at the pleasure of the Board or the Committee, as applicable, and the Board or the Committee may abolish any committee at any time and re-vest in itself any previously delegated authority.

ARTICLE 13.

MISCELLANEOUS PROVISIONS

13.1 Amendment, Suspension or Termination of the Plan.

(a) Except as otherwise provided in Section 13.1(b), the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board; provided that, except as provided in Section 11.5 and Section 13.10, no amendment, suspension or termination of the Plan shall, without the consent of the Holder, materially and adversely affect any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides.

(b) Notwithstanding Section 13.1(a) and except as provided in Section 13.2, the Board may not without approval of the Company's stockholders given within twelve (12) months before or after such action increase the limit imposed in Section 3.1 on the maximum number of Shares which may be issued under the Plan.

(c) No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and notwithstanding anything herein to the contrary, in no event may any Incentive Stock Option be granted under the Plan after the tenth (10th) anniversary of the earlier of (i) the date on which the Plan was adopted by the Board and (ii) the date the Plan was approved by the Company's stockholders.

13.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the Administrator may make equitable adjustments, if any, to reflect such change with respect to: (i) the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan, and adjustments of the Director Limit); (ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); (iv) the grant or exercise price per share for any outstanding Awards under the Plan; and (v) the number and kind of Shares (or other securities or property) for which automatic grants are subsequently to be made to new and continuing Non-Employee Directors pursuant to Section 4.6. Any adjustment affecting an Award intended as Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code unless otherwise determined by the Administrator.

(b) In the event of any transaction or event described in Section 13.2(a) or any unusual or nonrecurring transactions or events affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any Subsidiary, or of changes in Applicable Law or Applicable Accounting Standards, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in Applicable Law or Applicable Accounting Standards:

(i) To provide for the termination of any such Award in exchange for an amount of cash and/or other property with a value equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in

this Section 13.2 the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Holder's rights, then such Award may be terminated by the Company without payment);

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Administrator;

(iii) To make adjustments in the number and type of Shares of the Company's stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Program or Award Agreement;

(v) To replace such Award with other rights or property selected by the Administrator; and/or

(vi) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 13.2(a) and 13.2(b):

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted (and the adjustments provided under this Section 13.2(c)(i) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company); and/or

(ii) The Administrator shall make such equitable adjustments, if any, as the Administrator, in its sole discretion, may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitation in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan, and adjustments of the Director Limit).

(d) Notwithstanding any other provision of the Plan, in the event of a Change in Control, unless the Administrator elects to (i) terminate an Award in exchange for cash, rights or property, or (ii) cause an Award to become fully exercisable and no longer subject to any forfeiture restrictions prior to the consummation of a Change in Control, pursuant to Section 13.2, (A) such Award (other than any portion subject to performance-based vesting) shall continue in effect or be assumed or an equivalent Award substituted by the successor corporation or a parent or subsidiary of the successor corporation and (B) the portion of such Award subject to performance-based vesting shall be subject to the terms and conditions of the applicable Award Agreement and, in the absence of applicable terms and conditions, the Administrator's discretion.

(e) In the event that the successor corporation in a Change in Control refuses to assume or substitute for an Award (other than any portion subject to performance-based vesting), the Administrator may cause (i) any or all of such Award (or portion thereof) to terminate in exchange for cash, rights or other property pursuant to Section 13.2(b)(i) or (ii) any or all of such Award (or portion thereof) to become fully exercisable immediately prior to the consummation of such transaction and all forfeiture restrictions on any or all of such Award to lapse. If any such Award is exercisable in lieu of assumption or substitution in the event of a Change in Control, the Administrator shall notify the Holder that such Award shall be fully exercisable for a period of fifteen (15) days from the date of such notice, contingent upon the occurrence of the Change in Control, and such Award shall terminate upon the expiration of such period.

(f) For the purposes of this Section 13.2, an Award shall be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control was not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Award, for each Share subject to an Award, to be solely common stock of the successor corporation or its parent equal in fair market value to the per-share consideration received by holders of Common Stock in the Change in Control.

(g) The Administrator, in its sole discretion, may include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(h) Unless otherwise determined by the Administrator, no adjustment or action described in this Section 13.2 or in any other provision of the Plan shall be authorized to the extent it would (i) with respect to Awards which are granted to Covered Employees and are intended to qualify as Performance-Based Compensation, cause such Award to fail to so qualify as Performance-Based Compensation, (ii) cause the Plan to violate Section 422(b)(1) of the Code, (iii) result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 of the Exchange Act, or (iv) cause an Award to fail to be exempt from or comply with Section 409A.

(i) The existence of the Plan, any Program, any Award Agreement and/or the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose

rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(j) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the Shares or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Administrator, in its sole discretion, may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the consummation of any such transaction.

13.3 Approval of Plan by Stockholders. The Plan shall be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan.

13.4 No Stockholders Rights. Except as otherwise provided herein or in an applicable Program or Award Agreement, a Holder shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Holder becomes the record owner of such Shares.

13.5 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

13.6 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Subsidiary, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

13.7 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of Shares and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all Applicable Law (including but not limited to state, federal and foreign securities law and margin requirements), and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all

Applicable Law. The Administrator, in its sole discretion, may take whatever actions it deems necessary or appropriate to effect compliance with Applicable Law, including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars. Notwithstanding anything to the contrary herein, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate Applicable Law. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to Applicable Law.

13.8 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

13.9 Governing Law. The Plan and any Programs and Award Agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

13.10 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A, the Plan, the Program pursuant to which such Award is granted and the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A. In that regard, to the extent any Award under the Plan or any other compensatory plan or arrangement of the Company or any of its Subsidiaries is subject to Section 409A, and such Award or other amount is payable on account of a Participant's Termination of Service (or any similarly defined term), then (a) such Award or amount shall only be paid to the extent such Termination of Service qualifies as a "separation from service" as defined in Section 409A, and (b) if such Award or amount is payable to a "specified employee" as defined in Section 409A then to the extent required in order to avoid a prohibited distribution under Section 409A, such Award or other compensatory payment shall not be payable prior to the earlier of (i) the expiration of the six-month period measured from the date of the Participant's Termination of Service, or (ii) the date of the Participant's death. To the extent applicable, the Plan, the Program and any Award Agreements shall be interpreted in accordance with Section 409A. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Administrator determines that any Award may be subject to Section 409A, the Administrator may (but is not obligated to), without a Holder's consent, adopt such amendments to the Plan and the applicable Program and Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (A) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (B) comply with the requirements of Section 409A and thereby avoid the application of any penalty taxes under Section 409A. The Company makes no representations or warranties as to the tax treatment of any Award under Section 409A or otherwise. The Company shall have no obligation under this Section 13.10 or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under Section 409A with respect to any Award and shall have no liability to any Holder or any other person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant, "nonqualified deferred compensation" subject to the imposition of taxes, penalties and/or interest under Section 409A.

13.11 Unfunded Status of Awards. The Plan is intended to be an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Program or Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company or any Subsidiary.

13.12 Indemnification. To the extent permitted under Applicable Law and the Organizational Documents, each member of the Administrator shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Organizational Documents, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.13 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

13.14 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

* * * * *

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors of Frontier Group Holdings, Inc. on _____, 2017.

* * * * *

I hereby certify that the foregoing Plan was approved by the stockholders of Frontier Group Holdings, Inc. on _____, 2017.

Executed on this _____ day of _____, 2017.

Corporate Secretary

Amended and Restated Employment Agreement

This Amended and Restated Employment Agreement (the “Agreement”) is made by and between Frontier Airlines, Inc., a Colorado corporation (“Frontier”), and James Dempsey (“Executive” and, together with Frontier, the “Parties”) effective as of April 13, 2017. This Agreement amends and restates the Employment Agreement entered into between the Parties effective as of March 12, 2014 (the “Prior Agreement”) supersedes in their entirety the Prior Agreement, that certain Consulting Agreement between the Parties dated March 12, 2014 (the “Consulting Agreement”) and any other agreement to which the Company is a party with respect to Executive’s employment or other service relationship with the Company.

RECITALS

WHEREAS, Frontier desires to assure itself of the continued services of Executive by engaging Executive to perform services under the terms hereof; and

WHEREAS, Executive desires to provide continued services to Frontier on the terms herein provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, including the respective covenants and agreements set forth below, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Certain Definitions.

(a) “Affiliate” shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person where “control” shall have the meaning given such term under Rule 405 of the Securities Act of 1933, as amended.

(b) “Agreement” shall have the meaning set forth in the preamble hereto.

(c) “Annual Base Salary” shall have the meaning set forth in Section 3(a).

(d) “Annual Bonus” shall have the meaning set forth in Section 3(b).

(e) “Board” shall mean the Board of Directors of the Company or, if any successor Company does not have a board of directors, the Person or body authorized to exercise comparable management authority on behalf of the Company under the Company’s governing documents and applicable law.

(f) “Cause” shall mean any action or inaction involving Executive’s moral turpitude, misfeasance, malfeasance, willful misconduct, gross negligence, a breach of fiduciary duty or a breach of any non-competition, non-solicitation or confidentiality obligations to the Company or the Group.

(g) “Change in Control” shall mean (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital stock of Group or the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of Group or the Company (other than such an acquisition by a person or group that holds more than fifty percent (50%) of the outstanding capital stock of Group or the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of Group or the Company, in each case, as of either the Effective Date or immediately prior to such acquisition); (ii) the consummation of a sale of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving Group or the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then “beneficially owned” (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the stockholders of Group or the Company, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall an acquisition, sale or other transaction constitute a “Change in Control” if: (w) its sole purpose is to change the form of ownership of the Company or the state of the Company’s incorporation; (x) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction; (y) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing or otherwise); or (z) it constitutes, or includes sales of shares in connection with, the initial public offering of the Company’s common stock or the common stock of any Affiliate of the Company (including Group).

(h) “COBRA” shall have the meaning set forth in Section 5(b)(iii).

(i) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(j) The “Company” shall mean Frontier and any Person to whom Frontier or any successor to Frontier may assign its rights and obligations pursuant to Section 10, except as otherwise provided in Section 8(a).

(k) “Competing Business” shall mean a commercial passenger airline business which is certificated by any governmental authority to operate in any part of North America, other than any commercial passenger airline business which is (i) based outside North America and provides service and (ii) does not include in its route network point to point flying within North America.

(l) “Confidential Information” shall have the meaning set forth in Section 8(e).

(m) A “Constructive Termination” will be deemed to have occurred if, in conjunction with the closing of a Change in Control or within twelve (12) months after the closing of a Change in Control, (i) the Board effectively terminates, or curtails the scope of, Executive’s authority to act as Chief Financial Officer of the Company, or (ii) the Company or an Affiliate of the Company fails to provide Executive with a total compensation and benefits package that is, as reasonably determined by the Board, at least comparable to Executive’s total compensation

and benefits package with the Company as of immediately prior to the Change in Control, *provided*, that, in each case, Executive will not be deemed to have incurred a Constructive Termination unless (x) Executive first provides the Board with written notice of the condition giving rise to Constructive Termination within thirty (30) days of Executive learning of such condition's occurrence, (y) the Company fails to cure such condition within thirty (30) days after receiving such written notice (the "Cure Period") and (z) Executive's resignation based on such Constructive Termination is effective within thirty (30) days after the expiration of the Cure Period.

(n) "Date of Termination" shall mean (i) if Executive's employment is terminated due to Executive's death, the date of Executive's death; (ii) if Executive's employment is terminated due to Executive's Disability, the date determined pursuant to Section 4(a)(ii); or (iii) if Executive's employment is terminated pursuant to Section 4(a)(iii)-(vi) either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 4(b), whichever is earlier.

(o) "Disability" shall exist if, as a result of any physical or mental disability or impairment, Executive is unable to perform, with reasonable accommodation, Executive's material duties hereunder for a period of at least ninety (90) days in any consecutive period of one hundred eighty (180) days.

(p) "Effective Date" shall mean March 12, 2014.

(q) "Equity Awards" shall have the meaning set forth in Section 6(a).

(r) "Executive" shall have the meaning set forth in the preamble hereto.

(s) "Flight Benefits" shall have the meaning set forth in Section 3(d).

(t) "Frontier" shall have the meaning set forth in the preamble hereto.

(u) "Group" shall mean Frontier Group Holdings, Inc., a Delaware corporation, or any successor thereto.

(v) "Notice of Termination" shall have the meaning set forth in Section 4(b).

(w) "Person" shall mean any individual, natural person, corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any company limited by shares, limited liability company or joint stock company), incorporated or unincorporated association, governmental authority, firm, society or other enterprise, organization or other entity of any nature.

(x) "Release" shall mean an original document identical to Exhibit "A" attached hereto, except that Executive shall have filled in the blank in paragraph 2 by inserting the Date of Termination and Executive shall have signed such original.

(y) "Release Deadline Date" shall have the meaning set forth in Section 12(d).

(z) "Section 409A" shall mean Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date.

(aa) "Separation from Service" shall have the meaning set forth in Section 12(b).

(bb) "Target Bonus" shall have the meaning set forth in Section 3(b).

(cc) "Term" shall mean the period commencing on the Effective Date, continuing until the fourth anniversary of the Effective Date, and continuing for successive one-year extension periods after such fourth anniversary unless the Company or the Executive gives the other written notice of non-extension not less than one hundred twenty (120) days before such fourth or any following anniversary, in which event there shall be no initial extension or no further extensions as the case may be.

(dd) "UATP" shall have the meaning set forth in Section 3(d).

(ee) "Visa" shall mean a visa allowing Executive to reside and work in the United States.

2. Employment.

(a) General. The Company shall continue to employ Executive and Executive shall continue in the employ of the Company, for the period and in the position set forth in this Section 2, and upon the other terms and conditions herein provided.

(b) Employment Term. Executive shall be employed under this Agreement throughout the Term, subject to earlier termination as provided in Section 4 hereof.

(c) Position and Duties. Executive shall serve as the Chief Financial Officer of the Company. Executive shall continue to devote substantially all of his time and attention during normal business hours to the business of the Company, will continue act in the best interest of the Company while performing his duties for the Company and will continue to perform with due care his duties and responsibilities for the Company. Executive's duties will include those normally incidental to the position of Chief Financial Officer of a company of the Company's size and nature as well as whatever additional duties may be reasonably assigned to him by the Board or the Chief Executive Officer, consistent with the duties of a Chief Financial Officer. Executive shall report to the Chief Executive Officer. Executive agrees not to engage in any activity that materially interferes with the performance of Executive's duties hereunder. Executive also agrees not to hold outside employment. Any position held with a personal or family investment will not count as such employment, provided the pertinent personal or family investment and any related operating business is owned entirely by Executive and/or members of Executive's family. Executive acknowledges and agrees that Executives owes the Company a duty of loyalty and that the obligations described in this Agreement are in addition to, and not in lieu of, the obligations Executive owes the Company under the common law.

3. Compensation and Related Matters.

(a) Annual Base Salary. As of the date of this Agreement, Executive shall receive a base salary at a rate of three hundred eighty-five thousand dollars (\$385,000) per annum (the "Annual Base Salary"), which shall be paid in accordance with the customary payroll practices and procedures of the Company. Such Annual Base Salary shall be reviewed by the Board from time to time but no less frequently than annually.

(b) Annual Bonus. During the Term, Executive will continue to be eligible to earn a discretionary cash performance bonus (an "Annual Bonus") under the Company's incentive bonus program. Executive's annual bonus opportunity with respect to any calendar year shall continue to be seventy-five percent (75%) of the amount paid as Annual Base Salary during such calendar year at the target achievement (the "Target Bonus") and one hundred fifty percent (150%) of the amount paid as Annual Base Salary during such calendar year at the maximum achievement. The amount of any Annual Bonus payable under the incentive bonus program may thus vary from zero percent (0%) to one hundred fifty percent (150%), based on the achievement as determined by the Board of individual and Company performance goals to be set by the Board. The amount of any Annual Bonus shall be payable on such date as is determined by the Board in its sole discretion for the payment of all such annual bonuses, which date shall be as soon as reasonably practicable after the final audited financial performance information for the Company is available for the calendar year to which such annual bonuses relate. Notwithstanding any other provision of this Agreement, no bonus shall be payable with respect to any calendar year unless Executive remains continuously employed with the Company during the period beginning on the Effective Date and ending on the applicable bonus payment date except as otherwise provided in Section 5(a) and Section 5(c)(iv).

(c) Benefits. During the Term, Executive may continue to participate in such employee and executive benefit plans and programs as the Company may from time to time offer generally to provide to its employees and executives, pursuant to the terms and eligibility requirements of those plans. Under the Company's current benefit plans and programs, the Company provides at its expense basic term-life and accidental death and dismemberment insurance in an amount equal to an employee's base salary up to \$250,000.

(d) Flight Benefits. During the Term, the Company shall provide Executive, and Executive's spouse, minor children and parents, a positive space benefit, with the priority code PS2B, to travel on Frontier Airlines. During the Term, Executive shall also be eligible to receive flight benefits on Frontier Airlines in the form of a Universal Air Travel Plan, Inc. ("UATP") card made available once per twelve month period that provides for travel by Executive and Executive's family and friends solely on Frontier Airlines in the amount of eight thousand two hundred fifty dollars (\$8,250) that must be used, if at all, within twelve months of the date the UATP card is issued (the flight benefits described in this section are referred to collectively as the "Flight Benefits").

(e) Vacation. During the Term, Executive shall continue to be entitled to no less than three (3) weeks of annual paid vacation plus Frontier-recognized holidays (currently seven (7) in number), in accordance with the Company's vacation policy, as it may be amended from time to time. Any vacation shall be taken at the reasonable and mutual convenience of the Company and Executive. Holidays shall be provided in accordance with Company policy, as in effect from time to time.

(f) Business Expenses. During the Term, the Company shall continue to reimburse Executive for all reasonable, documented, out-of-pocket travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's expense reimbursement policies and procedures applicable to similarly situated executives.

4. Termination.

Executive's employment hereunder shall be "at-will" and may be terminated by the Company or Executive, as applicable, at any time for any reason, with or without prior notice, without any breach of this Agreement under the following circumstances:

(a) Circumstances.

(i) Death. Executive's employment hereunder shall terminate upon Executive's death.

(ii) Disability. If Executive incurs a Disability, the Company may give Executive written notice of its intention to terminate Executive's employment. In that event, Executive's employment with the Company shall terminate, effective on the later of the thirtieth (30th) day after receipt of such notice by Executive or the date specified in such notice, *provided*, that within the thirty (30) day period following receipt of such notice, Executive shall not have returned to full-time performance of Executive's duties hereunder.

(iii) Termination for Cause. The Company may terminate Executive's employment for Cause.

(iv) Termination without Cause. The Company may terminate Executive's employment without Cause. In the event that the Company gives Executive a notice of non-extension, and Executive serves as Chief Financial Officer until the end of the Term, the Company shall be deemed to have terminated Executive's employment without Cause as of the end of the Term.

(v) Resignation from the Company Deemed a Constructive Termination. Executive may resign Executive's employment with the Company under circumstances deemed a Constructive Termination.

(vi) Resignation from the Company Not Deemed a Constructive Termination. Executive may resign Executive's employment with the Company under circumstances not deemed a Constructive Termination.

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 4 (other than termination pursuant to paragraph (a)(i) or a termination resulting from expiration of the Term) shall be communicated by a written notice to the other party hereto (i) indicating the specific termination provision in this Agreement relied upon, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated unless the

termination provision relied upon is Section 4(a)(iv) or (vi), and (iii) specifying a Date of Termination which, if submitted by Executive, shall be at least thirty (30) days following the date of such notice (a "Notice of Termination"); *provided, however*, that in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs following the date of Company's receipt of such Notice of Termination and is prior to the date specified in such Notice of Termination. A Notice of Termination submitted by the Company may provide for a Date of Termination on the date Executive receives the Notice of Termination, or any date thereafter elected by the Company in its sole discretion. The failure by the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing the Company's rights hereunder.

(c) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its Affiliates.

(d) Forfeitures. In the event that Executive resigns pursuant to Section 4(a)(vi) hereof under circumstances not deemed a Constructive Termination pursuant to Section 4(a)(v) hereof, (i) Executive shall forfeit any unused portion of any UATP card; (ii) Executive shall forfeit any unpaid Annual Bonus; and (iii) in the event the Company is not then required to file periodic reports pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, Executive's vested equity awards shall be subject to repurchase by the Group or the Company at a repurchase price equal to the fair market value of the underlying shares less, solely with respect to any unexercised stock options, the exercise price therefor. For this purpose, the fair market value of the underlying shares shall be the fair market value of Group shares as determined by the most recent independent valuation obtained by the Company or the Group for use in connection with the Group's equity award plan. The Group or the Company shall repurchase Executive's vested equity awards, if at all, within sixty (60) days after the Date of Termination.

1. Company Obligations Upon Termination of Employment.

(a) In General. Upon a termination of Executive's employment for any reason, Executive (or Executive's estate) shall be entitled to receive: (i) any portion of Executive's Annual Base Salary through the Date of Termination not theretofore paid, (ii) any expenses owed to Executive under Section 3(f), and (iii) any amount arising from Executive's participation in, or benefits under, any employee benefit plans, programs or arrangements under Section 3(c), which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements. Upon a termination of Executive's employment other than pursuant to Section 4(a)(iii) or Section 4(a)(vi), Executive shall be entitled to receive any Annual Bonus payable with respect to the calendar year prior to the year in which the Date of Termination occurs. Upon any termination of Executive's employment pursuant to Section 4(a)(i) or Section 4(a)(ii), Executive shall be entitled to receive any Annual Bonus payable with respect to the calendar year in which the Date of Termination occurs. Except as otherwise set forth in Sections 5(b) and 5(c) below, the payments and benefits described in this Section 5(a) shall be the only payments and benefits payable in the event of termination of Executive's employment for any reason.

(b) Termination Apart from a Change in Control. In the event of termination of Executive's employment by the Company without Cause pursuant to Section 4(a)(iv) hereof, other than within the twelve (12) month period following a Change in Control, in addition to the payments and benefits described in Section 5(a) above, subject to Section 12 and Section 5(d) and subject to Executive's delivery to the Company of a Release in accordance with Section 12(d), that becomes effective and irrevocable within sixty (60) days following the Date of Termination:

(i) The Company shall pay to Executive, in a single lump-sum payment within sixty (60) days following the Date of Termination, an amount equal to one (1) times the sum of (A) Executive's then current Annual Base Salary plus (B) the Target Bonus for the calendar year in which the Date of Termination occurs.

(ii) The Company shall continue to provide Executive with the Flight Benefits for the one (1)-year period following the Date of Termination.

(iii) If Executive elects to receive continued healthcare coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall directly pay, or at the Company's election reimburse Executive for, the COBRA premiums for Executive and Executive's covered dependents during the period commencing on Executive's termination of employment and ending upon the earliest of (X) the first anniversary of the Date of Termination, (Y) the date that Executive and/or Executive's covered dependents, as applicable, become no longer eligible for COBRA or (Z) the date Executive becomes eligible to receive healthcare coverage from a subsequent employer.

(c) Termination Within 12 Months Following a Change in Control. In the event of termination of Executive's employment by the Company without Cause pursuant to Section 4(a)(iv) hereof or Executive's Constructive Termination pursuant to Section 4(a)(v) hereof, in each case within twelve (12) months following a Change in Control, in addition to the payments and benefits described in Section 5(a) above, subject to Section 12 and Section 5(d) and subject to Executive's delivery to the Company of a Release in accordance with Section 12(d) that becomes effective and irrevocable within sixty (60) days following the Date of Termination:

(i) The Company shall pay to Executive, in a single lump-sum payment within sixty (60) days of the Date of Termination, an amount equal to two (2) times (A) the Annual Base Salary plus (B) the Target Bonus for the calendar year in which the Date of Termination occurs.

(ii) The Company shall continue to provide Executive with the Flight Benefits for the two (2)-year period following the Date of Termination.

(iii) If Executive elects to receive continued healthcare coverage pursuant to COBRA, the Company shall directly pay, or at the Company's election reimburse Executive for, the COBRA premiums for Executive and Executive's covered dependents during the period commencing on Executive's termination of employment and ending upon the earliest of (X) the second anniversary of the Date of Termination, (Y) the date that Executive and/or Executive's covered dependents, as applicable, become no longer eligible for COBRA or (Z) the date Executive becomes eligible to receive healthcare coverage from a subsequent employer.

(iv) Executive shall be eligible to receive a prorated portion of the Annual Bonus Executive would have received with respect to the calendar year during which the Date of Termination occurs had he remained in continuous employment through the date of payment, with the amount determined based on actual performance against applicable metrics and subject to discretionary adjustments permitted under the applicable incentive bonus program and with proration determined by dividing the number of days Executive served hereunder in the calendar year during which the Date of Termination occurred by the total number of days in the calendar year in which the Date of Termination occurred, in each case, as determined by the Board. Any such prorated Annual Bonus shall be payable (in the calendar year following the calendar year in which the Date of Termination occurs) when the Company pays other annual bonuses for such year under the Company's incentive bonus program.

(v) Each outstanding equity award, including, without limitation, each stock option, restricted stock unit and restricted stock award, held by Executive shall automatically become vested and, if applicable, exercisable and any restrictions thereon shall immediately lapse, in each case, with respect to one hundred percent (100%) of the then unvested shares subject to such equity award.

(d) Post Termination Obligations. Notwithstanding any other provision of this Agreement, no payment shall be made pursuant to Sections 5(b) or 5(c) following the date Executive first materially violates any of the restrictive covenants set forth in Section 8.

(e) Exclusive Benefit; No Other Severance. The provisions of this Section 5 shall supersede in their entirety any severance payment provisions in any severance plan, policy, program or other arrangement maintained by the Company.

(f) No Requirement to Mitigate; Survival. Executive shall not be required to mitigate the amount of any payment provided for under this Agreement by seeking other employment or in any other manner.

(g) Applicable to Executive's Estate or Legal Representative. In the event of the death or Disability of Executive, or of any legal incapacity resulting in the appointment of a legal representative or other fiduciary for Executive, the benefits described in this Section 5 shall be payable on Executive's behalf to Executive's estate or legal representative.

2. Treatment of Equity Awards.

(a) Continuing Eligibility to Retain Equity Awards. Executive may continue to own and hold that certain option to purchase the Group's common stock previously granted to Executive on May 12, 2014 (the "Option") on the terms and conditions of the applicable equity incentive plan and the option agreement evidencing the Option (the "Option Agreement").

(b) Stockholders Agreement. As a condition to the exercise of the Option or the acquisition of any other equity interest in Group, Executive agrees to enter into any stockholders agreement and/or side agreement restricting the sale of shares of Group common stock requested by Group at any time.

3. Indemnification and Cooperation.

(a) Indemnification. The Company shall indemnify Executive in Executive's capacity as an officer, employee or agent of the Company to the fullest extent permissible by applicable law and the Company's charter and by-laws, and shall purchase and maintain, for the benefit of Executive, officer liability insurance (including post-termination tail coverage) in a form at least as comprehensive as, and in an amount that is at least equal to, that maintained by the Company for similarly situated executive officers of the Company. The Company shall use reasonable efforts to cause any successor to all or substantially all of the business or assets of the Company to assume expressly in writing and to agree to perform all of the obligations of the Company under this Section 7(a).

(b) Cooperation. Executive shall reasonably cooperate with the Company and its Affiliates in connection with any litigation or regulatory matter or with any government authority on any matter, in each case, pertaining to the Company or any Affiliate of the Company and with respect to which Executive may have relevant knowledge, *provided* that, in connection with such cooperation, the Company shall reimburse Executive's reasonable expenses, including reasonable attorneys' fees and costs for counsel of Executive's choosing.

4. Restrictive Covenants.

(a) Affiliates. As used in this Section 8, the term "Company," shall include the Company and any Affiliate of the Company.

(b) Acknowledgements and Agreements. Executive represents that Executive's continued employment by the Company and the performance of Executive's duties hereunder do not and will not breach any agreement with any former employer, including any non-compete agreement, non-solicit agreement or any agreement to keep in confidence or refrain from using information acquired by Executive prior to Executive's employment by the Company. During Executive's employment by the Company, Executive agrees that Executive will not violate any non-solicitation agreements Executive entered into with any former employer or improperly make use of, or disclose, any information or trade secrets of any former employer or other third party, nor will Executive bring onto the premises of the Company or use any unpublished documents or any property belonging to any former employer or other third party, in violation of any lawful agreements with that former employer or third party.

(c) Non-Competition/Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company, and further acknowledges and recognizes that the Company has entered into this Agreement in reliance on, among other things, Executive's agreement to be bound by the non-competition provisions set forth in this Section 8(c). Accordingly, Executive agrees as follows:

(i) Executive shall not, at any time during the Term and the twelve (12) month period following the Date of Termination, directly or indirectly, (A) engage, participate or assist in any Competing Business, (B) enter the employ of, or render any

services to, any Person engaged in any Competing Business, (C) acquire a financial interest in, or otherwise become actively involved with, any Person engaged in any Competing Business, whether as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant. Nothing herein shall prohibit Executive from being a passive owner of not more than two percent (2%) of the outstanding equity interest in any entity that is publicly traded, so long as Executive has no active participation in the business of such entity.

(ii) Executive hereby agrees that Executive shall not, at any time during the Term and the twelve (12) month period following the Date of Termination, directly or indirectly, either for himself or on behalf of any other Person, (A) recruit or otherwise solicit or induce any employee, customer or supplier of the Company to terminate its employment or arrangement with the Company, or otherwise change its relationship with the Company, or (B) hire, or cause to be hired, any Person who was employed by the Company at any time during the twelve (12)-month period immediately prior to the Date of Termination.

(iii) In the event the terms of this Section 8(c) shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to, and may be modified by a court of competent jurisdiction to, extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(iv) Executive understands that the restrictions set forth in this Section 8(c) are intended to protect the Company's established employee, customer and supplier relations, and the general goodwill of its business, and Executive agrees that such restrictions are reasonable and appropriate for this purpose.

(v) In the event Executive engages in conduct in violation of his covenants in Sections 8(c), the applicable restricted period shall be extended for a period of time equal to the time in which Executive engaged in competitive activity prohibited by this Agreement.

(d) Non-Disparagement. Each of the Parties agrees not to disparage the other party, any of the other's products or practices, or any of the other's agents, representatives, or Affiliates, either orally or in writing, at any time; *provided*, that either party may confer in confidence with their legal representatives and make truthful statements as required by law.

(e) Confidentiality. As used in this Agreement, "Confidential Information" means information belonging to the Company which is of value to the Company in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to the Company. Confidential Information includes, without limitation, patient or other medical information, financial information, reports, forecasts, inventions, improvements and other intellectual property, trade secrets, know-how, designs, processes or formulae,

software, market or sales information or plans, customer lists, business plans and prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management of the Company. Confidential Information also includes information developed by Executive in the course of Executive's employment by the Company, as well as other information to which Executive may have access in connection with Executive's employment. Confidential Information also includes the confidential information of others with which the Company or any Affiliate has a business relationship and which is known by Executive or which Executive should have reason to know about. Notwithstanding the foregoing, Confidential Information does not include information: (i) in the public domain, unless due to breach of Executive's duties under this Section 8(e); (ii) known to Executive before Executive first began to discuss with representatives of the Company or any of its Affiliates establishing a relationship with the Company; or (iii) that is now, or becomes in the future, available to Persons who are not legally required to treat such information as confidential unless such information was acquired through wrongful acts or omissions of which Executive is aware.

(i) Executive understands and agrees that Executive's employment creates a relationship of confidence and trust between Executive and the Company with respect to all Confidential Information. At all times, both during Executive's employment with the Company and after Executive's termination, Executive will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the consent of the Company, except as may be necessary in the ordinary course of performing Executive's duties to the Company or as otherwise required by law.

(ii) All documents, records, data, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to Executive by the Company or are produced by Executive in connection with Executive's employment will be and remain the sole property of the Company. Executive will return to the Company all such materials and property as and when requested by the Company. In any event, Executive will return all such materials and property immediately upon termination of Executive's employment for any reason, and will not retain any copies thereof following such termination. A deletion of electronic files containing or constituting Confidential Information shall be considered to be the return of the file thus deleted for purposes of compliance with the terms of this Agreement, provided that the deleted files must not be retrievable other than through extraordinary data salvage methods.

5. Injunctive Relief.

It is recognized and acknowledged by Executive that a breach of the covenants contained in Section 8 will cause irreparable damage to Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Executive agrees that in the event of a breach of any of the covenants contained in Section 8, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief without the requirement to post any bond.

6. Assignment and Successors.

The Company may assign its rights and obligations under this Agreement to any Affiliate or to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise), and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company and its Affiliates. This Agreement shall be binding upon and inure to the benefit of the Company, Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will or operation of law. Notwithstanding the foregoing, Executive shall be entitled, to the extent permitted under applicable law and applicable Company arrangements, to select and change a beneficiary or beneficiaries to receive compensation hereunder following Executive's death by giving written notice thereof to the Company.

7. Miscellaneous Provisions.

(a) Visa Extension; Permanent Residency; and Citizenship. The Company shall support Executive's application during the Term to extend or replace Executive's Visa, to obtain US permanent residency and/or to obtain citizenship, and pay or reimburse any expenses reasonably incurred in connection with such application(s). In the event that Executive obtains a Visa and subsequently loses the capacity to reside and work in the United States, Executive shall immediately provide the Company written notice of the date as of which Executive lost the capacity to reside and work in the United States. Executive's employment shall terminate on such date, and such termination shall be treated for purposes of Section 5 as a termination under Section 4(a)(iv).

(b) Documentation of Right to Work. Executive shall be required to provide the Company with documentary evidence of Executive's identity and of Executive's ongoing eligibility for employment in the United States. Executive shall also be required to provide documentation of Executive's citizenship and maintain such citizenship during the Term, unless a change in citizenship is approved by the Company, whose approval shall not be unreasonably withheld, conditioned or delayed.

(c) Governing Law. This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of Colorado, without giving effect to any principles of conflicts of law, whether of the State of Colorado or any other jurisdiction, and where applicable, the laws of the United States, that would result in the application of the laws of any other jurisdiction.

(d) Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(e) Notices. Any notice, request, claim, demand, document and other communication hereunder to any Party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid, as follows:

(i) If to the Company:

Frontier Airlines, Inc.
7001 Tower Road
Denver, CO 80249-7312
Attn: Board of Directors

with copies to:

Latham & Watkins LLP
140 Scott Drive
Menlo Park, California 94025-1008
Attn: Anthony J. Richmond, Esq.
Facsimile: (650) 463-2600

(ii) If to Executive, at the address set forth on the signature page hereto, with copies to:

Foley & Lardner LLP
3000 K Street, NW
Washington, DC 20007
Attn: Jay W. Freedman, Esq.
Facsimile: (202) 672-5399; or

(iii) at any other address as any Party shall have specified by notice in writing to the other Party.

(f) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile shall be deemed effective for all purposes.

(g) Entire Agreement. The terms of this Agreement are intended by the Parties to be the final expression of their agreement with respect to the employment of Executive by the Company and, other than the Option Agreement, supersede all prior understandings and agreements, whether written or oral, including, without limitation, the Prior Agreement and the Consulting Agreement. The Parties further intend that this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

(h) Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Executive and a duly authorized officer of Company, which specifically states the intention to modify, amend or terminate this Agreement. By an instrument in writing signed by Executive or a duly authorized officer of the

Company, Executive or the Company, as applicable, may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(i) **Construction.** This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary, (a) the plural includes the singular and the singular includes the plural; (b) “and” and “or” are each used both conjunctively and disjunctively; (c) “any,” “all,” “each,” or “every” means “any and all,” and “each and every”; (d) “includes” and “including” are each “without limitation”; (e) “herein,” “hereof,” “hereunder” and other similar compounds of the word “here” refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (f) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

(j) **Arbitration.** Any dispute or controversy based on, arising under or relating to this Agreement shall be settled exclusively by final and binding arbitration, conducted before a single neutral arbitrator in the City and County of Denver, Colorado in accordance with the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association (the “AAA”) then in effect. Arbitration may be compelled, and judgment may be entered on the arbitration award in any court having jurisdiction; provided, however, that the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of the provisions of Section 8, and Executive hereby consents that such restraining order or injunction may be granted without requiring the Company to post a bond. Only individuals who are (a) lawyers engaged full-time in the practice of law and (b) on the AAA roster of arbitrators shall be selected as an arbitrator. Within twenty (20) days of the conclusion of the arbitration hearing, the arbitrator shall prepare written findings of fact and conclusions of law. Each party shall bear its own costs and attorneys’ fees in connection with any arbitration; provided that the Company shall bear the cost of the arbitrator and the AAA’s administrative fees.

(k) **Enforcement.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(l) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

8. Section 409A.

(a) General. The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If Executive notifies the Company that Executive has received advice of tax counsel of a national reputation with expertise in Section 409A that any provision of this Agreement would cause Executive to incur any additional tax or interest under Section 409A (with specificity as to the reason therefor) or the Company (which shall have no obligation to assess the issue absent such notice from Executive) independently makes such determination, the Company and Executive shall take commercially reasonable efforts to reform such provision to try to comply with or be exempt from Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A, provided that any such modifications shall not increase the cost or liability to the Company. To the extent that any provision hereof is modified in order to comply with or be exempt from Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Section 409A. Notwithstanding anything herein to the contrary, Executive acknowledges and agrees that (i) Executive is not relying upon any determination by the Company, its Affiliates, or any of their respective employees, directors, officers, attorneys or agents regarding the tax effects, including, without limitation, tax effects under Section 409A, associated with Executive's entry into this Agreement or the receipt of any payments hereunder, and (ii) in deciding to enter into this Agreement, Executive is relying on Executive's own judgment and the judgment of the professionals of Executive's choice with whom Executive has consulted.

(b) Separation from Service. Notwithstanding any provision to the contrary in this Agreement: (i) no amount that constitutes "deferred compensation" under Section 409A shall be payable pursuant to Sections 5(b) or 5(c) unless the termination of Executive's employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations ("Separation from Service"); (ii) for purposes of Section 409A, Executive's right, if any, to receive installment payments pursuant to Sections 5(b) or 5(c) hereof shall be treated as a right to receive a series of separate and distinct payments; and (iii) to the extent that any reimbursement of expenses or in-kind benefits constitutes "deferred compensation" under Section 409A, such reimbursement or benefit shall be provided no later than December 31st of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year. Any good faith determination by the Company in respect of Section 409A shall be final and binding on Executive.

(c) **Specified Employee.** Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of Executive's Separation from Service with the Company or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive's estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(d) **Release.** Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of termination of Executive's employment are subject to Executive's execution and delivery of a Release, (i) if Executive fails to execute and deliver the Release on or prior to the Release Deadline (as defined below) or timely revokes the Release thereafter, Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release, and (ii) in any case where the Date of Termination and the Release Deadline fall in two separate taxable years, any payments required to be made to Executive that are conditioned on the Release and are treated as nonqualified deferred compensation for purposes of Section 409A shall be made in the later taxable year. For purposes of this Section 12(d), "**Release Deadline**" shall mean the date that is twenty-one (21) days following the Date of Termination, or, in the event that Executive's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), as determined by the Company, the date that is forty-five (45) days following such Date of Termination. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of Executive's termination of employment are delayed pursuant to this Section 12(d), such amounts shall be paid in a lump sum on the first payroll date following the date that Executive executes and delivers and does not revoke the Release (and the applicable revocation period has expired) or, in the case of any payments subject to Section 12(d)(iii), on the first payroll period to occur in the subsequent taxable year, if later.

9. Excess Parachute Payments, Limitation on Payments.

(a) **Best Pay Cap.** Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by Executive (including any payment or benefit received in connection with a termination of Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 5 hereof, being hereinafter referred to as the "**Total Payments**") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (such excise tax, the "**Excise Tax**"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to the minimum extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced

(and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm selected by the Company (the “Independent Advisors”), does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. Promptly following any request to do so, Executive shall provide to any Independent Advisors such information as they may require to assess the impact of Section 280G(b) on any amounts payable hereunder. Any good faith determinations of the Independent Advisors made hereunder shall be final and binding upon the Company and Executive.

10. Executive Acknowledgment.

Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive’s own judgment.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date and year first above written.

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel and Secretary

EXECUTIVE:

/s/ James Dempsey

James Dempsey

Address:

[Signature Page to James Dempsey Amended and Restated Employment Agreement]

Exhibit A

Form of General Release of Claims

In exchange for, and as a condition to the receipt of, the severance benefits ("Severance Benefits") set forth in Section 5(b) or Section 5(c), as applicable, of that certain Amended and Restated Employment Agreement by and between Frontier Airlines, Inc. and myself, entered into as of [____], 2017 (the "Employment Agreement"), I freely and voluntarily agree to enter into and be bound by this Waiver and Release of Claims Agreement (the "Release"):

1. Capitalized terms used but not defined herein shall have the meaning provided in the Employment Agreement.

2. I acknowledge that my services with the Company and all subsidiaries and affiliates thereof terminated on [____].

3. I acknowledge that, but for my timely execution of this Release and my timely delivery of the executed Release to the Company (within the period described in paragraph 5 below), I would not be entitled to receive the Severance Benefits.

4. I, and anyone claiming through me (including, without limitation, my heirs, and agents, representatives and assigns), hereby irrevocably waive and forever release and discharge the Company, its owners, subsidiaries, affiliates, and each of their respective officers, directors, employees, agents, predecessors, successors and assigns (the "Releasees"), from any and all liabilities of any nature whatsoever, known and unknown, fixed or contingent, arising out of, based on, or related to my services to the Company or any other Releasee, the termination of such services, any rights with respect to equity ownership of the Company, and any dealings, transactions or events involving the Releasees occurring prior to or on the date this Release becomes effective, including but not limited to claims under the Civil Rights Act of 1866; the Civil Rights Act of 1871; the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act of 1967 (as amended, the "ADEA"); the Older Workers Benefit Protection Act of 1990; the Americans with Disabilities Act of 1990; the Employment Retirement Income Security Act of 1974; the Rehabilitation Act of 1973; the Family and Medical Leave Act; the federal Worker Adjustment and Retraining Notification Act (and any similar state laws); the Equal Pay Act of 1963; the Fair Labor Standards Act; the Consolidated Omnibus Budget Reconciliation Act of 1985; Executive Order 11141; the Sarbanes-Oxley Act of 2002; the Colorado Anti-Discrimination Act; and any other federal, state or local law, rule or regulation, and common law claims. This includes, but is not limited to, all wrongful termination and "constructive discharge" claims, all discrimination claims, all claims relating to any contracts of employment or other service, whether express or implied, any covenant of good faith and fair dealing, whether express or implied, and any tort of any nature. This release is for any relief, no matter how denominated, including but not limited to wages, back pay, front pay, benefits, compensatory damages, liquidated damages, punitive damages or attorney's fees. I also agree not to commence or cooperate in the prosecution or investigation of any lawsuit, administrative action or other claim or complaint against the Releasees, except as required by law; in the event that any such proceeding is commenced on my behalf, I waive the right to receive any monetary recovery in such proceeding. This Release does not extend to claims due to the failure of the Company to pay the Severance Benefits in accordance with the terms of the Employment Agreement or claims that may arise after the date this Release becomes effective.

4. I understand and agree that this Release will be binding on me and my heirs, administrators and assigns. I acknowledge that I have not assigned any claims or filed or initiated any legal proceedings against any of the Releasees.

5. I understand that I have twenty-one (21) days (or, in the event that my termination of my services is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the ADEA), as determined by the Company, forty-five (45) days) to sign this Release and deliver it to the Company and that I have a right to decide not to sign and deliver this Release. The Company hereby advises me of my right to consult with an attorney before signing the Release and I acknowledge that I have had an opportunity to consult with an attorney and have either held such consultation or have determined not to consult with an attorney.

6. I understand that I may revoke this Release by delivering written notice of my revocation to Frontier Airlines, Inc., 7001 Tower Road, Denver, Colorado 80249, Attn: [Chief Executive Officer] within the seven (7) day period beginning on the day following the day I sign the Release (the "Revocation Period"). If I do not revoke this Release within the Revocation Period, it will be legally binding and enforceable on the day immediately following the last day of the revocation period.

7. I acknowledge and agree that if any provision of this Release is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of this Release shall continue in full force and effect.

8. This Release is deemed made and entered into in the State of Colorado, and in all respects shall be interpreted, enforced and governed under the internal laws of the State of Colorado without regard to the conflicts of law principles of any jurisdiction.

* * * * *

I acknowledge and agree that I have carefully read and fully understand all of the provisions of this Release and that I voluntarily enter into this Release by signing below. Upon execution, I agree to deliver a signed copy of this Release to Frontier Airlines, Inc., 7001 Tower Road, Denver, Colorado 80249, Attn: Chief Executive Officer.

James Dempsey

Date: _____

FRONTIER AIRLINES, INC. CREDIT CARD AFFINITY AGREEMENT

THIS AGREEMENT is made on the 12th day of March, 2003, by and between Frontier Airlines, Inc., a Colorado corporation, having its principal office at 7001 Tower Road, Denver, CO 80249 (“**FRONTIER**”) and JUNIPER BANK, a Delaware Corporation, having its principal offices at 100 South West St., Wilmington, Delaware 19801 (“**JUNIPER**”).

RECITALS:

WHEREAS, JUNIPER Bank offers VISA and MASTERCARD consumer credit cards and related products to the public;

WHEREAS, FRONTIER has developed the EarlyReturns frequent flyer program, under which (a) FRONTIER Members are awarded mileage credit, including, but not limited to, credit for travel on airline flights operated under the airline code of FRONTIER, and credit for purchase transactions, including the purchases of goods and services from EarlyReturns “partners” in association with the EarlyReturns Program, as such Program is modified by FRONTIER from time to time; and (b) FRONTIER Members can obtain travel and other benefits by redeeming such mileage credit;

WHEREAS, EarlyReturns has at least ***** members;

WHEREAS, FRONTIER’S goals and objectives are to continue to add value to its EarlyReturns Program by offering a credit card associated with the FRONTIER Marks, which will (i) be competitive with comparable frequent flyer cards; and (ii) entitle FRONTIER Members to receive “mileage credit” for Net Purchases charged to the cardholder’s account;

WHEREAS, JUNIPER’S goals and objectives are to develop, promote and market the Affinity Program to the public consistent with FRONTIER’S stated goals, for the mutual benefit of JUNIPER and FRONTIER; and

WHEREAS, FRONTIER and JUNIPER wish to enter into the Affinity Program on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Definitions.

(a) “**Account**” means a JUNIPER Card account opened pursuant to an application under this Agreement, which is or may be eligible from time to time to make a purchase, to receive a cash advance, or to transfer a balance.

(b) “**Acquisition Budget**” means the aggregate Account acquisition budget of US ***** for the Initial Term of the Agreement to be allocated in a Marketing Plan.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

(c) “**Added Earnings Program**” means the direct and indirect solicitation by FRONTIER of applications for JUNIPER Cards from FRONTIER Members and other FRONTIER customers without the direct marketing participation of JUNIPER as more fully described in Section 3(e).

(d) “**Affinity Program**” means the co-branded credit card program between JUNIPER and FRONTIER, the terms of which are set forth in this Agreement.

(e) “**Bonus Miles**” means miles awarded to JUNIPER Cardholders to incent behavior, rather than as result of Net Purchases (other than Net Purchases of FRONTIER tickets, where applicable).

(f) “**Customer Agreements**” means the Account agreements.

(g) “**Designated Issuer**” shall have the meaning ascribed in Section 4(a) hereof.

(h) “**Earnings Guarantee**” means the funds to be paid by JUNIPER to FRONTIER during the Initial Term as a guarantee of net earnings in the amount of *****.

(i) “**Effective Date**” means the date on which FRONTIER and JUNIPER begin marketing JUNIPER Cards as more fully described in Section (3) hereof.

(j) “**Fees**” means, collectively, New Account Premiums, Renewal Premiums, Marketing Premiums, Purchase Mile Fees and Bonus Mile Fees as those terms are defined in Section 5.

(k) “**Force Majeure Event**” means any act of god; embargo or other governmental act, regulation, or request; fire; accident; strike; slowdown; war; riot; act of terrorism; or any other act or cause beyond the reasonable control of the affected party.

(l) “**FRONTIER Intellectual Property**” means the FRONTIER Marks (as defined below), together with the other property described in the License Agreement.

(m) “**FRONTIER Marks**” means the name, trademarks, service marks, photographs, graphics, copyrights and logo of FRONTIER that are set forth in Exhibit B attached hereto.

(n) “**FRONTIER Members**” means existing or potential members of the FRONTIER EarlyReturns frequent flyer program.

(o) “**Initial Guarantee Payment**” means the payment of ***** of the Earnings Guarantee in advance as set forth herein.

(p) “**Initial Term**” means the period that begins on the Effective Date and ends on ***** of the date on which the parties begin marketing JUNIPER Cards under section 3(c) hereof.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

(q) "**JUNIPER Cards**" means the Affinity Program credit cards issued by JUNIPER.

(r) "**JUNIPER Cardholders**" means the holders of JUNIPER Cards.

(s) "**JUNIPER Marks**" means the name, trademarks, service marks, copyrights and logo of JUNIPER that are set forth in Exhibit A attached hereto.

(t) "**JUNIPER Products**" means those financial products described on Exhibit C attached hereto, as such exhibit may be amended by JUNIPER and FRONTIER from time to time in writing.

(u) "**Lists**" means lists of the FRONTIER Members, including names and residential addresses and, where available, residential telephone numbers.

(v) "**Marketing Plans**" means the plans developed from time to time during the Term in accordance with Paragraph 7 of this Agreement.

(w) "**Marketing Premium**" means the amount payable by JUNIPER to FRONTIER for each Account generated as a result of an Added Earnings Program, as described more particularly in Paragraph 5 of this Agreement.

(x) "**Net Purchases**" *****. In no event shall Net Purchases include (i) purchases or balance transfers that are posted to an Account that has been reported lost or stolen (unless such purchases or balance transfers represent bona fide purchases or a Qualifying Balance Transfers posted to a lost or stolen Account, on which Fees have not yet been paid by JUNIPER); (ii) balance transfers other than a Qualifying Balance Transfer, cash advance transactions and/or cash advance transaction fees; and (iii) annual fees, finance charges, and any other bank fee or charge posted to the Account (such fees include, but are not limited to, late fees, return check fees, overlimit fees, credit insurance premiums, collection costs and administrative fees).

(y) "**Purchase Miles**" means miles awarded to JUNIPER Cardholders as a result of Net Purchases.

(z) "**Qualifying Balance Transfer**" means a single balance transfer of up to ***** or such other amount as the parties may agree in writing, for which Purchase Miles are awarded.

(aa) "**Quarterly Installment Payment**" means the portion of the balance of the Earnings Guarantee to be paid each quarter in the amount of ***** as set forth herein.

(bb) "**Renewal Premium**" means the amount payable for each renewal of a JUNIPER Product, to be paid by JUNIPER to FRONTIER as described more particularly in paragraph 5 of this Agreement.

(cc) "**Suspension Event**" shall have the meaning ascribed in Section 6 hereof.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

(dd) "**Term**" means the Initial Term plus and extension or renewal term of this Agreement.

(ee) "**Triggering Event**" shall have the meaning ascribed in Section 7 hereof.

(ff) "**Volume Incentive**" shall have the meaning ascribed in Section 4(a) hereof.

2. License to Use Marks.

(a) During the Term of this Agreement, JUNIPER shall have the right and license to the FRONTIER Marks as they now exist or as they may be modified during the Term hereof solely in connection with JUNIPER'S marketing of credit card products to FRONTIER Members under this Agreement. Such right and license is restricted to the products and services described herein and shall not apply or extend to any other product or service offered by JUNIPER. FRONTIER hereby agrees that the Marks may be used on either Visa or MasterCard Credit Cards as well as merchandise that has been approved by FRONTIER and is used to encourage individuals to apply for or use Credit Card Products ("**Premiums**"). FRONTIER and JUNIPER agree that JUNIPER will only issue Credit Cards and approved Premiums bearing the Marks pursuant to this Agreement, unless otherwise mutually agreed in writing by JUNIPER and FRONTIER. Except for amounts paid to FRONTIER pursuant to Paragraph 5 hereof, JUNIPER shall not be required to pay any additional amounts to FRONTIER, or on account of FRONTIER, in connection with the use of the Marks in conjunction with this Affinity Program. Following termination of this Agreement Credit Card Products issued during the Term hereof may continue to bear the Marks until the normal expiration date thereof (not to exceed twenty-four (24) months from the issuance thereof). Subject to and consistent with the applicable rules and regulations of Visa or MasterCard, JUNIPER shall comply with the standards established by FRONTIER with respect to the form of the Marks and their usage.

(b) FRONTIER is granted permission to use during the Term of this Agreement the JUNIPER Marks. Such permission is expressly limited to uses by FRONTIER necessary to perform its obligations under this Agreement, including without limitation its execution of any of its obligations under any Marketing Plan. FRONTIER agrees and recognizes JUNIPER'S exclusive ownership of such marks and names. FRONTIER agrees that it will not use the names, service marks and/or trademarks of the other party or any of its affiliated companies without the express prior written consent of that owning party.

(c) Each party agrees not to take any action inconsistent with the other party's ownership of its Marks and further agrees to take any action, including without limitation assistance in legal proceedings, which the owner deems necessary to establish and preserve exclusive rights in and to its Marks. It is expressly understood that each party is not purchasing or acquiring any right, title or interest in the other party's Marks.

(d) Subject to the foregoing, each of the parties hereto is and shall remain the owner of all rights in and to its name and logo, as the same now exist or as they may hereafter be modified, including all rights in and to any copyright, trademark, service-mark and/or like rights pertaining thereto. Any and all rights to the Marks not herein specifically granted and licensed to

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JUNIPER are reserved to FRONTIER. Except as otherwise specifically provided, upon the termination of this Agreement, all rights conveyed by FRONTIER to JUNIPER with respect to the use of the Marks shall cease, and all such rights shall revert to FRONTIER. Upon termination of this Agreement, JUNIPER shall have no further right to market its credit card products using the FRONTIER Marks or to further utilize any promotional materials or Premiums containing the Marks. However, nothing contained herein shall require JUNIPER to cancel any Account or to terminate any card issued in connection with this Agreement.

3. Marketing of the Affinity Program; Member Lists.

(a) Commencing on the Effective Date and continuing through the Term of this Agreement, JUNIPER, at its own expense, shall design and develop marketing, promotion and solicitation materials to promote the Affinity Program and JUNIPER Products. JUNIPER shall submit to FRONTIER, for its prior approval, samples of all marketing, promotional or solicitation materials, printed or otherwise, including, but not limited to telephone scripts, which JUNIPER intends to utilize to market or service the Affinity Program and JUNIPER Products. FRONTIER shall review such materials and respond to JUNIPER'S requests for approval within five business days. JUNIPER may communicate to the JUNIPER Cardholders information that does not bear FRONTIER Marks, provided, however, that JUNIPER must notify FRONTIER in advance of any communication to JUNIPER Cardholders which pertains to frequent flyer or other travel-related products and services.

(b) From time to time through the Term of this Agreement, JUNIPER shall market, promote and advertise the Affinity Program and Juniper Products to FRONTIER Members and such other target markets as FRONTIER and JUNIPER may from time to time agree upon. The JUNIPER Products shall initially consist of the credit card products listed in Exhibit C. JUNIPER shall make available to FRONTIER competitive and compelling products, as such products become available, for possible designation as JUNIPER Products to be added to Exhibit C.

(c) FRONTIER may supply inserts to JUNIPER to be included in reasonable monthly mailings of billing statements to JUNIPER Cardholders subject to JUNIPER's reasonable determination of available space, size and weight limitations. JUNIPER will pay for the normal cost of mailing statement insertions as described, excluding the cost of preparing and producing the actual insert which shall be the sole responsibility of FRONTIER. In addition, if the inserts added by FRONTIER increase the postal expense incurred by JUNIPER to mail statements with such inserts, then JUNIPER shall inform FRONTIER in advance and, provided FRONTIER agrees to reimburse JUNIPER for such incremental postage expense, JUNIPER will use reasonable efforts to include such insertion.

(d) From time to time during the Term of this Agreement, FRONTIER, at its expense, shall provide JUNIPER with the Lists, via magnetic tape, electronic file, CD ROM, or any other media that is mutually agreed upon. Each List shall be as complete as possible, but shall not include those FRONTIER Members who have notified FRONTIER that they do not wish to receive solicitations regarding the EarlyReturns Program. Subject to applicable regulatory record retention requirements and except as may be necessary to complete a marketing campaign, JUNIPER shall promptly destroy each outdated List upon receipt of an

updated List from FRONTIER. JUNIPER shall use the Lists for the sole purpose of marketing and servicing the JUNIPER Cards (or such other Affinity Program products as FRONTIER may approve in writing from time to time), and JUNIPER shall not rent, use or permit any third party handling such Lists to use them for any other purpose. JUNIPER shall not rent or otherwise make available such Lists to any third party except for the purposes of fulfilling obligations under this Agreement, subject to the execution of an appropriate confidentiality agreement by such third party. The Lists provided by FRONTIER are and shall remain the sole property of FRONTIER.

(e) Upon request by FRONTIER and with prior written approval by JUNIPER, which approval shall not be unreasonably withheld or delayed, JUNIPER shall permit FRONTIER, subject to reasonable restrictions set forth by JUNIPER, to conduct Added Earnings Program from time to time during the Term of this Agreement, provided, JUNIPER'S approval and restrictions will not impair FRONTIER'S ability to reach the target levels of income anticipated by the parties in Section 5(a)(iii) of this Agreement. Any marketing materials developed by FRONTIER must be approved in writing by JUNIPER prior to distribution by FRONTIER (provided that such approval shall not be unreasonably withheld or delayed), however, the text of JUNIPER Products applications and disclosures used for the Added Earnings Program must be supplied to FRONTIER by JUNIPER. Unless otherwise agreed to by JUNIPER and FRONTIER, all expenses incurred by FRONTIER and JUNIPER with respect to Added Earnings Programs shall be borne solely by FRONTIER provided that JUNIPER expenses shall be limited to those out-of-pocket expenses that are pre-approved by FRONTIER in writing. For each Account opened by FRONTIER as a result of an Added Earnings Program, JUNIPER shall pay to FRONTIER the Marketing Premium described in Section 5 hereof, net of any JUNIPER out-of-pocket expenses related to the Added Earnings Program as pre-approved in accordance with the previous sentence, in lieu of the New Account Premium described in Section 5.

4. Issuance and Servicing of JUNIPER Products.

(a) FRONTIER will designate either VISA or MasterCard International as the issuing association for JUNIPER Products. The definitive agreement between Designated Issuer and JUNIPER will materially conform to the proposal provided to FRONTIER by the selected association and will include the payment of a Affinity Program related volume incentive (the "**Volume Incentive**") that will be passed along to FRONTIER for each purchase transaction dollar on credit cards which bear the FRONTIER Marks. JUNIPER shall offset the Volume Incentive received from the Designated Issuer in the quarter in which it is received against the then un-recouped Earnings Guaranty, if any, in accordance with paragraph 5(c) below.

(b) JUNIPER may solicit FRONTIER Members regarding the Affinity Program and issue JUNIPER Cards and other JUNIPER Products in accordance with JUNIPER'S standard consumer credit card product or other issuing policies and credit practices, subject to federal, state and local law. All decisions concerning the creditworthiness of any potential FRONTIER Member shall be made at the sole discretion of JUNIPER. JUNIPER at all times shall offer competitive and compelling terms and features in connection with JUNIPER Products, which are consistent with or better than the industry norm for co-branded frequent fryer cards.

(c) JUNIPER Cardholders shall be governed by the terms of the Customer Agreements. The Customer Agreements shall specify that the laws of the State of Delaware, and as applicable, federal law, shall govern the terms and conditions of the Account and the extension of credit by JUNIPER. JUNIPER shall have the right, subject to the limitations set forth in this paragraph to (i) amend the Customer Agreements in accordance with applicable law, and (ii) alter the pricing on Accounts, in accordance with JUNIPER'S standard credit policies and the applicable Customer Agreements in the event of late payments, non-payments, payment by checks returned for insufficient funds, bankruptcy or other failure of an Account holder to abide by the terms of his or her Customer Agreement. Notwithstanding the foregoing, at all times such Customer Agreements must contain terms and conditions that are consistent with or better than the industry norm for co-branded frequent flyer cards. JUNIPER shall process all applications and customer service requests in a timely and efficient manner. JUNIPER shall provide FRONTIER with written notice of all changes to the Customer Agreements, other than individual account pricing, at least thirty (30) days prior to their effective date.

(d) JUNIPER shall be the sole creditor under the law as to all debts incurred through the use of the JUNIPER Cards, shall be the sole owner of the Accounts and may securitize Account receivables from time to time. In addition, any and all outstanding balances with respect thereto (including, without limitation, all amounts owing for the payments of goods and services, periodic finance charges, late and other charges) and all records developed and retained by JUNIPER for the sole purpose of administering the Accounts shall be the sole property of JUNIPER or its assigns and FRONTIER shall have no rights or interests therein.

5. Fees.

(a) During the Term of this Agreement, JUNIPER shall pay to FRONTIER Fees for the acquisition, retention and use of Accounts, as follows:

(i) New Account Premiums: For Accounts opened hereunder during the Term, other than Accounts for which the Marketing Premium is paid, a New Account Premium of ***** for each ***** Account and ***** for each Standard ***** Account opened hereunder.

(ii) Renewal Premiums: For Accounts renewed during the Term of this Agreement, a Renewal Account Premium in the amount equal ***** of the Annual fee for said Account. By way of example, based on the Annual Fee at launch the Renewal Premiums would be ***** for each ***** Account; ***** for each ***** Account.

(iii) Marketing Premiums: For each Account generated during the Term of this Agreement as a result of the Added Earnings Program, a Marketing Premium of ***** , regardless of type of JUNIPER Product. FRONTIER has no obligation to maintain an Added Earnings Program hereunder and may do so in its sole discretion; however, the parties project that forty percent of the Accounts obtained hereunder shall be obtained pursuant to an Added Earnings Program.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

(iv) Notwithstanding the foregoing, JUNIPER shall not be obligated to pay to FRONTIER any (y) Marketing Premiums for a No Fee JUNIPER Card until such card is used for a purchase, balance transfer, or cash advance; or (z) New Account Premiums or Marketing Premiums in the event that the Accounts on which such Fees are calculated represent replacement Accounts for lost or stolen JUNIPER Cards.

(b) Bonus Mile Fees and Purchase Mile Fees: During the Initial Term of this Agreement, JUNIPER shall pay a Purchase Mile Fee to FRONTIER equal to ***** for each Purchase Mile and a Bonus Mile Fee of either (1) ***** for each Bonus Mile awarded to an Account for which the New Account Premium is paid, or (2) ***** for each Bonus Mile awarded to an Account for which the Marketing Premium is paid. Purchase Miles and Bonus Miles shall be awarded as follows:

(i) FRONTIER shall award one Purchase Mile on each Account for each dollar of Net Purchases posted to such Account.

(ii) FRONTIER will from time to time award Bonus Miles to Accounts. Bonus Miles will be awarded as agreed from time to time by the parties for, by way of example and not limitation, rewards to Members when they open Accounts, rewards to JUNIPER Cardholder for engaging in certain categories of transactions as the parties may agree, including, but not limited to, the use of an Account to purchase FRONTIER tickets. The Bonus Mile Fee shall be in addition to, and not in lieu of, the Purchase Mile Fee that is due for a transaction. For example:

For FRONTIER ticket purchases on the Platinum Card for which double miles are awarded for using the credit card, the first mile awarded by FRONTIER will be compensated by the Purchase Mile Fee, and the second (bonus) mile will be compensated by the Bonus Mile Fee.

(c) JUNIPER shall provide FRONTIER with a reconciliation report within ***** days following the end of the contract quarter, setting forth the amount of Fees earned by FRONTIER under this paragraph 5 during such quarter. JUNIPER shall pay all Fees net of expenses incurred by JUNIPER as a result of an Added Earnings Program under Section 3(e) to FRONTIER within ***** days following the transmittal of the reconciliation report; provided, however, that JUNIPER shall offset Fees and Volume Incentive payments due against the cumulative amount of the un-recouped Earnings Guaranty, and transmit to FRONTIER the net balance due, if any.

(d) The parties agree to create reasonable procedures to prevent JUNIPER Cardholders from circumventing limitations on mileage awards, including but not limited to, the Qualifying Balance Transfer limits.

(e) JUNIPER'S obligation to pay any of the aforementioned Fees to FRONTIER shall cease on the Termination Date or upon the expiration of the Wind-down Period, as applicable.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

6. Earnings Guarantee.

(a) Subject to the conditions set forth in subparagraphs (b) and (c) and below, JUNIPER shall pay the Earnings Guarantee as follows:

(i) JUNIPER shall pay the Initial Guaranty Payment to FRONTIER within ***** business days of the date this Agreement is duly executed and delivered by the parties hereto. In the event that FRONTIER fails to reasonably cooperate in the launch of the Program causing the onset of marketing of the program to occur after June 30, 2003, FRONTIER shall immediately return the Initial Guaranty Payment to JUNIPER. The parties expressly agree that any joint decision to delay the launch of the Program beyond June 30, 2003 due to Force Majeure or other events will not result in a duty for FRONTIER to return the Initial Guaranty Payment.

(ii) The balance of the Earnings Guarantee shall be paid in Quarterly Installment Payments. The first Quarterly Installment Payment shall be due on the last day of the sixth contract quarter after the Effective Date, or, in the event the Initial Guaranty Payment is returned pursuant to Sub-section (i) above, the last day of the first quarter after the effective date, and the remainder shall be payable on the last day of every contract quarter thereafter.

(b) If one or more of the following (each a "Suspension Event") occurs:

(i) The average Passenger Enplanements ("PE") for the ***** most recent months for which FRONTIER has reported prior to the quarterly due date declines more than ***** from the average PE in the comparable ***** in *****;

(ii) The average number of Active Frequent Flyers for the ***** most recent months for which FRONTIER has reported prior to the quarterly due date declines more than ***** from the number of Active Frequent Flyers in the comparable ***** in *****.

(iii) FRONTIER fails to maintain a frequent flyer program that is as competitive in the marketplace as the EarlyReturns Program is as of Jan 1, 2003 based on domestic award levels and domestic mileage earning capability, provided that JUNIPER provides notice of the failure to maintain the frequent flyer program which will commence a ***** period during which FRONTIER may cure the deficiency;

(iv) FRONTIER becomes subject to voluntary or involuntary bankruptcy, insolvency, receivership, conservatorship or like proceedings, and for which JUNIPER does not terminate pursuant to Section 15(d) below;

then JUNIPER shall be relieved of the obligation to pay the Earnings Guarantee for the affected quarter, if any. If a Suspension Event under (i) or (ii) continues during the ensuing contract quarter(s), JUNIPER shall be relieved of its obligation to pay the Earnings Guarantee for such quarter(s) and the Earnings Guarantee shall be reduced by ***** for each affected quarter. Fees earned during such quarter shall be paid to FRONTIER to the extent not offset against the un-recouped Guarantee pursuant to Section 5 (c). For purposes of this Section 6(b), "PE" means the aggregate of ticketed passengers boarding a FRONTIER mainline flight as reported by

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FRONTIER for each month on or before the ***** day of the following month (for avoidance of doubt, PE does not include passengers booked by or through FRONTIER'S codeshare partners) and "Active Frequent Flyer" means a FRONTIER Member who has taken at least one flight in a calendar year.

(c) At such time FRONTIER has earned and received a total of *****, (or a reduced amount pursuant to Section 6(b) above) hereunder, JUNIPER'S obligation to pay the Earnings Guaranty shall cease.

7. Account Acquisition Budget; Marketing Plans.

(a) Unless decreased as set forth below, JUNIPER shall fund an aggregate Account acquisition budget of ***** for the Term of the Agreement (the "Acquisition Budget") provided that FRONTIER: (i) fulfills all its obligations hereunder, including but not limited to review and approval in a timely manner of the marketing materials and programs proposed or submitted by JUNIPER; (ii) a Suspension Event does not occur and continue; or (iii) this Agreement is not terminated for any reason (each a "Triggering Event").

(b) The Acquisition Budget includes the Marketing Premiums paid to FRONTIER as a result of an Added Earnings Program.

(c) Except as provided in Section (d) below, the occurrence of a Triggering Event terminates JUNIPER'S obligation to fund the Acquisition Budget.

(d) If FRONTIER (i) fails to fulfill all its obligations hereunder, including but not limited to review and approval in a timely manner of the marketing materials and programs proposed or submitted by JUNIPER; or (ii) a Suspension Event pursuant to Section 6.(b) (i), (ii) or (iii) occurs during any calendar quarter, JUNIPER shall have no obligation to fund the Acquisition Budget until such time that Suspension Event is cured. Acquisition Budget deferred as a result of this section may be removed from the Acquisition Budget if, at the time of establishing subsequent Marketing Plans, continuing to expend the Acquisition Budget on marketing efforts is not commercially reasonable.

(e) Beginning April 1, 2003, and every ***** thereafter, FRONTIER and JUNIPER shall meet to develop a Marketing Plan for the ensuing ***** period. Both parties shall make themselves available for discussions and consultations regarding the Marketing Plans, and shall use all reasonable resources, including the assignment of adequate personnel, as may be necessary to develop each Marketing Plan. In addition, FRONTIER and JUNIPER, upon either party's reasonable request, shall participate in additional meetings to revise the then-current Marketing Plan based on ongoing campaign results or changes to the marketing environment. Each Marketing Plan will establish the efforts to be completed by each party in order to promote the Affinity Program, the portion of the Acquisition Budget being allocated to the period covered by the Marketing Plan, and set forth whether new Accounts originated pursuant to the Marketing Plan will be considered a new Account resulting in the payment of the New Account Premium or the Marketing Premium, or allocated between the two according to some formula. The Marketing Plans shall be developed based upon the parties' reasonable and objective evaluations

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as to the most effective and efficient means to advertise and promote the Affinity Program, in light of the following parameters:

- (i) The parties recognize that the Acquisition Budget is intended to acquire ***** new Accounts through all channels including but not limited to Added Earnings Programs during the Initial Term;
- (ii) The anticipated average annual cost per Account is *****;
- (iii) The occurrence of one or more Suspension Events will result in a reasonable adjustment to the Acquisition Budget;
- (iv) The parties may reduce the Acquisition Budget to allow JUNIPER to receive the economic benefit of efficient Account acquisition; and
- (v) The performance of earlier marketing efforts, the cost effectiveness of the particular marketing channels and other factors effecting response rates, including but not limited to general economic trends and trends regarding frequent flyer program participation.

(f) The parties recognize that the Acquisition Budget is intended to acquire ***** Accounts during the Initial Term of the Agreement at an average annual cost per Account (“CPA”) for JUNIPER of *****, including ***** Accounts obtained through Added Earnings Programs. During each period covered by a Marketing Plan, if JUNIPER wants to reallocate the Acquisition Budget from a particular marketing channel to other channels or suspend a channel in order to achieve the Account and CPA targets, or to reduce, the, Acquisition Budget during such period, JUNIPER will notify FRONTIER and an ad hoc meeting of the parties to revise the Marketing Plan. In the event that the parties do not agree on a Marketing Plan, including a revised Marketing Plan at the ad hoc meeting, JUNIPER may reduce the Acquisition Budget as a result of the reallocation or suspension of marketing if, in JUNIPER’S commercially reasonable judgment based on the prior performance of the marketing efforts, the Acquisition Budget for the particular year will not result in the cost effective acquisition of Accounts.

8. Privacy.

A copy of JUNIPER’S Privacy Policy can be accessed at www.juniper.com/app/ccsite/legal/privacyDynamic.jsp. JUNIPER may modify the Privacy Policy from time to time. JUNIPER shall communicate all changes in the Privacy Policy to FRONTIER. FRONTIER acknowledges that to the extent that it receives from JUNIPER Account information about JUNIPER Cardholders, and does not receive that same information from any additional source, FRONTIER’S use and disclosure of such information to unaffiliated third parties is limited by JUNIPER’S Privacy Policy and by applicable law.

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9. Relationship.

Nothing in this Agreement is intended to or shall be construed to constitute or establish an agency, joint venture, partnership or fiduciary relationship between the parties, and neither party shall have the right or authority to act for or on behalf of the other party.

10. Confidentiality.

(a) The parties acknowledge and agree that all information provided to or in connection with either party's performance under this Agreement shall be considered confidential and proprietary information ("**Confidential Information**") and shall not be disclosed to any third party (including any affiliate) without the prior written consent of the party providing the Confidential Information ("**Disclosing Party**"). Confidential Information shall include, without limitation: (i) names, addresses, and demographic, behavioral, and credit information relating to JUNIPER Cardholders, FRONTIER Members, FRONTIER customers, subscribers or employees, (ii) marketing materials, proposed plans and targeting methods; (iii) business objectives, assets and properties; and (iv) programming techniques and technical, developmental, cost and account processing information.

(b) The party receiving such Confidential Information ("**Receiving Party**") shall use Confidential Information only for the purpose of performing the terms of this Agreement and shall not accumulate in any way or make use of Confidential Information for any other purpose. The Receiving Party shall ensure that only its employees, authorized agents, or subcontractors who need to know Confidential Information to perform this Agreement will receive Confidential Information and that such persons agree to be bound by the provisions of this Paragraph 10 and maintain the existence of this Agreement and the nature of their obligations hereunder strictly confidential.

(c) The obligations with respect to Confidential Information shall not apply to Confidential Information that: (i) either party or its personnel already know at the time it is disclosed as shown by their written records; (ii) is publicly known without breach of this Agreement, provided that this exception does not apply to customer information as described in subparagraph (a)(i) above; (iii) either party receives from a third party, unless the receiving party knows that the third party is or will be in breach of a duty of confidentiality by supplying such information; (iv) either party, its agents or subcontractors, develop independently without use of Confidential Information; (v) either party is required by law, regulation or valid court or governmental agency order to disclose, in which case the party receiving such an order must give notice to the other party, allowing them to seek a protective order, unless the court or government agency prohibits the receiving party from so notifying the disclosing party at the time of its request.

(d) Each party agrees that any unauthorized use or disclosure of Confidential Information may cause immediate and irreparable harm to the Disclosing Party for which money damages may not constitute an adequate remedy. In that event, each party agrees that injunctive relief may be warranted in addition to any other remedies the Disclosing Party may have. In addition, the Receiving Party agrees promptly to advise the Disclosing Party in writing of any unauthorized misappropriation, disclosure or use by any person of the Confidential Information

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which may come to its attention and to take all steps at its own expense reasonably requested by the Disclosing Party to limit, stop or otherwise remedy such misappropriation, disclosure or use. Notwithstanding the foregoing, neither JUNIPER nor FRONTIER shall have any liability for any disclosure of Confidential Information that occurs as a direct result of a Force Majeure Event.

(e) Upon either party's demand, or upon the termination of this Agreement, the parties shall comply with each other's reasonable instructions regarding the disposition of Confidential Information that may include the Receiving Party's best efforts to return of any and all Confidential Information (including any copies or reproductions thereof). Such best efforts at compliance shall be certified in writing to the other party.

(f) Except as necessary for its performance under this Agreement, FRONTIER shall not use the name of JUNIPER, its affiliates or subsidiaries in connection with any representation, solicitation, promotion, sales or marketing publication or advertisement, or make any public statement relating to JUNIPER, its affiliates or subsidiaries, without the prior full disclosure of same to JUNIPER, and the prior written consent of JUNIPER which consent shall not be unreasonably withheld or delayed. Except as necessary for its performance under this Agreement, JUNIPER shall not use the name of FRONTIER, its affiliates or subsidiaries in connection with any representation, solicitation, promotion, sales or marketing publication or advertisement, or make any public statement relating to FRONTIER, its affiliates or subsidiaries, without the prior full disclosure of same to FRONTIER, and the prior written consent of FRONTIER, which consent shall not be unreasonably withheld or delayed.

(g) Except as may be required by law, regulation or any governmental authority (including the Securities Exchange Commission), neither FRONTIER nor JUNIPER, nor any of their affiliates, shall issue a press release or make a public announcement or any disclosure to any third party related to the transactions contemplated by this Agreement without the prior consent of the other party, which consent shall not be unreasonably withheld or delayed.

(h) The parties shall keep confidential and not disclose, and shall cause their officers, employees, and agents to keep confidential and not disclose, any of the terms and conditions of this Agreement to any third party without the prior written consent of the other party.

(i) The obligations of the parties hereunder shall survive and be enforceable by temporary and permanent injunctive relief against the breaching party and its employees, officers, directors, agents, representatives, and contractors following nonrenewal or termination of this Agreement.

11. Representations and Warranties: Covenants.

(a) JUNIPER represents and warrants that it is (i) a Delaware corporation, validly existing and in good standing under the laws of the United States; (ii) the execution and delivery by JUNIPER of this Agreement, and the performance by JUNIPER of the transactions

contemplated hereby, are within JUNIPER'S corporate powers, have been duly authorized by all necessary corporate action, do not require any consent or other action by or in respect of, or filing with, any third party or governmental body or agency (other than informational filings required by Visa or MasterCard), and do not contravene, violate or conflict with, or constitute a default under, any provision of applicable law or regulation or of the charter or by-laws of JUNIPER or of any agreement, judgment, injunction, order, decree or other instrument binding upon JUNIPER; (iii) it is the owner of its Marks and has the right to and is authorized to grant FRONTIER the right and license to use the respective name, trademarks, service marks, copyrights and logos as set forth in Exhibit B and it is not currently aware of any claims, and is not currently involved in any litigation, challenging JUNIPER'S ownership of the Marks; and (iv) that it is, and will remain at all times during the Term of this Agreement, in material compliance with any applicable federal, state and local laws (including without limitation the Gramm-Leach-Bliley Act and, banking, usury, consumer credit and debt collection related laws) and any other rule, regulation and directive (including without limitation the MasterCard or Visa Rules and, any banking, debt collection and credit related rules, regulations and directives) applicable to the performance of its obligations under this Agreement.

(b) FRONTIER represents and warrants that it is validly existing and in good standing under the laws of the State of Colorado. FRONTIER further represents and warrants that (i) the execution and delivery by FRONTIER of this Agreement, and the performance by FRONTIER of the transactions contemplated hereby, are within FRONTIER'S powers, have been duly authorized by all necessary action, do not require any consent or other action by or in respect of, filing with, any third party or any governmental body or agency, and do not contravene, violate or conflict with, or constitute a default under, any provision of applicable law, regulation, or under any governing documents, charter or bylaw, or any agreement, judgment, injunction, order, decree or other instrument binding on FRONTIER and do not require the payment of any other fees or royalties, except as set forth herein, on the part of JUNIPER; (ii) the EarlyReturns frequent flyer program has at least ***** members as of the execution date of this Agreement; and (iii) it is the owner of its Marks and has the right to and is authorized to grant to JUNIPER the right and license to use the respective name, trademarks, service marks, copyrights and logos as set forth in Exhibit B and it is not currently aware of any claims, and is not currently involved in any litigation, challenging FRONTIER'S ownership of the Marks. FRONTIER represents and warrants that it has the right, power and authority to execute this Agreement and act in accordance herewith.

12. Release and Indemnification.

(a) JUNIPER shall not be responsible in any way for any misrepresentation, negligent act or omission or willful misconduct of FRONTIER, its affiliates, officers, directors, agents, or employees in connection with the entry into or performance of any obligation of FRONTIER under this Agreement. Further, FRONTIER shall indemnify, defend and hold JUNIPER harmless from and against all claims, actions, suits or other proceedings, and any and all losses, judgments, damages, expenses or other costs (including reasonable counsel fees and disbursements), arising from or in any way relating to (i) any actual or alleged violation or inaccuracy of any representation, warranty or covenant of FRONTIER contained in Paragraph 11 above, and (ii) any negligent act or omission or willful misconduct of FRONTIER or its directors, officers, employees, agents or assigns in connection with the entry into or performance of this Agreement.

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(b) FRONTIER shall not be responsible in any way for any misrepresentation, negligent act or omission or willful misconduct of JUNIPER, its affiliates, officers, directors, agents, or employees in connection with the entry into or performance of any obligation of JUNIPER under this Agreement. Further, JUNIPER shall indemnify, defend and hold FRONTIER harmless from and against all claims, actions, suits or other proceedings, and any and all losses, judgments, damages, expenses or other costs (including reasonable counsel fees and disbursements), arising from or in any way relating to (i) any actual or alleged violation or inaccuracy of any representation, warranty or covenant of JUNIPER contained in Paragraph 11 above, any assertion that FRONTIER is a creditor in contravention of Section 4(d) above, and any negligent act or omission or willful misconduct of JUNIPER or its directors, officers, employees, agents or assigns in connection with the entry into or performance of this Agreement

13. Reports and Records.

(a) During the Term of this Agreement, JUNIPER shall furnish to FRONTIER, via electronic transfer or such other method of delivery (e.g., electronic or paper) as agreed to by the parties, said agreement not to be unreasonably withheld or delayed:

(1) On the ***** of each week, JUNIPER shall report to FRONTIER all Accounts newly established, closed, or upgraded by JUNIPER during the prior week, and the EarlyReturns Program membership number associated with each such Account.

(2) Within ***** following the closing of each billing cycle of each month, JUNIPER shall provide to FRONTIER a transaction file showing the total Purchase Miles, Bonus Miles, and adjustments for each Account for that cycle for the purpose of posting miles to the Member's EarlyReturns account. The parties shall mutually agree on the format, transmission process and reconciliation of the transaction file.

(3) Monthly on or about ***** of the month, JUNIPER shall issue to FRONTIER a report which shows, for each JUNIPER Product and source of Purchase Miles or Bonus Miles (i.e., purchases, Account activation, each type of Bonus Mile transaction, incentives, and adjustments): (i) the transaction or source code, (ii) the number of transactions in the previous month for that code, (iii) the Purchase Miles and Bonus Miles earned for that code, and (iv) the Purchase Mile Fees and Bonus Mile Fees earned for the transaction type during the preceding month, or a report of equivalent detail as may be agreed upon by the parties.

(4) At least monthly, JUNIPER shall also provide FRONTIER with a report showing for all Accounts in the aggregate, segregated by JUNIPER Product, the previous month's total interest bearing principal balances outstanding, the number of statemented accounts, open accounts, average purchase amount, and month to date and year to date amounts for net sales, newly opened Accounts, closed Accounts and a summary of customer service performance including information regarding customer complaints.

(5) A monthly report showing all Fees earned, segregated by Fee type.

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(6) On the ***** following the completion of each calendar quarter, a report showing actual versus target data for the Service Levels set forth on Exhibit D for the previous calendar quarter.

(b) During the Term of this Agreement, FRONTIER shall furnish to JUNIPER, via electronic transfer, or such other method of delivery (e.g., electronic or paper) as agreed to by the parties, said agreement not to be unreasonably withheld or delayed, a report within ***** of the execution of this Agreement detailing the monthly FRONTIER mainline PE for calendar year ***** and thereafter as required under Paragraph 6(b)(iv) of this Agreement.

14. Right to Audit.

(a) Upon FRONTIER'S request and upon reasonable prior notice, JUNIPER shall make pertinent records regarding the Affinity Program, including the source codes assigned by JUNIPER Accounts, which such records shall be retained throughout the Term of this Agreement, available to FRONTIER or its designated auditors, at the sole cost and expense of FRONTIER, at the business premises of JUNIPER during ordinary business hours, for the purpose of verifying JUNIPER'S compliance with the terms of this Agreement. Nothing herein shall be deemed to grant to FRONTIER the right to audit internal records of JUNIPER regarding the revenues, income, or profits to JUNIPER of the Affinity Program, or generally.

(b) Upon JUNIPER'S request and upon reasonable prior notice, FRONTIER shall make pertinent records regarding the Affinity Program available to JUNIPER or its auditors, at the sole cost and expense of JUNIPER, at the business premises of FRONTIER during ordinary business hours for the sole purpose of verifying FRONTIER'S compliance with the terms of this Agreement. Nothing herein shall be deemed to grant to JUNIPER the right to audit internal records of FRONTIER regarding the revenues, income, or profits of the Affinity Program to FRONTIER, or generally.

(c) Each party shall have the right, upon reasonable notice to the other, at its own expense, to audit and review the customer service instructions and materials of the other, and shall have the right, subject to privacy law concerns, to reasonably monitor the other's telemarketing or customer service phone contacts regarding the Affinity Program,

(d) Notwithstanding anything in this paragraph to the contrary, if an audit conducted by a party under this paragraph 14 reveals a discrepancy of more than ***** between actual data and data supplied to the other party, or between actual performance and performance required under this agreement (if, in either such case, such discrepancy is numerically verifiable), then the party which is the subject of the audit shall pay all of the expenses incurred by the other party in connection with such audit.

15. Term/Termination.

(a) This Agreement shall become effective on the date executed and delivered by the parties and shall continue for the Initial Term. Following the Initial Term, this Agreement will be automatically renewed for renewal terms of ***** each unless, at least ***** prior to the termination of the Initial Term or the then current renewal term, either party shall have notified the other in writing of its decision not to renew this Agreement.

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(b) If there is a material default by either party in the performance of the terms and conditions of this Agreement and such default shall continue for a period of ***** after receipt by the defaulting party of written notice thereof from the non-defaulting party (setting forth in detail the nature of such default), then this Agreement shall upon the written election of the non-defaulting party terminate on the ***** following the delivery of the written notice. If, however, despite the ongoing commercially reasonable efforts by the defaulting party to cure the default set forth in the notice, the default cannot be remedied within such ***** such time period shall be extended for an additional period of not more than *****, so long as the defaulting party has notified the non-defaulting party in writing and in detail of its plans to initiate substantive steps to remedy the default and diligently thereafter pursues the same to completion within such additional ***** period. In the event that any material change in any federal, state or local law, statute, operating rule or regulation, or any material change in any operating rule or regulation of the Designated Issuer makes the continued performance of this Agreement under the then current terms and conditions unduly burdensome, then JUNIPER shall have the right to terminate this Agreement upon ***** advance written notice. Such written notice shall include a detailed explanation and evidence of the burden imposed as a result of such change.

(c) If either party becomes the subject of an event where (i) the party becomes insolvent, (ii) a party engages in willful and wanton conduct to the material detriment of the other party, (iii) voluntary or involuntary proceedings by or against such party are instituted in bankruptcy or under any insolvency law, or a receiver or custodian is appointed for such party, or proceedings are instituted by or against such party for the dissolution of such party (other than an administrative dissolution for which the party is taking corrective action), which proceedings, if involuntary, are not dismissed within ***** after the date of filing, or (iv) such party makes an assignment for the benefit of its creditors, or (v) substantially all of the assets of such party are seized or attached and not released within ***** thereafter, the other party may, by giving written notice to the affected party, terminate this Agreement.

(d) In the event this Agreement is terminated as a result of default by FRONTIER, including but not limited to a merging with another airline in which the Affinity Program does not continue with the merged entity, FRONTIER shall pay JUNIPER an amount equal to the paid but un-recouped guarantee as set forth in Section 6 in addition to all rights and remedies available to JUNIPER at law or in equity.

(e) In the event JUNIPER fails to meet the service levels described in Exhibit D for three (3) successive months, and JUNIPER is unable to cure such default within ***** of written notice from FRONTIER to JUNIPER setting forth the nature of such default, FRONTIER may terminate this Agreement for cause at the end of such ***** cure.

(f) In the event this Agreement is terminated as a result of default by JUNIPER, including but not limited to the terms of Paragraph 15(e), FRONTIER shall retain any paid but un-recouped guarantee as set forth in Section 6 in addition to all rights and remedies available to FRONTIER at law or in equity.

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16. Exclusivity.

(a) FRONTIER. During the Term of this Agreement, JUNIPER shall have the exclusive right to perform the JUNIPER Product services contemplated by this Agreement, and FRONTIER agrees that during the Term hereof it shall not by itself or in conjunction with others, directly or indirectly, or through any parent, affiliate or subsidiary, offer or endorse, or enter into any agreement with others for the provision of credit card product or credit card product related products or services to FRONTIER Members. For the purposes of this Section 16, charge cards and related services shall be deemed to be a credit card product.

(b) JUNIPER. During the term of this Agreement JUNIPER agrees that it will not enter into a co-branded relationship with the airline that has the largest market share based on Revenue Passengers In and Out as reflected in the Total Operations and Traffic Report issued by Denver International Airport from time to time. The parties recognize that the airline with the largest market share may change, and agree that to the extent JUNIPER has an affinity relationship with an airline prior to that airline becoming airline with the largest market share at the Denver International Airport, this Paragraph will not be interpreted to require JUNIPER to terminate or otherwise discontinue that affinity relationship. In the event JUNIPER does have an affinity relationship with another airline providing service to or from Denver International Airport, JUNIPER hereby covenants that it will not discriminate in favor of such other airline in performing the marketing and support service required by the Affinity Program.

17. Notices.

Any and all notices or other communications required or permitted under this Agreement shall be in writing and shall be delivered either by personal delivery; by telex, telegram, mailgram or telecopy; by nationally recognized overnight courier service; or by certified or registered mail, return receipt requested, addressed as follows:

If to JUNIPER, to:

JUNIPER BANK,
100 S. West St.
Wilmington, DE 19801

Fax No.: *****
Attention: *****

with a copy to:

General Counsel Fax No. *****

If to FRONTIER, to:

Frontier Airlines, Inc.
7001 Tower Road,
Denver, CO 80249

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Fax No.: *****

Attention: *****

with a copy to: General Counsel

Fax No.: *****

or to such other person or address as either party shall have previously designated to the other by written notice given in the manner set forth above. Notices shall be deemed given one day after sent, if sent by telex, telegram, mailgram, telecopy or by overnight courier; when delivered and receipted for, if hand delivered; or when receipted for (or upon the date of attempted delivery where delivery is refused) if sent by certified or registered mail, return receipt requested. Where notice requires a response in ***** or fewer business days, the notice should be sent by hand delivery or telecopy.

18. Assignment.

Any assignment by either party of that party's rights and/or obligations pursuant to the Agreement shall be subject to the prior written consent of the other party to this Agreement, which consent shall not be unreasonably withheld, provided, the assigning party will be responsible for all legal costs and expenses of the non-assigning party relating to the completion of due diligence and documentation required, whether the assignment requires consent or is permitted pursuant to this Section 18 as set forth below. In addition, and notwithstanding the foregoing, JUNIPER may, with the prior written consent of FRONTIER (which may not be unreasonably withheld), (i) assign this Agreement and any of JUNIPER'S rights and obligations, to any federally regulated financial institution upon the condition that the assignee shall assume, either expressly or by operation of law, all of JUNIPER'S rights and obligations, to any federally regulated financial institution upon the condition that the assignee shall assume, either expressly or by operation of law, all of JUNIPER'S obligations hereunder, upon the delivery of prior written notice thereof to FRONTIER; or (ii) assign this Agreement to a corporate affiliate with the necessary resources to undertake JUNIPER'S obligations hereunder or to an entity that merges with JUNIPER or acquires all or substantially all the assets and obligations of JUNIPER, provided in each case that FRONTIER is reimbursed any expense associated with systems changes, if any, necessitated by said assignment. FRONTIER, without prior written notice or consent to JUNIPER, may assign its rights to receive Fees pursuant to this Agreement to a commercial lending institution which provides a credit facility to FRONTIER as collateral security for such credit facility, or to an entity that merges with FRONTIER or acquires all or substantially all of the assets of FRONTIER.

19. Entire Agreement/Amendment.

This Agreement, including exhibits, constitutes the entire understanding between the parties with respect to the subject matter, and supersedes all prior written and oral proposals,

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understandings, agreements and representations, all of which are merged herein. No amendment or modification of this agreement shall be effective unless it is in writing and executed by all of the parties hereto.

20. Non-Waiver of Default.

The failure of either party to insist, in any one or more instances, on the performance of any terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of any rights granted hereunder or of the future performance of any such term or condition, and the obligations of the non-performing party with respect thereto shall continue in full force and effect.

21. Severability.

In the event that any provision of this Agreement shall, for any reason, be deemed to be invalid and unenforceable, the remaining provisions of this Agreement shall remain in full force and effect.

22. Alternate Dispute Resolution.

FRONTIER and JUNIPER hereby waive their rights to resolve disputes through any court proceeding or litigation and acknowledge that all disputes shall be resolved pursuant to this Section, except that equitable relief may be sought pursuant to Section 10 from any court of competent jurisdiction. Both parties represent to the other that this waiver is made knowingly and voluntarily after consultation with and upon the advice of counsel and is a material part of this Agreement.

Any controversy or claim between the parties arising from or in connection with this Agreement or the relationship of the parties under this Agreement whether based on contract, tort, common law, equity, statute, regulation, order or otherwise ("**Dispute**"), except claims for equitable relief is sought pursuant Section 10, shall be resolved as follows:

1. Informal Dispute Resolution

(a) Upon written request a duly appointed representative(s) of each party will meet for the purpose of attempting to resolve such Dispute. Should they be unable to resolve the Dispute, the President or a Vice President of FRONTIER will meet with JUNIPER'S Director of Partnership Marketing (the "**Executives**") in an effort to resolve the Dispute. Said meeting shall be in person or by telephone.

(b) The Executives shall meet as often as the parties agree to discuss the problem in an effort to resolve the Dispute without the necessity of any formal proceeding.

(c) Formal proceedings for the resolution of a Dispute may not be commenced until the earlier of:

(i) the parties concluding in good faith that amicable resolution through the procedures set forth in subsections (a)-(b) hereof does not appear likely; or

(ii) the expiration of the ***** period immediately following the initial request to negotiate the Dispute;

provided, however, that this Section will not be construed to prevent a party from instituting formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors or to seek temporary or preliminary injunctive relief. The commencement of a proceeding pursuant to this provision does not relieve a party from the executive consultation requirement contained in this Section.

2. Arbitration.

(a) If the parties are unable to resolve any Dispute as contemplated above, such Dispute shall be submitted to mandatory and binding arbitration at the election of either FRONTIER, on the one hand, and JUNIPER on the other hand (the “**Disputing Party**”). Except as otherwise provided in this Section, the arbitration shall be pursuant to the Code of Procedure of the National Arbitration Forum (“**NAF**”), P.O. Box 50191, Minneapolis, MN 55405, (800) 474-2371.

(b) To initiate arbitration, the Disputing Party shall notify the other party in writing (the “**Arbitration Demand**”) with a copy to the NAF, which shall (i) describe in reasonable detail the nature of the Dispute, (ii) state the amount of the claim, and, (iii) specify the requested relief. Within ***** after the other party’s receipt of the Arbitration Demand, such other party shall file, and serve on the Disputing Party, a written statement (i) answering the claims set forth in the Arbitration Demand and including any affirmative defenses of such party; (ii) asserting any counterclaim, which shall (A) describe in reasonable detail the nature of the Dispute relating to the counterclaim, (B) state the amount of the counterclaim, and (C) specify the requested relief.

(c) If the amount of the controversy set forth in either the claim or counterclaim is less than ***** , then the matter shall be resolved by a single arbitrator selected pursuant to the rules of the NAF.

(d) If the amount of the controversy set forth in either the claim or counterclaim is equal to or exceeds ***** , then the matter shall be resolved by a panel of three arbitrators (the “**Arbitration Panel**”) selected pursuant to the rules of the NAF. Decisions of a majority of the members of the Arbitration Panel shall be determinative.

(e) The arbitration hearing shall be held in Chicago, Illinois. The Arbitrator or Arbitration Panel is specifically authorized in proceeding pursuant to Section (d) to render partial or full summary judgment as provided for in the Federal Rules of Civil Procedure. Unless otherwise agreed by the parties, partial or full summary judgment shall not be available in proceedings pursuant to subsection (c) above. In the event summary judgment or partial summary judgment is granted, the non-prevailing party may not raise as a basis for a motion to vacate an award that the Arbitrator or Arbitration Panel failed or refused to consider evidence

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

bearing on the dismissed claim(s) or issue(s). The Federal Rules of Evidence shall apply to the arbitration hearing. The party bringing a particular claim or asserting an affirmative defense will have the burden of proof with respect thereto. The arbitration proceedings and all testimony, filings, documents and information relating to or presented during the arbitration proceedings shall be deemed to be information subject to the confidentiality provisions of this Agreement. The Arbitration Panel will have no power or authority, under the Code of Procedure of the NAF or otherwise, to relieve the parties from their agreement hereunder to arbitrate or otherwise to amend or disregard any provision of this Agreement, including, without limitation, the provisions of this Paragraph.

(f) Should an arbitrator refuse or be unable to proceed with arbitration proceedings as called for by this Section, the arbitrator shall be replaced pursuant to the rules of the NAF. If an arbitrator is replaced after the arbitration hearing has commenced, then a rehearing shall take place in accordance with this Section and the Code of Procedure of the NAF.

(g) At the time of granting or denying a motion of summary judgment as provided for in (e) and within ***** after the closing of the arbitration hearing, the arbitrator or Arbitration Panel will prepare and distribute to the parties a writing setting forth the arbitrator's or Arbitration Panel's finding of facts and conclusions of law relating to the Dispute, including the reasons for the giving or denial of any award. The findings and conclusions and the award, if any, shall be deemed to be information subject to the confidentiality provisions of this Agreement.

(h) The arbitrator or Arbitration Panel is instructed to schedule promptly all discovery and other procedural steps and otherwise to assume case management initiative and control to effect an efficient and expeditious resolution of the Dispute. The arbitrator or Arbitration Panel is authorized to issue monetary sanctions against either party if, upon a showing of good cause, such party is unreasonably delaying the proceeding.

(i) Any award rendered by the arbitrator or Arbitration Panel will be final, conclusive and binding upon the parties and any judgment hereon may be entered and enforced in any court of competent jurisdiction.

(j) Each party will bear a pro rata share of all fees, costs and expenses of the arbitrators, and notwithstanding any law to the contrary, each party will bear all the fees, costs and expenses of its own attorneys, experts and witnesses; provided, however, that in connection with any judicial proceeding to compel arbitration pursuant to this Agreement or to confirm, vacate or enforce any award rendered by the arbitrator or Arbitration Panel, the prevailing party in such a proceeding shall be entitled to recover reasonable attorney's fees and expenses incurred in connection with such proceedings, in addition to any other relief to which it may be entitled.

24. Governing Law.

This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Delaware.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

FRONTIER AIRLINES, INC.

By: /s/ David Siskowski
Name: DAVID SISKOWSKI
Title: Vice President

JUNIPER BANK

By: /s/ Kevin Kleinschmidt
Name: Kevin Kleinschmidt,
Title: Director of Partnership Marketing

EXHIBIT A

JUNIPER MARKS

- 1) Privacy Champion
- 2) Banking Without a Net
- 3) Now You Have a Champion
- 4) Tree Design – Black on White
- 5) Tree Design – White on Black
- 6) Juniper Financial
- 7) Juniper Bank
- 8) Juniper

EXHIBIT B

FRONTIER MARKS

EXHIBIT C

PRODUCTS

Frontier Product Description – Proposed

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SCHEDULE D

Juniper Service Levels

(Each measured over a calendar month)

<u>MEASURE</u>	<u>TARGET</u>	<u>DESCRIPTION</u>
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

First Amendment to the Frontier Airlines, Inc Credit Card Affinity Agreement

This First Amendment to the Frontier Airlines Credit Card Affinity Agreement, made this 12th day of March 2003 by and between Juniper Bank (“**Juniper**”) and Frontier Airlines, Inc (“**Frontier**”), amends the Frontier Airlines Credit Card Agreement between the parties dated March 12, 2003 (the “**Agreement**”).

RECITALS:

The parties desire to clarify the manner in which the Credit Card Program is administered.

THEREFORE, the parties agree as follows:

1. FRONTIER agrees to assign a full-time Marketing Coordinator to administer the Co-Branded Credit Card Program (job description attached hereto as Exhibit 1) hereinafter the “**Program Administrator**”).
2. JUNIPER shall pay Frontier monthly as provided on Exhibit 2 hereto, to offset FRONTIER’s expense associated with the Program Administrator, provided that in any month that the Program Administrator position is unfilled for more than *****, JUNIPER shall have no obligation to pay FRONTIER for that month(s). FRONTIER will invoice JUNIPER on a *****.
3. All other terms and conditions of the Agreement shall remain in effect except as expressly modified herein or in another writing signed by both parties. Capitalized terms shall have the same meaning as set forth in the Agreement.
4. This Amendment shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within the State of Delaware.
5. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Intending to be legally bound, the parties have executed this Amendment as of the date set forth above.

JUNIPER BANK

FRONTIER AIRLINES, INC.

/s/ [Authorized Signatory]

(Signature)

/s/ Howard Diamond

(Signature)

[Authorized Signatory]

(Title)

SVP, General Counsel & Secretary

(Title)

March 12, 2003

(Date)

March 12, 2003

(Date)

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

EXHIBIT 1
Job Description

PAGE 2

PROCESSING SERVICES AGREEMENT

JUNIPER FINANCIAL CORP.

This document is confidential and proprietary and may not be distributed outside of Juniper Financial Corp. Or e-PROFILE, Inc.

EXHIBIT 2
Payment Schedule

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Second Amendment to the Frontier Airlines, Inc. Co-Branded Credit Card Agreement

This Second Amendment to the Frontier Airlines, Inc. Affinity Credit Card Agreement, made this 1st day of April 2005 by and between Juniper Bank ("Juniper") and Frontier Airlines, Inc. (Frontier) amends the Frontier Airlines, Inc. Credit Card Agreement between the parties dated March 12, 2003 (the "**Agreement**").

RECITALS:

WHEREAS, Frontier and JUNIPER desire to amend the Agreement to create a new category of Credit Card for the purpose of expanding the population of Frontier Members eligible for credit cards.

THEREFORE, the parties agree as follows:

1. The following is added to Section 1:

(gg) "**Prime Applicants**" as used herein shall mean an applicant for a Juniper Product who meets each of the Prime Applicant Criteria.

(hh) Prime Applicant Criteria as used herein shall mean: (1) a FICO of ***** or better, (2) annual income of at least *****, (3) ***** on file at credit bureau, and (4) no major derogatory items (bankruptcy, foreclosure, suits, liens judgments or collections).

(ii) "**Near Prime Applicant**" as used herein shall mean an applicant for a Juniper Product who does not meet one or more of the Prime Applicant Criteria.

(jj) "**Near Prime Account**" as used herein shall mean an Account that is open in response to an application from a Near Prime Applicant and used for a purchase, balance transfer or cash advance.

2. Section 5(a) (iii) is deleted and the following is inserted in its place:

Marketing Premiums: For each Account generated for a Prime Applicant during the Term of this Agreement as a result of the Added Earnings Program, a Marketing Premium of *****, and for each Near Prime Account generated as a result of an Added Earning Program, a Marketing Premium of *****. FRONTIER has no obligation to maintain an Added Earnings Program hereunder and may do so in its sole discretion. To the extent FRONTIER elects to create an Added Earnings Program, the failure to meet any Account goal established for such an Added Earnings Program shall not be deemed a breach of this Agreement.

3. This Amendment is effect for Accounts and Near Prime Accounts opened after April 1, 2005

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4. Any other provision of the Agreement notwithstanding, it is expressly agreed that Juniper may conduct out bound telemarketing of Juniper's debt cancellation and credit insurance products.
5. All other terms and conditions of the Agreement shall remain in effect except as expressly modified herein or in another writing signed by both parties. Capitalized terms shall have the same meaning as set forth in the Agreement.
6. Nothing herein shall be interpreted to change the Marketing Premium for Accounts acquired prior to April 1, 2005.
7. This Amendment shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within the State of Delaware.
8. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Intending to be legally bound, the parties have executed this Amendment as of the date set forth above.

JUNIPER BANK

FRONTIER AIRLINES, INC.

/s/ [Authorized Signatory]
(Signature)

/s/ [Authorized Signatory]
(Signature)

Senior Director
(Title)

Sr. Director
(Title)

August 3, 2005
(Date)

May 13, 2005
(Date)

Third Amendment to the Frontier Airlines, Inc. Co-Branded Credit Card Agreement

This Third Amendment to the Frontier Airlines, Inc. Affinity Credit Card Agreement, made this 27th day of March 2006 by and between Juniper Bank (“Juniper”) and Frontier Airlines, Inc. (Frontier) amends the Frontier Airlines, Inc. Credit Card Agreement between the parties dated March 12, 2003 (the “Agreement”).

RECITALS:

WHEREAS, Frontier and JUNIPER desire to amend the Agreement to create a new fee structure for reaching certain account acquisition hurdles during the remaining term of the Agreement.

THEREFORE, the parties agree as follows:

1. The following is added to Section 5(a)(iii):

From the effective date of this amendment through December 31, 2006 the Marketing Premium for Accounts generated through FRONTIER’S General Media Advertising Promotion shall be, in lieu of the Marketing Premium set forth above, *****. **“General Media Marketing Program”** *****. This Marketing Premium will not be paid to FRONTIER for Accounts generated by a direct response television ad campaign initiated and funded by JUNIPER.

2. The following is added as new Section 5(a) (v):

Marketing Premium Bonus: Commencing January 1, 2005, JUNIPER shall pay to FRONTIER a Marketing Premium Bonus as set forth below, in addition to the New Account or Marketing Premium, for Accounts acquired in a calendar year through the channels designated below in excess of the stated thresholds. For avoidance of doubt, the Marketing Premium Bonus is incremental, not cumulative or retroactive. For example, if ***** new Active Accounts are acquired at JUNIPER Events in a particular year, Frontier receives (1) ***** under subsection 5(a)(i) (assuming a fee product) for each ***** new Active Accounts, together with (2) a ***** Marketing Premium Bonus for each of the ***** new Active Accounts between ***** and (3) a ***** Marketing Premium Bonus for each of the ***** new Active Accounts between *****.

Channel

Annual Account Threshold

Marketing Premium Bonus

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“Active Account” as used herein means an Account used to make a purchase, cash advance or Balance transfer.

3. The following is added as new Section 5(a) (vi):

Attrition Bonus: Commencing January 1, 2005, to the extent that ***** exceeds ***** in any Calendar year, JUNIPER shall pay a Retention Bonus of ***** for each fee Account, and ***** for each no fee Account above fee ***** threshold in addition to fee Renewal Premium. The annual retention shall be calculated by taking the number of accounts open and active on ***** and determining the percentage of those Accounts that are open and active on ***** of that same year. *****. For example, if at the end of fee year ***** were retained, resulting in a ***** retention rate, JUNIPER would owe a retention fee for the ***** Accounts above ***** and would pay ***** for each of the ***** fee Accounts and ***** for each of the no fee Accounts.

4. Any other provision of the Agreement notwithstanding, it is expressly agreed that Juniper may conduct outbound telemarketing of Juniper’s debt cancellation and credit insurance products FRONTIER will have the right to review and approve the telemarketing scripts, and will have the ability to revoke this agreement to conduct out bound telemarketing due to negative customer feedback to FRONTIER regarding such out bound telemarketing.

5. All other terms and conditions of the Agreement shall remain in effect except as expressly modified herein or in another writing signed by both parties. Capitalized terms shall have fee same meaning as set forth in the Agreement.

6. This Amendment shall be governed by and construed under fee laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within the State of Delaware.

7. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Intending to be legally bound, the parties have executed this Amendment as of the date set forth above.

JUNIPER BANK

/s/ [Authorized Signatory]
(Signature)

Sr. Director, Marketing
(Title)

May 3, 2006
(Date)

FRONTIER AIRLINES, INC.

/s/ John Happ
(Signature)

SVP – Marketing & Planning
(Title)

May 3, 2016
(Date)

Fourth Amendment to the Frontier Airlines, Inc. Co-Branded Credit Card Agreement

This Fourth Amendment to the Frontier Airlines, Inc. Affinity Credit Card Agreement, made this 8th day of May 2007 by and between Barclays Bank Delaware, formerly known as Juniper Bank ("**Barclays**") and Frontier Airlines, Inc. (Frontier) further amends the Frontier Airlines, Inc. Credit Card Agreement between the parties dated March 12, 2003. This agreement, as amended by the letter agreement and amendments described below in the Recitals, shall be referred to as the "**Agreement**".

RECITALS:

WHEREAS, Juniper Bank changed its name to Barclays Bank Delaware on May 25, 2006;

WHEREAS, the parties entered into the Agreement (Exhibit 1 hereto) on March 12, 2003;

WHEREAS, the parties entered a letter agreement dated April 1, 2003 regarding the pass through of Volume Incentive of ***** of Net Purchases from ***** (Exhibit 2 hereto)

WHEREAS, the parties entered into a First Amendment to the Agreement in May 2003 (the "**First Amendment**"). Neither of the parties can locate an executed version of the First Amendment and hereby agree to and ratify the terms of the First Amendment attached as Exhibit 3 to this Fourth Amendment; and

WHEREAS, the parties entered into a Second Amendment to the Agreement in April 2005 (the "**Second Amendment**"), a copy of which is attached as Exhibit 4 to this Fourth Amendment; and

WHEREAS, the parties entered into a Third Amendment to the Agreement on March 27, 2006 (the "**Third Amendment**"), but inadvertently titled this Third Amendment as the Second Amendment to the Agreement. A copy of this Third Amendment is attached to this Agreement as Exhibit 5; and

WHEREAS, Frontier and Barclays desire to further amend the Agreement to extend the Term of the Agreement and revise the compensation paid thereunder.

THEREFORE, the parties agree to amend the Agreement as follows:

1. The title of the Third Amendment is deleted and the following is inserted in its place:
 Third Amendment to the Frontier Airlines, Inc. Co-Branded Credit Card Agreement
2. The following is Agreement is inserted as Section l(g1) immediately following Section 1(g):
 (g1) "**Designated Association**" and shall have the same meaning as Designated Issuer.

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3. Section 1 (p) of the Agreement is deleted and the following is inserted in its place:

“Initial Term” means the period that begins on the Effective Date and ends on *****.

4. The following is inserted at the conclusion of Section 3(e):

Effective May 1, 2007, Frontier may, upon ***** written notice, elect to conduct Added Earnings Programs through the event and airport channels provided that: (i) Frontier has demonstrated, to Barclays’s satisfaction, that Frontier is in compliance with Barclays’s reasonable restrictions and requirements for such event channels as required by applicable law and regulations and fraud control, as well as industry standards regarding the security of the applications and privacy of the applicants; (ii) such event channels continue to meet Barclays underwriting and profitability targets; and (iii) the event channels, as operated by Frontier meet volume forecasts established by the Joint Marketing Committee.

5. The following is inserted at the conclusion of Section 4(a):

The Volume Incentive is funded as follows: ***** of Net Purchases by ***** (the “***** **Volume Incentive**”) and ***** of Net Purchases ***** (the “***** **Volume Incentive Contribution**”). Barclays shall pay Frontier the Barclays Volume Incentive Contribution so long as ***** is the Designated Association and without regard to spend thresholds that may be imposed by ***** with regard to the ***** Volume Incentive.

Effective May 1, 2007, Frontier may elect to change the Designated Association provided: (i) it provides Barclays with ***** notice of the election of a new Designated Association; (ii) the selection of a new Designated Association does not cause Barclays to be in breach of any agreements it has with prior Designated Association and (ii) Frontier bears Barclays third party expense related to the change of Designated Associations.

6. Section 5(a) (ii) is deleted and the following is inserted in its place:

Renewal Premiums: For Accounts renewed prior to March 15, 2007, a Renewal Account Premium in the amount equal to ***** of the Annual fee for said Account. By way of example, based on the Annual Fee at launch the Renewal Premiums would be ***** for each Platinum, World Account; ***** for each Standard Account/with fee; and no fee for each Standard, no fee Account. For Accounts renewed on or after March 15, 2007, ***** for each ***** Account for which an annual fee is paid and

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***** for each ***** Account. For the purposes of this Agreement an ***** Account means an Account without an annual fee and ***** and is not: (1) in default (2) ***** past due under the Cardmember Agreement or (3) flagged as lost, stolen, or fraudulent according to Barclays' records.

7. Section 5(a) (iii), as amended by the Second and Third Amendments to the Agreement is deleted and the following is inserted in its place:

Marketing Premiums: For each Account generated for a Prime Applicant prior to March 15, 2007 (as determined by the date the application is submitted to Barclays) as a result of the Added Earnings Program, a Marketing Premium of ***** , and for each Near Prime Account generated as a result of an Added Earning Program, a Marketing Premium of ***** . For each Account generated for a Prime Applicant on or after March 15, 2007 (as determined by the date the application is submitted to Barclays) as a result of the Added Earnings Program, a Marketing Premium of ***** and for each Near Prime Account generated as a result of an Added Earning Program, a Marketing Premium of ***** . Frontier has no obligation to maintain an Added Earnings Program hereunder and may do so in its sole discretion. To the extent Frontier elects to create an Added Earnings Program, the failure to meet any Account goal established for such an Added Earnings Program shall not be deemed a breach of this Agreement.

8. The introductory paragraph to Section 5(b) is deleted and the following is inserted in its place:

Bonus Mile Fees and Purchase Mile Fees: Prior to March 15, 2007, Barclays shall pay a Purchase Mile Fee to Frontier equal to ***** for each Purchase Mile and a Bonus Mile Fee of either ***** for each Bonus Mile awarded to an Account for which the New Account Premium is paid, or (2) ***** for each Bonus Mile awarded to an Account for which the Marketing Premium is paid. On or after March 15, 2007, Barclays shall pay a Purchase Mile Fee to Frontier equal to ***** for each Purchase Mile and a Bonus Mile Fee of ***** for each Bonus Mile. The Purchase Mile Fees and Bonus Miles Fees are inclusive of taxes, ***** . Purchase Miles and Bonus Miles shall be awarded as follows:

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9. The following is added to the Agreement as new Section 7 (g):

Effective April 1, 2007, Frontier and Barclays shall establish a Joint Marketing Committee, to be comprised of an equal number of members from each party and to include, at a minimum, the Frontier program administrator and the Barclays Program manager. Each party may change its representatives to the Joint Marketing Committee by providing notice thereof to the other party. The committee shall meet quarterly, with at least two meetings per Contract Year being in person, to discuss Program results, marketing programs and other key matters. The Joint Marketing Committee shall each year agree on a Marketing Plan as set forth in sub-section (e) above.

10. The following is added to the Agreement as new Section 7A, following Section 7:

7A. Cross Sell Opportunities. Barclays shall use commercially reasonable efforts to provide Frontier with opportunities to cross sell Frontier products and services, but not the Credit Card, to Barclays non-Program cardholders in the billing statements and, to the extent approved by another Barclays partner, customer statements of the Cardmembers in that partner's program. Frontier acknowledges that inclusion of inserts in any mailing is subject to reasonable space, weight, size, content, and scheduling restrictions. In the event that Frontier inserts increase the postal expense incurred by Barclays to mail statements with such inserts, then Barclays shall inform Frontier in advance and, provided Frontier agrees to reimburse Barclays for such incremental postage expense, Barclays will use reasonable efforts to include such insertion in the statement mailing, or, if not approved or otherwise feasible, in the next available statement mailing. Frontier shall bear the cost of preparing and producing the actual insert. Barclays shall have the right to review and approve of all inserts, with such approval not to be unreasonably withheld, delayed or conditioned. Frontier acknowledges that with respect to any cross sell opportunities involving third parties (e.g. the Association or other Barclays partners) Barclays will use commercially reasonable efforts to obtain the cooperation or permission of such third party, but that the third party's participation or approval remains in that third party's sole discretion.

11. Section 15. (a) is deleted and the following is inserted in its place:

This Agreement shall become effective on the date executed and delivered by the parties and shall continue for the Initial Term.

12. The following is added to the Agreement as new Section 15 (c):

(c) (i) In the event of a Change of Control of Barclays, Frontier shall have the option to cause Barclays to sell its remaining interest in this Agreement together with the Portfolio pursuant to the process set forth in Section 15A(i). below.

(ii) In the event that any material change in any applicable law, operating rule or regulation, or any material change in any operating rule, applicable interchange rate or regulation of MasterCard has a financial impact (by reducing income or increasing expenses) that renders the continued performance of this Agreement under the then current terms and conditions unduly burdensome, as determined in the sole discretion of Barclays, then Barclays shall have the right to terminate this Agreement ***** advance written notice, or such earlier date if required by applicable law, rule or regulation, provided that first Barclays and Frontier meet in good faith to renegotiate this Agreement to ameliorate the financial impact of said change. In the event the discussions fail to produce a revised agreement, such written notice shall include a detailed explanation and evidence of the burden imposed as a result of such change.

13. The following is added to the Agreement as new Section 15A.

15A Portfolio Purchase Option

(i) If this Agreement is terminated other than by Barclays pursuant to Sections 15(b) or 15(e), or pursuant to Section 15(d) based on the status of Frontier, then Frontier shall have the option (the “**Purchase Option**”) to purchase or arrange for the purchase of all of the Accounts and the aggregate indebtedness under such Accounts, excluding any Accounts that have been previously written off by Barclays (for purposes of this Section 15A, the “**Portfolio**”) for a purchase price equal to the fair market value of the Portfolio, as determined below;

(ii) Exercise of Purchase Option. Frontier may exercise the Purchase Option by giving written notice (the “**Exercise Notice**”) to Barclays not later ***** prior to the date of termination if termination occurs pursuant to Section 15(a), or, not later than ***** after the date of termination for any termination event (other than natural expiration) that triggers the Purchase Option (the “**Post Termination Option Period**”). Within ***** prior to expiration of the Agreement or ***** after the date of termination for any termination event (other than natural expiration) that triggers the Purchase Option Barclays will provide portfolio data as requested by Frontier, necessary for Frontier to evaluate the exercise of the Purchase Option. If Frontier fails to timely deliver the Exercise Notice as provided herein, then the Purchase Option shall expire. Barclays shall continue to operate the Program (including servicing, managing and administering Accounts and Cardholders and paying all Sales Fees and other fees owed to Frontier, under the terms of this Agreement) through the Post

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Termination Option Period and, if the Purchase Option is exercised, through the date the Portfolio is purchased, as if this Agreement had not been terminated. During the Post Termination Option Period, Barclays will maintain the Accounts at the pre-termination level and not remove Accounts from the portfolio except for cause.

(iii) Determination of Fair Market Value. For purposes of this Section 15, the fair market value (“**FMV**”) of the Portfolio shall be, as of the date of such determination. The appraisers shall be given the following instructions for preparing their valuations:

1. The entire pre-charged off (amounts which are not yet deemed uncollectible under Barclays then standard operating procedure) amount of Credit Card Portfolio accounts must be purchases;
2. Assume *****
3. Assume *****;
4. Assume *****

The process for determining the FMV shall be as follows:

(A) Negotiations. For a period of ***** (the “**Mutual Agreement Period**”) after receipt of the Exercise Notice, the parties shall meet in good faith to attempt to agree on the FMV. If the parties are able to agree upon the FMV, such agreed upon value shall constitute the Portfolio purchase price.

(B) Appraisal Process. In the event the parties are not able to agree on the FMV within the Mutual Agreement Period, Frontier and Barclays shall within ***** business days of the conclusion of the Mutual Agreement Period jointly and mutually agree upon the selection of an independent valuation or appraisal firm of national standing recognized as having the capability to appraise credit card portfolios within the credit card industry and must have had significant recent experience in performing such appraisals of the kind, size and nature of the Portfolio. If Frontier and Barclays are unable to jointly and mutually agree as to such firm, then each of Frontier and Barclays will select such a firm, and the two firms selected shall, within ***** business days, select a third such firm. Such firm(s) will determine the FMV, *provided, however*, that if three such firms are selected as described above, then the highest and lowest determinations of FMV made by two of the three firms will be discarded and the remaining determination will be the FMV. Within ***** of its or their

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engagement, the appraisal firm (or firms) shall send to each of Frontier and Barclays the determination of the FMV, along with such documents and calculations (including the methodology used) that reasonably support the determination, and such determination shall constitute the Portfolio purchase price. Each firm utilized shall (1) execute a confidentiality and non-disclosure agreement in a form reasonably satisfactory to the parties, and (2) agree to complete the appraisal of the Portfolio in accordance with this Section and within the time frames set forth herein. Barclays agrees that within ***** of selection of the independent firms, it will provide all data to the independent firms necessary for these firms to determine the FMV.

(iv) In the event this Agreement is terminated pursuant to Section 15 (c) (1), the FMV, as determined above shall be increased by adding the percentage of credit card receivables (“Receivables”) as determined below:

Date of Termination	Percent of Receivables added to FMV
April 1, 2007-Dec. 31 2008	*****
2009	*****
2010	*****
2011	*****
2012	*****
2013	*****
2014	*****

(v) Portfolio Conversion: If Frontier exercises the Purchase Option, the entire Portfolio of Accounts (including all Accounts all pre-charge-off and delinquent accounts) shall be purchased pursuant to a purchase and sale agreement, which terms: (1) shall establish a purchase price as determined in accordance with Section 15 (iii) or (iv), as applicable; and (2) shall establish a purchase date that allows Barclays, upon the exercise of commercially reasonable efforts in regard thereto, to remove the Accounts and associated indebtedness from any applicable loan or asset securitization arrangement. In addition to the amounts specified above, Frontier will pay interim processing fees to Barclays that are reasonable and customary in the industry based upon Barclays’ servicing expenses.

(vi) Continued Payment of Fees. Unless and until Frontier exercises its Purchase Option, Barclays shall pay Frontier in immediately available funds amounts due under the Agreement due Frontier through the expiration of the Purchase Option.

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14. The following is added as new Section 25, to follow Section 24:
 Frontier shall give Barclays the right of first offer to provide other banking products to Frontier Members, including without limitation, other Barclays products and services including other payment card products including private label cards, corporate cards, or debit cards regardless of whether such products include the Marks or participate in the Loyalty Program. Provided that Frontier may, to the extent Barclays does not or cannot offer a product that is economically competitive to Frontier or does not provide competitive functions, features, and support, pursue relationships with other financial institutions for the development and addition of such financial products. Regardless of the foregoing, Barclays agrees Frontier may provide gift and stored value cards to Frontier Members without using Barclays banking products or services.
15. Barclays shall, within five business days of execution of this Fourth Amendment, pay Frontier, by wire transfer, a one time bonus of ***** as a signing bonus.
16. All other terms and conditions of the Agreement shall remain in effect except as expressly modified herein or in another writing signed by both parties. Capitalized terms shall have the same meaning as set forth in the Agreement
17. This Amendment shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within the State of Delaware.
18. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Intending to be legally bound, the parties have executed this Amendment as of the date set forth above.

BARCLAYS BANK DELAWARE formerly known as JUNIPER BANK

FRONTIER AIRLINES, INC.

/s/ [Authorized Signatory]
 (Signature)

/s/ John Happ
 (Signature)

Senior Director, Segment Marketing
 (Title)

Senior V.P., Marketing & Planning
 (Title)

May 10, 2007
 (Date)

May 9, 2007
 (Date)

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Fifth Amendment to the Frontier Airlines, Inc. Co-Branded Credit Card Agreement

This Fifth Amendment to the Frontier Airlines, Inc. Affinity Credit Card Agreement, made this 25th day of May 2007 by and between Barclays Bank Delaware, formerly known as Juniper Bank (“**Juniper**”) and Frontier Airlines, Inc. (“**Frontier**”) amends the Frontier Airlines, Inc. Credit Card Agreement between the parties dated March 12, 2003 (as may have been amended) (the “**Agreement**”).

RECITALS:

WHEREAS, Juniper Bank legally changed its name to Barclays Bank Delaware on May 25, 2006; and,

WHEREAS, Frontier and Juniper desire to amend the Agreement and to include a business card product as an additional product offering under the Affinity Program and the Agreement (the “**Business Card Program**”).

NOW THEREFORE, in consideration of the mutual promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, Frontier and Juniper agree as follows:

1. Section 1 of the Agreement is amended by adding the following new section (gg):

“(gg) “**Business Account**” means a business Account (without regard to the number of authorized user accounts set up under such Account), opened in response to business card marketing efforts made pursuant to the Affinity Program.”

2. With respect to the Business Accounts and the Business Card Program, all of the terms of the Agreement shall apply, to the extent applicable to a business card product, including but not limited to the Fees under Section 5, provided however, the service levels set forth in Exhibit D of the Agreement shall not apply to the Business Card Program.

3. All other terms and conditions of the Agreement shall remain in effect except as expressly modified herein or in another writing signed by both parties. Capitalized terms shall have the same meaning as set forth in the Agreement.

4. This Amendment shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within the State of Delaware. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Intending to be legally bound, the parties have executed this Amendment as of the date set forth above.

BARCLAYS BANK DELAWARE

/s/ [Authorized Signatory]

(Signature)

Director Segment Marketing

(Title)

June 2, 2007

(Date)

FRONTIER AIRLINES, INC.

/s/ John Happ

(Signature)

Senior VP Marketing & Planning

(Title)

June 6, 2007

(Date)

Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Sixth Amendment to the Frontier Airlines, Inc. Co-Branded Credit Card Agreement

This Sixth Amendment to the Frontier Airlines, Inc. Affinity Credit Card Agreement, made this 9th day of September 2009 by and between Barclays Bank Delaware, formerly known as Juniper Bank ("**Barclays**") and Frontier Airlines, Inc. ("**Frontier**") further amends the Frontier Airlines, Inc. Credit Card Agreement between the parties dated March 12, 2003. This agreement, as amended by the letter agreement and amendments described below in the Recitals, shall be referred to as the "**Agreement**".

RECITALS:

WHEREAS, the parties entered into the Agreement (Exhibit 1 hereto) on March 12, 2003;

WHEREAS, the parties entered a letter agreement dated April 1, 2003 regarding the pass through of Volume Incentive of ***** (Exhibit 2 hereto).

WHEREAS, the parties entered into a First Amendment to the Agreement in May 2003 (the "**First Amendment**"). Neither of the parties can locate an executed version of the First Amendment and hereby agree to and ratify the terms of the First Amendment attached as Exhibit 3 to this Agreement; and

WHEREAS, the parties entered into a Second Amendment to the Agreement in April 2005 (the "**Second Amendment**") a copy of which is attached as Exhibit 4 to this Agreement; and

WHEREAS, the parties entered into a Third Amendment to the Agreement on March 27, 2006 (the "**Third Amendment**") but inadvertently titled this Third Amendment as the Second Amendment to the Agreement. A copy of this Third Amendment is attached to this Agreement as Exhibit 5; and

WHEREAS, the parties entered into a Fourth Amendment to the Agreement in May 2007 (the "**Fourth Amendment**"), a copy of which is attached as Exhibit 6 to this Agreement; and

WHEREAS, the parties entered into a Fifth Amendment to the Agreement in May 2007 (the "**Fifth Amendment**"), a copy of which is attached as Exhibit 7 to this Agreement; and

WHEREAS, on April 10, 2008, Frontier and certain of its affiliated companies commenced Chapter 11 cases by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court, Southern District of New York (the "**Bankruptcy Court**"), which cases are being jointly administered under Chapter 11 Case No. 08-11298 (RDD).

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

WHEREAS, Frontier and Barclays desire to further amend the Agreement to extend the Term of the Agreement and revise the compensation paid thereunder.

THEREFORE, the parties agree to amend the Agreement as follows:

1. Section 1(p) of the Agreement is deleted and the following is inserted in its place:

“**Initial Term**” means the period that begins on the Effective Date and ends on *****, except as otherwise provided herein.

2. The following shall be inserted as new Section 3(f):

“(f) Frontier shall, at a minimum, maintain the same level of marketing of the program as it did on July 1, 2009 and, in addition, shall ***** of the effective date of the Sixth Amendment commence marketing in its choice of the following marketing channels provided that the total Projected Channel Value *****:

<u>Account Channel</u>	<u>Projected Channel Value*</u>
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****

* Projected Channel Value is an assigned value and not a representation of performance of the particular channel.

3. The following is added to the end of Section 4(a):

“Upon Frontier entering into an agreement with ***** for the payment of all or part of the Volume Incentive, Barclays agrees it will continue to fund the Volume Incentive so that the combined Volume Incentive under this Agreement and the ***** is equal to *****, provided Barclays will not be required to fund ***** of the combined Volume Incentive.”

4. The following is inserted as new Section 5A immediately following Section 5:

5A. PRE-PURCHASE OF MILES

5A.1 Pre-Purchase of Miles. Barclays will pre-purchase Miles in an amount totaling ***** (together with pre-purchased miles otherwise acquired hereunder, the “**Pre-Purchased Miles**”) and wire such funds to Frontier upon the satisfaction of the following conditions (“**Closing Conditions**”): (i) Unrestricted Cash shall be equal to or greater than *****; (ii) assumption of this Agreement, as amended, in the Frontier Bankruptcy by final non-appealable order; and (iii) the effective

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date of Frontier's Plan of Reorganization after confirmation of the Plan by non-appealable order. The price for each Pre-Purchased Mile shall be *****.

5A.2 Use of Pre-Purchased Miles. Barclays shall use the Pre-Purchased Miles to ***** in the manner and in accordance with the following terms and conditions. In addition, Frontier shall pay interest on ***** as set forth below.

5A.2.1 Payment with Pre-Purchased Miles. Commencing in October, 2009 and in each month thereafter that Barclays holds Pre-Purchased Miles, it shall compensate Frontier for fees earned hereunder with Pre-Purchased Miles pursuant to the following process: *****. For avoidance of doubt, the reporting and use of Pre-Purchased Miles as payment in lieu of cash shall occur within the time frames established in Section 5.

5A.2.2 Interest Payments. Commencing on the ***** of the calendar month following the Pre-Purchase Date, and continuing on the ***** of each calendar month, except for the month of February where the interest payment shall be due *****, so long as any Pre-Purchased Miles remain outstanding, Frontier will pay Barclays interest accruing *****. Unless otherwise agreed, Barclays *****

5A.3 Subsequent Monthly Purchase. Commencing in November, 2009, or the first day of the month following the pre-purchase of miles set forth in Section 5A.1 ***** (each a "**Subsequent Purchase**"). ***** shall mean the outstanding dollar amount of ***** held by Barclays on any given measurement date. Each Subsequent Purchase shall occur no later than the ***** following the month in which ***** are measured (the "**Subsequent Purchase Date**"). Prior to ***** (the "**Repurchase Commencement Date**"), in each month in which the ***** are not met, the Cap shall be reduced by *****. Commencing on the Repurchase Commencement Date, the Cap shall be reduced by ***** each month until such time no Pre-Purchased Miles remain outstanding. In the event that the average monthly fees earned during a calendar quarter hereunder are less than ***** (the "**Shortfall Payment**") on or before the ***** following the end of the particular quarter. For purposes of this Agreement, the "**Initial Cap**" shall be ***** and the Cap will reduce accordingly as set forth above. Subsequent Purchases that occur in February shall occur on the later of ***** pursuant to Section 13(b). In the event that the monthly fees due to Frontier materially increase, Barclays agrees to in good faith, consider an increase in the Cap.

5A.3.1 ***** Barclays's obligations to make a Subsequent Purchase each month pursuant to Section 5A.3 will only arise upon and are subject to the satisfaction or waiver of *****.

- (i) Frontier's Unrestricted Cash shall be equal to or greater than *****.

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- (ii) No ***** has occurred in and is continuing as of the last day of the month being measured, as determined following expiration of applicable cure, grace, or dispute periods.
- (iii) No ***** occurred in and is continuing as of the last day of the month being measured, as determined following expiration of applicable cure, grace, or dispute periods.
- (iv) No merger of Frontier has occurred provided that merger as used in this sub-section does not include a merger with Republic Airways Holdings, Inc., or its subsidiaries (collectively “**Republic**”) or a merger that is the result of an internal restructuring of Republic.
- (v) Frontier shall have complied with the reporting requirements set forth in Section 13(b) for the month being measured.”

5A.4 Prepayment. Frontier may repurchase all or any of the Pre-Purchased Miles at any time, or from time to time, without penalty or premium. Any prepayment shall include accrued interest, if any, in accordance with Section 5A.2.2

5A.5 Acceptance of Payment with Pre-Purchased Miles. Frontier agrees to *****.

5A.6 Other Uses of Pre-Purchased Miles. Barclays may use Pre-Purchased Miles for purposes other than as set forth in Sections 5A.2 through 5A.6, subject to Frontier’s approval of these other uses, which approval shall not be unreasonably withheld. If Frontier has not met ***** under 5A.3.1 above, Frontier’s approval of other uses is not required. Frontier shall provide commercially reasonable methods to redeem these Pre-Purchased Miles (e.g., mileage certificates or assignment to FF Accounts) to facilitate the use of the Pre-Purchased Miles by Barclays and/or the recipient of said Pre-Purchased Miles. This obligation shall survive termination of this Agreement. If Barclays uses Pre-Purchased Miles pursuant to the Section 5A.6, Barclays shall provide monthly reports detailing the use of such Pre-Purchased Miles. The Pre-Purchased miles Barclays uses under this Section 5A.6 during any month will be deducted from the Cap and included in calculating Unused Pre-Purchased Miles under Section 5.A.3 above.

5A.7 Transportation Tax. ***** , as set forth in Section 5(b), shall *****.”

5. The definition of Suspension Event set forth in Section 6(b)(i) through (iv) is deleted and the following inserted in its place:

- (i) The average Passenger Enplanements (“**PE**”) for the ***** , for which Frontier has reported data declines ***** from the average PE ***** . Passenger Enplanements will include passengers flown

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on Frontier flights operated by Lynx Aviation, Inc., Republic Airways Holdings, Inc. or its subsidiaries; or other carriers operating flights for Frontier under a codeshare; capacity purchase agreement, or similar type agreements;

- (ii) The average number of Active Frequent Flyers for the ***** for which Frontier has reported data declines ***** from the number of Active Frequent Flyers *****. Active Frequent Flyers shall mean a Frontier Member that has flown on a Frontier flight or used their Account *****.
- (iii) Frontier fails to maintain a frequent flyer program that is as competitive on a relative basis in the then current marketplace as the EarlyReturns Program is as of July 1, 2009 based on domestic award levels and domestic mileage earning capability, provided that Barclays provides notice of the failure to maintain the frequent flyer program which will commence a ***** period during which Frontier may cure the deficiency, including notice in reasonable detail and with backup information for why and how Barclay's believes the frequent flyer program is not adequately competitive;
- (iv) Frontier becomes subject to voluntary or involuntary bankruptcy, insolvency, receivership, conservatorship or like proceedings, and for which Barclays does not terminate pursuant to Section 15(d) below;"

6. Section 13(b) of the Agreement is deleted and the following inserted in its place:

"(b) Frontier shall make available to Barclays the following reports: (i) annual audited financial statements ***** after the end of each fiscal year and unaudited quarterly financial statements ***** after the end of each fiscal quarter; provided that the filing of such reports on a segment reporting basis in a format consistent with Securities Exchange Commission ("SEC") standards as part of the Republic Airways Holdings filings on EDGAR shall satisfy the delivery obligations hereunder; (ii) annual financial plans and monthly projections for the following year as soon as practicable after preparation thereof in the ordinary course of business but in no event later than ***** of each year; (iii) monthly income statements and balance sheet results ***** following the close of each month; (iv) ***** after the end of each month, a monthly attestation from Frontier that ***** were met as of the end of the then ended month and to include a statement of the month end ***** and rolling ***** EBITDA for the then ended month; and (v) Monthly certificate of compliance with Section 6(b) including reporting of Active Frequent Flyers and Passenger Enplanements as well as the baseline Active Frequent Flyers and baseline Passenger Enplanements ***** following the end of each month. In addition, Frontier agrees to make available an appropriate person for monthly or quarterly calls, as determined by Barclays, with Barclays Chief Financial Officer and/or Chief Risk Officer; provided that each month or quarter Barclays desires to have such a call, it will provide Frontier with prior notice."

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7. The following is added to the Agreement as new Section 25.

“25. Merchant Acquirer,

- (a) Barclays shall ***** of the effective date of the Sixth Amendment provide Frontier with a commercially reasonable merchant acquiring proposal (the “**MA Proposal**”) along with a plan to implement such program ***** of the effective date of the Sixth Amendment. Barclays shall ***** of the effective date of this Agreement, implement for Frontier a commercially reasonable merchant acquiring solution (the “**MA Solution**”). The MA Solution shall be selected so long as it is Competitive in the marketplace. “Competitive” as used herein is based on a combination of pricing and offers received from other providers in a commercially reasonable RFP process. Barclays ***** . Moreover, to the extent that the MA Solution is not equal to or better than the Competitive Proposal, Frontier shall communicate to Barclays as much information as it can under the restrictions in any confidentiality agreements with other providers. Based on such communication, Barclays shall be afforded the opportunity to re-propose in an attempt to improve its offer. If the Barclays MA Solution on a Combined or standalone basis, as appropriate, is still not Competitive, Frontier shall have the right to terminate this Agreement without Penalty, provided: (i) Frontier presents ***** of its intent to terminate, said notice to be provided *****; and (ii) the date of the notice in sub-section (i) shall be deemed the Repurchase Commencement Date for the purposes of Section 5A.3. If Barclays falls to provide a good faith MA Solution, the initial Term of this Agreement will revert back to the original date of ***** , provided the Repurchase Commencement Date shall become ***** . If Barclays provides a good faith MA Solution and Frontier selects a standalone acquiring solution instead of the MA Solution, the terms of this Agreement as amended by the Sixth Amendment will remain in effect.
- (b) The parties acknowledge that the intent of the Pre-Purchase of Miles is to provide liquidity to Frontier while the Parties develop the MA Solution. In the event the Parties enter into an agreement for the MA Solution, unless otherwise agreed, Frontier shall repurchase the Pre-Purchased Miles ***** of the effective date of the MA Solution Agreement provided the MA Solution releases funds from Frontier’s then existing holdback by

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an amount equal to or greater than the then current Cap amount under this Agreement. The Parties further acknowledge that if the impact of hold back is ameliorated by Frontier electing to participate in an industry wide initiative or other mechanism, Frontier's right to terminate pursuant to this Section 25 shall be deemed waived."

8. All other terms and conditions of the Agreement shall remain in effect except as expressly modified herein or in another writing signed by both parties. Capitalized terms shall have the same meaning as set forth in the Agreement.
9. This Amendment shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within the State of Delaware.
10. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Intending to be legally bound, the parties have executed this Amendment as of the date set forth above.

BARCLAYS BANK DELAWARE

FRONTIER AIRLINES, INC.

/s/ [Authorized Signatory]

/s/ [Authorized Signatory]

(Signature)

(Signature)

Managing Director

SVP & CFO

(Title)

(Title)

September 9, 2009

September 9, 2009

(Date)

(Date)

Seventh Amendment to the Frontier Airlines, Inc. Co-Branded Credit Card Agreement

This Seventh Amendment to the Frontier Airlines, Inc. Affinity Credit Card Agreement, made this 23rd day of July, 2010 by and between Barclays Bank Delaware, formerly known as Juniper Bank (“Barclays”) and Frontier Airlines, Inc. (“Frontier”) further amends the Frontier Airlines, Inc. Credit Card Agreement between the parties dated March 12, 2003. This agreement, as amended by the letter agreement and amendments described below in the Recitals, shall be referred to as the “Agreement”.

RECITALS:

WHEREAS, Juniper Bank changed its name to Barclays Bank Delaware on May 28, 2006;

WHEREAS, the parties entered into the Agreement (Exhibit 1 Hereto) on March 12, 2003;

WHEREAS, the parties entered a letter agreement dated April 1, 2003 regarding the pass through of Volume Incentive of ***** Net Purchases from ***** (Exhibit 2 hereto);

WHEREAS, the parties entered into a First Amendment to the Agreement in May 2003 (the “First Amendment”), a Second Amendment to the Agreement in April 2005 (the “Second Amendment”), a Third Amendment to the Agreement on March 27, 2006 (the “Third Amendment”), a Fourth Amendment to the Agreement in May 2007 (the “Fourth Amendment”), Fifth Amendment to the Agreement in May 2007 (the “Fifth Amendment”) and the Sixth Amendment dated September 9, 2010 (the “Sixth Amendment”). A copy of each is attached to the Sixth Amendment; and

WHEREAS, Frontier and Barclays desire to further amend the Agreement to revise the compensation paid thereunder.

THEREFORE, the parties agree to amend the Agreement as follows.

1. The introductory paragraph to Section 5(b) is deleted and the following is inserted in its place:

Bonus Mile Fees and Purchase Mile Fees:

(A) Prior to March 15, 2007, Barclays shall pay a Purchase Mile Fee to Frontier equal to ***** for each Purchase Mile and a Bonus Mile Fee of either (1) ***** for each Bonus Mile awarded to an Account for which the New Account Premium is paid, or (2) ***** for each Bonus Mile awarded to an Account for which the Marketing Premium is paid. On or after March 15, 2007 through July 31, 2010, Barclays shall pay a Purchase Mile Fee to Frontier equal to ***** for each Purchase Mile and a Bonus Mile Fee of ***** for each Bonus Mile. The Purchase Mile Fees and Bonus Miles Fees are inclusive of taxes, including but not limited to the Air

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Transportation Excise tax. Purchase Miles and Bonus Miles shall be awarded as follows:

2. The following is added to the Agreement as new Section 5(B):

(B) On and after January 1, 2010, Barclays shall pay Frontier the "Sales Fee" and "Bonus Fee". As described more particularly below, Barclays shall pay this revenue to Frontier as compensation for administrative costs, the exclusivity provisions set forth in the Agreement, the cost of the Purchase Miles and Bonus Miles and for the license to the Frontier Intellectual Property. The Sales Fees and Bonus Fees are inclusive of taxes, including but not limited to the Air Transportation Excise tax. "Purchase Miles" means miles awarded to Barclays Cardholders as a result of Net Purchases. "Bonus Miles" means miles awarded to Barclays Cardholders to incent or reward behavior, rather than as result of Net Purchases.

(i) Sales Fee.

Frontier shall award one Purchase Mile on each Account with an annual fee for each dollar of Net Purchases posted to such Account and Barclays shall compensate Frontier follows:

(1) The Sales Fee for Miles awarded for purchases shall be determined based on the *****, as established by Barclays as follows:

i. On or before ***** of each year, Barclays shall, based on the then current program performance, establish, and advise Frontier of, the percentage of Revolvers as compared to the total number of users of accounts (the "Revolver Percentage") to be utilized for the ***** period beginning that ***** as applicable. The Revolver Percentage for ***** is *****.

ii. The Sales Fee for each Revolver Mile will be determined by Revolver Percentage as set forth on the Base Mile Table on Schedule 1.

iii. The Sales Fee for each Transactor Mile will be *****.

iv. Each month Barclays will calculate the number of Miles awarded in each category of Miles awarded for purchases (e.g., Purchase Miles and Bonus Miles).

v. Barclays shall apply the Revolver Percentage established in (i) above to the number of Miles awarded in each category to determine the number of Miles awarded to a Transactor and thus subject to the applicable Transactor Sales Fee and the number of Miles awarded to a Revolver and thus subject to the applicable Revolver Sales Fee.

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(ii) Bonus Fee

The Bonus Fee for Miles awarded for purchases shall be determined based on the *****, as established by Barclays pursuant to Section (i)(3)i. above and determined as follows;

i. The Bonus Fee for each Revolver Miles awarded for purchases will be determined by Revolver Percentage as set forth on the Bonus Mile table on Schedule 1.

ii. The Bonus Fee for each Transactor Mile awarded for Purchases will be *****

iii. To the extent that Barclays awards Bonus Miles other than in connection with purchases, the Bonus Fee for such Bonus Miles shall be *****.

(iii) Sales and Bonus Fees for No Fee Accounts.

Frontier shall award one Purchase Mile on each No Fee Account for every two dollars of Net Purchases posted to such Account for every dollar of Net Purchases posted to such Account at the cost set forth in Sections (i) and (ii).

3. All other terms and conditions of the Agreement shall remain in effect except as expressly modified herein or in another writing signed by both parties. Capitalized terms shall have the same meaning as set forth in the Agreement.
4. This Amendment shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within the State of Delaware.
5. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Intending to be legally bound the parties have executed this Amendment as of the date set forth above.

BARCLAYS BANK DELAWARE
formerly known as JUNIPER BANK

FRONTIER AIRLINES INC.

/s/ [Authorized Signatory]
(Signature)

/s/ [Authorized Signatory]
(Signature)

Senior Director
(Title)

VP Controller
(Title)

July 23, 2010
(Date)

July 27, 2010
(Date)

Base *****
 Bonus *****

unless otherwise specified in the letter agreement

Base Miles

*****	*****	*****	*****	
*****	*****	*****	*****	✓
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***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Eighth Amendment to the Frontier Airlines, Inc. Co-Branded Credit Card Agreement
And
Fourteenth Amendment to the Midwest Express Credit Card Affinity Agreement

This Eighth Amendment to the Frontier Airlines, Inc. Affinity Credit Card Agreement, made this 29th day of October, 2010 by and between Barclays Bank Delaware, formerly known as Juniper Bank (“Barclays”) and Frontier Airlines, Inc. (“Frontier”) further amends the Frontier Airlines, Inc. Credit Card Agreement between the parties dated March 12, 2003 and Republic Airways Holdings Inc. (“Republic”) for certain sections of this Eight Amendment as set forth below. This agreement, as amended by the letter agreement and amendments described below in the Recitals, shall be referred to as the “Frontier Agreement.”

This Fourteenth Amendment to the Midwest Express Credit Card Affinity Agreement (the “Amendment”), made this 29th day of October, 2010 by and between Barclays Bank Delaware, formerly known as Juniper Bank (“Barclays”) and Midwest Airlines, Inc. (formerly known as Midwest Express Airlines, Inc.) (“Midwest”), amends the Midwest Express Credit Card Affinity Agreement between the parties dated May 30, 2002 (the “Midwest Agreement”).

RECITALS:

WHEREAS, Barclays and Frontier entered into the Frontier Agreement on March 12, 2003 which has been amended seven times thereafter; and

WHEREAS, Barclays and Midwest entered the Midwest Agreement effective July 1, 2001 which has been amended thirteen times thereafter; and

WHEREAS, Midwest and Barclays entered into a License Agreement, dated June 25, 2002 and two amendments to the License Agreement; and

WHEREAS, Republic has purchased Frontier and Midwest and effective October 1, 2010 is operating them as a single airline; and

WHEREAS, Republic desires to merge the Midwest and Republic operations under the Frontier name with a single merged Frequent Flyer Program; and

WHEREAS, the parties desire to amend the Frontier Agreement to include Accounts opened pursuant to the Midwest Agreement under the Frontier Agreement receiving the same compensation and Cardmembers receive the same benefits; and

WHEREAS, the parties, upon amendment of the Frontier Agreement desire to terminate the Midwest Agreement and the License Agreement; and

WHEREAS, Republic desires to provide Barclays with certain assurances regarding the performance of the merged airline and with regard to exclusivity.

THEREFORE, the parties agree as follows:

1. Effective October 1, 2010, the Midwest Agreement and the Licensing Agreement are terminated, provided that compensation due pursuant to the Midwest Agreement prior to September 30, 2010 shall remain due under the Midwest Agreement.
2. Effective October 1, 2010, Accounts opened pursuant to the Midwest Agreement shall be deemed Accounts pursuant to the Frontier Agreement provided that no New Account Premium or Marketing Premium shall be due as a result of such Accounts being converted hereunder.
3. The parties to the Midwest Agreement and the Licensing Agreement hereby release and discharge each other from any claims, including but not limited to punitive damage claims, liability, demands, costs, charges, expenses, actions, causes of action, judgments, and executions, past, present and future, known or unknown, asserted or unasserted, whether or not ascertainable at the time of execution of this Amendment arising under the respective agreements except to the extent not specifically preserved herein.
4. The following is inserted into the Agreement as new Section 3(f):

“(f) Frontier agrees, in order to promote the success of the Co-Brand Program, that it shall, and in a manner consistent with Applicable Law, including the Truth in Lending Act and the Equal Credit Opportunity Act, to use commercially reasonable efforts to market the Co-Brand Program in the United States of America by, at all times undertaking, the promotional activities set forth in Exhibit F together with such additional promotional activities as Frontier, subject to BARCLAYS approval as set forth in Sub-section 3(f), deems appropriate.”
5. Effective January 1, 2010, Sections 5 (a) (v) and (vi) are deleted from the Frontier Agreement.
6. Effective October 1, 2010, Section 5(b) (B) (ii) i, ii and iii are deleted and the following inserted in the agreement:
 - i. The Bonus Fee for each Revolver Miles awarded for purchases will be determined by Revolver Percentage as set forth on the Bonus Mile table on Schedule 1.
 - ii. The Bonus Fee for each Transactor Mile awarded for Purchases will be *****.
 - iii. To the extent that Barclays awards Bonus Miles other than in connection with purchases, the Bonus Fee for such Bonus Miles shall be *****.

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- iv. Activation bonus miles for accounts generated through airport events will be *****, provided that Frontier may, upon ***** written notice, increase the cost for such Activation bonus miles to *****.
7. Schedule 1 to the Agreement (added by the 7th Amendment) is deleted and replaced by the Schedule set forth in Exhibit 2 to this Amendment,
8. Effective October 1, 2010, the Pre-Purchased Miles held by Barclays pursuant to the Midwest Agreement shall be deemed repurchased by Midwest for ***** and such proceeds shall be used to pre-purchase Frontier Miles at a cost of ***** for each Pre-Purchased Mile as set forth in Section 5A of the Frontier Agreement as Amended. The Parties each acknowledge that the intent of this section is to convert the Pre-Purchase Miles under the Midwest Agreement to Pre-Purchased Miles under the Frontier Agreement without any exchange of money or other cost to Barclays.
9. Section 5A is deleted and the following new Section 5A is inserted in the Agreement:

“5A. PRE-PURCHASE OF MILES

5A.1 Pre-Purchase of Miles. As of September 30, 2010, Barclays held pre-purchased Miles valued at ***** (together with pre-purchased miles otherwise acquired hereunder, the “Pre-Purchased Miles”). The closing conditions for such pre-purchase were as follows (“Closing Conditions”): (i) Unrestricted Cash shall be equal to or greater than *****; (ii) assumption of this Agreement, as amended, in the Frontier Bankruptcy by final non-appealable order; and (iii) the effective date of Frontier’s Plan of Reorganization after confirmation of the Plan by non-appealable order, the price for each Pre-Purchased Mile shall be *****.

5A.1.1 Effective October 1, 2010, Pre-Purchased Miles valued at ***** were converted from Midwest Miles to Frontier Miles, set forth above, in an amount totaling *****, resulting in Barclays holding ***** in Pre-Purchased Miles.

5A.1.2 Within ***** of the full execution of this Eighth Amendment and provided Republic has Unrestricted Cash meets the closing condition set forth in Section 5A.1.3.3, Barclays shall pre-purchase Miles in an amount of *****, which combined with the previously pre-purchased miles Barclays will own ***** of Pre-Purchased Miles;

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5A.1.3 Upon the occurrence of either or both of the following events Barclays will increase the amount of Pre-Purchased Miles as indicated, provided that Barclays shall have no obligation to increase the pre-purchase amount if one or more of the Conditions Precedent has occurred:

5A.1.3.1 Within ***** of full implementation of the full application instant credit process into the booking path for the combined entity and Republic has Unrestricted Cash meets the closing condition set forth in Section 5A.1.3.3 at the end of the month in which full implementation occurs, Barclays shall pre- purchase an additional ***** of Miles (the “Booking Path Pre-Purchase”);

5A.1.3.2 Within ***** of the end of the ***** in which Frontier first achieves ***** in purchase volume on the portfolio in the ***** and Republic has Unrestricted Cash meets the closing condition set forth in Section 5A.1.3.3 at the end of the month in which purchase volume tier has been achieved, Barclays shall pre- purchase an additional ***** of Miles, for avoidance of doubt, this is a one-time right (the Purchase Volume Pre-Purchase”);

5A.1.3.3 The Closing Conditions for the first occurring of either the Booking Path Pre-Purchase or the Purchase Volume Pre-Purchase shall be that Republic has Unrestricted Cash equal to or greater than *****. The Closing Conditions for the second occurring of either the Booking Path Pre-Purchase or the Purchase Volume Pre-Purchase shall be that Republic has Unrestricted Cash equal to or greater than *****.

5A.2 Use of Pre-Purchased Miles. Barclays shall use the Pre-Purchased Miles to compensate Frontier for fees otherwise earned hereunder in the manner and in accordance with the following terms and conditions. In addition, Frontier shall pay interest on the value of the outstanding Pre-Purchased Miles as set forth below.

5A.2.1 Payment with Pre-Purchased Miles. Commencing on ***** and in each month thereafter that Barclays holds Pre-Purchased Miles, it shall compensate Frontier for fees earned hereunder with Pre-Purchased Miles pursuant to the following process: Barclays shall calculate the amounts due under this Agreement as set forth in Section 5 and divide that amount by ***** rounded to the nearest whole number to arrive at the number of Pre-Purchased Miles to be returned to Frontier in lieu of a cash payment as otherwise set forth in Section 5. For avoidance of doubt, the reporting and use of Pre-Purchased Miles as payment in lieu of cash shall occur within the time frames established in Section 5.

5A.2.2 Interest Payments. Commencing on the ***** calendar day of the calendar month following the Pre-Purchase Date, and continuing on the ***** calendar day of each calendar month, except for the month of February where the interest payment shall be due ***** , so long as any Pre-Purchased Miles remain

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outstanding, Frontier will pay Barclays interest accruing under the Pre-Purchased Miles at the Adjustable Rate during the preceding Interest Period. Unless otherwise agreed, *****. For purposes of this Agreement, "Adjustable Rate" for Miles purchased up to ***** shall mean the *****. For purposes of this Agreement, "Adjustable Rate" for Miles purchased above ***** shall mean the *****. "Interest Period" shall mean *****. The monthly calculation will be as follows: *****.

5A.3 Subsequent Monthly Purchase. Commencing on November 1, 2010, or the ***** following the pre-purchase of miles set forth in Section 5A.1 for each month in which the Conditions Precedent as set forth in Section 5A.3.1 are met, Barclays shall purchase additional Pre-Purchased Miles in an amount *****. Unused Pre-Purchased Miles shall mean the *****. Each Subsequent Purchase shall occur no later than the later of ***** calendar day of the month following the month in which the Conditions Precedent are measured or ***** after the receipt of the Officer Certificates as set forth in Section 13(b) (the "Subsequent Purchase Date"). Prior to ***** (the "Repurchase Commencement Date"), in each month in which the Conditions Precedent are not met, the Cap shall be reduced by ***** of the Cap as measured in the first month in which the Condition Precedent is not met (the "Reduction"). Commencing on ***** , the Cap shall be reduced by ***** of the Cap as measured on the Repurchase Commencement Date ***** until such time ***** . For avoidance of doubt, it is the intent that the size of the reduction fix on the first measuring date and not be recalculated monthly unless and until all the conditions have been met for *****. In the event that the average monthly fees earned during a calendar quarter hereunder are less than the Reduction or Buy Down Reduction as applicable in any month after the Repurchase Commencement Date, then Frontier shall for each month of that quarter pay Barclays *****. For purposes of this Agreement, as of ***** the "Initial Cap" shall be ***** provided that in the event that Republic and/or Frontier fails to meet the Closing Conditions set forth in Section 5A.1.3.3 the Initial Cap shall be ***** and the Cap will reduce accordingly as set forth above. Subsequent Purchases that occur in ***** shall occur on the later of ***** due pursuant to Section 13(b). In the event that the monthly fees due to Frontier materially increase, Barclays agrees to, in good faith, consider an increase in the Cap. In the event the Cap is reduced because of a failure of the unrestricted cash Condition precedent set forth in Section 5A.3.1(i) and such Condition Precedent is subsequently cured for ***** and it is prior to the Repurchase Commencement Date, the Cap shall be increased each month by the amount of the Reduction until such time the Cap returned to the level that existed prior to the first Reduction.

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5A.3.1 Conditions Precedent. Barclays's obligations to make a Subsequent Purchase each month pursuant to Section 5A.3 will only arise upon and are subject to the satisfaction or waiver of the following conditions ("Conditions Precedent") each month prior to the month in which the Subsequent Purchase is to be made:

- (i) Republic shall maintain ***** at the levels described below, provided that if Republic fails to meet the ***** level Republic must then also meet the ***** level set forth below. Failure to meet both tests shall be deemed a failure to meet the conditions precedent. Further provided that if Republic fails to maintain the applicable ***** threshold in successive months, the ***** test shall not apply in the ***** month and the failure to maintain the ***** shall be deemed a failure of the Conditions Precedent regardless of the level of *****:
 - a. *****
 - i. Prior to the pre-purchase of Miles set forth in Section 5A. 1.2, equal to or greater than ***** as measured at the end of each month,
 - ii. After the pre-purchase of Miles set forth in Section 5A.1.2 and prior to one of the pre-purchase events described in Section 5A.1.3, equal to or greater than ***** as measured at the end of each month.
 - iii. Prior to one of the pre-purchase events set forth in Section 5A.1.3 and prior to the occurrence of the pre-purchase event described in Section 5A.1.3, equal to or greater than ***** as measured at the end of each month.
 - iv. After the occurrence of both of the pre-purchase event described In Section 5A.1.3, equal to or greater than ***** as measured at the end of each month.

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- v. In the event credit card processor hold back is reduced the ***** level shall be as follows regardless of the occurrence of the events described in Sections 5A.1.2 and 5A.1.3:
 - 1. If the credit card processor hold back is reduced to ***** or lower but greater than ***** , the ***** level shall be *****;
 - 2. If the credit card processor hold back is reduced to or below ***** , the ***** level shall be *****;
- b. Beginning January 1, 2011 if ***** falls below the agreed upon levels listed in section 5A.3.1(a), then the *****;
 - (ii) No Suspension Event has occurred in and is continuing as of the last day of the month being measured, as determined following expiration of applicable cure, grace, or dispute periods.
 - (iii) Frontier is in default of any material indebtedness for borrowed money in excess of ***** and is continuing as of the ***** of the month being measured, as determined following expiration of applicable cure, grace, or dispute periods.
 - (iv) No merger of Frontier has been approved by the Board and/or shareholders of Frontier provided that merger as used in this subsection does not include a merger with Republic Airways Holdings, Inc. or its subsidiaries (collectively “Republic”) or a merger that is the result of an internal restructuring of Republic.
 - (v) Frontier and Republic shall have complied with the reporting requirements set forth in Section 13(b) for the month being measured.”

5A.4 Prepayment. Frontier may repurchase all or any of the Pre-Purchased Miles at any time, or from time to time, without penalty or premium. Any prepayment shall include accrued interest, if any, in accordance with Section 5A.2.2.

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5A.5 Acceptance of Payment with Pre-Purchased Miles. ***** in lieu of cash and irrevocably waives any rights to receive Cash or other consideration for such payments regardless of the then value of a Pre-Purchased Mile.

5A.6 Other Uses of Pre-Purchased Miles. Barclays may use Pre-Purchased Miles for purposes other than as set forth in Sections 5A.2 through 5A.6, subject to Frontier's approval of these other uses, which approval shall not be unreasonably withheld. If Frontier has not met the Conditions Precedent under 5A.3.1 above, Frontier's approval of other uses is not required. Frontier shall provide commercially reasonable methods to redeem these Pre-Purchased Miles (e.g., mileage certificates or assignment to FF Accounts) to facilitate the use of the Pre-Purchased Miles by Barclays and/or the recipient of said Pre-Purchased Miles. This obligation shall survive termination of this Agreement. If Barclays uses Pre-Purchased Miles pursuant to the Section 5A.6, Barclays shall provide monthly reports detailing the use of such Pre-Purchased Miles. The Pre-Purchased miles Barclays used under this Section 5.A.6 during any month will be deducted from the Cap and included in calculating Unused Pre-Purchased Miles under Section 5.A.3 above.

5A.7 Transportation Tax. Frontier's obligation to fund the Transportation Tax, as set forth in Section 5(b), shall not occur with respect to Pre-Purchased Miles unless and until Barclays awards such Pre-Purchased Miles to Cardholders and/or others such that the recipient may use such Pre-Purchased Miles for redemption for air travel.

5A.8 Republic Assurances. In consideration of the pre-purchase of miles by Barclays, Republic irrevocably and unconditionally guarantees Barclays the due and punctual repurchase of the Pre-Purchased Miles as set forth in this Section 5A when due and this guarantee is a guarantee of payment when due and not in need of collectability. Further, in the event of the occurrence of the Suspension Events described in Section 6 (b) (iv) or Barclays does not approve the purchaser as described in Section 6 (b) (vi), Republic shall repurchase all of the then outstanding Pre-Purchased Miles within ***** of the occurrence of the event. This guarantee will be binding against Republic without regard to the enforceability of the Frontier Agreement. Notice of default and notice of any other kind as well as diligence, demand and protest are waived. Any release, settlement substitution, waiver, amendment compromise in connection with the Frontier Agreement shall not affect Republic's liability as guarantor. ”

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10. The definition of Suspension Event set forth in Section 6 (b) (i) through (iv) is deleted and the following inserted in its place:

- (i) The average Passenger Enplanements (“PE”) for the ***** for which Frontier has reported data declines more than ***** from the average PE in the comparable ***** set forth on the attached Schedule 2 Passenger Enplanements will include passengers flown on Frontier flights operated by Lynx Aviation, Inc., Republic Airways Holdings, Inc. or its subsidiaries, or other carriers operating flights for Frontier under a codeshare, capacity purchase agreement, or similar type agreements;
- (ii) The average number of Active Frequent Flyers for the ***** for which Frontier has reported data declines more than ***** from the number of Active Frequent Flyers set forth on the attached Schedule 2. Active Frequent Flyers shall mean a Frontier Member that has flown on a Frontier flight or has opened a new frequent flyer account or earned miles in their frequent flyer account within the *****;
- (iii) Frontier fails to maintain a frequent flyer program that is as competitive on a relative basis in the then current marketplace as the EarlyReturns Program is as of September 1, 2010 based on domestic award levels and domestic mileage earning capability, provided that Barclays provides notice of the failure to maintain the frequent flyer program which will commence a ***** period during which Frontier may cure the deficiency, including notice in reasonable detail and with backup information for why and how Barclays believes the frequent flyer program is not adequately competitive;
- (iv) Frontier becomes subject to voluntary or involuntary bankruptcy, insolvency, receivership, conservatorship or like proceedings, and for which Barclays does not terminate pursuant to Section 15(d) below;

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- (v) Frontier fails to main the marketing channels set forth in Exhibit F;
- (vi) Republic sells, spins off or otherwise divests Frontier or a merger of Republic in which it is not the surviving entity provided that Barclays agrees to reasonably consider allowing the buyer of Frontier or merger partner to assume the liability set forth in Section 5A (approval would not be unreasonably withheld) provided that as a precondition to such approval, and in addition to any other reasonable conditions it may apply, the acquiring entity provides Barclays with assurances of re-purchase of the Pre-Purchased Miles acceptable to Barclays and Barclays is afforded the right to continue issuing credit cards for the longer of the term of its deal or *****;

11. Section 13(b) of the Agreement is deleted and the following inserted in its place:

“(b) Frontier and Republic, as appropriate, shall make available to Barclays the following reports: (i) annual audited financial statements within ***** after the end of each fiscal year and unaudited quarterly financial statements within ***** after the end of each fiscal quarter; provided that the filing of such reports on a segment reporting basis in a format consistent with Securities Exchange Commission (“SEC”) standards as part of the Republic Airways Holdings filings on EDGAR shall satisfy the delivery obligations hereunder; (ii) annual financial plans and monthly projections for the following year as soon as practicable after preparation thereof in the ordinary course of business but in no event later than ***** of each year; (iii) monthly income statements and balance sheet results within ***** following the close of each month; (iv) within ***** after the end of each month, a monthly attestation from Frontier and Republic that the Conditions Precedent were met as of the end of the then ended month and to include a statement of the month end ***** position and ***** for the then ended month; and (v) Monthly certificate of compliance with Section 6(b) including reporting of Active Frequent Flyers and Passenger Enplanements as well as the baseline Active Frequent Flyers and baseline Passenger Enplanements within ***** following the end of each month. In addition, Frontier agrees to make available an appropriate person for monthly or quarterly calls, as determined by Barclays, with Barclays Chief Financial Officer and/or Chief Risk Officer; provided that each month or quarter Barclays desires to have such a call, it will provide Frontier with prior notice.”

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12. Effective November 1, 2010, Section 16(b) is deleted from the Agreement and the following inserted in its place:
“(b) To the extent that Barclays is conducting tabling events hereunder in airports where Barclays also conducts tabling events on behalf of other of its co-branded airline products, Barclays agrees that it will not place Frontier at a competitive disadvantage vis-à-vis such other airlines from a staffing or other aspect of managing the tabling events. The Parties recognize that this commitment is not intended to include the location of the tabling event or the terms and value proposition of the credit card being offered.”
13. Section 25 of the Agreement is deleted in its entirety and the following is inserted in its place;
“25. Merchant Acquirer
To the extent that Barclays develops a US merchant acquiring solution for airline programs, Barclays will provide a merchant acquiring proposal to Frontier.”
14. Exhibit 1 to this Eighth Amendment is added to the Frontier Agreement as Exhibit F.
15. Schedule 1 to the Frontier Agreement is hereby deleted and Exhibit 2 and 3 to this Eighth Amendment is added to the Frontier Agreement in its place.
16. On or before May 1, 2011 and thereafter, Frontier shall, at its expense, provide Cardmembers at least one of the following benefits:
- *****
 - *****
 - *****
 - *****
 - *****
17. Republic agrees that Barclays shall be the exclusive issuer of co-branded credit cards for all airline brands owned by Republic. For avoidance of doubt, this grant of exclusivity does not apply to operations on behalf of airlines not owned by Republic but for which Republic operates under such airlines brands (e.g., this exclusivity does not apply to regional flights Republic operates for US Air),
18. All other terms and conditions of the Agreement shall remain in effect except as expressly modified herein or in another writing signed by both parties. Capitalized terms shall have the same meaning as set forth in the Agreement.
19. This Amendment shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within the State of Delaware.

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20. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Intending to be legally bound, the parties have executed this Amendment as of the date set forth above.

BARCLAYS BANK DELAWARE

/s/ [Authorized Signatory]
(Signature)

MD, Head of US Cards
(Title)

January 18, 2011
(Date)

YX PROPERTIES, LLC

/s/ [Authorized Signatory]
(Signature)

VP, Controller
(Title)

January 14, 2011
(Date)

FRONTIER AIRLINES INC.

/s/ [Authorized Signatory]
(Signature)

VP, Controller
(Title)

January 14, 2011
(Date)

MIDWEST AIRLINES, INC.

/s/ [Authorized Signatory]
(Signature)

VP, Controller
(Title)

January 14, 2011
(Date)

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[Authorized Signatory]

(Signature)

VP, Controller

(Title)

January 14, 2011

(Date)

EXHIBIT 1 to the Eighth Amendment

Exhibit F

Frontier shall, absent the agreement of the Parties to the contrary, undertake throughout the term of the Agreement the following marketing efforts:

1. *****
2. *****
3. *****
4. *****
5. *****
6. *****
7. *****

On or before April 30, 2011, Frontier shall undertake the following marketing efforts:

1. *****
2. *****
3. *****
4. *****
5. *****

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EXHIBIT 3

Schedule 2 to the Frontier Agreement

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**NINTH AMENDMENT TO THE FRONTIER AIRLINES, INC
CREDIT CARD AGREEMENT**

THIS NINTH AMENDMENT (this "Amendment") to the Frontier Airlines, Inc. Credit Card Agreement is made and entered into as of November 5, 2013 by and among Barclays Bank Delaware, formerly known as Juniper Bank ("Barclays"), and Frontier Airlines, Inc. ("Frontier").

WHEREAS, Barclays and Frontier entered into the Frontier Airlines, Inc., Credit Card Affinity Agreement on March 12, 2003, which agreement has been supplemented by a letter agreement dated April 1, 2003 and amended by eight amendments (as so supplemented and amended, the "Agreements");

WHEREAS, Falcon Acquisition Group, Inc., a Delaware corporation (the "Buyer"), has entered into an agreement to acquire all of the capital stock of Frontier Airlines Holdings, Inc., the parent corporation of Frontier, from Republic Airways Holdings Inc. ("Republic"), the closing of which acquisition (the "Transaction Closing") is anticipated to occur in December 2013;

WHEREAS, upon the occurrence of the Transaction Closing, and pursuant to the terms of the Mutual Release and Removal of Parties from Frontier Airlines, Inc. Credit Card Affinity Agreement entered into as of November 5, 2013 among Barclays, Frontier, Republic, YX Properties, LLC ("YX") and Midwest Airlines, Inc. ("Midwest"), YX, Midwest and Republic shall cease to be parties to the Agreement and Republic shall be released from its obligations under the Agreement;

WHEREAS, Barclays and Frontier desire to adopt further amendments to the Agreement, which amendments shall be effective on a prospective basis from and after the date on which the Transaction Closing occurs (the "Transaction Effective Date"), all in accordance with the further terms and conditions set forth below; and

WHEREAS, capitalized terms used herein and not otherwise herein defined are used as defined in the Agreement

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Initial Term. Effective as of the Transaction Effective Date, the text of Section l(p) of the Agreement is deleted and the following is inserted in its place:

"Initial Term" means the period that begins on the ***** and ends on *****."

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2. Pre-Purchased Mileage Facility. Effective as of the Transaction Effective Date, Section 5A of the Agreement is deleted and the following new Section 5A is inserted in its place:

“5A Pre-Purchased Mileage Facility.

5A.1 Pre-Purchased Miles Facility. On the Transaction Effective Date, Barclays will establish and implement a Pre-Purchased Miles facility (the “Facility”) pursuant to which Barclays will pre-purchase Purchase Miles (“Pre-Purchased Miles”). Subject to, and adjusted as contemplated by, the further terms of this Section 5A, the target size of the Facility (the “Target Size”) will be *****. The initial amount of the Facility will be *****. The amount of the Facility will be reset for the then current calendar year on ***** and on each ***** thereafter during the Initial Term through and including ***** (each, an “Annual Reset Date”). The Facility will initially be funded by the purchase by Barclays on the Transaction Effective Date of the number of Pre-Purchased Miles equal to the difference between ***** and the value (valued at ***** per Pre-Purchased Mile) of the number of Pre-Purchased Miles previously purchased by Barclays pursuant to the terms of this Agreement which are unused and outstanding on the Transaction Effective Date. The price for each Pre-Purchased Mile purchased by Barclays pursuant to any provision of this Section 5A shall be *****. Barclays obligation to purchase additional Pre-Purchased Miles on the Transaction Effective Date or in respect of any Annual Reset Date or Semi-Annual Reset Date (as defined below) pursuant to this Section 5A shall be conditioned upon the Conditions Precedent (as defined below) being satisfied on such date. If the Conditions Precedent are not satisfied on any such date then, notwithstanding any other provision of this Section 5A, the Target Size of the Facility will not be subject to increase but may be reduced as provided in Section 5A.1.1, 5A.1.2 or 5A.1.3.

5A.1.1 A forecast of Revenue Share for each calendar year during the Initial Term ***** for purposes of determining the Target Size for such year, will be developed jointly by Barclays and Frontier on or before ***** and each ***** thereafter through *****. In the event Barclays and Frontier do not agree on any such forecast (such agreement not to be unreasonably withheld or delayed by either party), an annualized amount based upon the actual Revenue Share for the months of July through December of the immediately preceding calendar year will be used for calculating the Target Size for the new calendar year. If the Target Size is larger than (a) ***** on ***** or (b) the Target Size for the prior year on ***** or on any ***** thereafter through ***** , Barclays will increase the Target Size of the Facility to the amount of the forecasted Revenue Share for such year by ***** of such year by means of the purchase of additional Pre-Purchased Miles. If the Target Size is less than (i) ***** on ***** or (ii) the Target Size for the prior calendar year on ***** or on any ***** thereafter through ***** , the Facility will be reduced to the new Target Size following the annual review process by amortizing the amount of the reduction equally over the ***** of such year by deducting such reduction amounts from monthly Revenue Share amounts otherwise due to Frontier under this Agreement.

5A.1.2 If on ***** the annualized Revenue Share for the year, calculated based upon the actual Revenue Share for the ***** of the year (the “Annualized Run Rate”), is projected to be ***** or more below the Target Size set for such year, Barclays shall recover the amount in excess of the ***** deficiency, and the Target Size will be reduced, ***** of Revenue Share amounts

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otherwise due to Frontier under this Agreement. If on ***** the Annualized Run Rate for the year is projected to be ***** or more above the Target Size for such year, Barclays shall increase the Target Size by the amount of the Revenue Share in excess of the ***** overage. The increase in the amount of the Facility will be accomplished by means of the purchase of additional Pre-Purchased Miles by Barclays on or before *****.

5A.1.3 If on ***** or on each ***** thereafter through *****, the Annualized Run Rate for the year is projected to be ***** or more below the Target Size set for such year, Barclays shall recover the amount in excess of the ***** deficiency, and the Target Size will be reduced, in ***** of Revenue Share amounts otherwise due to Frontier under this Agreement. If on ***** or on any ***** thereafter through *****, the Annualized Run Rate is projected to be ***** or more above the Target Size for such year, Barclays shall increase the Target Size by the amount of the Revenue Share in excess of the ***** overage. The increase in the amount of the Facility will be accomplished by means of the purchase of additional Pre-Purchased Miles by Barclays on or before ***** of the applicable year.

5A.1.4 Notwithstanding the foregoing provisions of this Section 5A, the maximum Target Size of the Facility will be *****. If actual Revenue Share payable to Frontier pursuant to this Agreement has exceeded ***** on any rolling consecutive ***** during the Initial Term and the Conditions Precedent shall have been continually satisfied during such period, Barclays will employ commercially reasonable efforts to resize the Facility based on the overall attributes of the Frontier business at the time.

5A.2 Use of Pre-Purchased Miles. Barclays shall use the Pre-Purchased Miles to compensate Frontier for fees otherwise earned hereunder in the manner and in accordance with the following terms and conditions. In addition, Frontier shall pay interest on the value of the outstanding Pre-Purchased Miles as set forth below.

5A.2.1 In each month that Barclays holds Pre-Purchased Miles, it shall compensate Frontier for fees earned hereunder with Pre-Purchased Miles pursuant to the following process: *****. For the avoidance of doubt, the reporting and use of Pre-Purchased Miles as payment in lieu of cash shall occur within the time frames established in Section 5.

5A.2.2 On the ***** calendar day of each calendar month, except for the month of ***** where the interest payment shall be due *****, so long as any Pre-Purchased Miles remain outstanding, *****. Unless otherwise agreed, *****. For purposes of this Agreement, "Adjustable Rate" for Miles purchased up to ***** shall mean the *****. For purposes of this Agreement, "Adjustable Rate" for miles purchased above ***** shall mean the *****. "Interest Period" shall mean for any calendar month during the Initial Term, *****. The monthly calculation will be as follows: *****.

5A.3 Subsequent Monthly Purchases.

5A.3.1 Commencing in the first full calendar month following the month in which the Transaction Effective Date occurs and thereafter for each calendar month through *****, provided that in each such month the Conditions Precedent are satisfied, Barclays shall purchase

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additional Pre-Purchased Miles in an amount *****. Each Subsequent Purchase shall occur no later than the ***** of the month following the month in which the Conditions Precedent are measured or ***** after the receipt of the Officer Certificates due pursuant to Section 13(b) (each a "Subsequent Purchase Date"); provided that Subsequent Purchases that occur in ***** shall occur on the later of ***** or ***** after receipt of the Officer Certificates due pursuant to Section 13(b).

5A.3.2 No Subsequent Purchase shall be made pursuant to Section 5A.3.1 with respect to any month in which the Facility is increased pursuant to Section 5A.1.1, 5A.1.2 or 5A.1.3.

5A.3.3 Prior to ***** (the "Repurchase Commencement Date"), in each month in which the Conditions Precedent are not satisfied, the Facility will be reduced by ***** of the Facility as measured in the ***** in which the Conditions Precedent were not satisfied (the "Reduction"). For avoidance of doubt, it is the intent that the size of the Reduction shall be fixed on the first measuring date and shall not be recalculated monthly.

5A.3.4 In the event the Facility is reduced pursuant to Section 5A.3.3 because of a failure of any Condition Precedent to be satisfied, and all Conditions Precedent are subsequently satisfied for three (3) consecutive months and it is prior to the Repurchase Commencement Date, then, subject to Section 5A.3.7, the Facility shall be *****.1, 5A.1.2 or 5A.1.3. Until and unless the Facility is returned to the level prescribed in this Section 5A.3.4, no increases will be made to the Target Size of the Facility under Section 5A.1.1, 5A.1.2 or 5A.1.3.

5A.3.5 Commencing on the Repurchase Commencement Date, the Facility will be reduced by ***** of the Facility as measured on the Repurchase Commencement Date each month until such time as no Pre-Purchased Miles remain outstanding (the "Buy Down Reduction"). Any reduction in the Facility will be offset against Revenue Share otherwise payable to Frontier, at the value of ***** per reduced Pre-Purchased Mile. However, in the event that the Revenue Share earned during a calendar month hereunder is less than the Reduction or Buy Down Reduction, as applicable, then Frontier shall for each such month pay Barclays the *****.

5A.3.6 As used herein, "Unused Pre-Purchased Miles" shall mean the outstanding dollar amount of the Pre-Purchased Miles held by Barclays on any given measurement date.

5A.3.7 The parties acknowledge and agree that in the event the Facility is in the process of being reduced to its currently effective Target Size pursuant to Sections 5A.1.1, 5A.1.2 or 5A.1.3, the Reduction contemplated by this Section 5A.3 shall control and take precedence over the reductions contemplated by any of Sections 5A.1.1, 5A.1.2 or 5A.1.3, and the Facility shall be reduced monthly solely by the Reduction; provided, that, in the event that in any month a Reduction payment is no longer required under this Section 5A.3 because the Conditions Precedent have been met for the period of time required hereunder and the Facility has not yet been reduced to the currently effective Target Size, then the reduction payments contemplated by Sections 5A.1.1, 5A.1.2 or 5A.1.3 shall be made until the currently effective Target Size is reached, such reduction payments to be amortized over the remaining months prior to the next Annual Reset Date or Semi-Annual Reset Date, as applicable.

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5A.4 Conditions Precedent. Barclays' obligation to make any purchase of Pre-Purchased Miles pursuant to this Section 5A will only arise upon and is subject to the satisfaction or waiver of the following conditions (the "Conditions Precedent") each month prior to the month in which any such purchase of additional Pre-Purchased Miles is to be made:

(i) Frontier shall maintain Unrestricted Cash at the levels described in the matrix set forth below (measured at the end of each month), provided that if Frontier fails to meet the Unrestricted Cash level in any applicable month, Frontier must then also meet the EBITDAR coverage ratio level set forth below. Failure to meet both tests shall be deemed a failure to meet the Conditions Precedent. Further provided that if Frontier fails to maintain the applicable Unrestricted Cash threshold in successive months, the EBITDAR test shall not apply in the second month and the failure to maintain the Unrestricted Cash shall be deemed a failure of the Conditions Precedent regardless of the level of EBITDAR:

*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****

If Unrestricted Cash falls below the agreed upon level set forth in the foregoing matrix, then the EBITDAR, defined as earnings before interest, taxes, depreciation, amortization and rent (excluding any non-cash, non-operating expense) measured on *****. An example of the EBITDAR coverage ratio calculation, is set forth on Schedule 3.

As used herein, the term "Unrestricted Cash" means the sum of cash, cash equivalents, short-term investments and available for sale securities (in each case unrestricted) maintained by Frontier as depicted on its balance sheet; the term "Principal Interest & Rent" means amounts due in respect of borrowed money or leases of assets; and all other terms are defined as they are under generally accepted accounting principles ("GAAP").

(ii) No Suspension Event has occurred in and is continuing as of the last day of the month being measured, as determined following expiration of applicable cure, grace or dispute periods.

(iii) Frontier shall not be in default of any indebtedness for borrowed money in excess of ***** (in the aggregate), which default is continuing as of the last day of the month being measured, as determined following expiration of applicable cure, grace or dispute periods.

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(iv) No Business Combination (as defined in Section 26) to which Frontier is a party, or to which it is subject as a direct or indirect subsidiary, or any other merger to which Frontier is a party, has been approved by the board of directors and/or shareholders of Frontier, Frontier's ultimate parent or any of their respective subsidiaries; provided that this Section 5A.4(iv) shall not constitute a Condition Precedent if (x) the Business Combination does not result in the failure of a Condition Precedent per Section 5A.4(i), (ii), (iii) or (v), (y) this Agreement remains in full force and effect and binding on Frontier or an applicable surviving entity following the closing of the Business Combination and (z) Frontier or an applicable surviving entity is in compliance in all material respects with all of the terms and conditions of this Agreement upon the closing of the Business Combination (including, without limitation, having caused the subordination of all unsecured loan facilities or equity investments pursuant to Section 30 of this Agreement).

(v) Frontier shall have complied with the reporting requirements set forth in Section 13(b) for the month being measured.

5A.5 Prepayment. Frontier may repurchase all or any portion of the Pre-Purchased Miles at any time, or from time to time, without penalty or premium, for a purchase price of ***** per Pre- Purchased Mile. Frontier shall repurchase all Unused Pre-Purchased Miles, if any, that are outstanding on the date of termination of this Agreement, whether termination is at the end of the Initial Term or upon an event causing an earlier termination, for a Purchase Price of ***** per Pre-Purchased Mile, which Purchase Price shall be payable on the date of termination. Any prepayment shall include accrued interest, if any, in accordance with Section 5A.2.2.

5A.6 Acceptance of Payment with Pre-Purchase Miles. Frontier agrees to accept payment in Pre-Purchased Miles as provided in this Section 5A in lieu of cash and irrevocably waives any rights to receive Cash or other consideration for such payments regardless of the then value of a Pre-Purchased Mile.

5A.7 Other Uses of Pre-Purchased Miles. Barclays may use Pre-Purchased Miles for purposes other than as set forth in this Section 5A subject to Frontier's approval of such other uses, which approval shall not be unreasonably withheld or delayed. If Frontier has not satisfied the Conditions Precedent under Section 5A.4 above, Frontier's approval of other uses is not required. Frontier shall provide commercially reasonable methods to redeem these Pre- Purchased Miles (e.g., mileage certificates or assignment to frequent flyer accounts) to facilitate the use of the Pre-Purchased Miles by Barclays and/or the recipient of such Pre-Purchased Miles. This obligation shall survive termination of this Agreement. If Barclays uses Pre-Purchased Miles pursuant to this Section 5A.7 Barclays shall provide monthly reports detailing the use of such Pre-Purchased Miles. The Pre-Purchased Miles Barclays uses under this Section 5A.7 during any month will be deducted from the Facility and included in calculating Unused Pre- Purchased Miles.

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5A.8 Transportation Tax. Frontier's obligation to fund the Transportation Tax, as set forth in Section 5(b) of this Agreement, shall not occur with respect to Pre-Purchased Miles unless and until Barclays awards such Pre-Purchased Miles to cardholders and/or others such that the recipient may use such Pre-Purchased Miles for redemption for air travel."

3. Effective as of the Transaction Effective Date, the definition of "Suspension Event" set forth in Sections 6(b)(i) through (vi) is deleted and the following inserted in its place:

"(i) Frontier fails to maintain a frequent flyer program that is as competitive on a relative basis in the Benchmark Market as the EarlyReturns Program is as of ***** based on domestic award levels and domestic mileage earning capability, provided that Barclays provides notice of the failure to maintain the frequent flyer program, including notice in reasonable detail and with backup information for why and how Barclays believes the frequent flyer program is not adequately competitive. Such notice will commence a ***** period during which Frontier may cure the deficiency, during which period no Redaction in the size of the Facility shall occur under Section 5A.3 as a result of the occurrence of this Suspension Event;

(ii) Frontier becomes subject to voluntary or involuntary bankruptcy, insolvency, receivership, conservatorship or like proceedings, and for which Barclays does not terminate pursuant to Section 15(d);

(iii) Frontier fails to maintain the marketing channels set forth in Exhibit F;

(iv) The average Passenger Enplanements ("PE") for the ***** for which Frontier has reported data declines more than ***** from (i) the average PE in the comparable three months set forth on the attached Schedule 2 for the period through ***** or (ii) the forecasted PE in ***** as shown on Schedule 2 for the calendar years *****. Passenger Enplanements will include passengers flown on Frontier flights operated by carriers operating flights for Frontier under a codeshare, capacity purchase agreement, or similar type agreements;

(v) The average number of Active Frequent Flyers for the ***** for which Frontier has reported data declines more than ***** from (i) the number of Active Frequent Flyers set forth on the attached Schedule 2 for the period through ***** or (ii) the forecasted Active Frequent Flyers in ***** as shown on Schedule 2 for the calendar years *****. Active Frequent Flyers shall mean a Frontier Member that has flown on a Frontier flight or has opened a new frequent flyer account or earned miles in their frequent flyer account within the *****.

For purposes of this Agreement, "Benchmark Market" shall mean the then current market place for airlines, excluding United, Delta, American and US Airways."

4. Reports. Effective as of the Transaction Effective Date, Section 13(b) of the Agreement is deleted and the following new Section 13(b) is inserted in its place:

"(b) Frontier shall make available to Barclays the following reports: (i) annual audited financial statements within ***** after the end of each fiscal year and unaudited

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quarterly financial statements within ***** after the end of each fiscal quarter, (ii) annual financial plans and monthly projections for the following year as soon as practicable after preparation thereof in the ordinary course of business but in no event later than ***** of each year; (iii) monthly income statements and balance sheet results within ***** following the close of each month; (iv) within ***** after the end of each month, a monthly certification from Frontier that the Conditions Precedent were met as of the end of the then ended month and to include a statement of the month end Unrestricted Cash position and rolling ***** for the then ended month; and (v) monthly certification of compliance with Section 6(b) including reporting of Active Frequent Flyers and Passenger Enplanements as well as the baseline Active Frequent Flyers and baseline Passenger Enplanements within ***** following the end of each month. In addition, Frontier agrees to make available an appropriate person for monthly or quarterly calls, as determined by Barclays, with Barclays Chief Financial Officer and/or Chief Risk Officer; provided that each month or quarter Barclays desires to have such a call, it will provide Frontier with prior notice.”

5. Post-Termination Solicitation of Frontier Members. Effective as of the Transaction Effective Date, the following is added to the Agreement as new Section 15A(vii):

“(vii) Post-Termination Solicitation of Frontier Members. Notwithstanding anything contained in Sections 4, 15, 15A, and 16, and for the avoidance of doubt, upon termination of this Agreement, and in the event that Frontier was eligible to exercise its Purchase Option pursuant to Section 15A(ii) but declines to do so, nothing contained in this Agreement shall prevent Frontier from soliciting Frontier Members through the use of Frontier Member Data to enroll in a subsequently created co-branded credit card program between Frontier and other parties, including but not limited to competitors of Barclays. Notwithstanding the foregoing, neither Frontier nor any entity which Frontier controls shall by itself or in conjunction with others, directly or indirectly, use the fact that a person is a Barclays Cardholder to specifically target any offer of a credit card or credit card related product to any Barclays Cardholder, provided that nothing herein shall be construed to prevent Frontier from offering a credit card or credit card related product if the offer did not include Barclays Cardholder membership as a criteria in selecting the recipients of the offer.”

6. Business Combination. Effective as of the Transaction Effective Date, the following is added to the Agreement as new Section 26, to follow Section 25:

“26. Business Combination. In the event Frontier engages in, or is subject to, a Business Combination (as defined below) with an Other Carrier (as defined below), the following provisions shall apply:

(a) If Frontier is the surviving airline and the Other Carrier does not have a contractual relationship with a co-brand credit card issuer, Barclays shall remain the sole issuer of the co-branded credit card for the Affinity Program for the combined airlines through the Initial Term.

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(b) If Frontier is the surviving airline and the Other Carrier is a party to an agreement with any Person other than Barclays pursuant to which such Other Carrier endorses, sponsors, promotes or otherwise offers a credit card product associated with its frequent flyer program (a “Competing Agreement”), Frontier will use its commercially reasonable efforts to make Barclays the exclusive issuer of the co-branded credit card associated with the combined frequent flyer program of Frontier and the Other Carrier and to provide Barclays the right to purchase the credit card portfolio of the issuer (the “Other Issuer”) of the co-branded credit card associated with the Other Carrier’s frequent flyer program. If Barclays becomes the exclusive issuer, Barclays agrees that it will provide the combined airline with a co-branded credit card product of equal or greater value to Frontier and the Frontier Members than the Other Issuer’s affinity card based on an overall assessment of the two programs, including, without limitation, the assessment of all compensation, cost of customization and the value proposition. In the event the Other Issuer’s credit card portfolio cannot be purchased by Barclays, Barclays agrees that it will waive its exclusivity to Frontier Marks and miles currency under the EarlyReturns Program to enable the Other Issuer to service its credit card portfolio existing on the date of the Business Combination through the existing term of the Other Issuer’s co-brand agreement (subject to an agreement not to disparage or tarnish Barclays and/or the Affinity Program, appropriate provisions to avoid customer confusion and/or any such terms and conditions that may be required by law or for regulatory purposes),

(c) If Frontier is not the surviving airline and the Other Carrier does not have a Competing Agreement or there is a Competing Agreement but it does not survive the Business Combination, then Frontier will assign its rights and obligations under this Agreement to the Other Carrier, subject to appropriate adjustments to this Agreement as referenced in Section 26(e) (such adjustments to be agreed upon by the parties, such agreement not to be unreasonably withheld or delayed).

(d) If Frontier is not the surviving airline and the Other Carrier has a Competing Agreement, then Frontier will use commercially reasonable efforts to make Barclays the exclusive issuer of the co-branded credit card associated with the combined frequent flyer program of Frontier and the Other Carrier. If Barclays does not become the exclusive issuer, Barclays shall be permitted to continue servicing the Frontier portfolio under this Agreement through the Initial Term. In such circumstance, Barclays will *****.

(e) If a Business Combination to which this Section 26 applies will result in a significantly larger combined airline with Barclays as the exclusive credit card issuer, Barclays agrees that it will evaluate in good faith appropriate adjustments to increase the Target size of the Facility and the Acquisition Budget

(f) If, in connection with a Business Combination to which this Section 26 applies. Barclays becomes a co-issuer of a co-branded card for the combined airlines with an Other Issuer, and if the Barclays co-branded credit card program becomes uncompetitive with that of the Other Issuer in terms of the consumer value proposition, Frontier shall give written notice to Barclays setting forth in reasonable detail its views as to why the Barclays program is uncompetitive in the Benchmark Market. Barclays shall thereafter have a period of ***** to cure the uncompetitive aspect of its program. If the uncompetitive feature of Barclays program

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is not so cured within such cure period, Frontier will have the right to cease marketing the Barclays program and to market the Other Issuer's program to the Frontier membership; provided that information about whether the Frontier Member is a Barclays cardholder under the EarlyReturns Program is not used for targeting the Barclays' cardholder base.

(g) This Section 26 shall only apply to a Business Combination involving Frontier and an Other Carrier that contemplates (i) ultimately merging Frontier and the Other Carrier onto a single operating certificate for regulatory purposes and (ii) the merging of the combined airlines into a single brand. Section 26 shall not apply to a change in control, initial public offering or other business combination, even with another airline, that contemplates the continued operation of Frontier as a separate carrier. For the avoidance of doubt, if the brands of the separate carriers are not merged, Barclays will remain the exclusive issuer for the Frontier co-branded credit card program.

(h) As used in this Section 26:

"Business Combination" means any business combination transaction between Frontier, Frontier's ultimate parent or any of their respective subsidiaries and an Other Carrier, whether by merger or consolidation, by acquisition of a majority of equity securities pursuant to a tender offer, exchange offer or purchase, or by acquisition of a majority of assets pursuant to a sale, conveyance or other transfer of assets,

"Other Carrier" means any air carrier (other than a subsidiary of Frontier), its parent, or any of their respective subsidiaries."

7. The parties acknowledge and agree that Frontier Airlines Holdings, Inc., Frontier and Barclays shall enter into a subordination agreement in the form attached hereto as Exhibit A to this Amendment on the Transaction Effective Date.

8. Additional Marketing Efforts. Effective as of the Transaction Effective Date, the following language is added to Exhibit F to the Agreement:

"On or before *****, Frontier, at its cost, shall undertake the following marketing efforts:

On or before *****, Frontier, at its cost, will implement the below cardholder exclusives. The new benefits will remain relative in value to competitive benefits in the ultra-low cost carrier market:

- One annual Companion Certificate redeemable for ***** (plus taxes and fees) for use on any flight purchase of ***** or greater. Certificate to be delivered by Barclays via email to all new and current annual fee paying customers.

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- Reduced Award Redemption Fees for all cardholders based on days until redemption flight date.

9. Anti-Bribery and Corruption. Effective as of the Transaction Effective Date, the following is added to the Agreement as new Section 27, to follow new Section 26:

“27. Anti-Bribery and Corruption.

(a) Definitions:

“Applicable Anti-Bribery Law” means any bribery, fraud, kickback, or other similar anti- corruption law or regulation to which Frontier or its Associated Person, as applicable, is subject in performing its responsibilities hereunder. Where relevant this may include the UK Bribery Act 2010 (“Bribery Act”) and the US Foreign Corrupt Practices Act 1977 (“FCPA”).

“Associated Person” means in relation to any entity, a person who performs any services for or on behalf of that entity in any capacity and including, without limitation, employees, agents, subsidiaries, representatives and subcontractors.

“Public Official” means;

- (i) any officer, employee or representative of a government, whether national, federal or local;
- (ii) any individual exercising a legislative, administrative or judicial function, whether appointed or elected;
- (iii) any officer, employee or representative of any Government Entity, including but not limited to central banks, sovereign wealth funds, state-run hospitals and any business venture that is owned or controlled by a Government Entity;
- (iv) any candidate for or holder of public office;
- (v) any political party or official of a political party;
- (vi) any officer, employee or representative of a public international organization; and
- (vii) any member of a royal family.

“Government Entity” means;

- (i) Any national, federal, state, province, local and / or municipal government department, agency, office and / or instrumentality;
- (ii) Any company or organization where a government has 50 percent or more ownership interest;

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(iii) Any company or organization where a government controls a majority of votes attaching to the shares;

(iv) Companies and organizations that are controlled by a government. For example, the term “Government Entity” will generally include companies and organizations that:

- have constituting statutes that establish that they are instrumentalities, agents or mandataries of a government; perform functions or services that are public-in-nature (i.e., for the benefit of the general public or a large sector of the population);
- are financially dependent on the government (i.e., the government is responsible for losses or funding of operations);
- do not operate on a normal commercial basis (e.g., because they are given special powers by legislation);
- have boards of directors or management committees where the government nominates a majority of directors or officers.

(b) Anti-Bribery - Undertakings, Representations and Warranties

(i) Frontier understands that Barclays is committed to complying with all anti-bribery laws and regulations to which Barclays is subject, including the Bribery Act and the FCPA. Frontier represents and warrants that neither it nor any of its Associated Persons have taken or will take any action that might cause Barclays to violate either the Bribery Act or the FCPA, namely: that neither it nor any of its Associated Persons will, in violation of Any Applicable Anti-Bribery Law, authorize, offer, give or agree to offer or give, directly or indirectly, any payment, gift or other advantage with respect to any activities undertaken relating to this Agreement which;

- is intended to, or does, influence any person to act or reward any person for acting in breach of an expectation of good faith, impartiality or trust, or which it would otherwise be improper for the recipient to accept; or
- is made to or for the benefit of a Public Official, or to any person while knowing or being aware of a high probability that all or a portion of the payment, gift or other advantage will be offered or given to a Public Official, with the intention of influencing any act or decision of the Public Official in his/its official capacity, inducing such Public Official to use his/its influence to affect any act or decision of a government entity, or securing an improper advantage; or
- would otherwise violate Applicable Anti-Bribery Law.

(ii) Frontier has implemented and must at all times maintain adequate procedures designed to comply with its obligations under Section 27 (b) (i) above.

(iii) Breach of any of the provisions in Section 27(b)(i) in a material breach of this Agreement pursuant to Section 15(b) of this Agreement. Notwithstanding anything contained in Section 15(b), and without remedy to any other right, relief or remedy, Barclays may terminate this Agreement immediately upon such a breach.”

10. Competitive Programs. Effective as of the Transaction Effective Date, the following is added to the Agreement as new Section 28, to follow new Section 27:

“28. Competitive Programs.

(a) At least once per calendar year, Barclays and Frontier shall consider (to the extent such terms and conditions are publicly known or otherwise known and not subject to any confidentiality obligations on the part of either Party) features, terms, conditions and other aspects of other co-branded credit card programs in the Benchmark Market in order to identify marketplace developments for possible inclusion in the Affinity Program to ensure that the Affinity Program remains competitive. If Barclays or Frontier determines that a change to the Affinity Program may be required, either Barclays or Frontier, depending upon which party shall provide the benefit, shall develop a plan with respect to implementation of such change, including the impact the proposed change would have, if any, on the Affinity Program economics, shall present such plan to the other party for its review, and, if both Barclays and Frontier agree that the proposed change should be implemented, the party that developed the plan shall employ commercially reasonable efforts to implement the proposed change.”

11. Ownership of Credit Card Accounts and Cardholder Data. Effective as of the Transaction Effective Date, the following is added to the Agreement as new Section 29, to follow new Section 28:

“29. Ownership of Credit Card Accounts and Cardholder Data.

(a) Ownership and all sharing, use and disclosure of Cardholder Data and Frontier Member Data under this Agreement shall, to the extent permitted under applicable law, be subject to the provisions of this Section 29. The Parties acknowledge that the same or similar information may be contained in the Cardholder Data, the Frontier Member Data, and other data and that each pool of data shall therefore be considered separate information, subject to the specific provisions applicable to that data hereunder.

(b) Barclays shall be the owner of all Cardholder Data and the Accounts related thereto and Frontier shall not be considered a creditor on any of such accounts for any purpose whatsoever.

(c) Barclays acknowledges that Frontier is the exclusive owner of all Frontier Member Data and that subject to the other terms in this Agreement, Frontier and its affiliates have rights to use and disclose such information independent of whether such information also constitutes Cardholder Data.

(d) For the avoidance of doubt, the Parties agree that Barclays’ ownership interests described in Sections 29(a) through (c) above shall apply during and after the Term unless the Cardholder Data is transferred to Frontier or its designee pursuant to this Agreement

(e) As used in this Section 29 and this Amendment;

“Cardholder Data” means all personally identifiable information about a cardholder (a) received by or on behalf of Barclays in connection with the cardholder’s application for use of a credit card Account in connection with the Affinity Program; (b) otherwise obtained by or on behalf of Barclays for inclusion in its database of cardholder information, including all transaction and experience information collected by or on behalf of Barclays with regard to each purchase charged by a cardholder using a credit card issued pursuant to the Affinity Program.

“Frontier Member Data” means all personally identifiable information regarding Frontier Members that is obtained by or on behalf of Frontier or any of its Affiliates at any time (including prior to the Transaction Effective Date.”

12. Subordination. Effective as of the Transaction Effective Date, the following is added to the Agreement as new Section 30, to follow new Section 29:

“30. Subordination. Frontier hereby acknowledges and agrees that any unsecured loan facility or equity investment obtained by Frontier shall be subordinated to repayment to Barclays of the Facility. Prior to Frontier entering into any such financing or equity investment, Barclays, Frontier and such lender or investor shall enter into a subordination agreement on terms agreed to by Barclays, such agreement not to be unreasonably withheld or delayed. This Section 30 and any such subordination agreement shall terminate upon (a) the payment in full of all obligations of Frontier under this Agreement to make payments to Barclays from time to time with respect to the principal, interest or other payment obligations under the Facility, including, without limitation, obligations to reduce the Facility in accordance with this Agreement, and (b) the expiration or termination of all commitments and all other obligations of Barclays to fund the Facility, with neither Frontier nor any other Person having the right to cause the purchase of Pre-Purchased Miles under this Agreement.”

13. Effective as of the Transaction Effective Date, a Schedule 3 is added to the Agreement in the form set forth in Exhibit B to this Ninth Amendment.

14. Effective as of the Transaction Effective Date, Schedule 2 to the Agreement (added by the Eighth Amendment to this Agreement) is deleted and replaced by the Schedule 2 set forth in Exhibit C to this Ninth Amendment.

15. Effective as of the Transaction Effective Date, Exhibit F to the Agreement (added by the Eighth Amendment to this Agreement) is deleted and replaced by the Exhibit F set forth in Exhibit D to this Ninth Amendment.

16. The closing for this Amendment (the "Amendment Closing") shall take place no later than two Business Days after the satisfaction or waiver of the conditions precedent to the Amendment Closing set forth below in clauses (a) and (b):

(a) Barclays' obligation to close the Amendment transaction shall be subject to the satisfaction or waiver of the following:

(i) Receipt of evidence of the Transaction Closing;

(ii) Receipt of each of the following agreements duly executed by the other parties thereto: (1) this Amendment, (2) the Mutual Release and Removal of Parties from Frontier Airlines Inc. Credit Card Affinity Agreement (the "Release") among Barclays, Frontier, YX Properties, LLC, Midwest Airlines, Inc. and Republic, and (3) the Subordination Agreement; and

(iii) A certification from Frontier that as of the Amendment closing, all of the Conditions Precedent set forth in Section 5A.4 have been met.

(b) Frontier's obligation to close the Amendment transaction shall be subject to the satisfaction or waiver of the following:

(i) Receipt of each of the following agreements duly executed by each of the parties thereto: (1) this Amendment and (2) the Release.

(c) Upon the Amendment Closing, after the satisfaction or waiver of the conditions precedent described above, Barclays shall deliver to Frontier by wire transfer to an account designated by Frontier, an amount equal to the difference between ***** and the value (valued at ***** per Pre-Purchased Mile) of the number of Pre- Purchased Miles previously purchased by Barclays pursuant to the Agreement which are unused and outstanding on the Transaction Effective Date. Frontier shall provide Barclays with its wiring instructions not less than ***** prior to the Amendment Closing.

17. Survival. Except as expressly modified by the terms of this Amendment, all of the terms and conditions of the Agreement remain in full force and effect and are hereby ratified and confirmed by the parties,

18. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with the domestic laws of the State of Delaware without giving effect to any choice of law or conflict of law, provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware,

19. Amendment Termination Event. If the Transaction Closing shall not have occurred on or before the Termination Date, this Amendment shall be of no further force and effect and shall be null and void *ab initio*. As used herein, "Termination Date" means ***** or such later date as may be agreed upon in writing by each of the parties to this Amendment.

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20. Counterparts; Electronic Execution. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument, This instrument may be executed and delivered by electronic transmission, including by facsimile or pdf.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the day and year first above written,

BARCLAYS BANK DELAWARE

By: /s/ [Authorized Signatory]
Name: [Authorized Signatory]
Title: [Authorized Signatory]

FRONTIER AIRLINES, INC.

By: /s/ David N. Siegel
Name: David N. Siegel
Title: President & CEO

Exhibit A to Ninth Amendment
Form of Subordination Agreement

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this “Agreement”) is entered into as of this [], 2013, by and among Barclays Bank Delaware (“Barclays”), Frontier Airlines, Inc. (the “Company”), and Frontier Airlines Holdings, Inc. (the “Subordinated Investor”).

R E C I T A L S

A. Barclays and the Company have entered into a Credit Card Affinity Agreement dated March 12, 2003, which Agreement has been supplemented by a letter agreement dated April 1, 2003 and amended by eight amendments thereto, and as further amended by the Ninth Amendment thereto (the “Ninth Amendment”) dated as of November , 2013, and effective as of the date hereof (as so supplemented and amended, the “Affinity Agreement”) pursuant to which, among other things, Barclays has agreed, subject to the terms and conditions set forth in the Affinity Agreement, to make certain financial accommodations to the Company pursuant to the Facility (as defined in the Affinity Agreement).

B. The Subordinated Investor intends to make an Investment in the Company in connection with the Transaction Closing (as defined in the Affinity Agreement), and may agree to make further Investments in the Company in the future during the term of the Facility.

C. As an inducement to and as one of the conditions precedent to the agreement of Barclays to consummate the transactions contemplated by the Ninth Amendment, Barclays has required the execution and delivery of this Agreement by the Subordinated Investor, the Company and Barclays in order to set forth the relative rights and priorities of Barclays and the Subordinated Investor under the Senior Obligation Documents and the Subordinated Obligation Documents (as hereinafter defined).

NOW, THEREFORE, in order to induce Barclays to consummate the transactions contemplated by the Ninth Amendment, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise herein defined are used as defined in the Affinity Agreement. The following terms shall have the following meanings in this Agreement:

“**Bankruptcy Code**” means Chapter 11 of Title 11 of the United States Code, as amended from time to time and any successor statute and all rules and regulations promulgated thereunder,

“**Default**” means either (i) the Company has failed to satisfy one or more of the Conditions Precedent in the Affinity Agreement or (ii) a Suspension Event has occurred.

“**Distribution**” means, with respect to any Investment or other obligations under the Subordinated Obligation Documents (if any), (a) any payment or distribution by the Company of cash, securities or other property, by set-off or otherwise, on account of such Investment or obligation or (b) any redemption, purchase or other acquisition of such Investment or obligation by the Company.

“Enforcement Action” means (a) to take from or for the account of the Company, by set-off or in any other manner, the whole or any part of any moneys which may now or hereafter be owing by the Company with respect to the Subordinated Obligations, (b) to sue for payment of, or to initiate or participate with others in any suit, action or proceeding against the Company to (i) enforce payment of or to collect the whole or any part of the Subordinated Obligations or (ii) commence judicial enforcement of any of the rights and remedies under the Subordinated Obligation Documents or applicable law with respect to the Subordinated Obligations, or (c) to accelerate the Subordinated Obligations.

“Initial Investment” means any investment in the Company held by the Subordinated Investor at the time of the Transaction Closing, whether in the form of equity, or securities of any nature or loans or otherwise.

“Investment” means the Initial Investment and the Subsequent Investments.

“Paid in Full” and **“Payment in Full”** means, with respect to the Senior Obligations, that: (a) all of the Senior Obligations have been paid in full as provided under the Affinity Agreement and (b) all commitments and all other obligations of Barclays to fund the Facility under any Senior Obligations Document have expired or been terminated, and neither the Company nor any other Person shall have any right to cause the purchase of Pre-Purchased Miles under any Senior Obligations Document.

“Person” means any natural person, corporation, general or limited partnership, limited liability company, firm, trust, association, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity.

“Proceeding” means any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the liquidation, dissolution or other winding up of a Person.

“Senior Obligations” means all obligations of the Company to make payments to Barclays from time to time with respect to the principal, interest or other payment obligations under the Facility under the Senior Obligation Documents, including, without limitation, obligations to reduce the Facility in accordance with the Affinity Agreement, whether before or after the filing of a Proceeding under the Bankruptcy Code together with any amendments, modifications, renewals or extensions thereof to the extent not prohibited by the terms of this Agreement. Senior Obligations shall be considered to be outstanding whenever Barclays has any commitment under the Affinity Agreement to fund the Facility.

“Senior Obligation Documents” means the Affinity Agreement and all other agreements, documents and instruments executed from time to time in connection therewith, as the same may be amended, supplemented or otherwise modified from time to time.

“**Subordinated Obligations**” means all Investments and other obligations, liabilities and indebtedness of every nature of the Company from time to time owed to the Subordinated Investor or any of its Affiliates in respect of any Investment

“**Subordinated Obligation Documents**” means any and all documents, agreements and instruments now existing or hereinafter entered into evidencing or pertaining to all or any portion of any the Subordinated Obligations.

“**Subsequent Investment**” means any additional investment, other than the Initial Investment, in the Company made following the Transaction Closing by the Subordinated Investor or any Affiliate thereof, whether in the form of capital contributions, purchases of additional securities of any nature, loans or otherwise.

2. Subordination.

2.1 Subordination of the Subordinated Obligations to Senior Obligations. The Company covenants and agrees, and the Subordinated Investor likewise covenants and agrees, notwithstanding anything to the contrary contained in any of the Subordinated Obligation Documents, that the payment of any and all of the Subordinated Obligations shall be subordinate and subject in right and time of payment, to the extent and in the manner hereinafter set forth, to the prior Payment in Full of all Senior Obligations.

2.2 Liquidation, Dissolution, Bankruptcy.

In the event of any Proceeding involving the Company, unless and until such Proceeding is dismissed or otherwise terminated:

(a) All Senior Obligations shall first be indefeasibly Paid in Full in accordance with the terms of the Affinity Agreement and all commitments to fund the Facility under the Senior Obligation Documents shall be terminated before any Distribution, whether in cash, securities or other property, and shall be made to the Subordinated Investor on account of any Subordinated Obligations.

(b) Any Distribution, whether in cash, securities or other property which would otherwise, but for the terms hereof, be payable or deliverable in respect of the Subordinated Obligations shall be paid or delivered directly to Barclays (to be held and/or applied by Barclays in accordance with the terms of the Senior Obligation Documents) until all Senior Obligations are Paid in Full in accordance with the terms of the Affinity Agreement and all commitments to fund the Facility under the Senior Obligation Documents shall have been terminated. The Subordinated Investor irrevocably authorizes, empowers and directs any debtor, debtor in possession, receiver, trustee, liquidator, custodian, conservator or other Person having authority, to pay or otherwise deliver all such Distributions to Barclays. The Subordinated Investor also irrevocably authorizes and empowers Barclays, in the name of the Subordinated Investor, to demand, sue for, collect and receive any and all such Distributions.

(c) The Subordinated Investor agrees not to initiate, prosecute or participate in any claim, action or other proceeding challenging the enforceability, validity, perfection or priority of the Senior Obligations.

(d) Solely with respect to that portion of an Investment structured as a debt investment (a "Debt Investment"), the Subordinated Investor hereby authorizes, empowers and appoints Barclays its agent and attorney-in-fact to (i) execute, verify, deliver and file such proofs of claim with respect to such Debt Investment and (ii) vote such Debt investment claim in any such Proceeding so long as such Debt Investment remains a debt investment; provided Barclays shall have no obligation to execute, verify, deliver and/or file any such proof of claim or to vote any such claim. In the event that Barclays votes any debt investment claim in accordance with the authority granted hereby, the Subordinated Investor shall not be entitled to change or withdraw such vote. Notwithstanding the foregoing, in the event that Barclays has not filed a proof of claim with respect to a Debt Investment prior to the date that is ***** prior to the bar date, Subordinated Investor may file such proof of claim; provided, that the foregoing shall not affect Barclays' right to vote such Debt Investment claim as provided in clause (ii) of this subsection.

(e) The Senior Obligations shall continue to be treated as Senior Obligations and the provisions of this Agreement shall continue to govern the relative rights and priorities of Barclays and the Subordinated Investor even if all or part of the Senior Obligations are subordinated, set aside, avoided, invalidated or disallowed in connection with any such Proceeding, and this Agreement shall be reinstated if at any time any payment of any of the Senior Obligations is rescinded or must otherwise be returned by any holder of Senior Obligations or any representative of such holder.

2.3 Subordinated Obligations Payment Restrictions.

(a) Notwithstanding the terms of the Subordinated Obligation Documents, the Company hereby agrees that it may not make, and the Subordinated Investor hereby agrees that it will not accept, any Distribution with respect to the Subordinated Obligations until the Senior Obligations are Paid in Full, except as set forth in Section 2.3(b) below.

(b) Notwithstanding anything in this Agreement to the contrary, the Company shall be permitted to make, and the Subordinated Investor shall be permitted to accept, Distributions; provided, that (i) no Default has occurred and is continuing and (ii) no Default would occur upon such Distribution.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

2.4 Subordinated Obligations Standstill Provisions. Until the Senior Obligations are indefeasibly Paid in Full in accordance with the terms of the Affinity Agreement and all commitments to fund the Facility under the Senior Obligation Documents shall be terminated, the Subordinated Investor shall not, without the prior written consent of Barclays, take any Enforcement Action with respect to the Subordinated Obligations. Any Distributions or other proceeds of any Enforcement Action obtained by the Subordinated Investor in violation of the foregoing shall in any event be held in trust by it for the benefit of Barclays and promptly paid or delivered to Barclays in the form received until all Senior Obligations are Paid in Full in accordance with the terms of the Affinity Agreement and all commitments to fund the Facility under the Senior Obligation Documents shall have been terminated.

2.5 Incorrect Payments. If any Distribution on account of the Subordinated Obligations not permitted to be made by the Company or accepted by the Subordinated Investor under this Agreement is made and received by the Subordinated Investor, such Distribution shall not be commingled with any of the assets of the Subordinated Investor, shall be held in trust by the Subordinated Investor for Barclays and shall be promptly paid over to Barclays for application (in accordance with the Senior Obligation Documents) to the payment of the Senior Obligations then remaining unpaid, until all of the Senior Obligations are Paid in Full.

2.6 Sale, Transfer or other Disposition of the Subordinated Obligations The Subordinated Investor shall not sell, assign, pledge, dispose of or otherwise transfer all or any portion of the Subordinated Obligations or any Subordinated Obligation Document unless, prior to the consummation of any such action, the transferee thereof shall execute and deliver to Barclays a joinder to this Agreement. Notwithstanding the failure of any such transferee to execute or deliver a joinder to this Agreement or to execute or deliver an agreement substantially identical to this Agreement, the subordination effected hereby shall survive any sale, assignment, pledge, disposition or other transfer of all or any portion of the Subordinated Obligations, and the terms of this Agreement shall be automatically binding upon the successors and assigns of the Subordinated Investor.

2.7 Legends. Until the termination of this Agreement in accordance with Section 14 hereof, the Subordinated Investor will cause to be clearly, conspicuously and prominently inserted on the face of the Subordinated Obligation Documents a legend that refers to this Agreement.

2.8 Obligations Hereunder Not Affected. All rights and interest of Barclays hereunder, and all agreements and obligations of the Subordinated Investor and the Company hereunder, shall remain in full force and effect, irrespective of:

- (a) any lack of validity or enforceability of any document evidencing Senior Obligations;
- (b) any change in the time, manner or place of payment of, the amount of, or any other term of, all or any of the Senior Obligations, or any other amendment or waiver of or any release or consent to departure from any of the Senior Obligation Documents;

(c) any failure of Barclays to assert any claim or to enforce any right or remedy against any other party hereto under the provisions of this Agreement or any other Senior Obligation Document other than this Agreement;

(d) any reduction, limitation, impairment or termination of the Senior Obligations for any reason (other than the defense of payment in full of the Senior Obligations), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and the Company and the Subordinated Investor hereby waive any right to or claim of) any defense (other than the defense of payment in full of the Senior Obligations) or setoff, counterclaim, recoupment or termination whatsoever by reason of invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Senior Obligations; and

(e) any other circumstance which might otherwise constitute a defense (other than the defense of payment in full of the Senior Obligations) available to, or a discharge of, the Company in respect of the Senior Obligations or the Subordinated Investor in respect of this Agreement.

The Subordinated Investor acknowledges and agrees that Barclays may, solely to the extent permitted by the terms of the Affinity Agreement, without notice or demand to the Subordinated Investor and without affecting or impairing the Subordinated Investor's obligations hereunder from time to time (i) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of or otherwise change the terms of the Senior Obligations or any part thereof; including, without limitation, to increase or decrease the rate of interest thereon or the amount of Pre-Purchased Miles constituting the Facility thereof; (ii) take or hold security for the payment of the Senior Obligations and exchange, enforce, foreclose upon, waive and release any such security; (iii) apply such security and direct the order or manner of sale thereof as Barclays in its sole discretion, may determine; and (iv) exercise or refrain from exercising any rights against the Company or any other Person.

3. Modifications to the Senior Obligation Documents; Intent. Barclays may at any time and from time to time without the consent of or notice to the Subordinated Investor, without incurring liability to the Subordinated Investor and without impairing or releasing the obligations of the Subordinated Investor under this Agreement, change the manner or place of payment or extend the time of payment of or renew or alter any of the terms of the Senior Obligations, or amend in any manner any agreement, note, guaranty or other instrument evidencing or securing or otherwise relating to the Senior Obligations. It is the intent of the parties that the terms of this Agreement shall apply to any Investment made by the Subordinated Investor or any of its subsidiaries or Affiliates, and in the event an Investment is made by any subsidiary or Affiliate that is not a party hereto, the Subordinated Investor covenants and agrees to cause such Person to execute a joinder to this Agreement or to execute or deliver an agreement substantially identical to this Agreement prior to the consummation of such Investment; and, provided further, the Company covenants and agrees that it shall not accept such Investment unless such Person has executed a joinder to this Agreement or executed and delivered an agreement substantially identical to this Agreement.

4. Subrogation. Subject to the Payment in Full of all Senior Obligations in accordance with the terms of the Affinity Agreement, to the extent that Barclays has received any Distribution on Senior Obligations which, but for this Agreement would have been applied to Subordinated Obligations, the Subordinated Investor shall be subrogated to the rights of Barclays to receive Distributions with respect to the Senior Obligations until the Subordinated Obligations are paid in full (as if the Senior Obligations had not been Paid in Full in accordance with for terms of the Affinity Agreement). The Subordinated Investor agrees that in the event that all or any part of a payment made with respect to the Senior Obligations is recovered from the holders of for Senior Obligations in a Proceeding or otherwise, any Distribution received by the Subordinated Investor with respect to the Subordinated Obligations at any time after the date of the payment that is so recovered, whether pursuant to the right of subrogation provided for in this Agreement or otherwise, shall be deemed to have been received by the Subordinated Investor in trust as property of the holders of the Senior Obligations and the Subordinated Investor shall forthwith deliver the same to Barclays for application to for Senior Obligations until the Senior Obligations are paid in full. A Distribution made pursuant to this Agreement to Barclays which otherwise would have been made to the Subordinated Investor is not, as between, the Company and the Subordinated Investor, a payment by the Company to or on account of the Senior Obligations.

5. Modification. Any modification or waiver of any provision of this Agreement, or any consent to any departure by any party from the terms hereof shall not be effective in any event unless the same is in writing and signed by Barclays, the Company and the Subordinated Investor, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on any party hereto in any event not specifically required hereunder shall not entitle the party receiving such notice or demand to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

6. Further Assurances. Each party to this Agreement promptly will execute and deliver such further instruments and agreements and do such further acts and things as may be reasonably requested in writing by any other party hereto that may be reasonably necessary or desirable in order to effect fully the purposes of this Agreement.

7. Notices. Unless otherwise specifically provided herein, any notice delivered under this Agreement shall be in writing addressed to the respective party as set forth below and may be personally served, telecopied or sent by overnight courier service or certified or registered United States mail and shall be deemed to have been given (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted on a business day before 4:00 p.m. (New York time) or, if not, on the next succeeding business day; (c) if delivered by overnight courier, one business day after delivery to such courier properly addressed; or (d) if by United States mail, four business days after deposit in the United States mail, postage prepaid and properly addressed.

Notices shall be addressed as follows;

If to the Subordinated Investor.

Frontier Airlines Holdings, Inc.

[]

Tel: () _____

Fax: () _____

If to the Company:

Frontier Airlines, Inc,

7001 Tower Road

Denver, CO 80249

Tel: () _____

Fax: *****

Attn: *****

with a copy to:

General Counsel

Fax: *****

If to Barclays:

Barclays Bank Delaware

125 South West Street

Wilmington, Delaware 19801

Attn: Dennis Nealon

Fax: *****

With copies to:

Barclays Bank Delaware

125 South West Street

Wilmington, Delaware 19801

Attn: General Counsel

Fax: *****

or in any case, to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section 7.

8. Successors and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of Barclays, the Subordinated Investor and the Company.

9. Relative Rights. This Agreement shall define the relative rights of Barclays and the Subordinated Investor. Nothing in this Agreement shall (a) impair, as between the Company and Barclays and as between the Company and the Subordinated Investor, the obligation of the Company with respect to the payment of the Senior Obligations and the Subordinated Obligations in accordance with their respective terms or (b) affect the relative rights of Barclays or the Subordinated Investor with respect to any other creditors of the Company.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

10. Conflict. In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of any of the Subordinated Obligation Documents, the provisions of this Agreement shall control and govern and nothing herein shall constitute or otherwise be deemed to represent an amendment, waiver or other modification to the Affinity Agreement

11. Headings; Terms. The paragraph headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions hereof.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument

13. Severability. In the event that any provision of this Agreement is deemed to be invalid, illegal or unenforceable by reason of file operation of any law or by reason of the interpretation placed thereon by any court or governmental authority, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby, and the affected provision shall be modified to the minimum extent permitted by law so as most fully to achieve the intention of this Agreement

14. Continuation of Subordination; Termination of Agreement. This Agreement shall remain in full force and effect until the Payment in Full of the Senior Obligations, after which this Agreement shall terminate without further action on the part of the parties hereto.

15. Applicable Law. This Agreement shall be governed by and shall be construed and enforced in accordance with the internal laws of the State of Delaware, without regard to conflicts of law principles.

16. CONSENT TO JURISDICTION. EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE COURT LOCATED IN THE STATE OF DELAWARE AND ANY FEDERAL COURT SITTING IN DELAWARE AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE LITIGATED IN SUCH COURTS. EACH OF THE PARTIES HERETO EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID. EACH OF THE PARTIES HERETO HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO THE PARTIES HERETO AT THEIR RESPECTIVE ADDRESSES SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE ***** AFTER THE SAME HAS BEEN POSTED.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

17. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE SUBORDINATED DEBT DOCUMENTS OR ANY OF THE SENIOR DEBT DOCUMENTS. EACH OF THE PARTIES HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE SENIOR DEBT DOCUMENTS AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH OF THE PARTIES HERETO WARRANTS AND REPRESENTS THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

IN WITNESS WHEREOF, the Subordinated Investor, the Company, and Barclays have caused this Agreement to be executed as of the date first above written,

SUBORDINATED INVESTOR:

FRONTIER AIRLINES HOLDINGS, INC.

By: _____

Title: _____

COMPANY

FRONTIER AIRLINES, INC.

By: _____

Title: _____

BARCLAYS:

BARCLAYS BANK DELAWARE

By: _____

Title: _____

Exhibit B to Ninth Amendment

See Attached Schedule 3 to the Frontier Agreement

Exhibit C to Ninth Amendment

Schedule 2 to the Frontier Agreement.

Frontier – Enplanements Forecast

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Frontier – Early Returns Membership Forecast

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Exhibit D to Ninth Amendment

See Attached Exhibit F

Exhibit F

Frontier shall, absent the agreement of the Parties to the contrary, undertake throughout the term of the Agreement the following marketing efforts:

1. *****
2. *****
3. *****
4. *****
5. *****
6. *****
7. *****

On or before April 30, 2011, Frontier shall undertake the following marketing efforts:

1. *****
2. *****
3. *****
4. *****
5. *****

On or before *****, Frontier, at its cost, shall undertake the following marketing efforts:

- *****

On or before *****, Frontier, at its cost, will implement the below cardholder exclusives. The new benefits will remain relative in value to competitive benefits in the ultra- low cost carrier market:

- *****
- *****
 - ***** = ***** Redemption Fee
 - ***** = An at least ***** discount to the standard ***** fee
 - ***** = An at least ***** discount to the standard ***** fee

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Tenth Amendment to the Frontier Airlines, Inc. Credit Card Agreement

THIS TENTH AMENDMENT (“Amendment”) to the Frontier Airlines, Inc. Credit Card Agreement is made and entered into as of June 18, 2015 by and between Barclays Bank Delaware, formerly known as Juniper Bank (“Barclays”), and Frontier Airlines, Inc. (“Frontier”).

RECITALS:

WHEREAS, Barclays and Frontier entered into the Frontier Airlines, Inc. Credit Card Affinity Agreement on March 12, 2003, as the same has been amended (“Agreement”); and

WHEREAS, Barclays and Frontier have agreed to the substitution of the Companion Certificate benefit provided by Frontier under the Agreement and to the replacement of such benefit with an annual ***** travel discount code benefit (“Travel Benefit”).

NOW THEREFORE, in consideration of the premises and such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Companion Certificate language in the last section of Exhibit F of the Ninth Amendment to the Agreement entered into by the parties on November 5, 2013 is hereby deleted in its entirety and replaced the following:

“Frontier, at its cost, shall implement an annual anniversary ***** Travel Benefit with the following features:

- (a) ***** fare. The Travel Benefit will be fulfilled each year at the Account opening anniversary.
- (b) Cardholders must spend a minimum of ***** on the card to be eligible for the Travel Benefit.
- (c) The Travel Benefit must be redeemed ***** of being sent to the Cardholder and is valid for travel ***** from the date it is sent to the Cardholder.
- (d) Barclays will qualify Cardholders and fulfill the Travel Benefit.
- (e) Barclays and Frontier will mutually agree upon a process for delivering the travel discount codes to Barclays to use for Cardholder fulfillment.
- (f) Cardholders will redeem the code through flyfrontier.com at the time of booking by inputting the code on the payment page which will apply the discount automatically in real time.”

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

2. All other terms and conditions of the Agreement shall remain in effect except as expressly modified herein or in another writing signed by both parties. Capitalized terms shall have the same meaning as set forth in the Agreement.
3. This Amendment shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within the State of Delaware.
4. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Intending to be legally bound, the parties have executed this Amendment as of the date set forth above.

BARCLAYS BANK DELAWARE
formerly known as JUNIPER BANK

FRONTIER AIRLINES INC.

/s/ [Authorized Signatory]
(Signature)

/s/ Howard Diamond
(Signature)

[Authorized Signatory]
(Title)

SVP, General Counsel & Secretary
(Title)

[Undated]
(Date)

September 30, 2015
(Date)

GENERAL TERMS AGREEMENT NO. 6-13616

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THIS GENERAL TERMS AGREEMENT NO. 6-13616 (hereinafter referred to as this Agreement) dated as of the 30th day of June, 2000, by and between **CFM International, Inc.** (hereinafter referred to as CFMI), a Delaware corporation jointly owned by General Electric Company (hereinafter referred to as “GE”), a New York corporation and **Societe Nationale D’Etude et de Construction de Moteurs d’Aviation** (hereinafter referred to as “SNECMA”), a French Company, and **Frontier Airlines, Inc.**, a corporation organized under the law of Colorado (hereinafter referred to as “Airline”). Capitalized terms not defined herein are used as defined in Exhibit B hereto.

WITNESSETH

WHEREAS, Airline has agreed to lease and purchase certain aircraft equipped with CFM installed Engines, and

WHEREAS, the parties hereto desire to enter into this Agreement for the support by CFMI of the installed Engines and the purchase by Airline from CFMI and the sale and support by CFMI of spare Engines, related equipment and spare Parts therefor.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I – PRODUCTS

CFMI shall sell and Airline shall purchase, under the terms and subject to the conditions hereinafter set forth, the Engines, Modules, spare Parts and other products and equipment identified in the attached Exhibit A, and hereinafter referred to as “Product(s).”

Products purchased hereunder for installation on Airline’s type A319 aircraft shall conform to the specifications for Products installed by the manufacturer on new type A319 aircraft purchased or leased by Airline and shall be interchangeable with, and of the same quality as, such Products.

ARTICLE II – PRICES

The selling prices of Products, including certain spare Parts, shall be the prices as quoted by CFMI and as set forth in each Airline purchase order accepted by CFMI.

- A. The selling prices of Engines and related equipment therefor shall be quoted by CFMI as base prices subject to an adjustment for escalation. The escalation provisions currently in effect are set forth in attached Exhibit C and CFMI will advise Airline in writing ***** in advance of any change thereto.
- B. The selling price of spare Parts, except for those which may be quoted by CFMI to Airline, shall be those prices set forth in CFMI’s then current CFM56 Engine Spare Parts Price Catalog (“Spare Parts Catalog”) or in procurement data issued by CFMI in accordance with Airline Transport Association of America (ATA) Specification (Spec) 200. The price of a new spare Part which is first listed by CFMI in procurement data, may be changed by CFMI in subsequent procurement data revisions until such time as the Part is included in CFMI’s Spare Parts Catalog as from time to time revised by CFMI.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- C. CFMI will advise Airline in writing ***** in advance of any changes in prices in CFMI's Spare Parts Catalog. During such ***** period, CFMI shall not be obligated to accept Airline purchase orders for quantities of spare Parts in excess of up to ***** normal usage beyond the effective date of the announced price change.
- D. The selling prices of all Products shall be expressed in U.S. Dollars.

ARTICLE III – ORDER PLACEMENT

- A. In the event of any conflict between this Agreement and the printed terms and conditions appearing on Airline's purchase orders, this Agreement shall govern, except that the description of Products, price, quantity, delivery dates and shipping instructions shall be as set forth on each purchase order accepted by CFMI.
- B. Airline shall place purchase orders for Products quoted by CFMI, in accordance with CFMI's quotation for said Products.
- C. Airline may place purchase orders for spare Parts using one of the following methods: telephone, telegram, facsimile transmission, ARINC or SITA utilizing ATA Spec 200 (Chapter 6 format) or Spec 2000 (Chapter 3 format) or Airline purchase order as prescribed in the Spare Parts Catalog or CFMI's quotation.
- D. Airline shall place purchase orders for initial provisioning quantities of spare Parts as provided in Section III of the attached Exhibit B within ***** following receipt from CFMI of initial provisioning data relating thereto.
- E. CFMI's acknowledgment of each purchase order shall constitute acceptance thereof. If CFMI fails to acknowledge any purchase order within ***** after receipt thereof, such purchase order shall be deemed to have been accepted by CFMI in accordance with its terms. In the case of emergency, shipment of spare Parts by CFMI in accordance with Section III G.2 of Exhibit B shall constitute acceptance of the purchase order for such spare Parts.

ARTICLE IV – DELIVERY

- A. Except as otherwise provided under Section III.G. of Exhibit B herein, CFMI shall deliver Products under each purchase order placed by Airline and accepted by CFMI, on a mutually agreed upon schedule consistent with CFMI's lead times and as set forth in each such purchase order. Delivery dates are subject to (1) prompt receipt by CFMI of all information necessary to permit CFMI to proceed with work immediately and without interruption, and (2) Airline's compliance with the payment terms set forth herein.
- B. Title to and risk of loss of all Products shall pass to Airline upon delivery to the common carrier designated by Airline, Ex-Works, at the point of manufacture, or (2) to storage, in the event shipment cannot be made for reasons set forth in Paragraph C of this Article IV.

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Wherever transportation rates and the carrier's liability for damage depend upon the declared value of the shipment, CFMI will declare such value as will entitle Airline to ship Products at the lowest permissible rates, unless otherwise instructed in writing by Airline.

- C. If any Product cannot be delivered when ready due to any acts, or failure to act of Airline, CFMI shall place such Product in storage. In such event, (1) all expenses incurred by CFMI for activities such as, but not limited to, preparation for and placement into storage and handling, storage, inspection, preservation and insurance shall be paid by Airline upon presentation of CFMI's invoices, and (2) CFMI shall assist and cooperate with Airline in any reasonable manner with respect to the removal of any such Product from storage.
- D. Unless otherwise instructed by Airline, CFMI shall deliver each Product, except for spare Parts, packaged in accordance with CFMI's normal standards for domestic shipment or export shipment. Any special boxing or preparation for shipment specified by Airline shall be for Airline's account and responsibility. The cost of any re-usable shipping stand or container is not included in the price of Engines or of equipment and will be paid by Airline within ***** of presentation of CFMI's invoice if such stand or container is not returned by Airline, ex-works the original point of shipment, in the condition in which it was received by Airline within ***** after shipment. CFMI may, at its option, use non-reusable shipping stands or containers at no charge to Airline.
- E. CFMI shall deliver spare Parts packaged and labeled in accordance with ATA Spec 300, Revision No. 4, or to a revision mutually agreed in writing between CFMI and Airline. CFMI shall notify Airline, when applicable, that certain spare Parts are packed in unit package quantities (UPQ's), or multiples thereof.

ARTICLE V – PAYMENT

Airline shall pay CFMI with respect to Products purchased hereunder as set forth in the attached Exhibit D.

ARTICLE VI – TAXES

- 1. The selling prices include and CFMI shall be responsible for the payment of any imposts, duties, fees, taxes, dues or any charges whatsoever imposed or levied in connection with Products prior to their delivery. If claim is made against Airline for any such duties, fees, charges, or assessments, Airline shall immediately notify CFMI and, if requested by CFMI, Airline shall not pay except under protest, and if payment be made, shall use all reasonable effort to obtain a refund thereof. If all or any part of any such taxes, duties, fees, charges or assessments be refunded. Airline shall repay to CFMI such part thereof as CFMI shall have paid, together with any interest received by Airline with respect thereto. CFMI shall pay to Airline, upon demand, all expenses (including penalties and interest, other than any such penalties or interest resulting from the failure of Airline seasonably to pay any such taxes, duties, fees, charges or assessments which it has reason to believe are applicable, unless such nonpayment is directed by CFMI) incurred by Airline in protesting payment and in endeavoring to obtain such refund, in each case at CFMI's request.

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2. Upon delivery, Airline shall be responsible for the payment of all other imposts, duties, taxes, dues or any other charges whatsoever (including without limitation, sales, use, excise, turnover or value added tax but excluding any taxes in the nature of income taxes) imposed or levied in connection with such Products from and after their delivery and Airline shall pay to CFMI, upon demand, or furnish to CFMI evidence of exemption therefrom, any such items legally assessed or levied by any governmental authority against CFMI or its employees, its subsidiaries or their employees. If claim is made against CFMI for any such duties, fees, charges, or assessments, CFMI shall immediately notify Airline and, if requested by Airline, CFMI shall not pay except under protest, and if payment be made, shall use all reasonable effort to obtain a refund thereof. If all or any part of any such taxes, duties, fees, charges or assessments be refunded, CFMI shall repay to Airline such part thereof as Airline shall have paid, together with any interest received by CFMI with respect thereto. Airline shall pay to CFMI, upon demand, all expenses (including penalties and interest other than any such penalties or interest resulting from the failure of CFMI seasonably to pay any such taxes, duties, fees, charges or assessments which it has reason to believe are applicable, unless such nonpayment is directed by Airline) incurred by CFMI in protesting payment and in endeavoring to obtain such refund, in each case at Airline's request.

ARTICLE VII – CFM56 PRODUCT SUPPORT PLAN

The CFM56 Product Support Plan for Products, either purchased by Airline from CFMI or installed on Airline's Aircraft as original equipment, and Airline's operation thereof is set forth in the attached Exhibit B.

ARTICLE VIII- EXCUSABLE DELAY

CFMI shall not be liable for delays in delivery or failure to deliver due to *****. As used herein, the term "CFMI" shall be deemed to mean CFMI, GE and SNECMA. In the event of any such delay, the date of delivery shall be extended for a period equal to the time lost by reason of the delay. This provision shall not, however, relieve CFMI from using reasonable efforts to continue performance whenever such causes are removed. The final invoice price at the time of delivery following any delay referred to in this Article VIII (other than any such delay caused by Airline) shall be the invoice price at the originally scheduled delivery date set forth in the applicable purchase order. CFMI shall promptly notify Airline when delays occur or impending delays are likely to occur and shall continue to advise it of new shipping schedules and/or changes thereto. In the event an excusable delay continues, or CFMI advises Airline that such a delay is likely to continue for a period of ***** or more beyond the scheduled delivery date. Airline may, upon ***** written notice to CFMI, cancel all or any part of any purchase order so delayed. In the event an excusable delay continues, or CFMI advises Airline that such a delay is likely to continue for a period of ***** or more beyond the scheduled delivery date, Airline or CFMI may, upon ***** written notice to the other, cancel all or any part of any purchase order so delayed. Upon any cancellation pursuant to this Article VIII, CFMI shall return to Airline all payments relative to the canceled part of the order. Airline shall pay CFMI its reasonable cancellation charges if the delay arises due to acts of Airline.

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ARTICLE IX – PATENTS

- A. CFMI hereby indemnifies and agrees to hold Airline harmless from and against, and shall handle all claims and defend any suit or proceeding brought against Airline insofar as based on, any claim that without further combination, any Product furnished under this Agreement constitutes an infringement of any patent of the United States or of any other country that is signatory to Article 27 of the Convention on International Civil Aviation signed by the United States at Chicago on December 7, 1944, in which Airline is authorized to operate or in which another airline pursuant to lawful interchange, lease or similar arrangement, operates aircraft of Airline. This paragraph shall apply only to any Product manufactured to CFMI's design.
- B. CFMI's liability hereunder is conditioned upon Airline promptly notifying CFMI in writing and giving CFMI authority, information and assistance (at CFMI's expense) for the defense of any suit or proceeding. In case such Product is held in such suit or proceeding to constitute infringement and/or the use of said Product is enjoined or otherwise prohibited, CFMI shall *****

The foregoing shall constitute the sole remedy of Airline and the sole liability of CFMI for patent infringement.

ARTICLE X – INFORMATION AND DATA

- A. All technical information and data (including, but not limited to, designs, drawings, blueprints, tracings, plans, models, layouts, specifications, and memoranda) which may be furnished or made available to Airline directly or indirectly as the result of this Agreement shall remain the property of CFMI, GE or SNECMA as the case may be. This information and data is proprietary to CFMI and shall neither be used by Airline nor furnished by Airline to any other person, firm or corporation for the design or manufacture of any Product nor permitted out of Airline's possession nor divulged to any other person, firm or corporation, except as required by law or court order (provided Airline shall first give CFMI prompt written notice of any such law or court orders and such notice affords CFMI a reasonable opportunity to object to such disclosure or otherwise seek an appropriate protective order) or as otherwise provided herein or agreed in writing. Nothing in this Agreement shall preclude Airline from using such information and data for modification, overhaul, or maintenance work performed by Airline on Airline's Products; except that all repairs or repair processes that require substantiation (including, but not limited to, high technology repairs) will be the subject of a separate license and substantiated repair agreement between CFMI and Airline. As an alternative to CFMI engine maintenance centers and Airline's own maintenance facilities, CFMI will negotiate in good faith with a third party engine maintenance facility for CFM56 engine overhaul subject to acceptance of CFMI's licensing terms by such third party engine maintenance facility. Airline shall take all steps reasonably necessary to insure compliance by its employees, and agents with this Article X. The instrument by which Airline transfers any Product may permit the use of such information and data by its transferees, subject to the same limitations set forth above.

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- B. Nothing in this Agreement shall convey to Airline the right to reproduce or cause the reproduction of any Product of a design identical or similar to that of the Product purchased hereunder or give to Airline a license under any patents or rights owned or controlled by CFMI, GE or SNECMA.
- C. If computer software is provided by CFMI to Airline under this Agreement, it is understood that only CFMI owns and/or has the right to license such software product(s) and that Airline shall have no rights in such software; except, as may be explicitly set forth in a separate written agreement between CFMI and Airline.

ARTICLE XI – FAA AND DGAC CERTIFICATION REQUIREMENTS

- A. All Products shall, at time of delivery;
 - 1. Conform to a Type Certificate issued by the FAA and DGAC, if applicable;
 - 2. Conform to applicable regulations issued by the FAA and DGAC; and
 - 3. Be delivered with an export certificate of airworthiness, if applicable, for export to the United States.
- B. If, subsequent to the date of acceptance of the purchase order for such Products but prior to their delivery by CFMI to Airline, the FAA and/or DGAC issue changes in regulations covering Products sold under this Agreement then CFMI will make any modifications necessary to cause such Products to comply with such regulations and all costs associated with such modifications, if any, required as a result thereof, will be shared equally by CFMI and Airline; provided however, that costs associated with any modifications to the airframe required by such Product modifications shall not be borne by CFM.
- C. Any delay occasioned by complying with such regulations set forth in Paragraph B above shall be deemed an Excusable Delay under Article VIII hereof, and, in addition, appropriate adjustments shall be made in the specifications to reflect the reflect of compliance with such regulations.

ARTICLE XII – TERMINATION FOR INSOLVENCY

- A. Upon the commencement of any bankruptcy or reorganization proceeding by or against either party hereto (the “Defaulting Party”), the other party hereto may, upon written notice to the Defaulting Party, cease to perform any and all of its obligations under this Agreement and the purchase orders hereunder (including, without limitation, continuing work in progress and making deliveries or progress payments or downpayments) unless the Defaulting Party shall provide adequate assurance, in the opinion of the other party hereto, that the Defaulting Party will continue to perform all of its obligations under this Agreement and the purchase orders hereunder in accordance with the terms hereof, and will promptly compensate the other party hereto for any actual pecuniary loss resulting from the Defaulting Party being unable to perform in full its obligations hereunder and under the purchase orders. If the Defaulting Party or the trustee thereof shall fail to promptly provide such adequate assurance, upon notice to the Defaulting Party by the other party hereto, this Agreement and all purchase orders hereunder shall be canceled, any deposits shall be promptly returned, and neither party shall have any further obligation to the other hereunder, except such obligations which have accrued prior to such cancellation.
- B. Either party, at its option, may cancel this Agreement or any purchase order hereunder with respect to any or all of the Products to be furnished hereunder which are undelivered or not furnished on the effective date of such cancellation by giving the other party written notice, as hereinafter provided, at any time after a receiver of the other’s assets is appointed on account of insolvency, or the other makes a general assignment for the benefit of its creditors and such appointment of a receiver shall remain in force undismitted, unvacated or unstayed for a period of ***** thereafter. Such notice of cancellation shall be given ***** prior to the effective date of cancellation, except that, in the case of a voluntary general assignment for the benefit of creditors, such notice need not precede the effective date of cancellation.

ARTICLE XIII – WARRANTIES: LIMITATION OF LIABILITY

- A. CFMI’s warranties with respect to Products, either purchased by Airline from CFMI or installed on Airline’s Aircraft as original equipment, are set forth in Section II of Exhibit B.
- B. CFMI warrants to Airline that it will convey good title to any Products sold hereunder, free and clear of any liens, claims or encumbrances whatsoever; provided that CFMI’s liability and Airline’s remedy under the foregoing warranty are ***** provided further that Airline’s rights and remedies with respect to patent infringement are as set forth in Article IX hereof.
- C. Except as provided in this Article XIII and in Article IX hereof, the liability of CFMI ***** As used herein, the term “CFMI” shall be deemed to include GE, SNECMA and CFMI. **THE WARRANTIES AND GUARANTEES SET FORTH IN THE PRODUCT SUPPORT PLAN ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES AND GUARANTEES WHETHER WRITTEN, STATUTORY, ORAL, OR IMPLIED (INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE).**

ARTICLE XIV – EXPORT SHIPMENT

If CFMI agrees in writing upon Airline’s written request, to assist Airline to arrange for export shipment of Products, Airline shall pay CFMI for all fees and expenses including, but not limited to, those covering preparation of consular invoices, freight, storage, and Warehouse to Warehouse (including war risk) insurance, upon submission of CFMI’s invoices. In such event, CFMI will assist Airline in applying for any required export license and in preparing consular documents according to Airline’s instructions or in the absence thereof, according to its best judgment but without liability for error or incorrect declarations including, but not limited to, liability for fines or other charges.

ARTICLE XV – GOVERNMENTAL AUTHORIZATION

CFMI shall be responsible for obtaining any Export Certificate of Airworthiness and any export license required in respect of Products when delivered new to Airline for export to the United States. Airline shall be responsible for obtaining any other required authorization such as any other export license, import license, exchange permit or any other required governmental authorization. Airline shall restrict disclosure of all information and data furnished thereto under this Agreement and shall ship the direct product of such information and data to only those destinations which are authorized by the U.S. and/or French Governments. At the request of Airline, CFMI will provide Airline with a list of such authorized destinations. CFMI shall not be liable if any authorization is delayed, denied, revoked, restricted or not renewed and Airline shall not be relieved of its obligation to pay CFMI.

ARTICLE XVI – NOTICES

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Any notices under this Agreement shall become effective upon receipt and shall be in writing and be delivered or sent by mail or electronic transmission to the respective parties at the following addresses, which may be changed by written notice:

To: Frontier Airlines, Inc.
12015 East 46th Avenue
Suite 200
Denver, CO 80239-3116

To: CFM International, Inc.
P.O. Box 15514
Cincinnati, Ohio 45215-0514

Attention:

Attention: Director, Commercial Contracts

ARTICLE XVII – MISCELLANEOUS

- A. This Agreement may not be assigned, in whole or in part, by either party without the prior written consent of the other party, except that (i) CFMI's consent shall not be required for (a) the substitution of an affiliate of Airline in place of Airline, (b) the assignment by Airline of its rights and obligations hereunder to the surviving or acquiring entity in any merger, consolidation or sale of all or substantially all of its assets, if, immediately following such merger, consolidation or sale, the surviving or acquiring entity is in a financial condition at least equal to that of the Airline at the time immediately prior to such merger, consolidation or sale, and such entity executes an assumption agreement, in form and substance reasonably acceptable to CFMI, agreeing to assume all of Airline's obligations hereunder, or (c) the assignment by Airline of its rights under Section II of Exhibit B hereto to a lender or financier as security for Airline's obligations in connection with any financing of an Engine or an aircraft on which an Engine is installed, and (ii) Airline's consent shall not be required for the substitution of any other company jointly owned by GE and SNECMA in place of CFMI as the contracting party and the recipient of any or all payments and/or for the assignment of CFMI's payment rights to CFMI's suppliers. No assignment by either party shall increase any cost or liability of the other hereunder, or modify in any way such other party's contract rights hereunder, and each party agrees that notwithstanding any such assignment it remains fully and solely responsible in accordance with the terms and obligations of this Agreement for all of its obligations and liabilities hereunder.
- B. The rights herein granted and this Agreement are for the benefit of the parties hereto and are not for the benefit of any third person, firm or corporation, except as expressly provided herein with respect to GE and SNECMA, and nothing herein contained shall be construed to create any rights in any third parties under, as the result of, or in connection with this Agreement.
- C. This Agreement contains information specifically for Airline and CFMI and, except as permitted pursuant to Article X hereof, nothing herein contained shall be divulged by Airline or CFMI to any third person, firm or corporation, without the prior written consent of the other party which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Airline may disclose this Agreement (i) to its agents and professional advisors, (ii) to prospective lenders or financiers with respect to the Engines or an aircraft on which an Engine is installed, (iii) to prospective transferees or operators of the Engines or such aircraft, and (iv) as otherwise required by law (including any governmental agency) or by court order, and all of the persons and entities set forth in (i), (ii) and (iii) above shall agree in writing not to divulge to others without the prior written consent of CFMI. If Airline is required to disclose pursuant to sub-paragraph (iv) above, Airline shall first give CFMI written notice of any such law or court order, and such notice shall afford CFMI a reasonable opportunity to object to such disclosure or otherwise seek an appropriate protective order. Airline and CFMI shall also work together to provide to the S.E.C. an agreed to redacted version of the Agreement.

- D. This Agreement shall be construed, interpreted and applied in accordance with the law of the State of New York. Each of CFMI and Airline (i) hereby irrevocably submits itself to the nonexclusive jurisdiction of the courts of the state of New York, New York County, and of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defense based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts. Each party hereby generally consents to service of process by registered mail, return receipt requested, at its address for notice under this Agreement. The United Nations Conference on contracts for the International Sale of Goods shall not apply to this Agreement.
- E. This Agreement and all Letter Agreements relating hereto contain the entire and only agreement between the parties, and supersede all pre-existing agreements between such parties, respecting the subject matter hereof; including General Terms Agreement No. 613328, dated November 13, 1995 and any representation, promise or condition in connection therewith not incorporated herein shall not be binding upon either party. No modification, renewal, extension, waiver, or termination by mutual consent of this Agreement or any of the provisions herein contained shall be binding unless it is made in writing and signed on behalf of CFMI and Airline by duly authorized executives.
- F. Any provision in this Agreement to the contrary notwithstanding (including, in particular the provisions of Exhibit B hereto), the maintenance, removal, repair or replacement of Products, the order and storage thereof, as well as manuals, training and tooling in support thereof shall be controlled by and subject to any applicable law, rule or regulation and to the conditions set forth in any applicable governmental authorization.
- G. The provisions of Articles IX – Patents, X – Information and Data, XIII – Warranties; Limitation of Liability and XV – Governmental Authorization and Paragraph C of Article XVII shall survive any expiration or termination of this Agreement.
- H. This Agreement shall remain in full force and effect until (1) Airline ceases to operate at least one Aircraft powered by Products set forth herein, (2) less than five aircraft powered by such Products are in commercial airline service, (3) this Agreement is terminated in whole or in part under either the provisions of Article VIII – Excusable Delay or Article XII – Termination for Insolvency herein, or (4) by mutual consent of the parties, whichever occurs first.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and the year first above written.

FRONTIER AIRLINES, INC.

By: /s/ Arthur T. Voss

Typed Name: Arthur T. Voss

Title: Vice President

Date: July 20, 2000

CFM INTERNATIONAL, INC.

By: /s/ David M. Romansky

Typed Name: David M. Romansky

Title: Regional Sales Director

Date: July 20, 2000

POWER OF ATTORNEY

TO WHOM IT MAY CONCERN:

I, Herbert D. Depp, Vice President, Marketing and Sales, CFM International ("CFMI"), do hereby authorize David Romansky to execute on behalf of CFM, a General Terms Agreement and any accompanying documents thereto between CFM and Frontier Airlines. Mr. David Romansky has the same authority as though I were present and executing the documents personally.

This authorization shall be valid through August 31, 2000.

IN WITNESS WHEREOF, this document was signed and acknowledged in the presence of two witnesses.

WITNESSES:

/s/ Evelyn McGuire

/s/ [Authorized Signatory]

CFM INTERNATIONAL, INC.

/s/ Herbert D. Depp

Herbert D. Depp,
Vice President, Marketing and Sales

EXHIBIT A

**CFM56 SERIES PRODUCTS APPLICABLE TO
AIRLINE'S TYPE A319 AND 737 AIRCRAFT**

- I. Model CFM56-5B5/P, CFM56-3-B1, CFM56-3C1 and CFM56-3B2 Turbofan Engines as certified by the U.S. Federal Aviation Administration (“FAA”) and French Direction Generale De L’Aviation Civile (“DGAC”).
- II. Related Optional Equipment for the above Engines.
- III. Engine Modules
 - A. Fan
 - B. Low Pressure Turbine (“LPT”)
 - C. Accessory Gearbox
 - D. Core Engine
- IV. Spare Parts.
- V. Special Tools and Test Equipment including Ground Support Equipment.
- VI. Other CFM56 products as may be offered for sale by CFMI from time to time.

EXHIBIT B
CFM56 PRODUCT SUPPORT PLAN

SECTION I – DEFINITIONS

These definitions shall apply for all purposes of this Agreement unless the context otherwise requires.

1. “Aircraft” means each of the aircraft on which an Engine is installed.
2. “Agreement” means the General Terms Agreement No. 6-13616 between CFMI and Airline, to which this Exhibit B is attached.
3. “Engine(s)” means the Engine(s) described in Exhibit A.
4. “Expendable Parts” means those parts which must routinely be replaced during Inspection, repair, or maintenance, whether or not such parts have been damaged, and other parts which are customarily replaced at each such Inspection and maintenance period such as filter inserts and other short-lived items which are not dependent on wear out but replaced at predetermined intervals.
5. “Failed Parts” means those Parts or Expendable Parts suffering a Failure or mutually determined to have caused the Engine to be unserviceable and incapable of continued operation without requiring corrective action and shall include any Part or Expendable Part with a defect in material or workmanship or that otherwise fails to conform to CFMI’s applicable specifications and such failure to conform to the applicable CFMI specification causes the Engine to be unserviceable and incapable of continued operation.
6. “Failure” means the breakage or malfunction of, or injury to a Part or Expendable Part, rendering it unserviceable for any reason within CFMI’s control. Failure shall also include any defect in material or workmanship or any failure to conform to CFMI’s applicable specifications and such failure to conform to the applicable CFMI specification causes the Part to be unserviceable and incapable of continued operation. Failure does not include normal wear and tear and deterioration which can be restored by overhaul or repair.
7. “Flight Cycle” means the complete running of an Engine from start through any condition of flight and ending at Engine shutdown. A “touch and go landing” used during pilot training shall be considered as a “Flight Cycle.”
8. “Flight Hours” means the cumulative number of airborne hours in operation of each Engine computed from the time an aircraft leaves the ground until it touches the ground at the end of a flight.
9. “Foreign Object Damage” means any damage to the Engine caused by objects which are not part of the Engine or engine optional equipment.

10. "Inspection" means the observation of an Engine or Parts thereof, through disassembly or other means, for the purpose of determining serviceability.
11. "Labor Allowance" means a CFMI credit ***** The "established labor rate" means either (a) the then current labor rate mutually agreed between CFMI and Airline if the work has been performed by Airline, or (b) the then current labor rate agreed between CFMI and the CFMI authorized repair and overhaul shop if the work has been performed by such repair and overhaul shop.
12. "Module" means each of the Engine Modules described in Exhibit A.
13. "Part(s)" means only those Engine and Engine Module Parts which have been sold originally to Airline by CFMI for commercial use. The term excludes parts which were furnished on new Engines and Modules but are procured directly from vendors. Such parts are covered by the Vendor Warranty and the CFMI "Vendor Warranty Back Up." Also excluded are Expendable Parts and customary short-lived items such as igniters and filter inserts.
14. "Parts Credit Allowance" means the credit granted by CFMI to Airline *****, ex-works, Evendale, or ex-works point of manufacture at the time the Part or Expendable Part is removed. *****
15. "Part Cycles" means the total number of Flight Cycles accumulated by a Part.
16. "Parts Repair" means the CFMI recommended rework or restoration of Failed Parts to a serviceable condition, excluding repair of normal wear and tear and deterioration.
17. "Part Time" means the total number of Flight Hours flown by a Part.
18. "Scheduled Inspection" means the inspection of an Engine conducted when an Engine has approximately completed a planned operating interval.
19. "Scrapped Parts" means those Parts determined to be unserviceable and not repairable by virtue of reliability, performance or repair costs. Such Parts shall be considered as scrapped if they bear a scrap tag duly countersigned by a CFMI representative. Such Parts shall be disposed of by Airline unless requested by CFMI for engineering analysis, in which event any handling and shipping shall be at CFMI's expense.
20. "Ultimate Life" of a Part means the approved limitation on use of a Part, in cumulative Flight Hours or Flight Cycles, which either CFMI or a U.S. and/or French Government authority establish as the maximum period of allowed operational time for such Parts in Airline service, with periodic repair and restoration. The term does not include individual Failure from wear and tear or other cause not related to the total usage capability of all such Parts in Airline service.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

SECTION II – WARRANTIES

A. New Engine Warranty

- a. CFMI warrants each new Engine and Module against Failure *****
- b. *****
- c. *****
- 2. *****
 - a. *****
 - b. *****

B. New Parts Warranty

In addition to the warranty granted for new Engines and new Modules, CFMI warrants Parts as follows:

- 1. *****
- 2. *****

C. Ultimate Life Warranty

1. CFMI warrants Ultimate Life limits on the following Parts:

- a. *****
- b. *****
- c. *****
- d. *****
- e. *****
- f. *****
- g. *****
- h. *****
- i. *****
- j. *****
- 2. *****

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

D. Campaign Change Warranty

1. A campaign change will be declared by CFMI when a new Part design introduction, Part modification, Part Inspection, or premature replacement of an Engine or Module is required by a time compliance CFMI Service Bulletin or FAA and/or DGAC Airworthiness Directive. Campaign change may also be declared for CFMI Service Bulletins requesting new Part introduction no later than the next Engine or Module shop visit. CFMI will grant the following Parts Credit Allowances:

Engines and Modules

(i) *****

(ii) *****

2. *****

3. *****

E. Warranty Pass-On

If requested by Airline and consented to by CFMI in writing which consent will not be unreasonably withheld, CFMI will extend warranty support for Engines sold by Airline to commercial Airline operators, or to other aircraft operators. Such warranty support will be ***** will require such operator(s) to agree, in writing, to be bound by, and comply with, all the terms and conditions, including the limitations, applicable to such warranties as set forth in this Agreement.

If Airline acquires Products from another Airline or operator of Products, and such Airline or operator has an agreement with CFMI, CFMI will agree to extend the CFMI warranty support, if any, remaining in respect of such Products as extended by CFMI to such Airline or operator.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

TABLE 1
CFM56 WARRANTY PARTS LIST

	ENGINE FLIGHT HOURS					
	<u>2000</u>	<u>3000</u>	<u>4000</u>	<u>6000</u>	<u>8000</u>	<u>12000</u>

*****		*****				
*****						*****
*****		*****				
*****					*****	
*****			*****			
*****			*****			
*****			*****			
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ENGINE FLIGHT HOURS					
2000	3000	4000	6000	8000	12000

*****				*****	
*****	*****				
*****	*****				
*****	*****				

*****	*****				
*****	*****				
*****	*****				
*****	*****				
*****		*****			
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*****		*****			*****
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*****				*****	
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*****	*****				

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

	2000	3000	4000	6000	8000	12000
--	------	------	------	------	------	-------

*****						*****
*****			*****			
*****			*****			

*****			*****			
*****			*****			
*****			*****			
*****			*****			

F. Vendor Warranty Back-Up

1. CFMI controls and accessories vendors provide a warranty on their products used on CFMI Engines. This warranty applies to controls and accessories sold to CFMI for delivery on installed or spare Engines, and controls and accessories sold by the vendor to the Airlines on a direct purchase basis. In the event the controls and accessories suffer a failure during the vendors warranty period, the Airline will submit a claim directly to the vendor in accordance with the terms and conditions of the vendors warranty.

2. In the event a controls and accessories vendor fails to provide a warranty at least as favorable as the CFMI New Engine Warranty (for complete controls and accessories) or New Parts Warranty (for components thereof), or if provided, rejects a proper claim from the Airline, CFMI will intercede on behalf of the Airline to resolve the claim with the vendor. In the event CFMI is unable to resolve a proper claim with the vendor, CFMI will honor a claim from the Airline under the provisions and limitations of CFMI's New Engine or New Parts Warranty, as applicable. Settlements under this vendor back-up warranty will exclude credits for resultant damage to or from controls and accessories procured directly by Airline from vendors.

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G. Vendor Interface warranty

1. Should any CFMI control or accessory, for which CFMI is responsible, develop a problem due to its environment or interface with other controls and accessories or with the Engine, reverser, or equipment supplied by the aircraft manufacturer, CFMI will be responsible for initiating corrective action. If the vendor disclaims warranty responsibility for parts requiring replacement, CFMI will apply the provisions of its New Parts Warranty to such part whether it was purchased originally from CFMI or directly from the vendor.

H. Condition Monitoring Warranty

1. CFMI warrants CFM56 condition monitoring equipment, installed on new Engines, in accordance with the provisions of its New Engine Warranty as heretofore set forth, *****.
2. CFMI warrants CFM56 condition monitoring equipment, purchased as spare Parts, in accordance with the provisions of its New Parts Warranty as heretofore set forth.

I. Special Tools and Test Equipment Warranty

1. CFMI warrants to Airline that special tools and test equipment sold hereunder will, at the time of delivery, be free from defects in material, workmanship, and title.
2. If it appears within ***** from the date of delivery that any special tool or test equipment delivered hereunder does not meet the warranties specified in Paragraph 1. above and the Airline so notifies CFMI in writing prior to the expiration of ***** after the end of that ***** period, CFMI shall, at its option, correct any such defects either by repairing the defective item or by making available a repair or replacement item, ex-works, as designated by CFMI, or by refunding the purchase price of such item. At the request of CFMI, Airline, at its expense, shall ship the defective item to a location on the Airline's system designated by CFMI.
3. CFMI reserves the right to make changes in design and add improvements without incurring any obligation to make, at CFMI's expense, the same on other special tools or test equipment previously sold by CFMI.
4. This warranty is applicable only if the special tools and test equipment are operated, handled, used, maintained and repaired in accordance with CFMI's then-current recommendations as stated in its manuals, bulletins or other written recommendations, as supplied to Airline by CFMI.

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J. Special Guarantees

The following special guarantees apply to all of Airline's new CFM56-5B5/P powered A319 Aircraft. The basis and conditions for application of these guarantees are described in Attachment A hereto.

1. In-flight shut-down ("IFSD") Rate Guarantee

CFMI guarantees that Airline will experience ***** Engine-caused IFSD's during the first ***** of revenue service. If at any time during the guarantee period Airline experiences an Engine-caused IFSD, CFMI will provide Airline a credit against purchases from CFMI in the amount of US ***** for each such IFSD.

For purposes of this guarantee, an "IFSD" is defined as (i) when an Engine Part Fails or malfunctions causing an Engine-imposed shutdown during flight or (ii) subject to investigation to verify compliance with the Flight Crew operating manual, when the flight crew elects to shut off fuel to the Engine during flight solely due to an Engine Part Failure or malfunction.

2. Delay and Cancellation Rate Guarantee

CFMI guarantees that Airline's ***** cumulative Engine-caused Delay (in excess of *****) and Cancellation rate for revenue flights will not exceed *****. If at the end of the guarantee period the guaranteed rate is exceeded, CFMI will provide Airline a credit against purchases from CFMI in the amount of US ***** for each Engine-caused Delay or Cancellation in excess of the guaranteed rate.

"Delays and Cancellations" are defined in Attachment B.

3. Remote Site Removal Rate Guarantee

CFMI guarantees that Airline will experience no Engine Remote Site Removal during the first ***** of its Engine revenue service. If Airline experiences such a Remote Site Removal, CFMI will provide Airline a credit against purchases from CFMI in the amount of US***** for each such removal.

For purpose of this guarantee, "Remote Site Removal" is defined as an Engine-caused Failure requiring Engine removal from the Aircraft at any location except Denver.

4. Extended New Engine Warranty

CFMI guarantees that Airline's new Engines and Engine Modules will operate without Failure requiring removal for the first *****.

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Should an Engine or Engine Module be removed due to a Failure covered by this guarantee, CFMI will provide *****. Thereafter, the Parts Credit Allowance and Labor Allowance will decrease *****.

Annual settlements will be conducted with respect to each of the foregoing special guarantees. Final settlement for the guarantee shall occur at the end of the guarantee period. In the event an annual settlement results in a credit to Airline because the guaranteed rate is exceeded at that time but the guarantee is met at either a subsequent interim settlement or the final settlement, then such credit shall be repaid by Airline at such time. In the event the guarantee is not subsequently met, the interim settlement shall be offset against any subsequent amount due under the guaranteed cumulative rate.

THE WARRANTIES AND GUARANTEES SET FORTH IN THIS PRODUCT SUPPORT PLAN ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES AND GUARANTEES, WHETHER WRITTEN, STATUTORY, ORAL, OR IMPLIED (INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE).

SECTION III – SPARE PARTS PROVISIONING

A. Provisioning Data

1. In connection with Airline's initial provisioning of spare Parts, CFMI shall furnish Airline with data in accordance with ATA 2000 Specification using a revision mutually agreed to in writing by CFMI and Airline.
2. It is the intention of the parties hereto to comply with the requirements of the ATA 2000 Specification and any future changes thereto, except that neither party shall deny the other the right to negotiate reasonable changes in the procedures or requirements of the Specification which procedures or requirements, if complied with exactly, would result in an undue operating burden or unnecessary economic penalty.

The data to be provided by CFMI to Airline shall encompass all Parts listed in CFMI's Illustrated Parts Catalogs. CFMI further agrees to become total supplier of Initial Provisioning Data for all vendor spare Parts in accordance with Paragraph 1. above.

3. Beginning on a date no later than ***** prior to delivery of Airline's first Aircraft, or as mutually agreed, CFMI shall provide to Airline a complete set of Initial Provisioning Data and shall progressively revise this data until ***** after delivery of the last spare Engine specified in its initial purchase order or as mutually agreed. A status report will be issued periodically. Provisioning data will be reinstated for subsequent spare Engines reflecting the latest modification status. CFMI will make available a list of major suppliers as requested by Airline. CFMI will provide, or cause to be provided on behalf of its vendors, the same service detailed in this clause.

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B. Pre-Provisioning Conference

A pre-provisioning conference, attended by CFMI and Airline personnel directly responsible for initial provisioning of spare Parts hereunder, will be held at a mutually agreed time and place prior to the placing by Airline of initial provisioning purchase orders. The purpose of this conference is to discuss systems, procedures and documents available to the Airline for the initial provisioning cycle of the Products.

C. Changes

CFMI shall have the right to make corrections and changes in the Initial Provisioning Data in accordance with Chapter 2 (Initial Provisioning) of Chapter 1 of ATA 2000 Specification using a revision mutually agreed to in writing by CFMI and Airline. So long as Airline operates one (1) aircraft powered by CFM56 Engines and there are five (5) such aircraft powered by CFM56 Engines in commercial Airline service, CFMI will, at no cost to Airline, progressively revise Airline's Procurement Data tape in accordance with Chapter 3 (Order Administration) of Chapter 2 of ATA 2000 Specification entitled "Integrated Data Processing Supply" using a revision mutually agreed to in writing by CFMI and Airline.

D. Return Of Parts

Airline shall have the right to return to CFMI, at CFMI's expense, any new or unused Part which has been shipped in excess of the quantity ordered or which is not the part number ordered or which is in a discrepant condition except for damage in transit.

E. Parts Buy-Back

CFMI will agree to repurchase within the first ***** after delivery of the first Aircraft to Airline, and at the invoiced price, any new and unused initially provisioned spare Parts purchased from CFMI which CFMI recommended that Airline purchase, in the event Airline finds such Parts to be surplus to Airline's needs. Parts which become surplus to Airline's needs by reason of Airline's decision to upgrade or dispose of Products or resulting from a change in the Beet operating conditions supplied by Airline, upon which the CFMI initial provisioning recommendation was established, are excluded from this provision. Shipping costs for parts returned will be paid by Airline.

F. Parts of Modified Design

1. CFMI shall have the right to make modifications to design or changes in the spare Parts sold to Airline hereunder.
2. CFMI will from time to time inform Airline in accordance with the means set forth in ATA 2000 Specification, when such spare Parts of modified design become available for shipment hereunder.

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3. spare Parts of the modified design will be supplied unless Airline advises CFMI in writing of its contrary desire within ***** of the issuance of the Service Bulletin specifying the change to the modified Parts. In such event, Airline may negotiate for the continued supply of spare Parts of the premodified design at a rate of delivery and price to be agreed upon.

G. Spare Parts Availability

1. CFMI will ship reasonable quantities (defined as ***** normal usage) of spare Parts which are included in CFMI's Engine Spare Parts Catalog within a ***** lead time following receipt of an acceptable purchase order from Airline.

Spare Parts and other CFMI furnished material which are not included in the CFM56 Engine Spare Parts Price Catalog and for which lead time has not been quoted will be shipped as quoted by CFMI.

2. CFMI will maintain a stock of spare Parts to cover Airline's emergency needs. For purposes of this Paragraph, emergency is understood by CFMI and Airline to mean the occurrence of any one of the following conditions:

- AOG – Aircraft on Ground
- Critical – Imminent AOG or Work Stoppage
- Expedite – Less than Normal Lead Time

Airline will order spare Parts according to lead time as provided in Paragraph 1. above, but should Airline's spare Parts requirements arise as a result of an emergency, Airline can draw such spare Parts from CFMI's stock. A 24-hour telephone service is available to Airline for this purpose. If an emergency does exist, CFMI will ship required spare Part(s) within the time period set forth below following receipt of an acceptable purchase order from Airline.

- AOG – *****
- Critical – *****
- Expedite – *****

SECTION IV – TECHNICAL DATA

- A. CFMI shall make available to Airline the technical data, including revisions thereof, at no charge, in the quantities as specified in Exhibit E and at a time and to a location as mutually agreed.

Such technical data shall be prepared by CFMI in accordance with the applicable provisions of ATA 100 or 2100 Specification (including necessary deviations) as the same may be revised from time to time.

If Airline requires CFMI to furnish the technical data in a form different from that normally furnished by CFMI pursuant to ATA 100 or 2100 Specification, or in quantities greater than those specified in Exhibit E, CFMI will, upon written request from Airline, furnish Airline with a written quotation for furnishing such technical data.

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Revisions to the above technical data shall be furnished by CFMI to Airline at no charge for quantities equivalent to the quantities specified in Exhibit E for as long as Airline operates ***** CFM56 powered aircraft in commercial airline service. Such quantities of revisions may be mutually modified in order to reflect any change in Airline's CFM56 operation.

CFMI shall incorporate in the Engine Illustrated Parts Catalog and the Engine Manual all appropriate CFMI Service Bulletins for as long as Airline receives revisions to technical information or data. Premodified and postmodified configurations shall be included by CFMI unless Airline informs CFMI that a configuration is no longer required.

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- B. CFMI will require each vendor to furnish technical data consisting of copies of a component maintenance manual and service bulletins. Such vendor publications shall be furnished by CFMI to Airline in accordance with and subject to the same provisions as those set forth in Paragraph A. above.
- C. CFMI will also require its ground support equipment vendors, where appropriate, to furnish to Airline, at no charge, technical data determined by CFMI to be necessary for Airline to maintain, overhaul and calibrate special tools and test equipment. Such vendor-furnished technical data shall be furnished in accordance with and subject to the same provisions as those set forth in Paragraph A. above, except that the technical data shall be prepared in accordance with the applicable provisions of ATA 101 Specification, as the same may be revised from time to time.
- D. The following technical data, not covered by ATA Specifications, shall be furnished by CFMI to Airline in the quantities and at a time and to a location as mutually agreed:
 - Installation Manual (if required)
 - General Facility Study
 - Parts serialization records
- E. Where applicable, technical data as described in the above Paragraphs A. B. and D., furnished by CFMI or by CFMI vendors to Airline hereunder, shall be printed in the simplified English language as defined by AECMA (Association Europeenne des Constructeurs de Material Aerspatial).
- F. In addition to the above technical data to be furnished by CFMI to Airline, CFMI will have available with its resident representatives, where appropriate, one set of 35MM aperature cards or equivalent of each part and/or assembly drawing. CFM will also supply, on request, in 35MM aperature card format, one (1) copy of each special tool and equipment drawing.
- G. All technical data furnished herein by CFMI to Airline shall be subject to the provisions of Article X, "Information and Data", of this Agreement.

SECTION V – TECHNICAL TRAINING

1. General

This part describes the current maintenance training to be provided by CFMI at CFMFs training facility in Springdale, Ohio. CFMI will provide at no charge to Airline, except as otherwise provided herein, a number of student days* for maintenance training as defined hereunder:

- *****
- *****

These days will be selected from the list given in (3), "Standard Maintenance Training" below. Any additional training beyond this threshold shall be at Airline's cost. It is necessary for Airline to use the maintenance training days prior to delivery of the first aircraft, unless the parties have otherwise agreed in writing.

All instruction, examinations and materials shall be prepared and presented in the English language and in the units of measure used by CFMI. Airline will provide interpreters, if required, for Airline's personnel.

Airline will be responsible for the living and medical expenses of Airline's personnel during maintenance training. For maintenance training provided at Springdale, Ohio, CFMI will assist Airline's personnel in making arrangements for hotels and transportation between selected lodging and the training facility.

2. Maintenance Training Conference

No later than twelve months prior to delivery of Airline's first aircraft, CFMI and Airline will conduct a maintenance training conference call in order to schedule and discuss the maintenance training or, Airline is welcome to visit CFMI's training facilities and discuss training. During the maintenance training conference call or visit, Airline will indicate the courses selected and arrange a mutually acceptable schedule.

* Student days = # of students X # of class days

3. Standard Maintenance Training

Standard Maintenance Training will consist of computer based training or classroom presentations supported by training materials and, when applicable, hands-on practice. Training material will be based on ATA104 guidelines.

ATA104 – Level I – General Familiarization

ATA104 – Level II – Ramp and Transit

ATA104 – Level III – Line and Base Maintenance

ATA104 – Level IV – Specialized Training

Major Module Replacement

Module Replacement

Fan Trim Balance

Borescope Inspection

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4. Optional Maintenance Training

Non-standard maintenance training courses are described in the current CFMI Training Course Syllabus and CFMI will provide a quote upon request.

5. Training at a Facility Other Than CFMI's

If requested prior to the conclusion of the maintenance training planning conference call or visit, CFMI will conduct the classroom training described in (3), "Standard Maintenance Training" at a mutually acceptable alternate training site, subject to the following conditions.

5.1 *****

5.2 *****

5.3 *****

5.4 *****

6. Supplier Training

The standard maintenance training includes sufficient information on the location, operation and servicing of engine equipment, accessories and parts provided by suppliers to support line maintenance functions.

If Airline requires additional maintenance training with respect to any supplier-provided equipment, accessories or parts, Airline will schedule such training directly with the supplier.

7. Student Training Material

7.1 Manuals

When required, CFMI will provide, at the beginning of each maintenance training course, one set of training manuals, or equivalent, for each student attending such course.

7.2 Other Training Material

CFMI will provide one set of the following training material, per course, as applicable.

Video Tapes – CFMI will lend a set of video tapes on ¾ inch U-matic or ½ inch VHS cassettes in NTSC, PAL or SECAM standard, as selected by Airline.

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SECTION VI – CUSTOMER SERVICE

- A. CFMI shall assign to Airline *****, a Customer Support Manager located at CFMI’s factory to provide and coordinate appropriate liaison between the Airline and CFMI’s factory personnel.
- B. CFMI shall also make available to Airline on an as-required basis, *****, a Field Service Representative as CFMI’s representative at Airline’s maintenance base plus a Shop Specialist to be assigned by CFMI to the engine shop facility selected by Airline. These specialists will assist Airline in areas of unscheduled maintenance action and scrap approval and will provide rapid communication between Airline’s maintenance base and CFMI’s factory personnel.

SECTION VII – PRODUCT SUPPORT ENGINEERING

Factory based engineers who are specialized in powerplant engineering problems are available, at no charge to Airline, to make visits to Airline as mutually agreed when problems are encountered. These engineers will coordinate with the CFM56 design engineers and Airline’s powerplant engineering group. Where specific design problems require a better understanding of Airline’s experience, design engineers will work directly with Airline’s powerplant engineering personnel to solve the problem.

SECTION VIII – OPERATIONS ENGINEERING

Operations Engineering survey teams are available, at no charge to Airline, to make surveys of Airline maintenance and operating procedures as mutually agreed by Airline and CFMI. These survey teams will be able to provide service to all Airlines operating CFM56 Engines. This group will include experienced operations engineers who will be available for flying jump-seat on CFM56-powered aircraft, and discussing operating procedures with the crews.

SECTION IX – GROUND SUPPORT EQUIPMENT

CFMI will provide to Airline, *****, maintenance and repair tooling and fixture drawings it has designed for the Engines. Engine maintenance tooling, lifting devices, transportation devices, and accessory or component stands will be offered for sale to Airline by CFMI, and can also be procured from vendors.

SECTION X – GENERAL CONDITIONS – CFM56 PRODUCT SUPPORT PLAN

- A. Airline will maintain adequate operational and maintenance records and make these available for CFMI inspection.
- B. The warranty and guarantee provisions of this CFM56 Product Support Plan will not apply to any Product if it has been reasonably determined the Engine or any Parts thereof:
 - Has not been properly installed or maintained; or

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- Has been operated contrary to applicable CFMI recommendations as contained in its Manual, Bulletins, or other written instructions delivered to Airline; or
- Has been repaired or altered outside of CFMI facilities in such a way as to impair its safety of operation or efficiency; or
- Has been subjected to misuse, neglect or accident; or
- Has been subjected to Foreign Object Damage; or
- Has been subjected to any other defect or cause not within the control of CFMI; or
- Has been subjected to the control or use of another engine manufacturer; or
- Has not been sold originally by CFMI to Airline for commercial use or installed in aircraft sold by the aircraft manufacturer to Airline.

- C. The express provisions of this CFM56 Product Support Plan set forth the maximum liability of CFMI with respect to ***** As used herein the term "CFMI" shall be deemed to include GE, SNECMA and CFMI.
- D. Except as provided in the Vendor Warranty Back-up provisions in Paragraph F. of Section II hereof, no Parts Credit Allowance will be granted and no claim for loss or liability will be recognized by CFMI for Parts of the Engine whether original, repair, replacement, or otherwise, unless sold originally by CFMI to Airline for commercial use or installed in aircraft sold by the aircraft manufacturer to Airline.
- E. Airline shall apprise CFMI of any Failure subject to the conditions of this CFM56 Product Support Plan within ***** after Airline's discovery of such Failure. Any Part for which a Parts Credit Allowance is requested by Airline shall be returned to CFMI upon specific request by CFMI. Upon return to CFMI, such Part shall become the property of CFMI unless CFMI directs otherwise. Transportation expenses shall be borne by CFMI.
- F. The warranty applicable to a replacement Part provided under the terms of the New Engine Warranty or New Parts Warranty shall be the same as the warranty on the original Part. The unexpired portion of the applicable warranty will apply to Parts repaired under the terms of such warranty;
- G. Airline will cooperate with CFMI in the development of Engine operating practices, repair procedures, and the like with the objective of improving Engine operating costs.
- H. Except as provided in the Warranty Pass-On provisions in Paragraph E. of Section II hereof, this Product Support Plan applies only to the original purchaser of the CFM56 Engine, except that (i) installed Engines supplied to Airline through the aircraft manufacturer shall be considered as original Airline purchases covered by this Product

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Support Plan, and (ii) the provisions of Section II.J (Special Guarantees) and Section V (Technical Training) shall also apply to Airline's new leased Aircraft; provided that the lessor with respect to such Aircraft agrees to waive any rights it may have to receive similar product support with respect to such Aircraft.

- I. Airline will provide CFMI a report identifying serialized rotating parts which have been scrapped by Airline. Format and frequency of reporting will be mutually agreed to by Airline and CFMI.

ATTACHMENT A

BASIS AND CONDITIONS FOR SPECIAL GUARANTEES

A. General Conditions

The Guarantees offered herein have been developed specifically for Airline's new installed and spare CFM56-5B5/P engines (hereinafter referred to as the "Engine(s)"), whether leased or purchased. They are offered to Airline contingent upon:

1. *****
2. *****
3. *****
4. *****
5. *****
6. *****

B. Exclusions

The guarantees shall not apply (i) to repairs that are due to negligence, accidents, improper operation and/or improper maintenance or (ii) if the Engines are employed in power-back Aircraft operation.

C. Administration

The guarantees commence with delivery of Airline's first Aircraft (whether leased or purchased) and end ***** thereafter. Except as otherwise specifically set forth in the Agreement, the guarantees are not assignable without the written consent of CFMI.

CFMI will, with Airline's assistance, conduct an accounting at least annually to determine the status of each guarantee. If compensation becomes available to Airline under more than one specific guarantee, warranty or other engine program consideration, Airline will not receive duplicate compensation but will receive the compensation most beneficial to Airline under a single guarantee, warranty or other program consideration. Unless otherwise stated, the guarantee compensation will be in the form of credits to be used by Airline against the purchase from CFMI of spare Engines, spare Parts, and/or Engine services.

D. Miscellaneous

The General Conditions described in Exhibit B (Product Support Plan) of the General Terms Agreement between CFMI and Airline apply to the guarantees.

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ATTACHMENT B
DEFINITIONS FOR DELAY AND
CANCELLATION RATE GUARANTEE

Delay

Technical delays occur when the malfunctioning of an item, the checking of same, or necessary corrective action causes the final departure to be delayed more than a specified time (*****) after the programmed departure time in any of the following instances:

1. An originating flight departs later than the scheduled departure time.
2. A through service or turnaround flight remains on the ground longer than the allowable ground time.
3. The aircraft is released late from maintenance.

NOTE:

A cancellation supersedes a delay (i.e., a flight which is canceled after having been delayed is considered to be a cancellation only – not a delay and a cancellation).

Cancellation

Elimination of a scheduled trip because of a known or reasonably suspected malfunction and/or defect.

NOTE:

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EXHIBIT C
ESCALATION

- I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.
- II. For purposes of this adjustment:
- A. Base price shall be the price(s) set forth on the purchase order as accepted by CFMI.
- B. The Composite Price Index (CPI) shall be deemed to mean the weighted average of the following four indices prepared by the US Department of Labor, Bureau of Labor Statistics, as published at the time of the scheduled Product billing for the sixth month prior to the scheduled Product billing. Base year 1982 = 100.
1. The Labor Index shall mean *****.
 2. The Metals and Metal Products Index for such month shall be deemed to mean ***** of the wholesale price index for “Metals and Metal Products”, Code 10, to the second decimal place.
 3. The Industrial Commodities Index for such month shall be deemed to mean ***** of the wholesale price index for “All Commodities other than Farm and Foods,” Code 3-15, to the second decimal place.
 4. The Fuel Index for such month shall be deemed to mean ***** of the wholesale price index for “Fuel and Related Products and Power,” Code 5, to the second decimal place.
- C. The CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.
- D. The Base CPI (CPI_b) shall be the index stated in the published prices announced by CFMI from time to time.
- III. Base prices shall be adjusted in accordance with the following formula:
- *****
- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio ***** shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. The resulting three digit decimal shall be used to calculate *****.

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- VI. In the event that the indices specified herein are discontinued, or the basis of their calculation is modified, equivalent indices shall be substituted by CFMI to reflect changes in labor, material, commodities, and fuel costs up to the sixth month prior to scheduled billing.
- VII. Should the above provisions become null and void by action of the US Government, the billing for the Products shall reflect changes in the costs of labor, material, commodities, and fuel which have occurred from the period represented by the applicable CPI_b to the sixth month prior to scheduled billing date.

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LETTER AGREEMENT NO. 1

Frontier Airlines, Inc.
12015 East 46th Avenue
Suite 200
Denver, CO 80239-3116

Gentlemen:

CFM International, Inc. ("CFMI") and Frontier Airlines, Inc. ("Airline") have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the "Agreement"). The Agreement contains applicable terms and conditions governing the sale by CFMI and the purchase by Airline from CFMI of CFM56 series Engines, Modules and Optional Equipment in support of Airline's acquisition of new aircraft.

In consideration of Airline's agreement to purchase and take delivery of ***** new firm and up to, ***** option CFM56-5B5/P powered A319 aircraft ("Aircraft") directly from Airbus Industrie ("AI") in accordance with the Airbus A318/A319 Purchase Agreement dated as of March 10, 2000 between Airline and AVSA, S.A.R.L. (the "Airbus Purchase Agreement"), as memorialized in Attachment A hereto, the parties agree as follows:

I. Prices

Base prices for new CFM56-5B5/P spare Engines, Modules and Optional Equipment delivered through ***** , are set forth in Attachment B hereto. The escalation formula set forth in Exhibit C of the Agreement remains in effect through *****.

II. Special Allowances

CFMI agrees to provide to Airline the following special allowances. These allowances are contingent upon Airline selecting CFM56-5B5/P Engines to power all of its purchased A319 Aircraft, it being understood that Airline has the right not to exercise its options for the option A319 Aircraft, and up to ***** leased A319 aircraft, regardless of the lessors and are subject to the conditions set forth in Attachment C hereto.

A. Per Aircraft Allowance

***** per each of the first ***** CFM56-5B5/P] powered purchased A319 Aircraft purchased by and delivered to Airline ***** , and for each additional CFM56-5B5/P powered purchased Aircraft purchased by and delivered to Airline by ***** , payable in each case by wire transfer within ***** following receipt of written notice from Airline that it has taken delivery of an A319 Aircraft in accordance with the Airbus Purchase Agreement.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

* Subject to adjustment for escalation to the date of delivery of the shipset of Engines to AI pursuant to the escalation provisions applicable to base prices, as set forth in Exhibit C of the Agreement.

B. *** Spare Engine Allowance**

In consideration of Airline's agreement to purchase and take delivery of a minimum of ***** CFM56 powered A319 Aircraft during the Delivery Period (as defined in Attachment A hereto), CFMI agrees to provide ***** to Airline a new CFM56-5B5/P or CFM56-3C-1 spare engine at Airline's option (*****). CFMI shall deliver ***** to Airline, together with a full warranty bill of sale with respect thereto, upon delivery of Airline's first leased or purchased A319 Aircraft; provided that Airline shall first enter into a security agreement with CFMI or CFMI's designee in the form attached hereto as Attachment D.

Upon the delivery of the ***** CFM56] powered purchased A319 Aircraft during the Delivery Period, CFMI's security interest in ***** shall be released and the security agreement referred to in the preceding paragraph shall terminate.

In the event Airline fails to take delivery of a minimum of ***** purchased A319 Aircraft during the Delivery Period, Airline shall immediately pay to CFMI the base price of ***** in effect at the time of delivery thereof to Airline. However, in the event Airline shall have purchased and taken delivery of at least ***** A319 Aircraft during the Delivery Period, CFMI will credit Airline an amount equal to ***** of such base price for each Aircraft so purchased and delivered.

For the avoidance of doubt, ***** for all purposes of the Agreement, including, without limitation, Exhibit B thereof.

C. *** Spare Engine Credit**

Airline has the option to purchase ***** CFM56-5B5/P spare Engine ***** directly from CFMI at the Base Price specified in Attachment B hereto, plus escalation to the date the ***** Spare Engine is purchased by and delivered to Airline. Airline shall earn a cash credit from CFMI equivalent to ***** of the price paid by Airline for the 2nd Spare Engine ***** for each of the ***** purchased A319 Aircraft delivered (the "Credit Aircraft"). If Airline has purchased and taken delivery of the ***** Spare Engine prior to delivery of the first Credit Aircraft, the ***** Spare Engine Credit shall be paid to Airline upon delivery of each Credit Aircraft. If the ***** Spare Engine is purchased and delivered subsequent to delivery of the first Credit Aircraft, the ***** Spare Engine Credit for such Aircraft and any other Credit Aircraft which have been so delivered shall be credited against the purchase price of the ***** Spare Engine; thereafter the ***** Spare Engine Credit shall be paid upon delivery of each of the remaining Credit Aircraft.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

The obligations set forth in this Letter Agreement No. 1 are in addition to the obligations set forth in the Agreement.

The provisions of paragraphs A, B, C, D and E of Article XVIII of the Agreement are incorporated herein by reference.

Please indicate your agreement with the forgoing by signing the original and one (1) copy of this Letter Agreement No. 1 in the space provided below.

Very truly yours,

FRONTIER AIRLINES, INC.

CFM INTERNATIONAL, INC.

By: /s/ Lars-Erik Arnell
Printed Name: Lars-Erik Arnell
Title: Senior Vice President
Date: _____

By: /s/ John C. Mericle
Printed Name: John C. Mericle
Title: Chief Financial Officer
Date: October 26, 2011

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATTACHMENT A

AIRCRAFT DELIVERY SCHEDULE

<u>Aircraft</u>	<u>Engine Model</u>	<u>Year</u>	<u>Quantity of Aircraft</u>
*****	*****	*****	*****
“	“	*****	*****
*****	*****	*****	*****
“	“	*****	*****
“	“	*****	*****

Airline’s failure to purchase and take delivery of any one or more A319 Aircraft in strict accordance with the foregoing schedule will not affect the rights and obligations of the parties hereunder, so long as such Aircraft are purchased and accepted by Airline within ***** after the last day of the scheduled year of delivery, as such scheduled year may be postponed in accordance with the Airbus Purchase Agreement for any reason other than a request by Airline or a default thereunder by Airline (the “Delivery Period”).

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATTACHMENT B
BASE PRICES FOR SPARE ENGINES
OPTIONAL EQUIPMENT AND MODULF.ES

<u>Item</u>	<u>Base Price</u>
1.*****	*****
2.*****	*****

3.*****	*****

4.*****	*****

- A. Base prices are effective for firm orders received by CFMI within quoted lead time for basic spare Engines (including associated equipment and maximum climb thrust increase), Optional Equipment and Modules for delivery to Airline by CFMI on or before *****. The base prices are ex works, Evendale, Ohio, or point of manufacture, subject to adjustment for escalation and Airline shall be responsible, upon delivery, for the payment of all taxes, duties, fees or other similar charges.
- B. The selling price of CFM56-5B basic spare Engines, Optional Equipment and Modules ordered for delivery after the period set forth in Paragraph A above shall be the base price then in effect and as set forth in each purchase order as accepted by CFMI, which base price shall be subject to adjustment for escalation in accordance with CFMI's then-current escalation provisions.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

1. **Allowance for Initial Aircraft Sale Only**

Any allowance described in this Letter Agreement No. 1 applies only to new A319 aircraft (together or individually the "Aircraft") equipped with new CFM56-5B5/P engines (together or individually the "Engines") purchased by Airline directly from the aircraft manufacturer.

2. **Allowance Not Paid**

Allowances described in this Letter Agreement No. 1 will not be earned or paid with respect to Engines which have been delivered to the aircraft manufacturer for installation in Airline's Aircraft if, thereafter, for any reason, Airline's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or if delivery of the Aircraft will be prevented or delayed beyond the expiration of the Delivery Period.

3. **Adjustment of Allowances**

The special allowance described in paragraph II.A of this Letter Agreement No. 1 is contingent upon Airline purchasing and accepting delivery of a minimum of ***** CFM56-5B5/P powered A319 aircraft ("Minimum Number of Aircraft") for delivery during the Delivery Period. If Airline has canceled or otherwise failed to accept delivery of one or more of the required Minimum Number of Aircraft within the Delivery Period, the allowances will be adjusted as follows:

<u>Number of Aircraft delivered to Airline</u>	<u>Percentage of specified allowances on Aircraft actually delivered to Airline</u>
*****	*****
*****	*****
*****	*****
*****	*****

Adjustment of allowances in accordance with the above formula may be made by CFMI prospectively to take into account Aircraft delays and/or cancellations. In any case, Airline agrees to promptly reimburse CFMI for any allowance overpayments determined to have been made at the application of the adjustment formula set forth above *****. Unless otherwise agreed by CFMI, no allowance shall be paid on Aircraft not accepted within the Delivery Period and such Aircraft shall not be counted for purposes of the adjustment formula set forth above.

4. **Assignability of Allowance**

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFMI's written consent; provided that Airline may assign such allowance, together with its other rights under this Letter Agreement No. 1 on the terms described in clause (i) of paragraph A of Article XVIII of the Agreement.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

5. **Set Off for Outstanding Balance**

CFMI shall be entitled, at all times, to set off any outstanding obligation and amounts that are due and owing from Airline to CFMI for CFMI Aircraft Engines goods or services (whether or not in connection with this Letter Agreement No. 1 or the Agreement), against any amount payable by CFMI to Airline in connection with this Letter Agreement No. 1 or the Agreement.

6. **Cancellation of Spare Engines**

Airline recognizes that harm or damage will be sustained by CFMI if Airline places a purchase order for spare Engine(s) or for Aircraft (the ***** firm Aircraft) equipped with installed Engines and subsequently cancels such purchase order and such cancellation is not caused by acts (or failure to act) of Airbus or CFMI or otherwise fails to accept delivery of the Engines or Aircraft when duly tendered. Within ***** of any such cancellation or failure to accept delivery occurs, Airline shall remit to CFMI, as liquidated damages, a cancellation charge equal to ***** of the Engine price, determined as of the date of scheduled Engine delivery to Airline or to the aircraft manufacturer, whichever is applicable.

The parties acknowledge such cancellation charge to be a reasonable estimate of the harm or damage to CFMI in such circumstances.

CFMI shall apply any progress payments or other deposits made to CFMI for any such Engine first to the cancellation charge for such Engine and thereafter to any other amounts owed to CFMI hereunder. Progress payments held by CFMI in respect of any such Engine which are in excess of such amounts will be refunded to Airline.

If CFMI fails to deliver a spare Engine in accordance with the terms of the Agreement or this Letter Agreement No. 1 within ***** after the date upon which such spare Engine was scheduled to be delivered for any reason other than an Excusable Delay or a default or breach by Airline, Airline may terminate this Letter Agreement No. 1 with respect to such spare Engine and CFMI shall promptly return any progress payments or other deposits made with respect to such Engine, together with interest thereon from the date such deposits were made at six month Libor. In addition, Airline will retain all remedies available to it at law or in equity.

7. **Delay of Spare Engines**

In the event the Airline delays the scheduled delivery date of a spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for which CFMI has received a purchase order from the aircraft manufacturer or Airline, as appropriate, through no fault of CFMI or the aircraft manufacturer, for a period, or cumulative period, of more than *****, such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

8. **Option Aircraft Substitution Rights**

CFMI acknowledges that Airline has the right, pursuant to the Airbus Purchase Agreement, to convert A319 option Aircraft into firm A318 aircraft which are not powered by CFM56 engines, and to convert option A318 aircraft into firm CFM56 powered A319 aircraft (the "Conversion Right"). Such right is exercisable upon notice by Airline to the airframe manufacturer not later than ***** before the start of the calendar quarter in which the aircraft to be converted is scheduled to be delivered. In the event that Airline elects to exercise its Conversion Right with respect to any A319 Aircraft or any A318 Aircraft, it will deliver a copy of the foregoing notice to CFMI, and CFMI agrees that, promptly following its receipt thereof, it will provide its written consent to such exercise to the airframe manufacturer. CFMI will use its best reasonable efforts, consistent with its other obligations and its production capabilities, to ensure that the delivery date for the engines for any new firm CFM56 powered A319 aircraft resulting from the exercise of the Conversion Right will be the same as the scheduled delivery date for the engines for the A318 aircraft from which it was converted, and further agrees that any such new A319 aircraft will be an "Aircraft" for all purposes of this Letter Agreement No. 1.

9. **Aircraft Not Operated for Minimum Period**

If, within the first ***** following delivery of each Aircraft for which a special allowance, of any nature, was provided by CFMI under this Letter Agreement No. 1 (the "Minimum Period"), such aircraft is no longer owned by (i) Airline or a wholly owned subsidiary of Airline, (ii) a trust or other special purpose entity established in connection with the financing of such Aircraft for Airline, or (iii) an entity to which Airline is permitted to assign its rights pursuant to clause (i)(b) of Paragraph A of Article XVIII of the Agreement, the special allowances earned and/or paid on such Aircraft will be proportionately reduced. Airline will reimburse CFMI an amount equal to the proportionate share of the special allowances earned and/or paid with respect to such Aircraft (based on the percentage of the Minimum Period the Aircraft was actually owned by Airline), with interest on such amount. The allowance reimbursement is due no later than ***** from the time Airline ceases to own and operate such Aircraft. *****

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

LETTER AGREEMENT NO. 2

Frontier Airlines, Inc.
 12015 East 46th Avenue
 Suite 200
 Denver, CO 80239-3116

Gentlemen:

CFM International, Inc. ("CFMI") and Frontier Airlines, Inc. ("Airline") have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the "Agreement"). The Agreement contains applicable terms and conditions governing the sale by CFMI and the purchase by Airline from CFMI of CFM56 series Engines, Modules and Optional Equipment in support of Airline's acquisition of new aircraft.

WHEREAS, CFMI and Airline have entered into Letter Agreement No. 1 to document Airline's agreement to install CFM56-5B5/P engines on a minimum of ***** new firm and up to ***** option A319 aircraft (the "the A319 Aircraft") directly from Airbus Industrie ("AI") in accordance with the Airbus A318/A319 Purchase Agreement between Airline and AVS, S.A.R.L. (the "Airbus Purchase Agreement"), and

WHEREAS, Airline agrees to purchase ***** new firm CFM56-5B5/P powered A319 Aircraft (the "***** Additional A319 Aircraft"), directly from AI in accordance with the Airbus Purchase Agreement, as memorialized in Attachment A hereto, and

WHEREAS, Airline agrees to purchase and take delivery of ***** new firm CFM56- 5B8/P powered A318 Aircraft (the "A318 Aircraft") directly from AI in accordance with the Airbus Purchase Agreement, as memorialized in Attachment A hereto, and

WHEREAS, Airline agrees to purchase ***** spare CFM56-5B8/P or CFM56-5B5/P engine from CFMI, *****,

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

I. CFM56-5B8/P spare engine price

Base price for new CFM56-5B8/P spare engines, delivered through ***** , is set forth in Attachment B hereto. The base price is subject to adjustment for escalation per the escalation formula (with 2 indices) set forth in Attachment C hereto.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

II. CFM56-5B5/P spare engine price

Base price for new CFM56-5B5/P spare engines, delivered through *****, is set forth in Attachment B of Letter Agreement #1 and included as Attachment D to this Letter Agreement No. 2 for convenience. For avoidance of doubt, this base price is subject to escalation per the escalation formula (with 4 indices) set forth in Attachment E hereto.

III. Special allowances

CFMI agrees to provide to Airline the following special allowances. These allowances are subject to the conditions set forth in Attachment F hereto.

1) **** (*****) allowance per each A318 Aircraft purchased by and delivered to Airline by *****. CFMI shall also provide to Airline an additional supplemental allowance of ***** (*****) per each A318 Aircraft delivered to Airline by *****, both allowances are subject to escalation to the date of delivery of the related shipset of CFM56-5B8/P engines to Airbus, pursuant to the escalation' formula (with 2 indices) set forth in Attachment C hereto.

2) ***** (*****) allowance per each A319 Aircraft and per each of the ***** Additional A319 Aircraft purchased by and delivered to Airline by *****. This allowance is subject to escalation the date of delivery of the related shipset of CFM56-5B5/P engines to Airbus, pursuant to the escalation formula (with 4 indices) set forth in Attachment E hereto.

CFMI shall also provide an additional supplemental credit of ***** (*****) per each of the ***** Additional A319 Aircraft purchased by and delivered to Airline by *****. This credit shall be applied by Airline towards the purchase price of a spare CFM56-5B5/P or CFM56- 5B8/P engine from CFMI.

3) The above allowances and credits shall be available within ***** following receipt of written notice from Airline that it has taken delivery of an aircraft from the A318 Aircraft, A319 Aircraft or the ***** Additional A319 Aircraft in accordance with the Airbus Purchase Agreement.

4) In lieu of the Special Guarantees set forth in this Letter Agreement No. 2, Airline may elect to have a Residual Value Guarantee apply in which GE and Snecma (CFMI's parent companies), along with Airbus, would participate. This Residual Value Guarantee would be subject to the following:

- a) GE and Snecma liability, in the aggregate, shall not exceed a total of *****.
- b) Airline shall make this election for all ***** of the A318 Aircraft.
- c) Airline shall provide notification to CFMI, in writing, of its election to participate in this Residual Value Guarantee (in lieu of the Special Guarantees) a minimum of ***** prior to delivery of the first A318 Aircraft to Airline.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- d) If Airline elects this option, Airline agrees to work with CFMI to segregate the CFM56-5B8/P Engines from the rest of its fleet for tracking, audit and enforceability issues relating to special guarantees which apply to CFM56 powered aircraft already delivered to Airline.
- 5) In lieu of the Special Guarantees and the Residual Value Guarantee, CFMI shall provide Airline with a credit in the amount of ***** (not subject to escalation) for each of the ***** A318 Aircraft. This credit shall be earned by Airline upon delivery of each of the A318 Aircraft. This allowance, once earned, shall be applied by Airline towards the purchase price of a spare Engine or towards other CFM56 goods or services procured by Airline from CFMI. Airline shall provide notice to CFMI, in writing, of its election (to elect application of this allowance in lieu of the Special Guarantees and the Residual Value Guarantee) a minimum of ***** prior to delivery of the first A318 Aircraft to Airline.
- 6) CFMI agrees to participate with Airbus in the take-out of ***** 737-200 aircraft (the “737 aircraft”) currently operated by Airline. CFMI’s participation shall be limited to ***** (*****) for each of the 737 aircraft, for a total contribution of ***** (*****). CFMI’s participation per aircraft is contingent upon Airline purchasing and accepting delivery of the ***** Additional A319 Aircraft. The US ***** (*****) participation per aircraft is subject to escalation by the escalation formula in Attachment E (4 indices) hereto from January 2002 (*****) through the delivery date of the ***** Additional A319 Aircraft to Airline, and shall be provided to Airline or Airbus no earlier than the date of delivery of the ***** Additional A319 Aircraft to Airline.

IV. Special Guarantees

The Special Guarantees set forth in paragraph J. of Section II of Exhibit B to the Agreement shall be applicable to the A318 Aircraft, A319 Aircraft and the Two Additional A319 Aircraft set forth in this Letter Agreement No. 2. However, the “Delivery Period” referred to in paragraph A.1 of Attachment A to Exhibit B of the Agreement shall, for the purposes of this Letter Agreement No. 2, be the delivery schedule set forth in Attachment A hereto.

Also, paragraph A. 3 of Attachment A to Exhibit B of the Agreement shall, for the purposes of this Letter Agreement No. 2 only, be amended to read as follows:

“3. Airline operating Aircraft *****. A change in Aircraft or Engine quantity, Aircraft or Engine model, Aircraft delivery occurring outside of the Delivery Period, or flight operations resulting in more severe operating conditions than described above will require adjustment of the guaranteed values to reflect such different conditions, using CFMI’s operational severity criteria.”

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

All other conditions set forth in the Agreement and Attachment A and Attachment B to Exhibit B of the Agreement (except as amended above) shall be incorporated herein as if set out in full.

The obligations set forth in this Letter Agreement No. 2 are in addition to the obligations set forth in the Agreement.

Please indicate your agreement with the forgoing by signing the original and one (1) copy of this Letter Agreement No. 2 in the space provided below.

FRONTIER AIRLINES, INC.

By: /s/ Paul H. Tate

Printed Name: Paul H. Tate

Title: Vice President and CFO

Date: November 20, 2002

Very truly yours,

CFM INTERNATIONAL, INC.

By: /s/ Luc Bramy

Printed Name: Luc Bramy

Title: VP, Contracts Admin.

Date: November 21, 2002

ATTACHMENT A

AIRCRAFT DELIVERY SCHEDULE

SPARE ENGINES DELIVERY SCHEDULE

*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	1
*****	*****	*****	*****	*****	OR	
*****	*****	*****	*****	*****	*****	
*****	*****	*****	*****	*****		
*****	*****	*****	*****	*****		
*****	*****	*****	*****	*****		
*****	*****	*****	*****	*****		
*****	*****	*****	*****	*****		
*****	*****	*****	*****	*****		
*****	*****	*****	*****	*****		

Airline’s failure to purchase and take delivery of (i) any one or more of the A318 Aircraft or A319 Aircraft or (ii) the *****, in strict accordance with the foregoing schedule will not affect the rights and obligations of the parties hereunder, so long as such Aircraft and Spare Engine are purchased and accepted by Airline within ***** after the last day of the scheduled year of delivery, as such scheduled year for the Aircraft may be postponed in accordance with the Airbus Purchase Agreement for any reason other than a request by Airline or a default thereunder by Airline (the “Delivery Period”).

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ATTACHMENT B
BASE PRICES FOR SPARE ENGINES,
OPTIONAL EQUIPMENT AND MODULES

Item	Base Price January 2002 US Dollars CPI=148.84
1. Basic engine including FADEC CFM56-5B8/P	*****

- A. Base prices are effective for firm orders received by CFMI within quoted lead time for basic spare Engines (including associated equipment and maximum climb thrust increase), Optional Equipment and Modules for delivery to Airline by CFMI on or before *****. The base prices are ex works, Evendale, Ohio, or point of manufacture, subject to adjustment for escalation and Airline shall be responsible, upon delivery, for the payment of all taxes, duties, fees or other similar charges.
- B. The selling price of CFM56-5B basic spare Engines, Optional Equipment and Modules ordered for delivery after the period set forth in Paragraph A above shall be the base price then in effect and as set forth in each purchase order as accepted by CFMI, which base price shall be subject to adjustment for escalation in accordance with CFMI's then-current escalation provisions.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATTACHMENT C

ESCALATION FORMULA (2 INDICES) FOR
CFM56 SPARE ENGINES AND MAJOR MODULES

I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.

II. For the purpose of this adjustment:

A. Base price shall be the price(s) set forth on the Purchase Order as acknowledged by CFM,

B. The Composite Price Index (CPI) shall be calculated, to the second decimal place, using the following formula:

Where:

C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.

D. The Base Composite Index (*****) shall be the base index stated in the published prices.

III. Base prices shall be adjusted in accordance with the following formula:

Where:

IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.

V. The ratio ***** shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. If the calculation of this ratio results in a number less than 1.000, the ratio will be adjusted to 1.000. The resulting three digit decimal shall be used to calculate *****.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- VI. Values to be utilized in the event of unavailability. If at the time of delivery of Product, CFMI is unable to determine the adjusted price because the applicable values to be used to determine the ***** have not been released by the Bureau of Labor Statistics, then:
- a) The Price Adjustment, to be used at the time of delivery of the Product, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available ***** prior to scheduled Product delivery month will be used to determine the ***** values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment. If no value has been released for an applicable month, the provisions set forth in Paragraph b, below, will apply. If prior to delivery of a Product, the U.S. Department of Labor changes the base year for determination of the ***** values as defined above, such rebase values will be incorporated in the Price Adjustment calculation.
 - b) If prior to delivery of a Product, U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the ***** values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Price Adjustment, CFMI will, prior to delivery of any such Product, select a substitute for such values from data published by the Bureau of Labor Statistics or other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revisions of the formula will be made as required to reflect any substitute values. However, if within ***** from delivery of the Product, the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Product Price Adjustment, such values will be used to determine any increase or decrease in the Product Price Adjustment from that determined at the time of delivery of such Product.
 - c) In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the base price of any affected Product to reflect an allowance for increase or decrease in labor compensation and material costs occurring since February of the base price year which is consistent with the applicable provisions of this Price Escalation formula.
 - d) For the calculation herein, the values released by the Bureau of Labor Statistics and available to CFMI at the end of the month prior to scheduled Product delivery month will be used to determine the ***** values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- e) calculate the Product Price Adjustment for the Product invoice at the time of delivery. The values will be considered final and no Product Price Adjustment will be made after Product delivery for any subsequent changes in published index values.

Note: Any rounding of a number, with respect to escalation of the Product Price, will be accomplished as follows: If the first digit of the portion to be dropped from the number is five or greater, the preceding digit will be raised to the next higher number.

ATTACHMENT D
BASE PRICES FOR SPARE ENGINES,
OPTIONAL EQUIPMENT AND MODULES

Item	Base Price July 1998 US Dollars CPI=145.55
1. *****	*****
2. *****	*****

3. *****	*****
4. *****	*****

- A. Base prices are effective for firm orders received by CFMI within quoted lead time for basic spare Engines (including associated equipment and maximum climb thrust increase), Optional Equipment and Modules for delivery to Airline by CFMI on or before *****. The base prices are ex works, Evendale, Ohio, or point of manufacture, subject to adjustment for escalation and Airline shall be responsible, upon delivery, for the payment of all taxes, duties, fees or other similar charges.
- B. The selling price of CFM56-5B basic spare Engines, Optional Equipment and Modules ordered for delivery after the period set forth in Paragraph A above shall be the base price then in effect and as set forth in each purchase order as accepted by CFMI, which base price shall be subject to adjustment for escalation in accordance with CFMI's then-current escalation provisions.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATTACHMENT E

ESCALATION FORMULA (4 INDICES) FOR
CFM56 SPARE ENGINES AND MAJOR MODULES

I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.

II. For purposes of this adjustment:

A. Base Price shall be the price(s) set forth on the purchase order as accepted by CFML

B. The Composite Price Index (CPI) shall be deemed to mean the weighted average of the following four indices prepared by the US Department of Labor, Bureau of Labor Statistics, as published at the time of the scheduled Product billing for the sixth month prior to the scheduled Product billing.

1. *****;

2. *****

3. *****

4. *****

C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.

D. The Base Composite Price Index (*****) shall be the index stated in the published prices announced by CFM from time to time.

III. Base prices shall be adjusted in accordance with the following formula:

IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the Base Price,

V. The ratio ***** shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. The resulting three digit decimal shall be used to calculate *****.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- VI. In the event that the indices specified herein are discontinued, or the basis of their calculation is modified, equivalent indices shall be substituted by CFM to reflect changes in ***** costs up to the sixth month prior to scheduled billing.
- VII. Should the above provisions become null and void by action of the US Government, the billing for the Products shall reflect changes in the costs of labor, material, commodities, and fuel which have occurred from the period represented by the applicable CPI^ to the sixth month prior to scheduled billing date.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATTACHMENT F

1. Allowance for Initial Aircraft Sale Only

Any allowance described in this Letter Agreement No. 2 applies only to new A318 and A319 aircraft (together or individually the "Aircraft") equipped with new CFM56-5B engines (together or individually the "Engines") purchased by Airline directly from the aircraft manufacturer.

2. Allowance Not Paid

Allowances described in this Letter Agreement No. 2 will not be earned or paid with respect to Engines which have been delivered to the aircraft manufacturer for installation in Airline's Aircraft if, thereafter, for any reason, Airline's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or if delivery of the Aircraft will be prevented or delayed beyond the expiration of the Delivery Period.

3. Adjustment of Allowances

The special allowance described in paragraph II of this Letter Agreement No. 2 is contingent upon Airline purchasing and accepting delivery of a minimum of ***** CFM56-5B8/P powered A318 Aircraft, ***** Additional A319 Aircraft powered by CFM56-5B5/P and ***** spare CFM56-5B Engine ("Minimum Number") for delivery during the Delivery Period. If Airline has canceled or otherwise failed to accept delivery of one or more of the required Minimum Number within the Delivery Period, the allowances will be adjusted as follows:

Adjustment of allowances in accordance with the above formula may be made by CFMI prospectively to take into account Aircraft or Spare Engine delays, and/or cancellations. In any case, Airline agrees to promptly reimburse CFMI for any allowance overpayments determined to have been made at the application of the adjustment formula set forth above ***** . Unless otherwise agreed by CFMI, no allowance shall be paid on Aircraft not accepted within the Delivery Period and such Aircraft shall not be counted for purposes of the adjustment formula set forth above.

4. Assignability of Allowance

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFMI's written consent; provided that Airline may assign such allowance, together with its other rights under this Letter Agreement No. 2 on the terms described in clause (i) of paragraph A of Article XVIII of the Agreement.

5. Set Off for Outstanding Balance

CFMI shall be entitled, at all times, to set off any outstanding obligation and amounts that are due and owing from Airline to CFMI for CFMI Aircraft Engines goods or services (whether or not in connection with this Letter Agreement No. 2 or the Agreement), against any amount payable by CFMI to Airline in connection with this Letter Agreement No. 2 or the Agreement.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

6. Cancellation of Engines

Airline recognizes that harm or damage will be sustained by CFMI if Airline places a purchase order for spare Engine(s) or for Aircraft (the ***** firm Aircraft) equipped with installed Engines and subsequently cancels such purchase order (and such cancellation is not caused by acts (or failure to act) of Airbus or CFMI or otherwise fails to accept delivery of the Engines or Aircraft when duly tendered. Within ***** of any such cancellation or if failure to accept delivery occurs, Airline shall remit to CFMI, as liquidated damages, a cancellation charge equal to ***** of the Engine price, determined as of the date of scheduled Engine delivery to Airline or to the aircraft manufacturer, whichever is applicable.

The parties acknowledge such cancellation charge to be a reasonable estimate of the harm or damage to CFMI in such circumstances.

CFMI shall apply any progress payments or other deposits made to CFMI for any such Engine first to the cancellation charge for such Engine and thereafter to any other amounts owed to CFMI hereunder. Progress payments held by CFMI in respect of any such Engine which are in excess of such amounts will be refunded to Airline.

If CFMI fails to deliver a spare Engine in accordance with the terms of the Agreement or this Letter Agreement No. 2 within ***** after the date upon which such spare Engine was scheduled to be delivered for any reason other than an Excusable Delay or a default or breach by Airline, Airline may terminate this Letter Agreement No. 2 with respect to such spare Engine and CFMI shall promptly return any progress payments or other deposits made with respect to such Engine, together with interest thereon from the date such deposits were made at six month Libor. In addition, Airline will retain all remedies available to it at law or in equity.

7. Delay of Engines

In the event the Airline delays the scheduled delivery date of a spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for which CFMI has received a purchase order from the aircraft manufacturer or Airline, as appropriate, through no fault of CFMI or the aircraft manufacturer, for a period, or cumulative period, of more than ***** , such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

8. Aircraft Not Operated for Minimum Period

If, within the first ***** following delivery of each Aircraft for which a special allowance, of any nature, was provided by CFMI under this Letter Agreement No. 2 (the "Minimum Period"), such aircraft is no longer owned by (i) Airline or a wholly-owned subsidiary of Airline, (ii) a trust or other special purpose entity established in connection with the financing of such Aircraft for Airline, or (iii) an entity to which Airline is permitted to assign its rights pursuant to clause (i)(b) of Paragraph A of Article XVIII of the Agreement, the special allowances earned and/or paid on such Aircraft will be proportionately reduced. Airline will reimburse CFMI an amount equal to the proportionate share of the special allowances earned and/or paid with respect to such Aircraft, (based on the percentage of the Minimum Period the Aircraft was actually owned by Airline), with interest on such amount. The allowance reimbursement is due no later than ***** from the time Airline ceases to own and operate such Aircraft. *****.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

1 August, 2003

LETTER AGREEMENT NO. 3

Frontier Airlines, Inc.
Frontier Center One
7001 Tower Road

Denver, CO 80249-7312

Gentlemen:

CFM International, Inc. ("**CFMI**") and Frontier Airlines, Inc. ("**Airline**") have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the "**Agreement**"). The Agreement contains applicable terms and conditions governing the sale by CFMI and the purchase by Airline from CFMI of CFM56 series Engines, Modules and Optional Equipment in support of Airline's acquisition of new aircraft.

WHEREAS, CFMI and Airline have previously entered into Letter Agreement No. 1 and No. 2 to document Airline's agreement to install CFM56-5B5/P engines on a minimum of ***** new firm and up to ***** option A319 aircraft (the "**A319 Aircraft**") and ***** CFM56-5B powered A318 aircraft directly from Airbus Industries ("**AI**") in accordance with the Airbus A318/A319 Purchase Agreement between Airline and AVSA, S.A.R.L. (the "**AI Purchase Agreement**"); and

WHEREAS, Airline now agrees to purchase ***** additional new firm CFM56-5B5/P powered A319 aircraft (individually or collectively the "Additional A319 Aircraft") (with options to convert such A319 aircraft to new firm CFM56-5B4/P powered A320 aircraft, the "**Additional A320 Aircraft**") directly from AI in accordance with the AI Purchase Agreement, as memorialized in Attachment A hereto; and

WHEREAS, Airline agrees to purchase ***** spare CFM56-5B5/P engines from CFMI in ***** according to the delivery schedule set forth in Attachment A. However, if ***** or more of the Additional A319 Aircraft are converted to CFM56-5B4/P powered A320 aircraft, Airline shall purchase from CFMI ***** spare CFM56-5B5/P engine in ***** and ***** spare CFM56-5B4/P engine in the year in which Airline takes delivery of the first of the Additional A320 Aircraft. These ***** spare engines are incremental to spare engine commitments from previous agreements.

NOW, THEREFORE, in consideration of Airline's agreements set forth above, CFMI and Airline agree as follows:

I. CFM56 Spare Engine Price

Base price for new CFM56-5B5/P and CFM56-5B4/P spare Engines, delivered through ***** are set forth in Attachment B hereto. The base price is subject to adjustment for escalation per the escalation formula set forth in Attachment C hereto.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

II. Special Allowances

CFMI agrees to provide to Airline the following special allowances. These allowances are subject to the conditions set forth in Attachment D hereto.

- 1) ***** (*****) allowance per each Additional A319 Aircraft purchased by and delivered to Airline by *****. This allowance is subject to escalation to the date of delivery of the related shipset of CFM56-5B5/P engines to AI, pursuant to the escalation formula set forth in Attachment C hereto.
- 2) ***** (*****) allowance per each Additional A320 Aircraft purchased by and delivered to Airline by *****. This allowance is subject to escalation the date of delivery of the related shipset of CFM56-5B4/P engines to AI, pursuant to the escalation formula set forth in Attachment C hereto. This allowance will be increased to ***** (*****) provided Airline has contractually (with Airbus and with written notice thereof to CFMI) converted the Additional A319 Aircraft to Additional A320 by *****.

CFMI shall also provide an additional supplemental credit (*****) of ***** per each of the Additional A319 Aircraft or ***** per each of the Additional A320 Aircraft, provided such Additional A319 Aircraft and Additional A320 Aircraft are purchased by and delivered to Airline by January 31, 2009. This credit shall be applied by Airline towards the purchase price of the ***** spare CFM56-5B engines Airline has agreed to purchase from CFMI as described above.

- 3) The above allowances and credits shall be available within ***** following receipt of written notice from Airline that it has taken delivery of the Additional A319 Aircraft or Additional A320 Aircraft in accordance with the AI Purchase Agreement.

III. Special Guarantees

The Special Guarantees set forth in paragraph J of Section II of Exhibit B to the Agreement shall be applicable to the Additional A319 Aircraft and Additional A320 Aircraft set forth in this Letter Agreement No. 3. However, the "Delivery Period" referred to in paragraph A.1 of Attachment A to Exhibit B of the Agreement shall, for the purposes of this Letter Agreement No. 3, be the delivery schedule set forth in Attachment A hereto.

Also, paragraph A.3 of Attachment A to Exhibit B of the Agreement shall, for the purposes of this Letter Agreement No. 3 only, be amended to read as follows:

"3. Airline operating Aircraft ***** A change in Aircraft or Engine quantity, Aircraft or Engine model, Aircraft delivery occurring outside of the Delivery Period, or flight operations resulting in more severe operating conditions than described above will require adjustment of the guaranteed values to reflect such different conditions, using CFMI's operational severity criteria."

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

All other conditions set forth in the Agreement and Attachment A and Attachment B to Exhibit B of the Agreement (except as amended above) shall be incorporated herein as if set out in full.

The obligations set forth in this Letter Agreement No. 3 are in addition to the obligations set forth in the Agreement.

This Letter Agreement is valid, unless withdrawn by CFMI prior to acceptance by Airline, until August 31, 2003.

Please indicate your agreement with the foregoing by signing the original and one (1) copy of this Letter Agreement No. 3 in the space provided below.

FRONTIER AIRLINES, INC.

By: /s/ Paul H. Tate

Typed Name: Paul H. Tate

Title: Sr. VP & CFO

Date: September 23, 2003

Very truly yours,

CFM INTERNATIONAL, INC.

By: /s/ Jeff Robeson

Typed Name: Jeff Robeson

Title: Attorney In Fact

Date: August 1, 2003

ATTACHMENT A

<u>Qty</u>	<u>Aircraft Delivery Dates</u>	<u>Qty</u>	<u>Spare Engine Delivery Dates</u>	<u>Type</u>
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****

* Aircraft above are either A319 or A320. The second spare engine will be CFM56-5B5/P unless four or more aircraft are converted to A320 aircraft, in which case it shall be a CFM56-5B4/P and delivery shall take place in the year in which Airline takes delivery of the first of the Additional A320 Aircraft.

Airline’s failure to purchase and take delivery of (i) any one or more of the Additional A319 Aircraft or Additional A320 Aircraft and (ii) the ***** Spare Engines in strict accordance with the foregoing schedule will not affect the rights and obligations of the parties hereunder, so long as such Aircraft and Spare Engines are purchased and accepted by Airline within ***** after the last day of the scheduled year of delivery, as such scheduled year for the Aircraft may be postponed in accordance with the Airbus Purchase Agreement for any reason other than a request by Airline or a default thereunder by Airline (the “Delivery Period”).

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATTACHMENT B
BASE PRICES FOR SPARE ENGINES.
OPTIONAL EQUIPMENT AND MODULES

<u>Item</u>	<u>Base Price</u>
*****	*****

- A. Base prices are effective for firm orders received by CFMI within quoted lead time for basic spare Engines (including associated equipment and maximum climb thrust increase). Optional Equipment and Modules for delivery to Airline by CFMI on or before *****. The base prices are ex works, Evendale, Ohio, or point of manufacture, subject to adjustment for escalation and Airline shall be responsible, upon delivery, for the payment of all taxes, duties, fees or other similar charges.
- B. The selling price of CFM56-5B basic spare Engines. Optional Equipment and Modules ordered for delivery after the period set forth in Paragraph A above shall be the base price then in effect and as set forth in each purchase order as accepted by CFMI, which base price shall be subject to adjustment for escalation in accordance with CFMI's then-current escalation provisions.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ESCALATION FORMULA (4 INDICES) FOR
CFM56 SPARE ENGINES AND MAJOR MODULES

- I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.
- II. For purposes of this adjustment:
 - A. Base price shall be the price(s) set forth on the purchase order as accepted by CFMI.
 - B. The Composite Price Index (CPI) shall be deemed to mean the weighted average of the following four indices prepared by the US Department of Labor, Bureau of Labor Statistics, as published at the time of the scheduled Product billing for the sixth month prior to the scheduled Product billing.
 - 1. The Labor Index shall mean ***** to the second decimal place of the following ***** calculation:
 - *****
 - 2. *****
 - 3. *****
 - 4. *****
 - C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.
 - D. The Base Composite Price Index (*****) shall be the index stated in the published prices announced by CFM from time to time.

III. Base prices shall be adjusted in accordance with the following formula:

***** *****
***** *****

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio *****, shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. The resulting three digit decimal shall be used to calculate *****.
- VI. *****
- VII. Should the above provisions become null and void by action of the US Government, the billing for the Products shall reflect changes in the costs of labor, material, commodities, and fuel which have occurred from the period represented by the applicable *****to the sixth month prior to scheduled billing date.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATTACHMENT C

1. **Allowance for Initial Aircraft Sale Only**

Any allowance described in this Letter Agreement No. 3 applies only to the new Additional 319 Aircraft and A320 Aircraft described in this Letter Agreement No. 3 (together or individually the "Aircraft") equipped with new CFM56-5B engines (together or individually the "Engines") purchased by Airline directly from the aircraft manufacturer.

2. **Allowance Not Paid**

Allowances described in this Letter Agreement No. 3 will not be earned or paid with respect to Engines which have been delivered to the aircraft manufacturer for installation in Airline's Aircraft if, thereafter, for any reason, Airline's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or if delivery of the Aircraft will be prevented or delayed beyond the expiration of the Delivery Period (as defined in Attachment A hereto).

3. **Adjustment of Allowances**

The special allowance described in paragraph II of this Letter Agreement No. 3 is contingent upon Airline purchasing and accepting delivery of a minimum of ***** Additional A319 Aircraft or Additional A320 Aircraft (as described in this Letter Agreement No. 3,) and purchasing and taking delivery from CFMI ***** spare CFM56-5B engines ("Minimum Number") for delivery during the Delivery Period. If Airline has canceled or otherwise failed to accept delivery of one or more of the required Minimum Number within the Delivery Period, the allowances will be adjusted as follows:

Adjustment of allowances in accordance with the above formula may be made by CFMI prospectively to take into account Aircraft or Spare Engine delays, and/or cancellations. In any case, Airline agrees to promptly reimburse CFMI for any allowance overpayments determined to have been made at the application of the adjustment formula set forth above ***** . Unless otherwise agreed by CFMI, no allowance shall be paid on Aircraft not accepted within the Delivery Period and such Aircraft shall not be counted for purposes of the adjustment formula set forth above.

4. **Assignability of Allowance**

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFMI's written consent: provided that Airline may assign such allowance, together with its other rights under this Letter Agreement No. 3 on the terms described in clause (i) of paragraph A of Article XVIII of the Agreement.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

5. **Set Off for Outstanding Balance**

CFMI shall be entitled, at all times, to set off any outstanding obligation and amounts that are due and owing from Airline to CFMI for CFMI Aircraft Engines goods or services (whether or not in connection with this Letter Agreement No. 3 or the Agreement), against any amount payable by CFMI to Airline in connection with this Letter Agreement No. 3 or the Agreement.

6. **Cancellation of Engines**

Airline recognizes that harm or damage will be sustained by CFMI if Airline places a purchase order for spare Engines or for Aircraft equipped with installed Engines and subsequently cancels such purchase order (and such cancellation is not caused by acts (or failure to act) of Airbus or CFMI) or otherwise fails to accept delivery of the Engines or Aircraft when duly tendered. Within ***** of any such cancellation or failure to accept delivery occurs, Airline shall remit to CFMI, as liquidated damages, a cancellation charge equal to ***** of the Engine price, determined as of the date of scheduled Engine delivery to Airline or to the aircraft manufacturer, whichever is applicable.

The parties acknowledge such cancellation charge to be a reasonable estimate of the harm or damage to CFMI in such circumstances.

CFMI shall apply any progress payments or other deposits made to CFMI for any such Engine first to the cancellation charge for such Engine and thereafter to any other amounts owed to CFMI hereunder. Progress payments held by CFMI in respect of any such Engine which are in excess of such amounts will be refunded to Airline.

If CFMI fails to deliver a spare Engine in accordance with the terms of the Agreement or this Letter Agreement No. 3 within ***** after the date upon which such spare Engine was scheduled to be delivered for any reason other than an Excusable Delay or a default or breach by Airline, Airline may terminate this Letter Agreement No. 3 with respect to such spare Engine and CFMI shall promptly return any progress payments or other deposits made with respect to such Engine*****. In addition, Airline will retain all remedies available to it at law or in equity.

7. **Delay of Engines**

In the event Airline delays the scheduled delivery date of a spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for which CFMI has received a purchase order from the aircraft manufacturer or Airline, as appropriate, through no fault of CFMI or the aircraft manufacturer, for a period, or cumulative period, of more than *****, such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

September 2003

GE Aircraft Engines
One Neumann Way, MD F118
Cincinnati, Ohio 45215

RE: Letter Agreement No.3, dated August 1, 2003 by and between CFM International, Inc. and Frontier Airlines, Inc.

Dear *****:

Per my email to you today, enclosed is a signed copy of the above referenced Letter Agreement. We look forward to a prosperous relationship with GE Engines and CFMI.

If you have any questions, don't hesitate to give me a call.

Sincerely,

Corporate Financial Administrator
Frontier Airlines Inc.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

26 March 2004

LETTER AGREEMENT NO. 4 TO GTA 6-13616

Frontier Airlines, Inc.
Frontier Center One
7001 Tower Road
Denver, CO 80249-7312

Gentlemen:

CFM International, Inc. ("CFM") and Frontier Airlines, Inc. ("Airline") have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the "Agreement"). The Agreement contains applicable terms and conditions governing the sale by CFM and the purchase by Airline from CFM of CFM56 series Engines, Modules and Optional Equipment in support of Airline's acquisition of new aircraft.

WHEREAS, CFM and Airline have previously entered into Letter Agreements No's. 1, 2 and 3 to document CFM and Airline's agreements with regard to CFM56-5B5/P and CFM56-5B8/P installed and spare Engines, and

WHEREAS, Airline now desires to purchase thrust upgrades for the CFM56-5B5/P Engine to the CFM56-5B6/P thrust (including rating plugs and, if required, engine identification plates) ("Thrust Upgrades") for the installed Engines ("Installed Engines") on a total of ***** A319 aircraft ("Aircraft") and ***** spare Engines ("Spare Engines") (Installed Engines and Spare Engines collectively called the "Engines").

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants and conditions contained herein, and other good and valuable consideration, receipt of which is acknowledged and agreed, CFM and Airline agree as follows:

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

I. Thrust Upgrade Price and Conditions

CFM offers Airline ***** Thrust Upgrades for the Engines. The full price of each Thrust Upgrade shall be ***** (“Base Price”). This Base Price shall be subject to escalation from January 2004 to the month and year the purchase order for the Thrust Upgrade is placed directly to CFM, in accordance with Attachment A (“Escalated Price”). Airline shall pay the Escalated Price for each Thrust Upgrade as set forth in this Letter Agreement.

The Thrust Upgrades for the Installed Engines are to be applied to the following Aircraft:

- ***** Thrust Upgrades are for ***** A319 Aircraft already being operated by Airline. CFM shall invoice Airline upon execution of this Letter Agreement No. 4 for an amount equal to ***** of the Escalated Price for each of these 16 Thrust Upgrades and payment of such invoice(s) shall be due ***** after the invoice date.
- ***** Thrust Upgrades are for ***** A319 Aircraft on order to be delivered in ***** pursuant to Letter Agreement No. 3 to the Agreement. Delivery of such Thrust Upgrades shall be concurrent with the delivery of each Firm A319 Aircraft powered by the CFM56-5B5/P Engine with Thrust Upgrades installed. As early as possible prior to the delivery of these Thrust Upgrades, CFM shall invoice Airline for an amount equal to ***** of the Escalated Price for the Thrust Upgrades then being delivered and payment of such invoice(s) shall be due at the time of delivery.

In addition, Airline will purchase ***** Thrust Upgrades for use on the Spare Engines. The price of these ***** Thrust Upgrades shall be ***** of the Escalated Price. Amounts paid by the Airline for Thrust Upgrades used on Spare Engines will be subject to adjustment per the Takeoff Utilization Levels schedule set forth below. CFM shall invoice Airline upon execution of this Letter Agreement No. 4 an amount equal to ***** of the Escalated Price for the Thrust Upgrade for Airline’s existing ***** and payment of such invoice shall be due ***** after the invoice date. Delivery and payment of the Thrust Upgrade for the spare CFM56- 5B5/P Engine to be purchased and delivered pursuant to Letter Agreement No. 1 of the Agreement shall be concurrent with the delivery of such Spare Engine. As soon as possible prior to the delivery of such Spare Engine, CFM shall invoice Airline for an amount equal to ***** of the Escalated Price for the Thrust Upgrades then being delivered and payment of such invoice(s) shall be due at the time of delivery.

The initial portion of the Escalated Price paid by Airline for the Thrust Upgrades being delivered pursuant to this Letter Agreement is referred to herein as the “Initial Payment.” and any balance remaining thereafter, or after Airline has made additional payments with respect to a Thrust Upgrade pursuant to the Takeoff Utilization schedule described below, will be referred to herein as the “Remaining Balance.” Airline will have the option, in its sole discretion, to purchase any or all Thrust Upgrades delivered to Airline pursuant to this Letter Agreement at any time by payment to CFM the Remaining

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Balance of the Escalated Price for such Thrust Upgrade. CFM will transfer good, marketable title to Airline, free of all liens or encumbrances, for each Thrust Upgrade at the time Airline pays the Remaining Balance for such Thrust Upgrade or title to a Thrust Upgrade is transferred to Airline in accordance with the automatic transfer of title provisions set forth below.

Airline shall be responsible for obtaining any required approvals/changes from Airbus and the FAA.

If title to a Thrust Upgrade has not transferred to Airline, and if Airline seeks to relinquish possession or control of such Engine on which a Thrust Upgrade is installed (it being expressly understood that a sale/leaseback transaction involving an Engine will not be considered a relinquishment of possession or control by Airline) within the ***** period following delivery of the Thrust Upgrade for such Engine, then Airline shall either (i) transfer the Thrust Upgrade to a CFM56-5B5/P engine still under Airline's possession or control, or (ii) relinquish the use of the Thrust Upgrade and return the rating plugs for such Aircraft to CFM prior to relinquishing possession or control of the Engine. If, however, Airline retains possession or control of any Engine for a ***** period following delivery of the Thrust Upgrade to be applied to such Engine, then, at the end of such ***** period, CFM will transfer ownership of the Thrust Upgrade for such Engine to Airline at no additional charge. In the event that Airline retains possession and control of all Installed Engines for a ***** period following the delivery of the Thrust Upgrade for such Installed Engines, then CFM will transfer ownership of the Thrust Upgrades applied to the ***** Spare Engines to Airline *****.

Thrust Upgrades are the property of CFM and are provided to Airline for Airline's exclusive operation and use. CFM represents and warrants that Airline will have the right of quiet enjoyment of the Thrust Upgrades until such time that the Thrust Upgrade is returned to CFM or title to the Thrust Upgrade is transferred to Airline in accordance with this Letter Agreement.

Except for the payment terms set forth herein which shall apply to the purchase of the Thrust Upgrades, and which shall supercede the Payment Terms set forth in Exhibit D Paragraph A of the Agreement, all other conditions set forth in the Agreement and Attachment A and Attachment B to Exhibit B of the Agreement shall be incorporated herein as if set out in full.

Except as modified herein, the obligations set forth in this Letter Agreement No. 4 are in addition to the obligations set forth in the Agreement.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

This Letter Agreement is valid, unless withdrawn by CFM prior to acceptance by Airline, *****.

Please indicate your agreement with the foregoing by signing the original and one (1) copy of this Letter Agreement No. 4 in the space provided below. This Letter Agreement may be executed in counterparts each of which, when taken together, will be deemed to be a single, enforceable agreement between the parties.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

FRONTIER AIRLINES, INC.

By: /s/ Paul H. Tate

Typed Name: Paul H. Tate

Title: Senior Vice President & CFO

Date: March 26, 2004

Very truly yours,

CFM INTERNATIONAL, INC.

By: /s/ William R. Van Austen

Typed Name: William R. Van Austen

Title: G M Commercial Engine Transaction

Date: 26, March 2004

ATTACHMENT A

ESCALATION FORMULA (4 INDICES)

FOR CFM56 SPARE ENGINES AND THRUST UPGRADES

- I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.
- II. For purposes of this adjustment:
 - A. Base price shall be the price(s) set forth on the purchase order as accepted by CFMI.
 - B. The Composite Price Index (CPI) shall be deemed to mean the weighted average of the following four indices prepared by the US Department of Labor, Bureau of Labor Statistics, as published at the time of the scheduled Product billing for the sixth month prior to the scheduled Product billing.
 - 1. The Labor Index shall mean ***** to the second decimal place of the following ***** calculation:

 - 2. *****
 - 3. *****
 - 4. *****
 - C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.
 - D. The Base Composite Price Index (*****) shall be the index stated in the published prices announced by CFM from time to time.

III. Base prices shall be adjusted in accordance with the following formula:

***** *****

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio ***** shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. The resulting three digit decimal shall be used to calculate *****.
- VI. *****
- VII. Should the above provisions become null and void by action of the US Government, the billing for the Products shall reflect changes in the costs of labor, material, commodities, and fuel which have occurred from the period represented by the applicable ***** to the ***** to scheduled billing date.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

11 April 2006

LETTER AGREEMENT NO. 5 TO GTA 6-13616

Frontier Airlines, Inc.
Frontier Center One
7001 Tower Road
Denver, CO 80249-7312

CFM International, Inc. ("CFM") and Frontier Airlines, Inc. ("Airline") have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the "Agreement") The Agreement contains applicable terms and conditions governing the sale by CFM and the purchase by Airline from CFM of CFM56 series Engines, Modules and Optional Equipment in support of Airline's acquisition of new aircraft.

WHEREAS, CFM and Airline have previously entered into Letter Agreements No's. 1, 2, 3 and 4 to document CFM and Airline's agreements with regard to CFM56-5B5/P and [CFM56-5B8/P] installed and spare Engines, and

WHEREAS, Airline now desires to purchase ***** A320 additional aircraft and associated Engines, and ***** additional spare Engine.

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants and conditions contained herein, and other good and valuable consideration, receipt of which is acknowledged and agreed, CFM and Airline agree as follows:

1. Airline agrees to purchase and take delivery of ***** new firm CFM56-5B4/P powered A320 aircraft directly from Airbus in accordance with the delivery schedule set forth in Attachment A hereto (the "Aircraft").
2. Airline agrees to purchase and take delivery of a minimum of ***** CFM56-5B4/P spare Engine from CFM according to the delivery schedule set forth in Attachment A hereto.

In consideration of the above, CFM agrees to the following:

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

GE PROPRIETARY INFORMATION

A. Special Allowances

CFM agrees to provide the following allowances to Airline subject to the conditions set forth in the Attachment D:

(i) Aircraft Allowance

For each of the Aircraft scheduled to deliver to Airline before *****, CFM will provide Airline with a per aircraft allowance for each such Aircraft in the amount of ***** (*****), and shall be subject to adjustment for escalation to the date of delivery of each such Aircraft in accordance with the escalation formula set forth in Attachment C hereto).

Each per Aircraft Allowance will be made available to Airline within ***** following receipt of written notice from Airline that it has taken delivery of each Aircraft in accordance with its purchase agreement with Airbus. *****

(ii) Spare Engine Credit

1. CFM shall provide a credit of ***** (*****) per each of the ***** A320 aircraft purchased and delivered to airline, per Attachment A, *****, provided Airline has purchased and taken delivery of the Spare Engine per Attachment A.
2. This credit is subject to escalation to the date of delivery of the related shipset of CFM56-5B4/P engines to A1, pursuant to the escalation formula set forth in Attachment C.
3. Each per-aircraft Spare Engine credit will be made available to Airline within ***** following receipt of written notice from Airline that it has taken delivery of each Aircraft in accordance with its purchase agreement with Airbus.
4. Each per-aircraft Spare Engine credit will be in the form of a credit against purchases from GE or CFM.
5. Base Prices for spare Engines delivered to Airline by December 31, 2010 are set forth in Attachment B and are subject to adjustment for escalation per the terms set forth in Attachment C.

The obligations set forth in this Letter Agreement are in addition to the obligations set forth in the GTA. In the event of conflict between the terms of this Letter Agreement and the terms of the GTA, the terms of this Letter Agreement shall take precedence. Terms which are capitalized but not otherwise defined herein shall have the meaning given to them in Article I of the GTA.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

GE PROPRIETARY INFORMATION

ATTACHMENT A

CFM56-5B4/P Aircraft Order and Spare Engine Delivery Schedule*

<u>Ref:</u>	<u>Delivery Date</u>	<u>A320 Aircraft with ; CFM56-5B/P (AC Qty)</u>	<u>Spare CFM56-5B4/P Engine (Engine Qty)</u>

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

GE PROPRIETARY INFORMATION

ATTACHMENT B

BASE PRICES FOR CFM56-5B4/P SPARE ENGINES

Prices Applicable to Deliveries through *****

Item

1. Basic Engine Including FADEC- CFM56-5B4/P

- A. Base prices are effective for firm orders received by CFM within quoted lead time for basic spare Engines (including associated equipment and maximum climb thrust increase) for delivery to Airline by CFM on or before *****.
- B. The selling price of CFM56-5B4/P basic spare Engines ordered for delivery after the period set forth in Paragraph A above shall be the base price then in effect and as set forth in each purchase order as accepted by CFM, which base price shall be subject to adjustment for escalation in accordance with CFM's then-current escalation provisions.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

GE PROPRIETARY INFORMATION

ATTACHMENT C

CFM56-5B4/P ESCALATION FORMULA (4 INDICES) FOR SPARE ENGINES AND MAJOR MODULES *****

- I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.
- II. For purposes of this adjustment:
 - A. Base price shall be the price(s) set forth on the purchase order as accepted by CFMI.
 - B. The Composite Price Index (CPI) shall be deemed to mean the weighted average of the following four indices prepared by the US Department of Labor, Bureau of Labor Statistics, as published at the time of the scheduled Product billing for the sixth month prior to the scheduled Product billing.
 - 1. The Labor Index shall mean ***** to the second decimal place of the following ECI calculation:

 - 2. *****
 - 3. *****
 - 4. *****
 - C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.
 - D. The Base Composite Price Index (*****) shall be the index stated in the published prices announced by CFM from time to time.
- III. Base prices shall be adjusted in accordance with the following formula:

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

GE PROPRIETARY INFORMATION

- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio ***** shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. The resulting three digit decimal shall be used to calculate *****.
- VI. *****
- VII. Should the above provisions become null and void by action of the US Government, the billing for the Products shall reflect changes in the costs of labor, material, commodities, and fuel which have occurred from the period represented by the applicable ***** to the *****.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

GE PROPRIETARY INFORMATION

ATTACHMENT D
CONDITIONS FOR SPECIAL ALLOWANCES/DELAY/CANCELLATION

1. Allowance for Initial Aircraft Sale Only

Any allowance described in this Letter Agreement applies only to new A320 aircraft (together or individually the "Aircraft") equipped with new CFM56-5B4/P engines (together or individually the "Engines") purchased by Airline directly from the aircraft manufacturer.

2. Allowance Not Paid

Allowances described in this Letter Agreement will become unearned and will not be paid if Engines have been delivered to the aircraft manufacturer for installation in Airline's Aircraft and, thereafter, for any reason, Airline's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or for any reason delivery of the Aircraft will be prevented or delayed beyond ***** after the last day of the scheduled year of delivery described in Attachment A, (when accounting for any deferrals as contemplated in the Attachment A), as such scheduled delivery may be postponed in accordance with the Airbus Purchase Agreement ("Delivery Period").

3. Termination of Special Allowances

Airline agrees that all of the Special Allowances set forth in this Letter Agreement shall expire ***** after delivery of last scheduled firm Aircraft as set forth in Attachment A (when accounting for any deferrals as contemplated in the Attachment A) hereto (the "Expiration Date").

For the avoidance of doubt, it is understood that CFM shall have no further obligation beyond the Expiration Date to provide any of such Special Allowances which were not provided to Airline, through no fault of CFM.

4. Earning and Adjustment of Allowances

The special allowance described in this Letter Agreement is contingent upon Airline purchasing and accepting delivery of a minimum of ***** A320 Aircraft and purchasing and taking delivery from CFM ***** spare ***** Engine ("Minimum Number") for delivery during the Delivery Period. If Airline has canceled or otherwise failed to accept these deliveries, the allowance will be adjusted as follows:

5. Assignability of Allowance

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFM's written consent; provided that Airline may assign such allowance, together with its other rights under this LA on the terms described in clause (i) of paragraph A of Article XVII of the Agreement.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

GE PROPRIETARY INFORMATION

6. Set Off for Outstanding Balance

CFM shall be entitled, at all times, to set off any outstanding obligation and amounts that are due and owing from Airline to CFM for CFM Aircraft Engines goods or services (whether or not in connection with this Letter Agreement and/or GTA), against any amount payable by CFM to Airline in connection with this Letter Agreement and/or GTA.

7. Cancellation of Installed or Spare Engines Cancellation Charge

Airline recognizes that harm or damage will be sustained by CFM if Airline places a purchase order for spare Engine(s) or for Aircraft equipped with installed Engines and subsequently cancels such purchase order (and such cancellation is not caused by acts (or failure to act) of Airbus or CFMI) or otherwise fails to accept delivery of the Engines or Aircraft when duly tendered, Within ***** of any such cancellation or failure to accept delivery occurs. Airline shall remit to CFM a minimum cancellation charge equal to ***** of the Engine price, determined as of the date of scheduled Engine delivery to Airline or to the aircraft manufacturer, whichever is applicable.

CFM shall retain any progress payments or other deposits made to CFM for any such Engine. Such progress payments will be applied first to the minimum cancellation charge for such Engine and, in circumstances described in the last sentence of the preceding paragraph, then to any further damages sustained by CFM as a result of such cancellation or failure to accept delivery. Progress payments held by CFM in respect of any such Engine which are in excess of such amounts will be refunded to Airline, provided Airline is not then in arrears on other amounts owed to CFM.

If CFMI fails to deliver a spare Engine in accordance with the terms of the Agreement or this Letter Agreement No. 3 within ***** after the date upon which such spare Engine was scheduled to be delivered for any reason other than an Excusable Delay or a default or breach by Airline, Airline may terminate this Letter Agreement No 3 with respect to such spare Engine and CFMI shall promptly return any progress payments or other deposits made with respect to such Engine, together with interest thereon from the date such deposits were made at *****. In addition, Airline will retain all remedies available to it at law or in equity.

8. Delay Charge for Installed or Spare Engines

In the event Airline delays the scheduled delivery date of a spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for which CFM has received a purchase order from the aircraft manufacturer or Airline, as appropriate, for a period, or cumulative period, of more than *****, such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

GE PROPRIETARY INFORMATION

9. Aircraft Substitution Rights

Airline shall have no Aircraft "substitution rights", unless such rights are granted in writing by the Airframe manufacturer and CFM. If Airline attempts to replace any of the Aircraft which are the subject of this Agreement with another aircraft type, and the replacement aircraft is not equipped with Engines of the type that are the subject of this GTA, such event shall also be considered a cancellation and the cancellation provisions described in subparagraph 7 above shall apply.

10. Aircraft Not Operated for Minimum Period

If, within the first twenty-four months following delivery of each Aircraft for which a special allowance, of any nature, was provided by CFM under this Letter Agreement or resulting GTA (the "Minimum Period"), Airline sells, transfers, trades, exchanges, leases, subleases and fails to operate such Aircraft, the special allowances earned and/or paid on such Aircraft will be proportionately reduced. Airline will reimburse CFM an amount equal to the proportionate share of the special allowances earned and/or paid with respect to such Aircraft, (based on the percentage of the Minimum Period the Aircraft was actually owned and operated by Airline), with interest on such amount. The allowance reimbursement is due no later than ***** from the time Airline ceases to own and operate such Aircraft. Interest will be ***** , from the time of initial allowance payment on such Aircraft until the time of full reimbursement.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

GE PROPRIETARY INFORMATION

[LOGO]

June 6, 2009

AMENDMENT NO. 1 TO GTA 6-13616

Frontier Airlines, Inc.
Frontier Center One
7001 Tower Road
Denver CO 80249-7312

CFM International, Inc. ("CFM") and Frontier Airlines, Inc. ("Airline") have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the "Agreement"). The Agreement contains applicable terms and conditions governing the sale by CFM and the purchase by Airline from CFM of CFM56 series Engines, Modules and Optional Equipment in support of Airline's acquisition of new aircraft.

WHEREAS, CFM and Airline now desire to revise certain terms and conditions of the Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants and conditions contained herein, and other good and valuable consideration. Receipt of which is acknowledged and agreed.

CFM and Airline agree as follows:

1. Revise GTA Exhibit B.1 "Definitions", paragraph 20 "Ultimate Life", as follows

FROM:

20. "Ultimate Life" of a Part means the approved limitation on use of a Part in cumulative Flight Hours or Flight Cycles, which either CFMI or a U.S. and/or French Government authority establish as the maximum period of allowed operational time for such Parts in Airline service, with periodic repair and restoration. The term does not include individual Failure from wear and tear or other cause not related to the total usage capability of all such Parts in Airline service."

TO:

"20. "Ultimate Life" of a Part means the approved limitation on use of a Part in cumulative Flight Hours or Flight Cycles, which either CFMI or a U.S. and/or French Government authority establish as the maximum period of allowed operational time for such Parts in Airline service, with periodic repair and restoration. Ultimate Life for LLPs shall be used in the calculation of CFM participation (if any, as solely determined by CFM) of an Engine or Part Failure, however, the term does not include individual Failure from wear and tear or other cause not related to the total usage capability of all such Parts in Airline service."

Except as noted here, the Agreement remains unchanged. Please indicate your agreement with the foregoing by signing the original and one (1) copy of this Amendment Number 1 to the Agreement in the space provided below. This Letter Agreement may be executed in counterparts each of which, when taken together, will be deemed to be a single, enforceable agreement between the parties.

FRONTIER AIRLINES, INC.

CFM INTERNATIONAL, INC.

By: /s/ [Authorized Signatory]

By: /s/ Thierry Derrien

Printed Name: [Authorized Signatory]

Printed Name: Thierry Derrien

Title: [Authorized Signatory]

Title: VP Contracts

Date:

Date: July 9, 2009

LETTER AGREEMENT NO. 7
TO GTA NO. 6-13616

Frontier Airlines, Inc.
8909 Purdue Road
Indianapolis, IN 46268

WHEREAS, CFM International, Inc. (hereinafter individually referred to as “CFM”) and Frontier Airlines, Inc. (hereinafter referred to as “Customer”) (CFM and Customer being hereinafter collectively referred to as the “Parties”) have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 as amended or completed from time to time by Letter Agreement(s), (hereinafter referred to as “GTA”); and

WHEREAS, the GTA contains the applicable terms and conditions governing the sale by CFM and the purchase by Customer of spare engines, related equipment and spare parts therefore in support of Customer’s CFM56-powered fleet of aircraft from Airbus S.A.S; and

WHEREAS, as a valued customer of CFM, CFM wishes to make available to Customer, under the terms set forth herein the benefits of the CFM’s TRUEngine™ Program.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree as follows:

1. TRUEngine™ Program Overview

The TRUEngine program identifies an engine that the Customer has declared as having been maintained per CFM recommendations as defined in the documents specified in Appendix 2.

TRUEngine designation is granted on an individual engine basis (ESN).

Declaration of compliance occurs at the time Customer submits Engine Serial Numbers (ESN) via form in Appendix 4, and submits required maintenance records as specified in Appendix 3 to substantiate said declaration.

Substantiation (by way of maintenance records submission) must cover all maintenance through the most recent exposure of each engine module.

Upon the occurrence of shop-level maintenance, Customer is required to submit updated engine maintenance documentation (as defined in Appendix 3) within ***** to substantiate continued compliance.

In the event Customer fails to provide adequate records or CFM concludes that, at the declaration or during the life of the TRUEngine program, an engine has been maintained in a manner inconsistent with program requirements, said engine shall be excluded from the TRUEngine program.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

The obligations set forth in this Letter Agreement are in addition to the obligations set forth in the GTA. In the event of conflict between the terms of this Letter Agreement and the terms of the GTA, the terms of this Letter Agreement shall take precedence. Terms that are capitalized, but not otherwise defined herein, shall have the meaning given to them in the GTA.

Please indicate your agreement with the foregoing by signing two (2) duplicate originals as provided below.

Very truly yours,

Frontier Airlines, Inc.

CFM INTERNATIONAL, INC.

By: /s/ Lars-Erik Arnell

By: /s/ John C. Mericle

Typed Name: Lars-Erik Arnell

Typed Name: John C. Mericle

Title: Senior Vice President

Title: Chief Financial Officer

Date: _____

Date: _____
October 25, 2011

CFM PROPRIETARY INFORMATION
(subject to restrictions on first page)

LETTER AGREEMENT NO. 8

TO GTA No. 6-13616

Frontier Airlines
Frontier Center One
7001 Tower Road
Denver, CO
80249

WHEREAS, CFM International, Inc. (hereinafter individually referred to as "CFM"), and **Frontier Airlines, Inc.** (hereinafter referred to as "Airline") (CFM and Airline being hereinafter collectively referred to as the "Parties") have entered into General Terms Agreement No. 6-13616 dated June 30th, 2000 (hereinafter referred to as "GTA"); and

WHEREAS, the GTA contains the applicable terms and conditions governing the sale by CFM and the purchase by Airline of spare engines, related equipment and spare parts therefor in support of Airline's CFM powered fleet of aircraft from Airbus S.A.S ("Airbus") ("Airframer").

NOW THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree as follows:

1. Airline agrees to purchase and take delivery of ***** new firm CFM56-5B3 powered A321 aircraft (the "Aircraft") direct from Airframer in accordance with the delivery schedule set forth in Attachment A hereto (the "Aircraft Delivery Schedule").
2. Airline agrees to purchase and take delivery of a minimum of ***** CFM56-5B ***** CFM56-5B3 and ***** CFM56-5B5) spare engines from CFM according to the delivery schedule set forth in Attachment A hereto (the "Spare Engine Delivery Schedule").
3. Airline agrees to purchase a thrust upgrade from CFM56-5B5 to CFM56-5B4 as described in paragraph D. 1 below.
4. To the extent that Airline has been or will be granted conversion rights from Airframer in relation to the Aircraft, and provided that Airline notifies CFM in writing at least ***** before the scheduled delivery month of the relevant Aircraft contemplated for conversion, and Airline chooses to exercise such conversion rights, Airline may substitute any number of Aircraft for an equal number of A320 family CFM56 powered Aircraft.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

In consideration of the above, CFM agrees to the following:

A. Special Allowances

CFM agrees to provide the following allowances to Airline subject to the conditions set forth in **Attachment B** hereto:

(i) Aircraft Allowance

For each of the CFM56-5B3 powered Aircraft delivered to Airline per the Aircraft Delivery Schedule CFM will provide Airline with a per aircraft allowance for each such Aircraft in the amount of *****.

Such per Aircraft allowance is stated in ***** and shall be subject to adjustment for escalation to the date of delivery of each shipset of Engines to Airline in accordance with the escalation formula set forth in Attachment D hereto and subject to the escalation cap set forth in paragraph (iv) below.

Each per Aircraft Allowance will be earned by Airline upon delivery of each shipset of Engines to Airframer, (consistent with the Aircraft Delivery Schedule) payable in each case by wire transfer to Airline as soon as possible, but in any event within ***** following receipt of written notice from Airline that it has taken delivery of each Aircraft in accordance with its purchase agreement with Airframer. If requested in writing by Airline at least ***** prior to the scheduled Aircraft delivery date, CFM will by the time of delivery of such Aircraft pay in cash the amount of the Aircraft Allowance directly to Airbus. Airline shall continue to advise CFM of any delivery date changes. If CFM actually pays the Aircraft Allowance to Airbus on the delivery date as most recently notified by Airline and the actual delivery date is delayed more than ***** from the date CFM provides such allowance, Airline will pay to CFM interest on such amount, calculated from the date of payment to Airbus to but excluding the date of actual Aircraft delivery or return of such payment to CFM. Interest will be computed at *****. Such payment to Airbus may be offset against any amounts due and owing CFM.

(ii) Escalation Credit Allowance

CFM agrees to provide an Escalation Credit Allowance in the amount of *****. Such allowance shall be subject to adjustment for escalation to the date of delivery of each shipset of engines to Airline in accordance with the escalation formula set forth in Attachment D hereto and subject to the escalation cap set forth in paragraph (iv) below, and will be made available to Airline upon delivery of the Aircraft as a credit against purchases of goods and services from CFM, including the purchase of spare engines.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

CFM PROPRIETARY INFORMATION

(subject to restrictions on first page)

(iii) Equipment Credit Allowance

CFM agrees to provide Airline with an Equipment Credit Allowance in the amount of *****. Such allowance shall be subject to adjustment for escalation to the date of delivery of each shipset of engines to Airline in accordance with the escalation formula set forth in Attachment D hereto and subject to the escalation cap set forth in paragraph (iv) below, and will be made available to Airline upon delivery of the Aircraft as a credit against purchases of goods and services from CFM, including the purchase of spare engines.

(iv) Escalation Cap Installed Engines and Allowances

Subject to and contingent upon Airline purchasing and taking delivery of all *****, each in accordance with the terms set forth herein, CFM agrees to provide Airline, as a special allowance, the following price adjustment cap. The below escalation calculations will also apply to all Special Allowance payments.

If the price adjustment due to escalation as calculated under Attachment D is less than or equal to *****% cumulative annual escalation, the Engine price will be adjusted by the changes in the escalation calculated in Attachment D. If the price adjustment due to escalation as calculated under Attachment D is greater than *****% cumulative annual escalation then the price adjustment due to escalation will be an amount equal to *****% per annum on a cumulative basis from January 2014 through *****.

However, in the event the price adjustment due to escalation as calculated under Attachment D is greater than *****% in any twelve month period, then the price adjustment due to escalation will be an amount equal to the value calculated above, plus *****% of each such difference between actual escalation and *****% will be added to the above through the date of Engine delivery to the Airframer.

Notwithstanding previous agreements with Airframer, the price of Engines delivered directly to Airframer from CFM for installation on the firm Aircraft shall be subject to escalation from January, 2014 to the month of each applicable Engine delivery, in accordance with Attachment D and subject to the Escalation Cap. In the event the price calculated per Attachment D is greater than the price calculated according to the Escalation Cap, CFM shall provide Airline a credit in an amount equal to the difference. This credit shall be in addition to the Aircraft Allowance and shall be made available to Airline at the same time and in the same manner as the Aircraft Allowance.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

CFM PROPRIETARY INFORMATION

(subject to restrictions on first page)

For Engines delivered directly to Airframer from CFM for installation on the firm Aircraft with delivery dates that occur on or after ***** the total cumulative escalation in Attachment D from ***** to the date of delivery shall apply to such Engines and the Special Allowances with no escalation cap or limit, unless CFM caused the delay. In such event, the escalation cap shall continue on the Engines and Special Allowances until the Engines are delivered to the Airframer.

(v) Escalation Cap Spare engines

Subject to and contingent upon Airline purchasing and taking delivery of all ***** Spare Engines, each in accordance with the terms set forth herein, CFM agrees to provide Airline, as a special allowance, the following price adjustment cap.

If the price adjustment due to escalation as calculated under Attachment D is less than or equal to *****% cumulative annual escalation, the Engine price will be adjusted by the changes in the escalation calculated in Attachment D. If the price adjustment due to escalation as calculated under Attachment D is greater than *****% cumulative annual escalation then the price adjustment due to escalation will be an amount equal to *****% per annum on a cumulative basis from January 2014 through *****.

However, in the event the price adjustment due to escalation as calculated under Attachment D is greater than *****% in any twelve month period, then the price adjustment due to escalation will be an amount equal to the value calculated above, plus *****% of each such difference between actual escalation and *****% will be added to the above through the date of Engine delivery to the Airline.

The price of spare Engines delivered directly to Airline from CFM with delivery dates that occur on or before December 31, 2017, shall be subject to escalation from January 2014 to the month of delivery, and subject to the Escalation Cap. For delivery of Spare engines that occur on or after *****, the total cumulative escalation in Attachment D from January 2014 to ***** shall apply to such Spare Engines and the applicable Special Allowances with no escalation cap or limit, unless CFM caused the delay. In such event, the escalation cap shall continue until on the Spare Engines and the applicable Special Allowances are delivered to Airline.

B. Price Protection

Spare Engine Base Price Protection

Base prices for CFM56-5B3 and CFM56-5B5 Spare Engines delivered through *****, in support of the Aircraft, shall be as set forth in **Attachment C** hereto, and shall be subject to adjustment for escalation in accordance with the escalation formula set forth in **Attachment D** hereto and subject to the Escalation Cap set forth in paragraph (v) above.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

CFM PROPRIETARY INFORMATION

(subject to restrictions on first page)

C. Special Guarantees

CFM agrees to provide the following special guarantees to Airline in support of the ***** firm Aircraft described in this Letter Agreement. These special guarantees are subject, to (i) the Limitation of Liability provisions set forth in the GTA, (ii) the General Conditions set forth in Section II of Exhibit A to the GTA and (iii) to the Basis and Conditions for Special Guarantees set forth in **Attachment E** hereto. Terms which are capitalized but not otherwise defined herein shall have the meaning ascribed to them in Section I of the GTA. If an Engine covered by any Special Guarantee delineated below, exhibits performance that is worse than the guaranteed performance value contained in such Special Guarantee, and such Engine has been retrofitted to incorporate non-CFM life limited, flow path, or fuel delivery parts, or non-CFM engine controls, it shall be the responsibility of the Airline to demonstrate that such part(s) has not contributed to the performance deterioration for that Engine. In the event such demonstration has not been made by Airline to the reasonable satisfaction of CFM, such Engine will be removed from the event calculation used to determine total fleetwide performance under the applicable Special Guarantee. Unless otherwise specifically indicated all of the special guarantees set forth below shall be effective for a period of ***** commencing ***** (the "Guarantee Period"). These special guarantees are exclusively offered and administered by CFM.

1. **In-Flight Shut Down ("IFSD") Rate Guarantee**

CFM guarantees that for the Guarantee Period Airline's cumulative Engine-caused IFSD rate will not exceed ***** EFH. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit ***** in the amount of ***** for each qualifying IFSD in excess of the guaranteed rate.

For purposes of this guarantee, an "IFSD" is defined as (i) when an Engine Part experiences a Failure or malfunctions resulting in an Engine-caused shutdown during flight or (ii) subject to verification of compliance with the Flight Crew Operating Manual, when the flight crew elects to shut off fuel to the Engine during flight solely due to an Engine Part Failure or malfunction.

2. **Delay and Cancellation (D&C) Rate Guarantee**

CFM guarantees that, for the Guarantee Period, Airline's cumulative Engine-caused Delay (in excess of *****) and Cancellation rate for revenue flights will not exceed ***** combined events per ***** scheduled Aircraft departures. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit against future purchases from CFM in the amount of ***** for each qualifying Engine-caused Delay or Cancellation in excess of the guaranteed rate.

"Delays" and "Cancellations" are defined in **Attachment F** hereto.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

CFM PROPRIETARY INFORMATION

(subject to restrictions on first page)

3. **Remote Site Removal Rate Guarantee**

CFM guarantees that, for the Guarantee Period, Airline's cumulative Engine-caused Remote Site Removal rate will not exceed ***** EFH. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit against future purchases from CFM in the amount of ***** for each Remote Site Removal in excess of the guaranteed rate.

For purposes of this guarantee, "Remote Site Removal" is defined as an Engine-caused Failure requiring Engine removal from the Aircraft at any location except Airline's main base(s) or where any Spare Engine is available from Airline or any third party.

4. **Aircraft On Ground ("AOG") Guarantee**

For purposes of this guarantee, "an engine caused AOG" is defined as an event in which one of Airline's Engine-powered Aircraft is unavailable for scheduled revenue service solely as a result of an Engine Failure.

Perquisites—In addition to the conditions set forth in Attachment E, this guarantee is contingent upon (i) Airline maintaining a spare engine ratio of at least *****. If during a measurement period the Qualifying Shop Visit rate guarantee has not been met, the availability of this Spare Engine Guarantee will be temporarily suspended until they are met.

CFM guarantees that within ***** of such notification by Airline (which shall be an acknowledged notification to CFM's assigned Customer Support Manager for Airline), of an AOG, CFM will inform Airline of such spare engine (meaning the location of a spare that is owned by CFM, another airline, leasing company or other entity).

If CFM fails to inform Airline of such spare engine availability (meaning the location of a spare that is owned by CFM, another airline, leasing company or other entity), CFM shall provide Airline with a credit in the amount of ***** per day until such time as Airline is apprised of such Engine location.

The maximum cumulative payment and/or value of daily rental charges covered by CFM for a spare engine under this guarantee shall not exceed ***** multiplied by the total number of Aircraft delivered to Airline up to the time of the Spare Engine Guarantee being invoked by the Airline.

5. **Aborted Take-Off Rate Guarantee**

CFM guarantees that, for the Guarantee Period, Airline's cumulative Engine-caused aborted take-off ("ATO") rate will not exceed ***** events per ***** scheduled Aircraft departures. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit against future purchases from CFM in the amount of ***** for each Engine-caused ATO in excess of the guaranteed rate.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

CFM PROPRIETARY INFORMATION

(subject to restrictions on first page)

As used in this guarantee, an Engine-caused ATO occurs when the Aircraft fails to leave the ground for Engine-caused reasons within the normal time after the Aircraft is cleared for take-off and the pilot has performed the procedure for selecting take-off power. ATO's due to FOD or maintenance error or other non Engine-caused reasons are excluded from this guarantee.

D. Additional Benefits

1. **Spare Engine Thrust Upgrade Price**

CFM agrees to provide a ***** discounted thrust upgrade for the CFM56-5B5 powered spare engine purchased by Airline as described in the Spare Engine Delivery Schedule in Attachment A. The purchase of the Thrust upgrade from CFM56-5B5 to CFM56-5B4 rating shall occur at the time of delivery. The discounted price for this thrust upgrade is ***** in *****) and is subject to escalation per Attachment D to month of delivery and subject to the escalation cap per paragraph A. (iv) above.

2. **CFM56-5B3/3B1 Thrust Upgrade Program**

CFM agrees to loan the rating plugs to Customer at no charge to upgrade each of the firm CFM56-5B3 installs and spare engines (***** firm engines) to CFM56- 5B3/3B1 rating. Customer may use the rating at no charge for up to ***** of total CFM56-5B3 departures. Usage shall be tracked on a calendar year annual basis. Data will be provided by Customer to CFM and will be reviewed by the parties on an annual basis. Upon each annual usage review, if Customer usage exceeds *****, CFM will invoice and Customer shall pay for the percent usage amount above ***** on a then year thrust upgrade price basis, (i.e.: if usage is *****, Customer will pay for ***** of the then year thrust upgrade price.). Customer will retain ownership of the rating plugs upon total payment of ***** of the then year thrust upgrade price. If aircraft leave the Customer fleet, the engines shall revert back to CFM56-5B3 rating and Customer will return the CFM56-5B3/3B1 rating plugs to CFM or Customer may elect to pay the difference of any payments made vs *****% of the then year thrust upgrade price for the engines to retain the CFM56-5B3/3B1 rating.

E. Assignment Rights

Frontier shall have the right to maintain this Letter Agreement under a sale/leaseback, or financing.

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The obligations set forth in this Letter Agreement are in addition to the obligations set forth in the GTA. In the event of conflict between the terms of this Letter Agreement and the terms of the GTA, the terms of this Letter Agreement shall take precedence. Terms which are capitalized but not otherwise defined herein shall have the meaning given to them in Article I of the GTA.

Confidentiality of Information. This Letter Agreement contains information specifically for Airline and CFM, and nothing herein contained shall be divulged by Airline or CFM to any third person, firm or corporation, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld; except (i) that Airline's consent shall not be required for disclosure by CFM of this Letter Agreements, to an Engine program participant, joint venture participant, engineering service provider or consultant to CFM so as to enable CFM to perform its obligations under this Letter Agreement or to provide informational data; (ii) to the extent required by Government agencies, by law, or to enforce this Letter Agreement; and (iii) to the extent necessary for disclosure to the Parties' respective insurers, accountants or other professional advisors who must likewise agree to be bound by the provisions of this paragraph. In the event (i) or (iii) occur, suitable restrictive legends limiting further disclosure shall be applied. In the event this Letter Agreement, or other CFM information or data is required to be disclosed or filed by government agencies by law, or by court order, Airline shall notify CFM at least ***** in advance of such disclosure or filing and shall cooperate fully with CFM in seeking confidential treatment of sensitive terms of this Letter Agreement.

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CFM PROPRIETARY INFORMATION

(subject to restrictions on first page)

Please indicate your agreement with the foregoing by signing two (2) duplicate originals as provided below.

Very truly yours,

Frontier Airlines, Inc.

CFM International, Inc.

By: /s/ Holly L. Nelson

By: /s/ Michael P. Munz

Typed Name: Holly L. Nelson

Typed Name: Michael P. Munz

Title: Chief Accounting Officer & Treasurer

Title: GM - N. America Sales

Date: December 23, 2014

Date: December 23, 2014

CFM PROPRIETARY INFORMATION

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ATTACHMENT A

A321 Aircraft Delivery Schedule

<u>A/C Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****

CFM56- 5B Spare Engine Delivery Schedule

<u>Spare Engine Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>
*****	*****	*****
*****	*****	*****

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ATTACHMENT B

CONDITIONS FOR SPECIAL ALLOWANCES/DELAY/CANCELLATION

1. Allowance for Initial Aircraft Sale Only

Any allowance described herein applies only to the ***** new firm A321 aircraft (together or individually the "Aircraft") equipped with new CFM56-5B3 engines (together or individually the "Engines") purchased by Airline directly from the aircraft manufacturer. Allowances described herein do not apply to aircraft equipped with buyer-furnished engines, aircraft that have been the subject of a previous CFM proposal or offer, or, aircraft that have been previously sold or otherwise acquired through resale, lease, transfer, trade or exchange.

2. Allowance Not Paid

Allowances described herein will become unearned and will not be paid if Engines have been delivered to the aircraft manufacturer for installation in Airline's Aircraft and, thereafter, for any reason, Airline's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or for any reason delivery of the Aircraft will be prevented or delayed beyond ***** of the delivery period described in the Aircraft Delivery Schedule herein ("Delivery Period"), as may be adjusted pursuant to Airline's deferral rights with the aircraft manufacturer or as otherwise set forth herein.

3. Termination of Special Allowances

Airline agrees that all of the Special Allowances set forth herein shall expire ***** after delivery of last scheduled firm Aircraft as set forth in the Aircraft Delivery Schedule (the "Expiration Date").

For the avoidance of doubt, it is understood that CFM shall have no further obligation beyond the Expiration Date to provide any of such Special Allowances which were not provided to Airline, through no fault of CFM.

4. Adjustment of Special Allowances

The total allowances, of any nature, described herein are contingent upon Airline accepting delivery of a minimum of ***** CFM56-5B3 powered Aircraft ("Minimum Number of Aircraft") and ***** CFM56-5B *****CFM56-5B3 ***** CFM56-5B5 ***** CFM56-5B4 ***** Spare Engines ("Minimum Number of Spares") for delivery during the Delivery Period. If Airline has canceled or otherwise failed to accept delivery of one or more of the required Minimum Number of Aircraft or Minimum Number of Spares within the Delivery Period, the allowances will be adjusted as follows:

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Adjustment of allowances in accordance with the above formula may be made by CFM prospectively to take into account Aircraft delays and/or cancellations. In any case, Airline agrees to promptly reimburse CFM for any allowance overpayments determined to have been made at the application of the adjustment formula set forth above *****. Unless otherwise agreed by CFM, no allowance shall be paid on Aircraft not accepted within the Delivery Period and such Aircraft shall not be counted for purposes of the adjustment formula set forth above.

5. **Assignability of Allowance**

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFM's written consent; provided that Airline may assign such allowance, together with its other rights under this Letter Agreement on the terms described in clause (i) of Paragraph A of Article XVIII of the Agreement.

CFM agrees that in the event Airline seeks financing for payment of predelivery payments ("PDP Financing") for the Aircraft, CFM will consent to the assignment to such Lender of ***** of the Aircraft Allowance per A. (i) and (ii) above for Aircraft in this Letter Agreement.

CFM understands that it is critical to the Airline that the Airline enters into PDP Financing for the Aircraft no later than December 31, 2014. CFM agrees to cooperate in good faith with Airline and the Lender to complete the PDP Financing arrangement by such date.

CFM agrees that in the event Airline enters into a lease agreement with a lessor for any of the Aircraft that include Engines and such Engines are enrolled in a long term CFM rate per Flight Hour engine maintenance program ("RPFH agreement") between Airline and CFM, CFM will act in good faith to reach a mutually acceptable tri-partite agreement among CFM, Airline and the lessor whereby the Engine warranties, all dollar amounts collected by CFM for the Engines in accordance with the RFPH agreement and Airline's other benefits under the RPFH Agreement will be fully assignable to the lessor (and subsequent operators, if any) in the event Airline defaults under the lease agreement and lessor takes possession of the Aircraft.

6. **Set Off for Outstanding Balance**

CFM shall be entitled, with ***** written notice, to set off any outstanding obligation and amounts that are due and owing from Airline to CFM (and not subject to a good faith dispute for goods or services (whether or not in connection with this Letter Agreement and/or GTA), against any amount payable by CFM to Airline in connection with this Letter Agreement and/or GTA.

7. **Cancellation of Installed or Spare Engines**

Airline recognizes that harm or damage will be sustained by CFM if Airline fails to accept delivery of the Spare Engines or the Engines installed on the Aircraft when duly tendered. Within ***** of any such cancellation or failure to accept delivery occurs, provided such cancellation or such failure is due to acts or failure to act of

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Airline, Airline shall remit to CFM, a cancellation charge equal to ***** of the Engine price, determined as of the date of scheduled Engine delivery to Airline or to the aircraft manufacturer, whichever is applicable,

Except for the Cancellation Charges set forth above, Airline shall have no further liability to CFM in connection with the cancellation of a purchase order or failure to accept delivery of Spare Engines or Aircraft.

CFM shall retain any progress payments or other deposits made to CFM for any such Engine. Such progress payments will be applied first to the minimum cancellation charge for such Engine and, in circumstances described in the last sentence of the preceding paragraph, then to any further damages sustained by CFM as a result of such cancellation or failure to accept delivery. Progress payments held by CFM in respect of any such Engine which are in excess of such amounts will be refunded to Airline, provided Airline is not then in arrears on other amounts owed to CFM

8. Delay Charge for Installed or Spare Engines

In the event Airline delays the scheduled delivery date of a Spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for a period, or cumulative period for all Aircraft contemplated hereunder, of more than *****, such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

9. Aircraft Not Operated for Minimum Period

If, within the first ***** following delivery of each Aircraft for which a Special Allowance, of any nature, was provided by CFM pursuant to this Agreement or any resulting GTA/Letter Agreement (the "Minimum Period"), such Aircraft is no longer owned by (i) Airline or a wholly owned subsidiary or Airline, (ii) a trust or other special purpose entity established in connection with the financing of such Aircraft for Airline, or (iii) an entity to which Airline is permitted to assign its rights pursuant to clause (i) of Paragraph A of Article XVIII of the Agreement, the Special Allowances earned and/or paid on such Aircraft will be proportionately reduced. Airline will reimburse CFM an amount equal to the proportionate share of the Special Allowances earned and/or paid with respect to such Aircraft, (based on the percentage of the Minimum Period the Aircraft was actually owned and operated by Airline), with interest on such amount. The allowance reimbursement is due no later than ***** from the time Airline ceases to own and operate such Aircraft. Interest will be calculated *****, from the time of initial Special Allowance payment on such Aircraft until the time of full reimbursement.

10. Limitation Regarding Cancellation or Delay

The provisions of Sections 7 and 8 shall not apply (i) in the case of any installed Engine if Frontier provides to CFM (x) a written statement from the Airframer stating that the reason for the cancellation or delay is "Excusable Delay", "Total Loss", or "Inexcusable Delay" (as defined in the Airbus Purchase Agreement) and (y) a written

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statement from Airframer that such cancellation or delay was not caused by acts or failure to act of Airline or (ii) in the case of any installed Engine or Spare Engine, if the reason per the cancellation or delay is "Excusable Delay" (as defined in the CFM GTA) or failure of CFM to perform its material obligations under this Letter Agreement or GTA.

CFM PROPRIETARY INFORMATION

(subject to restrictions on first page)

ATTACHMENT C

BASE PRICES FOR CFM56-5B SPARE ENGINES

Item

Base Price

- A. Base prices are effective for basic Spare Engines delivered to Airline by CFM on or before ***** unless delivery is delayed due to acts or failure to act of CFM, in which case the price protection shall continue until the spare Engine is delivered to Airline. The base prices are for delivery Ex Works, Evendale, Ohio, or point of manufacture, subject to adjustment for escalation, and Airline shall be responsible, upon delivery, for the payment of all taxes, duties, fees or other similar charges.
- B. The selling price of CFM56-5B basic Spare Engines delivered after ***** above shall be the base price then in effect, which base price shall be subject to adjustment for escalation in accordance with CFM's then-current escalation provisions.

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ATTACHMENT D

CFM ESCALATION FORMULA

I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.

II. For the purpose of this adjustment:

A. Base price shall be the price(s) set forth in the applicable Letter Agreement.

B. The Composite Price Index (CPI) shall be calculated, to the second decimal place, using the following formula:

MONTH OF
SCHEDULED
ENGINE
DELIVERY

MONTHS TO BE UTILIZED IN
DETERMINING THE THREE
MONTH ARITHMETIC AVERAGE

*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****

C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.

D. The Base Composite Index (*****) shall be the base index stated in the published prices.

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III. Base prices shall be adjusted in accordance with the following formula:

IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.

V. The ratio ***** shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. If the calculation of this ratio results in a number less than 1.000, the ratio will be adjusted to 1.000. The resulting three digit decimal shall be used to calculate Pn.

VI. Values to be utilized in the event of unavailability. If at the time of delivery of Product, CFM is unable to determine the adjusted price because the applicable values to be used to determine the ***** have not been released by the Bureau of Labor Statistics, then:

- (a) The Price Adjustment, to be used at the time of delivery of the Product, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available ***** prior to scheduled Product delivery month will be used to determine the ***** values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment. If no value have been released for an applicable month, the provisions set forth in Paragraph b, below, will apply. If prior to delivery of a Product, the U.S. Department of Labor changes the base year for determination of the ***** values as defined above, such rebase values will be incorporated in the Price Adjustment calculation.
- (b) If prior to delivery of a Product, U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the ***** values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Price Adjustment, CFM will, prior to delivery of any such Product, select a substitute for such values from data published by the Bureau of Labor Statistics or other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revisions of the formula will be made as required to reflect any substitute values. However, if within ***** from delivery of the Product, the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Product Price Adjustment, such values will be used to determine any increase or decrease in the Product Price Adjustment from that determined at the time of delivery of such Product.

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- (c) In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the base price of any affected Product to reflect an allowance for increase or decrease in labor compensation and material costs occurring since February of the base price year which is consistent with the applicable provisions of this Price Escalation formula.
- (d) For the calculation herein, the values released by the Bureau of Labor Statistics and available to CFM at the end of the month prior to scheduled Product delivery month will be used to determine the ***** values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment for the Product invoice at the time of delivery. The values will be considered final and no Product Price Adjustment will be made after Product delivery for any subsequent changes in published index values.

Note: Any rounding of a number, with respect to escalation of the Product Price, will be accomplished as follows: If the first digit of the portion to be dropped from the number is five or greater, the preceding digit will be raised to the next higher number.

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CFM PROPRIETARY INFORMATION

ATTACHMENT E

BASIS AND CONDITIONS FOR SPECIAL GUARANTEES**A. General Conditions**

The Guarantees offered in this Letter Agreement have been developed specifically for Airline's new installed and Spare Engines. The General Conditions described in Exhibit A of the General Terms Agreement between CFM and Airline apply to the guarantees and such guarantees are offered to Airline contingent upon:

1. Airline accepting delivery of a minimum of ***** CFM56-5B3 Engine powered A321 Aircraft in the time period described in this Letter Agreement;
2. Airline procuring and maintaining the CFM recommended number of Spare Engines and Engine Modules;
3. Airline's Engines being identified and maintained separately from other operators' engines at the repair agency;
4. Agreement between Airline and CFM regarding administration of the guarantees;
5. Airline operating Aircraft ***** A change in Aircraft or Engine quantity, Aircraft or Engine model, Aircraft delivery schedule from that described in this Letter Agreement, or flight operations resulting in more severe operating conditions than described above will require adjustment of the guaranteed values to reflect such different conditions, using CFM's operational severity criteria;
6. Airline and CFM agreement upon the Engine restoration workscope necessary during each shop visit. Engine operation and maintenance will be performed in accordance with CFM manuals, bulletins, or other written instructions;
7. Available on-wing maintenance and performance restoration procedures, including Engine water wash at intervals no greater than every ***** (or as otherwise mutually agreed between Airline and CFM), being used to avoid unnecessary shop visits; and
8. Service bulletins agreed to between Airline and CFM being incorporated in a timely manner.
9. If any third party report used to calculate any Special Guarantee becomes unavailable or there is any change in the methodology used to produce the information in any such third party report which change materially affects the result of the calculation of any Special Guarantee ("**Report Change**"), then the Parties shall negotiate and agree upon a revised source of the information and/or a revised methodology and/or an adjustment to the third party report, the result of which will be to maintain the original expectations of the Parties with respect to the calculation of that Special Guarantee, and the Parties shall apply that revision to calculations of that Special Guarantee after the Report Change.

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CFM PROPRIETARY INFORMATION

B. Exclusions

The guarantees shall not apply (i) to events that are due to negligence, acts of god, accidents, improper operation and/or improper maintenance or (ii) if the Engines are employed in power-back aircraft operation (iii) to non Engine-caused events.

Costs associated with life limited Parts retirement, taxes, transportation or any other fees are excluded. Parts shall be considered Scrapped if they bear a scrap tag duly countersigned by a CFM representative.

C. Administration

The guarantees are not assignable without the written consent of CFM.

If compensation becomes available to Airline under more than one specific guarantee, airframer guarantee for which CFM has agreed to participate in, warranty or other engine program consideration, Airline will not receive duplicate compensation but will receive the compensation most beneficial to Airline under a single guarantee, warranty or other program consideration. If there is a dispute between CFM and the airframer about which of them is responsible for payment of related compensation to Airline available under a Special Guarantee as a result of CFM's failure to meet such Special Guarantee, CFM shall promptly pay the compensation to Airline under such Special Guarantee and will be subrogated to Airline's rights to any related compensation from the airframer. Unless otherwise stated, the guarantee compensation will be in the form of credits to be used by Airline against the purchase from CFM of Spare Engines, spare Parts, and/or Engine services.

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CFM PROPRIETARY INFORMATION

ATTACHMENT F

DELAY AND CANCELLATION DEFINITIONS FOR GUARANTEE

Delay

An Engine-caused delay of an Aircraft occurs when the malfunctioning of an Engine or Part thereof, the checking of same, or necessary corrective action causes the final Aircraft departure to be delayed more than a specified time (*****) after the programmed departure time in any of the following instances:

- An originating flight departs later than the scheduled departure time.
- A through service or turnaround flight remains on the ground longer than the allowable ground time.
- The aircraft is released late from maintenance.

NOTE:

A cancellation supersedes a delay (i.e., a flight which is canceled after having been delayed is considered to be a cancellation only - not a delay and a cancellation). *****)

Cancellation

Elimination or termination of a scheduled trip because of a known or reasonably suspected malfunction and/or defect in an Engine or Part thereof.

NOTE:

*****)

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[LOGO]

**THE POWER
OF FLIGHT**

General
Terms
Agreement
No. CFM-1-2576101711

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THIS GENERAL TERMS AGREEMENT NO. 1-2576101711 (hereinafter referred to as this “Agreement”), dated as of the 17th day of October, 2011, by and between **CFM International, Inc.** (hereinafter referred to as “CFM”), a corporation organized under the law of the State of Delaware, U.S.A., and jointly owned by the General Electric Company (hereinafter referred to as “GE”) and Snecma Moteurs (hereinafter referred to as “SNECMA”) and Republic Airways Holdings Inc., a corporation organized under the law of Delaware (hereinafter referred to as “Airline”). CFM and Airline are also referred to in this Agreement as the “Parties” or individually as a “Party”.

WITNESSETH

WHEREAS, Airline has acquired, or is in the process of acquiring a certain number of aircraft equipped with installed CFM Engines (as defined below), and

WHEREAS, CFM and Airline desire to enter into this Agreement to establish the terms and conditions governing the sale by CFM and the purchase by Airline of Spare Engines (as defined below), related equipment and spare parts therefor and the product services to be supplied by CFM in support of such installed and Spare Engines for use by Airline with respect to its commercial passenger service purposes (“Activities”), and

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the respective Parties hereto agree as follows to the respective Sections of this Agreement. Capitalized terms used herein that are otherwise undefined shall have the meanings ascribed to them in Section I (“Definitions”), unless the context requires otherwise.

SECTION I – DEFINITIONS

These definitions shall apply for all purposes of this Agreement unless the context otherwise requires.

“Aircraft” means the aircraft on which the Engine(s) listed in the applicable letter agreement to this Agreement is (are) installed.

“Agreement” means this General Terms Agreement (together with all exhibits, and specific transaction agreements (“Letter Agreements”) and attachments) between CFM and Airline.

“Airworthiness Directive” means a requirement for the inspection, repair or modification of the Engine or any portion thereof as issued by the Federal Aviation Administration of the United States Department of Transportation (“FAA”) and/or the European Aviation Safety Agency (“EASA”).

“ATA” means the Air Transport Association of America.

“Data” means all information and data of any type, form or nature (including, but not limited to, designs, drawings, blueprints, tracings, plans, models, layouts, software, specifications, technical publications, electronic transmittals, website data and memoranda) which may be furnished or made available to Airline by CFM, directly or indirectly, as the result of this Agreement, but excluding any of the foregoing that is in the public domain, through no fault of Airline, was in the possession of Airline without restriction on use prior to its disclosure to Airline by CFM or that is independently developed by Airline as evidenced by written records.

“Engine” means the FAA/EASA certified Engine(s) described in the applicable letter agreement(s) to this Agreement or covered under this Agreement pursuant to Article 7 hereof.

“Expendable Parts” means those parts sold by CFM which must routinely be replaced during inspection, repair, or maintenance, whether or not such parts have been damaged, and other parts which are customarily replaced at each such inspection and maintenance period such as filter inserts and other short-lived items which are not dependent on wear out but replaced at predetermined intervals and which are not eligible for reuse after removal.

“Failed Parts” means those Parts and Expendable Parts suffering a Failure, and including Parts or Expendable Parts suffering Resultant Damage.

“Failure” means the breakage of a Part or Expendable Part, failure to function of a Part or Expendable Part, or damage to a Part or Expendable Part, rendering it not Serviceable and such breakage, failure or damage has been determined to the reasonable satisfaction of CFM to be due to causes within CFM’s control including, but not limited to, a defect in design. Failure shall also include any defect in material or workmanship. Failure does not include any such breakage, malfunction or damage that is due to normal wear and tear.

“Flight Cycle” means the complete running of an Engine from start through any condition of flight and ending at Engine shutdown. A “touch and go landing” used during pilot training shall be considered as a “Flight Cycle.”

“Flight Hours” means the cumulative number of airborne hours in operation of each Engine computed from the time an aircraft leaves the ground until it touches the ground at the end of a flight.

“Foreign Object Damage” means any damage to the Engine caused by objects that are not part of the Engine and Engine optional equipment.

“Labor Allowance” means a CFM credit calculated by *****. If a Labor Allowance is granted for a repair, it shall not exceed the credit that would have been quoted if the Part had not been repairable. The established labor rate means either (a) the then current labor rate mutually agreed between CFM and Airline if the work has been performed by Airline, or (b) the then current labor rate agreed between CFM and the third party repair and overhaul shop if the work has been performed by such repair and overhaul shop.

“Module” means a major sub-assembly of any of the Engines described in the applicable letter agreements or covered under this Agreement pursuant to Article 7 hereof.

“Part” means only those FAA/EASA certified Engine and Engine Module Parts which have been sold originally to Airline by CFM for commercial use. This term shall include parts installed on an Engine sold to Airline, whether directly by CFM or through an airframe manufacturer with respect to an Engine installed on an Aircraft, parts installed by CFM in connection with servicing or maintaining an Engine and parts sold to Airline as Spare Parts. The term excludes parts that were furnished on new Engines and Modules but are procured directly from vendors. Such parts are covered by the vendor warranty and the CFM “Vendor Warranty Back Up.” Also excluded are Expendable Parts and customary short-lived items such as igniters and filter inserts.

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“Parts Credit Allowance” means the credit granted by CFM to Airline, in connection with either a CFM-declared campaign change or the Failure of a Part or Expendable Part, *****.

“Part Cycles” means the total number of Flight Cycles accumulated by a Part.

“Parts Repair” means the CFM recommended rework or restoration of Failed Parts to a Serviceable condition.

“Part Time” means the total number of Flight Hours accumulated by a Part.

“Performance Restoration Shop Visit” means a shop visit in which at a minimum, the combustor and high-pressure turbine are exposed and subsequently refurbished.

“Product” means Spare Engines, Modules, Parts, Expendable Parts, related optional equipment, technical data and other products offered for sale by CFM from time to time.

“Resultant Damage” means the damage suffered by a Part in warranty because of a Failure of another Part or Expendable Part within the same engine, provided the Part or Expendable Part causing the damage was in warranty.

“Serviceable” when used to describe an Engine or Part, means in an airworthy condition within the limits defined in the applicable Engine manuals, specification and/or publications by the type certificate holder.

“Scrapped Parts” means those Parts determined by CFM to be unServiceable and not repairable by virtue of reliability, performance or repair costs. Such Parts shall be considered as scrapped if they bear a scrap tag duly countersigned by a CFM representative. Such Parts shall be destroyed and disposed of by Airline unless requested by CFM for engineering analysis, in which event any handling and shipping shall be at CFM’s expense.

“Spare Engine” means an Engine acquired in support of Airline’s fleet of Aircraft for use as a spare Engine when another Engine in such fleet is unavailable due to damage or is otherwise being repaired or serviced.

“Spare Parts” means Parts or Expendable Parts acquired by Airline from CFM for future installation on Engines.

“Ultimate Life” of a rotating Part means the approved limitation on use of a rotating Part, in cumulative Flight Hours or Flight Cycles, which a U.S. government authority establishes as the maximum period of allowed operational time for such rotating Parts in Airline service, with periodic repair and restoration.

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CFM PROPRIETARY INFORMATION
(subject to restrictions on cover page)

SECTION II – TERMS AND CONDITIONS

ARTICLE 1 – PRODUCTS

- A. Airline may purchase under the terms and subject to the conditions hereinafter set forth, Products as may be offered for sale by CFM > in quantities and in configurations reasonably required to support Airline’s activities and the aircraft applications operated by Airline in connection therewith.
- B. In order to assure that an adequate supply of CFM Spare Engines are available to support the worldwide operating fleet of CFM powered aircraft, CFM reserves the option, for a limited period of time following the sale of Spare Engines to Airline, to repurchase Spare Engines which Airline proposes to utilize for other than its own operating purposes.

Accordingly, if prior to the accumulation of ***** Flight Hours on any Spare Engine sold hereunder, Airline elects to a) offer such Spare Engine for resale or b) undertake action to cause components or parts of such Spare Engine to be made available for sale, Airline shall give CFM prompt advance written notice of such determination (“Airline’s Notice”). Promptly upon receipt of such notice, CFM shall have the option to repurchase the Spare Engine from Airline (the “CFM Repurchase Option”) at the lower of (i) the net price (the CFM quoted spare engine price less any allowances or other credits available to, and exercised by, Airline) at which such Spare Engine was sold by CFM to Airline less an amount to cover any use and operation of the Spare Engine which, as agreed by the Parties, shall be equal to the then-current restoration charges per operating hours and cycles applicable to the equivalent CFM lease pool engine; or (ii) any lower amount contained in any current, bona fide offer made to Airline by a third party for such Spare Engine. CFM shall give Airline notice of its decision to decline or to exercise such CFM Repurchase Option within ***** of its receipt of Airline’s Notice. Fulfillment by CFM of the CFM Repurchase Option shall be conditional upon technical inspection, review and acceptance of the Spare Engine and its records by CFM and the execution of a mutually acceptable purchase agreement. If CFM Repurchase Option “(i)” is exercised by CFM, upon completion of the repurchase, CFM shall restore to Airline’s account any allowances and credits applied to reduce the CFM quoted spare engine price. For the avoidance of doubt, such CFM Repurchase Option shall not apply to any sale of a Spare Engine intended to secure sale/leaseback financing in connection therewith.

ARTICLE 2 – PRODUCT PRICES

- A. In General. The selling price of Products will be the respective prices which are quoted in the Spare Parts Price Catalog, as revised from time to time (the “Spare Parts Catalog” or “Catalog”) or in CFM’s written quotation or proposal from time to time and confirmed in a Letter Agreement for the purchase of Spare Engines or in a purchase order placed by Airline and accepted by CFM. CFM shall quote such prices in U.S. Dollars and Airline shall pay for Products in U.S. Dollars. All Product prices

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include the cost of CFM's standard tests, inspection and commercial packaging, but exclude, in the case of Engines, shipping stands, containers and engine covers. Transportation costs and costs resulting from special inspection, packaging, testing or other special requirements, requested by Airline, will be paid for by Airline. CFM will advise Airline in writing ***** in advance of any changes in prices affecting a significant portion of the prices in the Catalog. During such ***** period, CFM shall not be obligated to accept Airline purchase orders for quantities of spare Parts in excess of ***** of Airline's normal usage beyond the effective date of the announced price change.

- B. Spare Engines. Spare Engine prices will be quoted as base prices, subject to escalation using the appropriate CFM Engine escalation provisions agreed upon by CFM and Airline. The appropriate CFM escalation provisions will be set forth in each applicable letter agreement to this Agreement. If a Letter Agreement does not prohibit CFM from making changes to the escalation provisions, no changes to escalation provisions will apply to Airline until CFM provides Airline at least ***** prior written notice.

ARTICLE 3 – PRODUCT ORDER PLACEMENT

- A. The terms and conditions set forth herein are in lieu of all printed terms and conditions appearing on Airline's purchase orders.
- B. Airline shall place purchase orders for Products and CFM's acknowledgment of each purchase order shall constitute acceptance thereof.

ARTICLE 4 – DELIVERY, TITLE, TRANSPORTATION, RISK OF LOSS, PACKAGING OF PRODUCTS

- A. Shipment of Products shall be from CFM's facility in Evendale, Ohio, U.S.A., Peebles, Ohio, U.S.A., or Erlanger, Kentucky, U.S.A., or point of manufacture, or other facility at CFM's option.
- B. Delivery of all Products shall be as follows (hereinafter "Delivery"):
 - (1) For Products shipped from the U.S. to a domestic U.S. destination, Delivery of such Products shall be Ex Works (Incoterms 2000) at the point of shipment described in Paragraph A of this Article. The Parties shall use their reasonable best efforts to avoid or minimize the imposition of Taxes on the sale of Products and payments under this Agreement and to transfer the Products from a jurisdiction that provides a commercially reasonable mechanism for obtaining an exemption from sales and use and any similar Taxes. In the event of a change in law that could reasonably be expected to result in Airline becoming liable for Taxes under the terms of this Agreement, the parties will negotiate in good faith to restructure the terms of this Agreement, including the location from which Delivery of the Products is made, in order to eliminate or minimize such Taxes;

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- (2) For Products shipped from the U.S. to a destination outside the U.S., Delivery of such Products shall be to Airline over international waters (i.e., 12 miles offshore of the U.S.), or, if the Product does not cross international waters during transport, at the frontier of the destination country. Unless otherwise agreed, Airline shall be responsible for the export of the Products out of the U.S.;
 - (3) For Products shipped from a location outside the U.S., Delivery of such Products shall be FCA (Incoterms 2000) from such foreign CFM facility; Upon Delivery, title to Products as well as risk of loss thereof or damage thereto shall pass to Airline. Airline shall be responsible for all risk and expense in obtaining any required licenses and carrying out all customs formalities for the exportation and importation of goods under U.S. law and CFM shall be responsible for all risk and expense in obtaining any required licenses and carrying out all customs formalities for the exportation and importation of goods under laws other than U.S. laws, unless shipment to such foreign country was requested by Airline, in which case Airline shall be responsible for such foreign licenses and customs formalities.
- C. Airline shall arrange and pay for transportation of such Products from the point of shipment described in Paragraph A of this Article until Delivery in accordance with Paragraph B of this Article.

ARTICLE 5 – PAYMENT FOR PRODUCTS

Airline shall pay CFM with respect to Products purchased hereunder as set forth in the attached Exhibit C.

ARTICLE 6 – TAXES AND DUTIES

- A. Taxes, Duties, or Charges. In addition to the price for the Products, REPUBLIC agrees to pay, upon demand, all taxes (including, without limitation, sales, use, excise, turnover or value added taxes), duties, fees, charges or assessments of any nature (but excluding any taxes based on or measured by the income or profits of CFM) imposed by the United States, or any jurisdiction within the United States in connection with performance of this Agreement (any such non-excluded taxes hereinafter “Taxes”). CFM shall have the right to invoice and collect sales tax on all services or products sold under this contract to REPUBLIC, unless REPUBLIC provides a complete and valid sales and use tax exemption certificate.
- B. Reimbursement/Refund. If payment of any such Taxes is made by CFM (or the applicable affiliated company), REPUBLIC will reimburse CFM (or the applicable affiliated company) upon demand, such reimbursement including, *inter alia*, penalties and interest for failure to timely pay such Taxes, other than to the extent such penalty and interest arise as a result of CFM’s negligence or willful misconduct, levied against CFM (or the applicable affiliated company). REPUBLIC and CFM will use all reasonable efforts to obtain a refund thereof. If all or any part of any such taxes is refunded to CFM, CFM (or the applicable affiliated company) will repay to REPUBLIC such part thereof as CFM (or the applicable affiliated company) was refunded.

- C. Withholdings. All payments by REPUBLIC to CFM (or the applicable affiliated company) under this Agreement will be free of all withholdings for Taxes except to the extent otherwise required by law, and if any such withholding for Taxes is so required, REPUBLIC will pay an additional amount such that after the deduction of all amounts required to be withheld, the net amount received by CFM (or the applicable affiliated company) will equal the amount that CFM (or the applicable affiliated company) would have received if such withholding had not been required. If the aforementioned mechanism contradicts the law of U.S., the Parties shall amend this Agreement in order to increase the respective prices and amounts provided for by this Agreement so that the initial prices and amounts are preserved.
- D. The Parties shall use their reasonable best efforts to avoid or minimize the imposition of Taxes on the sale of Products and payments under this Agreement and to transfer the Products from a jurisdiction that provides a commercially reasonable mechanism for obtaining an exemption from sales and use and any similar Taxes. In the event of a change in law that could reasonably be expected to result in Airline becoming liable for Taxes under the terms of this Agreement, the parties will negotiate in good faith to restructure the terms of this Agreement, including the location from which Delivery of the Products is made, in order to eliminate or minimize such Taxes.

ARTICLE 7 – WARRANTY AND PRODUCT SUPPORT PLAN

Applicable warranties are set forth in Exhibit A relating to all Engines or Parts, including Expendable Parts, either purchased by Airline directly from CFM or installed on Airline’s Aircraft as original equipment. Product support activities are set forth in Exhibit B.

ARTICLE 8 – DELAY

CFM shall not be liable or in breach of its obligations under this Agreement to the extent performance of such obligations is delayed or prevented, directly or indirectly, by ***** (each an “***** Delay”). The delivery or performance date shall be extended for a period equal to the time lost by reason of delay, including time to overcome the effect of the delay. CFM shall use reasonable efforts to continue performance whenever such causes are removed. In the event an excusable delay continues for a period of ***** or more beyond the scheduled delivery or performance date, Airline or CFM may, upon ***** written notice to the other, cancel the part of this Agreement so delayed, and CFM shall return to Airline all payments relative to the canceled part of this Agreement. If delivery or performance is delayed due to an Excusable Delay not caused by Airline, CFM and Airline shall each bear one half of any escalation changes applicable to the period of delay.

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If CFM fails to deliver any Engine when scheduled (whether to airframe manufacturer for installation on an Aircraft or directly to Airline) for any reason other than an Excusable Delay, (i) CFM shall pay to Airline with respect to such Engine, as liquidated damages and not as a penalty, ***** per day from the tenth day after the scheduled delivery month or quarter until the actual date of delivery or, if earlier, the termination by Airline of its order for such Engine, not to exceed *****; (ii) the price payable by Airline for such Spare Engine shall not be escalated beyond the scheduled delivery month or quarter and (iii) if such delay is more than ***** after the scheduled delivery month or quarter, Airline shall have the right to terminate its order for such Engine on ***** written notice to CFM, in which case CFM shall promptly return to Airline any pre-delivery payments made by Airline with respect to such Engine. Any amounts CFM pays to Airbus as a result of such late delivery shall be deducted from any amount CFM would be liable for hereunder.

ARTICLE 9 – PATENTS

- A. CFM shall indemnify Airline from and against any damages, costs, expenses and liabilities insofar as based on a claim that any Product furnished under this Agreement, without any alteration or further combination, constitutes an infringement of any patent of the United States or France or of any patent of any other country that is signatory to Article 27 of the Convention on International Civil Aviation signed by the United States at Chicago on December 7, 1944, in which Airline is authorized to operate or in which another airline pursuant to lawful interchange, lease or similar arrangement, operates aircraft of Airline.
- B. Airline shall promptly notify CFM in writing and give CFM authority, information and assistance ***** for the defense of any suit or proceeding. In case such Product is held in such suit or proceeding to constitute infringement and the use of said Product is enjoined, CFM shall, *****.
- C. The remedies described in Paragraphs (A) and (B) above do not apply to any Product or Part (1) not purchased by Airline from CFM (except for Products or Parts installed as original equipment on aircraft owned, leased or operated by Airline); (2) that was changed, modified, or not used for its intended purpose; or (3) that was manufactured by CFM to Airline’s unique specifications or directions.

The obligations recited in this Article shall constitute the sole and exclusive liability of CFM for actual or alleged patent infringement.

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ARTICLE 10 – DATA

- A. All Data is proprietary to and shall remain the property of CFM. All Data is provided to or disclosed to Airline in confidence, and shall neither (1) be used by Airline or be furnished by Airline to any other person, firm or corporation for the design or manufacture or repair of any products, articles, compositions of matter, or processes, nor (2) be permitted out of Airline’s possession, or divulged to any other person, firm or corporation, nor (3) be used in the creation, manufacture, development, or derivation of any repairs, modifications, spare parts, designs or configuration changes, or to obtain FAA or any other government or regulatory approval of any of the foregoing. In the event Airline is required to disclose Data by law or court order, Airline shall notify CFM in advance of such disclosure or filing, to the extent reasonably practicable, and shall cooperate fully with CFM in seeking confidential treatment of such Data. Data shall not be used for the maintenance, repair, or assessment of continued airworthiness of any products not supplied or covered under this Agreement. If CFM’s written consent is given for reproduction in whole or in part, any existing notice or legend shall appear in any such reproduction. Nothing in this Agreement shall preclude Airline from using such Data for the modification, overhaul, or maintenance work performed by Airline on CFM Products purchased by Airline; except that all repairs or repair processes that are not disclosed in the Engine manuals (including, but not limited to, high technology repairs) will be the subject of a separate license and substantiated repair agreement between CFM and Airline.
- B. CFM warrants that it either owns or will secure the right for Airline to use, as set forth in this Paragraph, software delivered as part of an Engine by CFM to Airline under this Agreement. CFM agrees to provide to Airline, as part of the delivered Engines, a copy of all software, in machine readable (object code) format, necessary solely for the operation of Engines provided under this Agreement. CFM will provide to Airline and Airline agrees to accept and execute all commercially reasonable license agreements, if any, that are required to memorialize such rights to use such software. Airline agrees that it shall have no rights to sublicense, decompile or modify any software provided by CFM without the prior express written consent of the owner of such software. Airline shall be solely responsible for negotiating any licenses necessary to secure for Airline any additional rights in any software.

ARTICLE 11 – LIMITATION OF LIABILITY

The liability of CFM to Airline *****. **THE WARRANTIES AND GUARANTEES SET FORTH IN EXHIBIT A AND ANY APPLICABLE LETTER AGREEMENTS ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES AND GUARANTEES WHETHER WRITTEN, STATUTORY, ORAL, OR IMPLIED (INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY IMPLIED WARRANTY ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE).**

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For the purpose of this Article, the term “CFM” shall be deemed to include CFM, GE, SNECMA, and CFM’s subsidiaries, assigns, subcontractors, suppliers, and the respective directors, officers, employees, and agents of each.

ARTICLE 12 – GOVERNMENT AUTHORIZATION, EXPORT SHIPMENT

Airline shall be responsible for obtaining any required licenses or any other required governmental authorization and shall be responsible for complying with all U.S. government licensing and reporting requirements, in each case applicable under U.S. law to the ownership or use of any Product by Airline.

ARTICLE 13 – PERSONAL DATA PROTECTION

- A. “Personal Data” is any information relating to an identified or identifiable natural person or to any legal entity if such legal entity is subject to data protection legislation in their country of incorporation (“Data Subject”).
- B. Airline and CFM each agree that any Personal Data obtained from the other Party will be deemed “Data” of the other Party as defined in this Agreement whether or not the Personal Data is publicly available.
- C. Airline and CFM each represent that in providing Personal Data to one another they will comply with all applicable laws and regulations, including but not limited to providing notices to or obtaining consents from the Data Subjects when required.
- D. Steps shall be taken to implement and maintain physical, technical and organizational measures to ensure the security and confidentiality of Personal Data in order to prevent accidental, unauthorized or unlawful access, use, modification, disclosure, loss or destruction of Personal Data. The security measures taken shall be in compliance with applicable data protection laws and shall be adapted to the risks represented by the processing and the nature of the personal data to be collected and/or stored.

ARTICLE 14 – NOTICES

Any notices under this Agreement shall become effective upon receipt and shall be in writing and be delivered or sent by mail, courier service, personal service or fax to the respective Parties at the following addresses, which may be changed by written notice:

If to: Republic Airways Holdings Inc.
8909 Purdue Road, Suite 300
Indianapolis, Indiana 46268

Attn: President
Facsimile Number: 317-484-6060
Telephone Number: 317-484-6000

If to: CFM International, Inc.
One Neumann Way, M.D.____
Cincinnati, Ohio 45215-1988 USA

Attn: Customer Support Manager
Facsimile Number:_____
Telephone Number:_____

Notice sent by the U.S. mail, postage prepaid, shall be deemed received within ***** after deposit.

ARTICLE 15 – MISCELLANEOUS

- A. Assignment of Agreement. This Agreement may not be assigned, in whole or in part, by either Party without the prior written consent of the other Party; except, that, Airline's consent shall not be required for substitution of any other company jointly owned by GE and SNECMA in place of CFM as the contracting party and the recipient of any or all payments, and/or for the assignment of CFM's rights to receive payments from Airline to CFM's suppliers.
- (1) Notwithstanding anything to the contrary set forth herein, Airline shall have the right to assign any of its rights or obligations under this Agreement to any of its affiliated companies and Airline will not be released from its obligations without consent from CFM. Also, Airline will have the right to assign this Agreement and Airline will be released from its obligations in any sale of substantially all assets, as long as the successor assumes all obligations under this Agreement and have a consolidated net worth no less than Airline's consolidated net worth immediately prior to such assignment and such successor is not (i) a person or company to whom it is illegal for CFM to sell products or services to or is prohibited by regulation or law from doing business with, (ii) an engine manufacturer or service provider or an entity controlled by an engine manufacturer or service provider, or (iii) any person or company that CFM, acting reasonably, and without unreasonable delay, notifies Airline that such person or company is one with which CFM objects to on the basis of compliance policies to doing business with, or is insolvent or is in bankruptcy or is an affiliate of any such persons or companies. Also Airline will have the right to maintain this Agreement under a lease, or financing to a third party operator of the installed Engines or Spare Engines, as long as Airline is financially responsible for all obligations under the definitive agreements and the financial terms are not disclosed to such party.
 - (2) Notwithstanding anything to the contrary set forth herein, Airline shall have the right to assign Airline's rights, liabilities and obligations under this Agreement to Frontier Airlines, Inc. ("Frontier") or the buyer referred to in clause (b) below, in which case Airline shall have no further rights, obligations or liabilities under this Agreement if the following conditions are satisfied:
 - (a) Any transaction occurs in which Airline ceases to be the beneficial owner of more than 50% of Frontier's outstanding Common Shares, if Frontier executes an assumption agreement reasonably satisfactory to CFM of the obligations of Airline under this Agreement and immediately after giving effect to such transaction, the credit quality of Frontier (or that of Frontier and a new guarantor combined) is the same as or better than that of Frontier and Airline combined immediately prior to the transaction, as measured by reasonable tests that will include unrestricted cash levels and tangible net worth; or

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- (b) A transfer occurs of all or substantially all of the assets of Frontier to a single buyer if, the buyer executes an assumption reasonably satisfactory to CFM of the obligations of Airline under this Agreement and immediately after giving effect to such transaction, the credit quality of the buyer (or of the buyer and a new guarantor combined) is the same as or better than that of Frontier and Airline combined immediately prior to the sale, as measured by reasonable tests that will include unrestricted cash levels and tangible net worth.
- (c) To the extent a guarantor is necessary to satisfy the foregoing conditions, such guarantor must also guarantee the obligations and liabilities of Frontier under this Agreement.
- (d) No entity having Control (as defined below) of Frontier, nor the buyer of the assets of Frontier, nor the guarantor is a company that is (1) engaged in the business of leasing of aircraft or spare engines; (2) a person to whom it is illegal for CFM to sell products or services or a party with which CFM is prohibited by applicable law or regulation, including without limitation, the United States Patriot Act, from doing business; (3) an airframe manufacturer or an engine manufacturer, or an entity directly or indirectly controlled by an airframe manufacturer or an engine manufacturer; (4) any person that CFM, acting reasonably and without unreasonable delay, notifies Frontier is a person with which CFM objects to doing business; or (5) insolvent or in bankruptcy or (6) an affiliate of any such persons. (Control means the possession, direct or indirect 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); and
- (e) There is no event of default or material default and, in any case, there is no termination event or event that, with the giving of notice, the lapse of time, or both, would become a termination event under this Agreement; and
- (f) The assignment referred to in this paragraph (2) will be available on only one occasion.

B. Applicable Law; Venue. All aspects of this Agreement and the obligations arising hereunder will be governed in accordance with the law of the State of New York, U.S.A.; except, that New York conflict of law rules will not apply if the result would be the application of the laws of another jurisdiction. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

C. Entire Agreement; Modification. This Agreement contains the entire and only agreement between the Parties, and it supersedes all pre-existing agreements between such Parties, respecting the subject matter hereof; and any representation, promise or condition in connection therewith not incorporated herein shall not be binding upon either Party. No modification or termination of this Agreement or any of the provisions herein contained shall be binding upon the Party against whom enforcement of such modification or termination is sought, unless it is made in writing and signed on behalf of CFM and Airline by duly authorized executives.

- D. Confidentiality of Information. This Agreement and letter agreements contain information specifically for Airline and CFM, and nothing herein contained shall be divulged by Airline or CFM to any third person, firm or corporation, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld; except (i) that Airline's consent shall not be required for disclosure by CFM of this Agreement and letter agreements, and related information given by Airline to CFM, to an Engine program supplier, joint venture participant, engineering service provider or consultant to CFM to the extent necessary to enable CFM to perform its obligations under this Agreement or letter agreements or to build the Engine so long as such other person agrees to maintain the confidentiality thereof on the same basis as this paragraph D; (ii) to the extent required by Government agencies, by law, or to enforce this Agreement; (iii) to the extent necessary for disclosure to the Parties' respective insurers, accountants, lawyers or other professional advisors who must likewise agree to be bound by the provisions of this paragraph D; and (iv) the Engine Warranties (as defined in Exhibit A) may be disclosed to potential financing parties for Aircraft or Engines. In the event (i) or (iii) occur, suitable restrictive legends limiting further disclosure shall be applied. In the event the Agreement, or other CFM information or data is required to be disclosed or filed by government agencies by law, or by court order, Airline shall notify CFM in advance of such disclosure or filing, to the extent reasonably practicable, and shall cooperate fully with CFM in seeking confidential treatment of sensitive terms of the Agreement or such information and data.
- E. Duration of Agreement. This Agreement shall remain in full force and effect until (i) the occurrence of a material breach of the obligations set forth in Article 10, or (ii) Airline ceases to operate at least one (1) aircraft powered by Products set forth herein. Nothing herein shall affect the rights and obligations and limitations set forth in this Agreement as to Products ordered for delivery and work performed prior to termination of this Agreement.
- F. Survival Of Certain Clauses. The rights and obligations of the Parties under the following Articles and related Exhibits shall survive the expiration, termination, completion or cancellation of this Agreement:
- Payment for Products
 - Taxes and Duties
 - Patents
 - Data
 - Limitation of Liability
 - Governmental Authorization, Export Shipment
 - Miscellaneous
- G. Language. This Agreement, orders, Data, notices, shipping invoices, correspondence and other writings furnished hereunder shall be in the English language.

- H. Severability. The invalidity or un-enforceability of any part of this Agreement, or the invalidity of its application to a specific situation or circumstance, shall not effect the validity of the remainder of this Agreement, or its application to other situations or circumstances. In addition, if a part of this Agreement becomes invalid, the Parties will endeavor in good faith to reach agreement on a replacement provision that will reflect, as nearly as possible, the intent of the original provision.
- I. Waiver. The waiver by any Party of any provision, condition, or requirement of this Agreement, shall not constitute a waiver of any subsequent obligation to comply with such provision, condition, or requirement.
- J. Dispute Resolution. If any dispute arises relating to this Agreement, the Parties will endeavor to resolve the dispute amicably, including by designating senior managers who will meet and use commercially reasonable efforts to resolve any such dispute. If the Parties' senior managers do not resolve the dispute within ***** of first written request, either party may request that the dispute be settled and finally determined by binding arbitration, in accordance with the Commercial Arbitration Rules of the American Arbitration Association in New York, New York, by one or more arbitrators appointed in accordance with the AAA Rules. The arbitrator(s) will have no authority to award punitive damages, attorney's fees and related costs or any other damages not measured by the prevailing party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of the Agreement and applicable law. The award of the arbitrator(s) will be final, binding and non-appealable, and judgment may be entered thereon in any court of competent jurisdiction. All statements made or materials produced in connection with this dispute resolution process and arbitration are confidential and will not be disclosed to any third party except as required by law or subpoena. The Parties intend that the dispute resolution process set forth in this Article will be their exclusive remedy for any dispute arising under or relating to this Agreement or its subject matter. Either party may at any time, without inconsistency with this Article, seek from a court of competent jurisdiction any equitable, interim, or provisional relief to avoid irreparable harm or injury. This Article will not apply to and will not bar litigation regarding claims related to a party's proprietary or intellectual property rights, nor will this Article be construed to modify or displace the ability of the Parties to effectuate any termination contemplated in this Agreement.
- K. Waiver of Immunity. With respect to any Airline who is incorporated or based outside the United States, to the extent that such Airline or any of its property becomes entitled at any time to any immunity on the grounds of sovereignty or otherwise from any legal action, suit or proceeding of any nature, Airline hereby irrevocably waives the application of such immunity and particularly, the U.S. Foreign Sovereign Immunities Act, 28 U.S.C. 1602, et. seq., insofar as such immunity relates to Airline's rights and obligations in connection with this Agreement.

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L. Electronic Transactions.

- (i) CFM may grant Airline access to and use of the Customer Web Center (“CWC”) and/or other CFM Web sites (collectively, “CFM Sites”). Airline agrees that such access and use shall be governed by the applicable CFM Site Terms and Conditions generally applicable to CFM’s customers, provided, however, that in the event of a conflict with the provisions of this Agreement, this Agreement shall govern.
- (ii) CFM may permit Airline to place purchase orders for certain Products on the CFM Sites by various electronic methods (“Electronic POs”). The Parties agree that such Electronic POs a) constitute legally valid, binding agreements; b) have the same force and effect as purchase orders placed in paper format signed by Airline in ink; and c) are subject to the terms and conditions hereof.
- (iii) CFM may permit Airline to access certain technical Data through the CWC, including, but not limited to CFM technical publications under the terms and conditions of this Agreement. Airline shall be responsible for contacting its FAA representative or the relevant local airworthiness authority for guidelines on the use of such electronic technical data.
- (iv) Airline represents and warrants that any employee or representative who places Electronic POs or accesses Data through the CWC is authorized by Airline to do so and has obtained a login name(s) and password(s) through the CFM Site registration process. CFM shall be entitled to rely on the validity of a login name or password unless notified otherwise in writing by Airline.

- M. Termination. Airline may elect, by written notice to CFM, to terminate this Agreement including all Letter Agreements hereto, and the Rate Per Hour Flight Agreement and the Time and Material Agreement, each dated as of the date hereof between Airline and CFM, if: i) Airline or Frontier Airlines (“Frontier”) files a petition under Chapter 7 or 11 of Title 11 of the United States Code to commence a bankruptcy case or ii) a Change of Control (as hereinafter defined) of Airline or Frontier occurs prior to the earlier of a) the date ***** after signature of this Agreement and b) the date ***** prior to the first day of the scheduled delivery quarter of the first firm A320 NEO Aircraft (as set forth in Letter Agreement No. 1 hereto). If Airline elects a termination pursuant to the preceding sentence between ***** , Airline shall pay to CFM ***** or ***** if such termination is after ***** , or ***** if such termination is after ***** , as liquidated damages and not as a penalty, and in such case CFM agrees to waive its rights against Airline to additional claims under this Agreement including all Letter Agreements hereto and the Rate Per Hour Flight Agreement and the Time and Material Agreement except (A) customary recovery of credits previously provided by CFM to Airline, and (B) with respect to any unpaid invoices issued to Airline or Frontier prior to such date relating to goods and services provided by CFM. The above stated termination charges do not apply after ***** and CFM shall be entitled to any remedies set forth in the respective agreements. “Change of Control” shall mean, with respect to Airline or Frontier, a transaction in which Southwest Airlines, Allegiant Travel Company or United Air Lines, Inc. (and/or any of their respective affiliates) becomes the beneficial owner of more than 50% of the outstanding shares normally entitled to vote in the election of directors of such company (such shares being “Common Shares”) or of all or substantially all of the assets of such company.

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- N. Counterparts: This Agreement may be signed by the Parties in separate counterparts, and any single counterpart or set of counterparts, when signed and delivered to the other Parties shall together constitute one and the same document and be an original Agreement for all purposes.
-

CFM PROPRIETARY INFORMATION
(subject to restrictions on cover page)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and the year first above written.

REPUBLIC AIRWAYS HOLDINGS INC.

CFM INTERNATIONAL INC.

By: /s/ Lars-Erik Arnell

By: /s/ John C. Mericle

Typed Name: Lars-Erik Arnell

Typed Name: John C. Mericle

Title: Senior Vice President

Title: Chief Financial Officer

Date: [Undated]

Date: October 25, 2011

CFM PROPRIETARY INFORMATION

(subject to restrictions on cover page)

EXHIBIT A
ENGINE WARRANTY PLAN

SECTION I- WARRANTIES

A. New Engine Warranty

1. CFM warrants each new Engine and Module against Failure for the initial ***** Engine Flight Hours (“EFH”) as follows:

- a *****
- b *****
- c *****

2. As an alternative to the above allowances, CFM shall upon request of Airline:

a Arrange to have Failed Engines and Modules repaired per the terms of Paragraph 1 above, at a facility designated by CFM.

B. New Parts Warranty

In addition to the warranty granted for new Engines and Modules, CFM warrants Parts and Expendable Parts as follows:

- 1. *****
- 2. *****

C. Ultimate Life Warranty

1. CFM warrants Ultimate Life limits on the following Parts:

- a. *****
- b. *****
- c. *****
- d. *****
- e. *****
- f. *****
- g. *****
- h. *****
- i. *****
- j. *****
- 2. *****

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D. Campaign Change Warranty

1. A campaign change will be declared by CFM when a new Part or Expendable Part design introduction, Part or Expendable Part modification, Part or Expendable Part inspection, or premature replacement of an Engine or Module is required by a time compliance CFM Service Bulletin implementing an Airworthiness Directive. CFM will grant the following Parts Credit Allowances:

(i) *****

(ii) *****

2. Labor Allowance – CFM will grant ***** Labor Allowance for disassembly, reassembly, modification, testing, or Inspection of CFM-supplied Engines, Modules, Parts or Expendable Parts therefor when such action is required to comply with a mandatory time compliance CFM Service Bulletin implementing an Airworthiness Directive. A Labor Allowance will be granted by CFM for other CFM issued Service Bulletins if so specified in such Service Bulletins.

3. Life controlled Parts which are set forth in the Ultimate Life Warranty and which are retired by Ultimate Life limits including FAA and/or Airworthiness Directive, are excluded from Campaign Change Warranty.

E. Warranty Pass-On

If requested by Airline and consented to by CFM in writing, which consent will not be unreasonably withheld, CFM will permit assignment of the warranty support for Engines sold by Airline to commercial Airline operators, or to other aircraft operators. Such warranty support will be limited to Engines or Parts which were purchased under this Agreement or to initially installed Engines purchased by Airline from the Aircraft manufacturer and apply to the unexpired portion of the *****; and will require such operator(s) to agree in writing to be bound by and comply with all the terms and conditions, including the limitations, applicable to the Engine Warranties.

CFM's consent shall not be required for the assignment by Airline to one or more financing institutions of Airline's rights to the Engine Warranties, each such assignment made in respect to Airline's initial financing of one or more new Aircraft or spare Engine(s), as the case may be. In exercising any rights under such Engine Warranties, such assignee shall be conclusively deemed to have accepted the applicable terms and conditions of this GTA, including the limitations, applicable to the Engine Warranties. The exercise by such assignee of any rights to the Engine Warranties shall not release Airline from any of its duties or obligations to CFM under this GTA except to the extent of actual performance by the assignee. CFM's liability to either or both Airline and its assignee shall not be increased, duplicated or multiplied in any way by reason of such assignment. Airline shall provide the assignee an extracted copy of the terms and conditions of this GTA

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(including a copy of this paragraph) applicable to the Engines Warranties. CFM's consent to the assignment under the foregoing terms shall be deemed fulfilled, without further action by the CFM, upon receipt by CFM of Airline's written notice identifying the assignee of the Engine Warranties.

F. Vendor Back-Up Warranty.

1. CFM controls and accessories vendors provide a warranty on their products used on CFM Engines. This warranty applies to controls and accessories sold to CFM for delivery on installed or spare Engines and controls and accessories sold by the vendor to Airline on a direct purchase basis. In the event the controls and accessories suffer a failure during the vendor's warranty period, Airline will submit a claim directly to the vendor in accordance with the terms and conditions of the vendor's warranty.

2. In the event a controls and accessories vendor fails to provide a warranty at least as favorable as the CFM New Engine Warranty (for complete controls and accessories) or New Parts Warranty (for components thereof), or if provided, rejects a proper claim from Airline, CFM will intercede on behalf of Airline to resolve the claim with the vendor. In the event CFM is unable to resolve a proper claim with the vendor, CFM will honor a claim from Airline under the provisions and subject to the limitations of CFM's New Engine or New Parts Warranty, as applicable. Settlements under Vendor Back-Up Warranty will exclude credits for resultant damage to or from controls and accessories procured directly by Airline from vendors.

G. Vendor Interface Warranty.

Should any control or accessory, for which CFM is responsible, develop a problem due to its environment or interface with other controls and accessories or with an Engine, Module or equipment supplied by the aircraft manufacturer, CFM will be responsible for initiating corrective action. If the vendor disclaims warranty responsibility for parts requiring replacement, CFM will apply the provisions of its New Parts Warranty to such part whether it was purchased originally from CFM or directly from the vendor.

H. **THE WARRANTIES SET FORTH HEREIN ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, STATUTORY, ORAL, OR IMPLIED (INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY IMPLIED WARRANTY ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE).**

SECTION II – GENERAL CONDITIONS

A. Airline will maintain adequate operational and maintenance records with respect to Engines and Spare Parts and make these available for CFM inspection.

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CFM PROPRIETARY INFORMATION
(subject to restrictions on cover page)

- B. CFM will deny a claim under any of the Warranty provisions, and the Warranty provisions will not apply if it has been reasonably determined by CFM that:
- (1) such claim resulted from the subject Engine, Module or any Parts thereof:
- Not being properly installed or maintained; or
 - Being operated contrary to applicable CFM recommendations as contained in its Manuals, Bulletins, or other written instructions; or
 - Being repaired or altered in such a way as to impair its safety of operation or efficiency; or
 - Being subjected to misuse, neglect or accident; or
 - Being subjected to Foreign Object Damage; or
 - Being subjected to any other defect or cause (whether sole or contributory) not within the control of CFM; or
 - Not incorporating all service bulletins related to the cause or failure.
- C. *****. For the purpose of this Section II, the term "CFM" shall be deemed to include CFM, GE, SNECMA, and CFM's subsidiaries, assigns, subcontractors, suppliers, Product co-producers, and the respective directors, officers, employees, and agents of each. If Airline uses non-CFM Parts or non-CFM approved repairs and such parts or repairs cause personal injury, death or property damage to third parties, Airline shall indemnify and hold harmless CFM from all claims and liabilities connected therewith. *****. These indemnifications shall survive termination of this Agreement.
- D. Airline shall apprise CFM of any Failure within ***** after the discovery of such Failure. Any Part for which a Parts Credit Allowance is requested by Airline shall be returned to CFM upon specific request by CFM and must be accompanied by sufficient information to identify the Part and the reason for its return. In such event, upon return to CFM, such Part shall become the property of CFM unless CFM directs otherwise. Transportation expenses shall be borne by CFM.
- E. The warranty applicable to a replacement Part provided under the terms of the New Engine Warranty or New Parts Warranty shall be the same as the warranty on the original Part. The unexpired portion of the applicable warranty will apply to Parts repaired under the terms of such warranty.

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- F. Airline will cooperate with CFM in the development of Engine operating practices, repair procedures, and the like with the objective of improving Engine operating costs.
 - G. If compensation becomes available to Airline under more than one warranty or other Engine program consideration, Airline will not receive duplicate compensation but will receive the compensation most beneficial to Airline under a single warranty or other program consideration.
 - H. Any repair which is performed without the prior authorization of CFM will not be covered by the applicable warranty.
 - I. Transportation to and from repair facilities shall be paid by Airline, except as provided in Section D above.
-

CFM PROPRIETARY INFORMATION
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EXHIBIT B

PRODUCT SUPPORT PLAN

SECTION I- SPARE PARTS PROVISIONING

A. Provisioning Data

In connection with Airline's initial provisioning of Spare Parts, CFM shall furnish Airline with data in accordance with ATA Specification 2000 using a revision mutually agreed to in writing by CFM and Airline.

B. Return Of Parts

Airline shall have the right to return to CFM, at CFM's expense, any new or unused Spare Part which has been shipped in excess of the quantity ordered or which is not the part number ordered or which is in a discrepant condition except for damage in transit.

C. Parts Buy-Back

Within the first ***** after delivery of the first Aircraft to Airline, CFM will agree (i) to repurchase at the invoiced price, any initially provisioned Spare Parts purchased from CFM that CFM recommended that Airline purchase, in the event Airline finds such Spare Parts to be surplus to Airline's needs; or (ii) to exchange with Airline the equivalent value thereof in other Spare Parts. Such Spare Parts must be new and unused, in original CFM packaging, and shall meet CFM inspection requirements. Spare Parts that become surplus to Airline's needs by reason of Airline's decision to upgrade or dispose of Products are excluded from this provision. Airline will deliver such Spare Parts DDP (Incoterms 2010, whereby Airline acts as "Seller" and CFM as "Buyer"), to CFM's facility in the United States, and CFM shall reimburse Airline the reasonable shipping costs incurred for the returned Spare Parts.

D. Parts of Modified Design

1. CFM shall have the right to make modifications to design or changes in the Spare Parts sold to Airline hereunder.
2. CFM will from time to time inform Airline in accordance with the means set forth in ATA Specification 2000, when such Spare Parts of modified design become available for shipment hereunder.
3. Spare Parts of the modified design will be supplied unless Airline advises CFM in writing of its contrary desire within ***** of the issuance of the Service Bulletin specifying the change to the modified Spare Parts. In such event, CFM shall agree to provide to Airline a continued supply of Spare Parts of the pre-modified design at a rate of delivery and price to be agreed upon by CFM and Airline, acting on a commercially reasonable basis.

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CFM PROPRIETARY INFORMATION
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E. Spare Parts Availability.

1. CFM will ship reasonable quantities (defined as ***** normal usage) of Spare Parts which are included in CFM's Spare Parts Catalog within a ***** lead time following receipt of a purchase order from Airline.

Spare Parts and other Products for which lead time has not been quoted will be shipped as quoted by CFM.

2. CFM will maintain a stock of Spare Parts to cover Airline's emergency needs. For purposes of this Paragraph, emergency is understood by CFM and Airline to mean the occurrence of any one of the following conditions:

- AOG - Aircraft on Ground
- Critical - Imminent AOG or Work Stoppage
- Expedite - Less than Normal Lead Time

3. Airline will order Spare Parts according to lead-time but should Airline's Spare Parts requirements arise as a result of an emergency, Airline can draw such spare Parts from CFM's stock. A 24-hour Customer Response Center is available to Airline for this purpose. If an emergency does exist, CFM will use its best efforts to ship required Spare Part(s) within the time period set forth below following receipt of an acceptable purchase order from Airline:

- AOG - *****
- Critical - *****
- Expedite - *****

4. Airline shall provide CFM with Spare Parts provisioning forecasts, updated at least quarterly, specifying projected requirements to cover at least the following ***** period. Airline agrees to promptly notify CFM in the event the Airline will not achieve such projected requirements. If Airline does not supply such forecast provisioning then CFM may modify the Spare Part lead-time currently defined in the Spare Parts Catalog.

SECTION II – TECHNICAL PUBLICATIONS AND DATA

CFM will furnish, at no additional charge, technical manuals, including revisions thereof, to Airline. Technical manuals shall be furnished by CFM to Airline in mutually agreed upon quantities. All technical manuals provided by CFM shall be in the English language and in accordance with mutually agreed upon provisions of the ATA Specification.

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SECTION III – TECHNICAL TRAINING

A. Introduction

CFM shall make technical training available to Airline, at CFM’s designated facilities in the United States. Details on scope, quantity, materials, and planning beyond those set forth below shall be as mutually agreed.

B. Scope

The training furnished under this Agreement shall be as follows:

- Product – as previously defined in this Agreement.
- *****
- Courses – detailed in CFM training catalog.

* Student-Days = the number of students multiplied by the number of class days

The Customer Support Manager, in conjunction with appropriate CFM Training representatives, will be available to conduct a review session with Airline to schedule required training. To assure training availability, such review shall be conducted ***** prior to the delivery date of the first Aircraft.

C. Training Location

Unless arranged otherwise with CFM concurrence, training shall be provided by CFM in English at one or more of the CFM designated facilities in the U.S. identified in the training catalog.

If an alternate site is desired, CFM will furnish a quotation with following minimum conditions that must be met in order to deliver “equivalent” training at the alternate site.

1. Airline will be responsible for *****.
2. Airline will *****.
3. Airline will *****.

D. Airline Responsibility

- During engine maintenance training at any of the CFM designated facilities, Airline shall be responsible for *****
*****.

E. Training on Vendor-Furnished Products

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

As an integral part of CFM maintenance training, CFM also provides the following *****

• *****

If Airline requires additional maintenance training on any vendor-furnished products, Airline shall schedule such training directly with the vendor.

SECTION IV – CUSTOMER SUPPORT AND SERVICE

A. Customer Support Manager

CFM shall assign to Airline ***** a Customer Support Manager located at CFM’s factory to provide and coordinate appropriate liaison between the Airline and CFM’s factory personnel.

B. Field Support

CFM shall make available to Airline on an as-required basis, ***** field service representation at Airline’s facility. CFM will provide the level of representation required to ensure that CFM is able to expeditiously and accurately deliver data that is required to resolve technical issues.

CFM will also assist with the introduction of new aircraft/Engines into Airline’s fleet, resolution of unscheduled maintenance actions, product scrap approval, and rapid communication between Airline’s maintenance base and CFM’s factory personnel. Throughout the operation of these Engines, the Customer Support Center (“CSC”) and the Customer Web Center (“CWC”) will augment support at no additional charge to Airline.

SECTION V – ENGINEERING SUPPORT

CFM shall make factory based engineering support available, ***** to Airline, for typical powerplant issues.

SECTION VI – PERFORMANCE TREND MONITORING

CFM will also provide *****.

SECTION VII – GENERAL CONDITIONS – PRODUCT SUPPORT PLAN

A. All support provided by CFM above, is provided to Airline exclusively for the maintenance and overhaul by Airline of Airline’s Products provided that such Products are operated in the original Engine configuration, or in a modified Engine configuration which does not, directly or indirectly, affect such Products or in an Engine configuration that has been approved by CFM. The support provided herein may not be utilized for any other purpose, or assigned

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or otherwise transferred to any third party, without the written consent of CFM, which consent may be exercised by CFM in its sole discretion. Technical support for shops offering engine maintenance and overhaul services to third party customers is available from CFM directly.

- B. Airline will maintain adequate operational and maintenance records with respect to Engines and Spare Parts and make these available for CFM inspection.
- C. This Product Support Plan is subject to the provisions the Article titled "Limitation of Liability" of the Agreement to which this Exhibit B is attached.
- D. Airline will cooperate with CFM in the development of Engine operating practices, repair procedures, and the like with the objective of improving Engine operating costs.
- E. Except as provided in the Warranty Pass-On provisions in Section I, Paragraph E of Exhibit A of the Agreement to which this Exhibit B is attached, this Product Support Plan applies only to the original purchaser of the Engine except that installed Engines supplied to Airline through the aircraft manufacturer shall be considered as original Airline purchases covered by this Product Support Plan.
- F. Airline hereby agrees that Engines will be enrolled in CFM's TRUEngine™ program, *****, and will be eligible for unique TRUEngine benefits, under terms set forth in a separate TRUEngine Letter Agreement as may be further agreed by the Parties.
- The TRUEngine program identifies an engine that the Airline has declared as having been maintained per CFM recommendations as defined in the documents specified in TRUEngine Letter Agreement.
 - The TRUEngine program is granted on an individual engine basis (ESN).
 - Upon the occurrence of shop-level maintenance, Airline is required to submit updated engine maintenance documentation per terms of TRUEngine Letter Agreement to verify continued engine qualification in the TRUEngine program.

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EXHIBIT C

PAYMENT TERMS

SECTION I

A. Airline shall make payment in United States Dollars and in immediately available funds. Payment will be effective upon receipt thereof.

• For Spare Engines and Modules:

- ***** prior to a scheduled delivery date, CFM shall render to Airline an invoice for ***** of the base price (unescalated) which Airline shall pay within ***** of the date of the invoice; and
- Payment of the balance, including amount for price escalation to the month of scheduled delivery, if any, shall be made at *****.
- Solely for administrative purposes (including shipping, export and taxation requirements), Airline shall have the right to place, and CFM shall have the right to require, a purchase order reflecting the Airline commitment to purchase a Spare Engine or Module as contained in the applicable Letter Agreement. For avoidance of doubt, placement of such purchase order shall not affect the payment obligation of Airline specified above, or the shipment obligation of CFM as set forth in the applicable Letter Agreement.

• For special tools and test equipment, payment of the selling price shall be made *****.

• For Spare Parts including Expendable Parts, payment shall be made at time of delivery.

B. All payments (including payment details) hereunder shall be transmitted electronically to CFM's bank account in the U.S. as notified by CFM on its invoices.

C. If delivery hereunder is delayed by Airline, payment shall be made based on the delivery schedule set forth in the applicable Letter Agreement.

D. CFM may establish different payment terms in the event Airline consistently fails to make payment according to the terms set forth above.

E. In the event that the Airline has a bona fide dispute regarding any part or amount contained within an invoice, Airline shall within ***** of receipt of

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the invoice give written notice to CFM of that portion of the invoice in dispute, with their substantiated reasons, together with any supporting documentation. CFM and Airline shall use their respective best endeavours and allocate sufficient resources to settle any part of an invoice disputed by Customer within ***** or as soon as possible thereafter. Should the Parties fail to reach resolution of any disputed invoice within such period, the disputed invoice shall be resolved by designating senior managers to resolve the dispute in accordance with Article 15.J. On resolution of the dispute CFM shall credit Airline or Airline shall be pay to CFM, as applicable, the disputed portion of the invoice within *****.

Airline shall be required to pay the undisputed portion of any invoice in accordance with the payment terms set forth above. Provided that Airline complies with these requirements, no late payment charges, as set forth in paragraph F below, shall be levied on the disputed amount, for the time that such amount is disputed by the Parties.

- F. If Airline fails to make any of the foregoing payments when due, Airline will also pay to CFM, without prejudice to any other rights available to CFM under this Agreement, interest on any late payment, calculated from the payment due date to the date of actual remittance. Interest will be computed at *****, but in no event will the rate of interest be greater than the highest rate then permitted under applicable law.

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CFM PROPRIETARY INFORMATION
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EXHIBIT D

STANDARD DIAGNOSTICS SERVICES

1) DIAGNOSTICS SERVICE ELEMENTS

- A) Diagnostics Services. CFM shall provide the following services (hereinafter “Services”) to Airline in support of the Engines with no charge to the Airline:
- 1) Base Service Elements.
 - a) *****
 - b) *****
 - c) *****
 - d) *****.
 - 2) CFM will identify a Service integration team leader to provide initial program set-up, and provide technical support necessary to assist the Airline in meeting Airline obligations specified in Article 2.
 - 3) As a part of the above Services, CFM shall review only the data and messages delivered by Airline in accordance with Section 2 needed to perform the Services.
 - 4) CFM and Airline agree that any information provided to Airline by CFM for use in trending, performance analysis, troubleshooting, and managing operations are advisory only.

2) AIRLINE’S RESPONSIBILITY UNDER THE DIAGNOSTICS PROGRAM

- A) Airline (or Airline’s operator by delegation of this responsibility) shall:
- 1) Provide CFM all information and records requested by CFM that are reasonably necessary for CFM to establish and provide the Service (*****). To the extent that such information and records are not owned by Airline, Airline represents and warrants that it has full authorization to disclose such information and records to CFM and that CFM has the right to use such information and records for fulfilling CFM’s obligations under this Exhibit D.
 - 2) Make available to CFM data used in the monitoring and diagnostics of Engines eligible for coverage. Airline will authorize Airline’s air-to-ground service provider to forward the data directly to the CFM SITA/ARINC address ILNGE7X. If air-to-ground equipment is not available, CFM will work with the Airline to establish means such that the data is provided with minimal manual intervention.

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CFM PROPRIETARY INFORMATION
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- 3) Access the Service via the CFM Extranet. A web browser, an internet service provider and a userid/password (supplied by CFM) is required. Such access shall be subject to the then-current CFM Extranet Terms and Condition generally applicable to CFM's customers as provided on the CFM Extranet site.
 - 4) It remains the sole responsibility of Airline to conclusively identify and resolve Aircraft and Engine faults or adverse trends and make all maintenance decisions affecting Airline's Aircraft. CFM and Airline agree that this allocation of responsibility is reflected in the price of the Service.
- B) Airline acknowledges that the Services performed hereunder may be conducted by CFM affiliates outside of the U.S., and that there is no prohibition on CFM's export of Airline data for such purposes.

3) WARRANTY

- A) CFM warrants to Airline that technical information and/or data furnished pursuant to the Diagnostics Services shall *****. If any technical information and/or data furnished by CFM hereunder does not meet this requirement and Airline so notifies CFM within the time of performance hereunder, *****. The above limited warranty does not extend to data received but not reviewed by CFM.
- B) It is understood that any information provided to Airline by CFM for use in trending, performance analysis, troubleshooting, and managing operations is advisory only. Information contained in or generated by the Service represents an estimate based upon generally available fleet data or variable data furnished by Airline.
- C) **THE FOREGOING DIAGNOSTICS SERVICE WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL, EXPRESSED, IMPLIED OR STATUTORY (INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE.)**

4) ASSIGNMENT

Airline shall be permitted with CFM's consent (not to be unreasonably withheld) to authorize a third party service provider to have access to CFM's Diagnostics Service application on CFM's web-based system for the sole purpose of managing the use of the Diagnostics system with regard to Airline's Engines on behalf of Airline, provided that, Airline and the third party service provider execute a Notice of Authorization

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and Agreement in a form to be provided by CFM upon Airline's request, providing (1) written notice to CFM of such authorization, and (2) the third party service provider's agreement in writing to accept the terms and conditions of this Agreement as if the third party service provider was the Airline hereunder. System access by a third party service provider pursuant to such authorization shall be limited to the features of entering new flight data, entering engine changes, and creating trend plots of performance parameters. Furthermore, data available for plotting shall be limited to the typical engine health monitoring parameters (exhaust gas temperature, fuel flow, core speed, fan and core vibrations and oil temperature and pressure). In no event shall such third parties have access to other features of the system, including without limitation, real-time viewing, root-cause analysis, customized reporting or alarm configurations. In no event shall any such authorization by Airline and agreement by the third party service provider increase, duplicate or expand CFM's obligations, liability or any available remedies hereunder.

5) CONFIDENTIALITY

Unless the Parties otherwise agree in writing, all information furnished by Airline to CFM pursuant to this Exhibit D shall be held in confidence by CFM and may not be disclosed or used for any other purpose by CFM, except to the extent required by law or legal process.

LETTER AGREEMENT NO. 1

Republic Airways Holdings Inc.
Attention: Lars-Erik Arnell

WHEREAS, CFM International, Inc. (hereinafter referred to as "CFM"), and Republic Airways Holdings, Inc., a corporation organized under the laws of the State of Delaware, (hereinafter referred to as "Republic") (CFM and Republic being hereinafter collectively referred to as the "Parties") have entered into General Terms Agreement CFM-1 1-2576101711 dated October 17, 2011 (hereinafter referred to as "CFM GTA"); and

WHEREAS, the Parties hereby desire to enter into this Letter Agreement No. 1 to reflect (i) the purchase by Republic of ***** new firm LEAP-1A24 powered A319NEO aircraft, ***** new firm LEAP-1A26 powered A320NEO aircraft (together including any other A320 family NEO aircraft into which any such aircraft may be converted, the "Firm Aircraft") and ***** firm LEAP-1A24 Spare Engines and ***** firm LEAP-1A26 Spare Engines (together the twelve (12) engines referred to as the "Firm Spare Engines") and (ii) Republic's right to purchase up to ***** additional purchase right aircraft and ***** additional purchase right aircraft powered by LEAP-X Engines (the "Purchase Right Aircraft" and, together with the Firm Aircraft, the "Aircraft") and up to ***** conditional LEAP-X Spare Engines (the "Conditional Spare Engines" and, together with the Firm Spare Engines, the "Spare Engines", and the Spare Engines, together with the engines installed on original delivery to Republic of the Aircraft, the "Engines").

NOW THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree as follows:

1. Republic shall, subject to the terms and conditions of the Airbus Purchase Agreement, purchase and take delivery of the Firm Aircraft from Airbus per the delivery schedule in Attachment A, which delivery schedule is subject to change pursuant to the Purchase Agreement between Republic and Airbus relating to the Firm Aircraft (the "Airbus Purchase Agreement") (as so changed, if applicable, the "Aircraft Delivery Period"). If Republic agrees with Airbus to purchase any Purchase Right Aircraft (including the related Engines), it will give CFM prompt written notice thereof setting forth the number of Purchase Right Aircraft to be purchased and respective delivery months or quarters, in which case the Delivery Period shall be extended ***** after the last delivery month or quarter of the Purchase Right Aircraft.
2. Republic shall purchase and take delivery of a minimum of ***** Firm Spare Engines from CFM according to the delivery schedule set forth in Attachment A. If the delivery schedule for the Firm Aircraft is changed, upon request of Republic and the consent of CFM, (such consent shall not be unreasonably withheld), the delivery schedule for the

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Firm Spare Engines will be correspondingly changed (as so changed, if applicable, the "Spares Delivery Period" and, together with the Aircraft Delivery Period, the "Delivery Period"). If Republic agrees with Airbus to purchase all of the Purchase Right Aircraft, Republic shall purchase and take delivery of a minimum of the ***** Conditional Spare Engines from CFM.

3. The Engines purchased by Republic shall be subject to the terms of the CFM GTA. If any provision of this Letter Agreement is inconsistent with any provision of the CFM GTA, the terms of this Letter Agreement shall govern.

In consideration of the above, CFM agrees to the following:

A. Special Allowances and Installed Engine Base Prices

Installed Engine shipset list price charged by CFM to Airbus for the Aircraft is ***** for CFM LEAP-X1A24, *****for CFM LEAPX1A26 ***** for CFM LEAPX1A32. Republic has confirmed these prices with Airbus. CFM shall not change these prices without the written consent of Republic. Escalation for installed Engines is per the CPI index per Attachment D attached hereto. CFM agrees to an annual cumulative cap up to the related delivery date of *****%, and a ***** annual escalation above *****% for both installed Engines and Spare Engines. It is understood that the escalation provisions will have a *****% annual cumulative floor. This cap will also apply to the allowances set forth in paragraphs A(i) and A(ii) below. CFM agrees to remove the "F" factor from the escalation formula as noted in Attachment D for installed Engines, Spare Engines, and allowances set forth in paragraphs A(i) and A(ii) below.

All financial remedies under the Special Guarantees set forth in paragraph C below are expressed in January 2010 US Dollars and are subject to escalation up to the first Aircraft delivery per Attachment D and subject to the above escalation cap applied to the installed and Spare Engines.

CFM agrees to provide the following allowances to Republic subject to the conditions set forth in Attachment B hereto:

- (i) Aircraft Allowance . For each of the Aircraft delivered to Republic on or before December 31, 2025, as may be mutually adjusted, CFM will provide Republic at the time of such delivery, a per Aircraft allowance for each of the A319 model Aircraft delivered to Republic in the amount of ***** , for each of the A320 model Aircraft delivered to Republic, a per aircraft allowance in the amount of ***** and for each of the A321 model Aircraft delivered to Republic, a per aircraft allowance in the amount of *****.

Such allowances are stated in January 2010 US Dollars (CPI=186.92) and shall be subject to adjustment to the date of delivery of each shipset of

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Engines to Airbus in accordance with the escalation formula set forth in Attachment D. If requested in writing by Republic at least ***** prior to scheduled Aircraft delivery date, CFM will by the time of delivery of such Aircraft pay in cash the amount of the Aircraft Allowance directly to Airbus. Republic shall continue to advise CFM of any delivery date changes. If CFM actually pays the Aircraft Allowance to Airbus on the delivery date as most recently notified by Republic and the actual delivery date is delayed more than ***** from the date CFM provides such allowance, Republic will pay to CFM interest on such amount, calculated from the date of payment to Airbus to but excluding the date of actual Aircraft delivery or return of such payment to CFM. Interest will be computed at *****. Such payment to Airbus may be offset against any amounts due and owing CFM.

At delivery by Airbus to Republic of an Aircraft, CFM shall pay to Republic (if any) the excess of (i) the net Engine price charged by Airbus for the installed CFM LEAP-X1A Engines over (ii) the shipset list price minus the foregoing allowance, each as escalated in accordance with this Letter Agreement.

- (ii) Equipment Credit Allowance. CFM agrees to provide Republic an Equipment credit allowance for each of the Aircraft delivered to Republic on or before *****, as may be mutually adjusted, in the amount of ***** to be used toward the purchase of Spare Engines, issued at the time of such delivery.

Such allowance is stated in ***** and is subject to escalation to the date of delivery of each shipset of engines to Airbus in accordance with the escalation formula set forth in Attachment D.

- (iii) Form of Allowances. Unless otherwise set forth above, the allowances provided to Republic hereunder shall be *****.

B. Price Protection.

Base prices for CFM-LEAPX Spare Engines delivered through ***** in support of the Aircraft, shall be as set forth in Attachment C hereto, which prices shall be subject to escalation in accordance with the escalation formula set forth in Attachment D hereto and subject to the cap referred to in Section A of this Letter Agreement.

C. Special Guarantees.

CFM agrees to provide the following special guarantees to Republic in support of the Aircraft described in this Letter Agreement. These special guarantees are subject to (I) the Limitation of Liability provisions set forth in the GTA, (ii) the

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General Conditions set forth in Section VII of Exhibit B to the GTA, and (iii) the Basis and Conditions for Special Guarantees set forth in Attachment E hereto. Terms that are capitalized but not otherwise defined herein shall have the meaning ascribed to them in Section I of Exhibit B to the GTA. If an Engine covered by any Special Guarantee delineated below, exhibits performance that is worse than the guaranteed performance value contained in such Special Guarantee, and such Engine has been retrofitted to incorporate non-CFM life limited, flow path, or fuel delivery parts, or non-CFM engine controls, it shall be the responsibility of Republic to demonstrate that such part(s) has not contributed to the performance deterioration for that Engine. In the event Republic has not made such demonstration to the reasonable satisfaction of CFM, such Engine will be removed from the event calculation used to determine total fleetwide performance under the applicable Special Guarantee. Unless otherwise specifically indicated all of the special guarantees set forth below shall be effective for a period of ***** commencing upon the entry into revenue service of the first (1st) Aircraft (the “**Guarantee Period**”). These special guarantees are exclusively offered and administered by CFM.

(i) Fuel Burn Guarantee

CFM guarantees that the fuel burn for LEAP-X1A Engines powered Aircraft will be at least *****% lower than the Airbus guarantee for the identical assumptions used in the MKE-TPA market as of June 17, 2011. The guarantee will be based on a fuel burn measurement provided by Airbus in connection with the delivery of each Aircraft consistent with the Airbus guarantee for individual aircraft and annual fleet calculations. This guarantee will be valid for fuel burn shortfall that is driven by Engine performance. If CFM provides an Engine that is at least *****% better in weighted Specific Fuel Consumption (“SFC”) than the current (June 21, 2011) weighted SFC quote used for the Airbus block fuel calculation, then this guarantee will not apply. If CFM fails to meet this guarantee, CFM will provide credit against purchases of parts and services annually in the amount equal to the shortfall against the guarantee using the average annual fuel price and operating statistics of Republic’s Airbus fleet utilized in connection with the Airbus guarantee. The calculation for credits will take into account the time from entry into service until the first shop visit. In no event shall CFM’s liability for failure to meet this guarantee exceed US ***** per Aircraft. This guarantee will apply until each Engines first shop visit.

(ii) Performance Restoration Guarantee

CFM guarantees that the cumulative fleet average cruise fuel consumption deterioration will not exceed an average of *****% due solely to Engine deterioration. This guarantee will be measured ***** after delivery of the 1st Aircraft and at the end of the Guarantee Period. If the actual fleet average Engine cruise fuel consumption increase due to Engine deterioration exceeds the

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guarantee, CFM will provide Republic a credit against purchases of parts and/or services from CFM in the amount equal to the value of the excess fuel consumed for that portion of the Guarantee Period during which the guarantee is exceeded. The method for calculating this guarantee is set forth in Attachment G.

(iii) Delay Rate Guarantee

CFM guarantees that, for the Guarantee Period, Republic's cumulative Engine- caused revenue flight Delay rate (for delays in excess of ***** and less than or equal to *****) will not exceed ***** events per *****. This guarantee is measured ***** after delivery of the 1st Aircraft on a cumulative basis. If at the end of the Guarantee Period the guaranteed rate, for delays in excess of ***** and less than or equal to ***** , is exceeded, CFM will provide Republic a credit against future purchases from CFM in the amount of ***** for each qualifying Engine-caused Delay in excess of the guaranteed rate. Engine Caused Delays are defined in Attachment F hereto.

(iv) Cancellation Rate Guarantee

CFM guarantees that, for the Guarantee Period, Republic's cumulative Engine-caused Cancellation rate for revenue flights and Engine-caused Delay rate in excess of ***** will not exceed ***** combined events per 1,000 scheduled Aircraft departures. This guarantee is measured ***** after delivery of the 1st Aircraft on a cumulative basis. If at the end of Guarantee Period the guaranteed rate for Cancellation and Delay in excess of ***** is exceeded, CFM will provide Republic a credit against future purchase from CFM in the amount of ***** for each qualifying Engine-caused Cancellations/Delays greater than ***** in excess of the guaranteed rate. Engine Caused Cancellations are defined in Attachment F hereto.

(v) In-Flight Shutdown ("IFSD") Guarantee

Republic's cumulative Engine-caused IFSD rate will not exceed ***** EFH. For purposes of this guarantee, an Engine-caused IFSD is defined as (i) when an Engine Part experiences a Failure or malfunctions resulting in an Engine-caused shutdown during flight or (ii) subject to verification of compliance with the Flight Crew Operating Manual, when the flight crew elects to shut off fuel to the Engine during flight solely due to an Engine Part Failure or malfunction. This guarantee is measured ***** after delivery of the 1st Aircraft on a cumulative basis. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Republic a credit against purchases from CFM in the amount of ***** for each IFSD in excess of the guaranteed rate.

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(vi) Remote Site Removal Guarantee

Republic's cumulative Engine-caused Remote Site Removal rate will not exceed ***** per *****. This guarantee is measured ***** after delivery of the 1st Aircraft on a cumulative basis. For purposes of this guarantee, "Remote Site Removal" is defined as an Engine-caused Failure requiring Engine removal from the Aircraft at any location except Airline's main base(s) or where any Spare Engine is available from Airline. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Republic a credit against purchases from CFM in the amount of ***** for each Remote Site Removal in excess of the guaranteed rate.

(vii) Extended Ultimate Life Guarantee

CFM guarantees Ultimate life limits on Parts for which a FAA and/or an EASA imposed Ultimate Life Limitation is published. This guarantee is measured ***** after delivery of the 1st Aircraft on a cumulative basis.

CFM will grant a pro rata Parts Credit Allowance decreasing from ***** to ***** at the Flight Cycles identified in the table below (for all life limited parts within each identified Module). Credit will be granted only when such Parts are permanently removed from service by a FAA and/or and EASA imposed Ultimate Life Limitation of less than the table Flight Cycles. In no event shall CFM incur duplicative liability to Airline for the same occurrence or event under this guarantee and the Ultimate Life Warranty set forth in Exhibit A of the GTA

(viii) Foreign Object Damage ("FOD") Free Core Guarantee

CFM guarantees that, during the first ***** of operation, Republic will experience no Engine removals from the Aircraft due solely to FOD to the Engine's Core.

For the purposes of this guarantee, FOD shall mean damage to any portion of the Engine caused by impact with or ingestion of an outside object including, but not limited to, small birds, hail or sand. "Core" shall mean High Pressure Compressor, Low Pressure Compressor, Combustor and High Pressure Turbine.

FOD events caused by negligence are not covered under this guarantee.

If during the Guarantee Period the guarantee is not met, CFM will provide Republic a credit against purchases from CFM in the amount of ***** for each such qualifying event. Settlement of all claims under this guarantee shall take place as soon as possible (and in any event no later than *****) after submittal of a valid claim by Republic.

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(ix) Fuel and Carbon Guarantee

Based on: (1) Customer's Current Fleet (which is defined in the Fuel Services Agreement between Customer and GE Aviation Fuel and Carbon Solutions, Inc.), and (2) a minimum fuel price of ***** USD per gallon, CFM International, Inc. ("CFM") guarantees that during the ***** period following the implementation of the reasonable fuel saving recommendations by GE Aviation FCS (the "**Guarantee Period**"). Republic will save a minimum of ***** (2011 USD, not subject to any annual adjustments) in fuel costs (the "**Guaranteed Amount**") (this "**Fuel Savings Guarantee**"). The Guaranteed Amount is net of any payments made by Republic to GE Aviation FCS. CFM's agreement to provide the Fuel Savings Guarantee is based upon Republic's: (1) execution of a Fuel Services Agreement with GE Aviation FCS (the "Agreement") and (2) implementation of reasonable fuel saving recommendations that result from the services provided to Republic by GE Aviation FCS under such Agreement.

If Republic does not save at least the Guaranteed Amount in fuel costs over the Guarantee Period, then CFM will pay Republic the difference between the Guaranteed Amount and the amount of savings actually realized as calculated in accordance with the Agreement. The payment will be in the form of a credit that can be used for services and parts provided by CFM. Such credit shall be made available to Republic after the end of the Guarantee Period to Republic's account. The payment by CFM under this Fuel Savings Guarantee shall in no event exceed the Guaranteed Amount and shall be Republic's sole remedy for CFM's failure to meet this Fuel Savings Guarantee.

In the event that Republic: (1) does not execute the Agreement or (2) does not implement all reasonable fuel saving recommendations that result from the Fuel Services throughout the duration of the Guarantee Period, this Fuel Savings Guarantee will be null and void and CFM shall be under no obligation to provide any payment of cash or credits under this Fuel Savings Guarantee whatsoever.

This Fuel Savings Guarantee is exclusively offered and administered by CFM and may not be assigned without the prior written consent of CFM. In the event of termination of the Agreement due to breach by GE Aviation FCS, this Fuel Savings Guarantee shall survive.

D. Assignment Rights

1. Notwithstanding anything to the contrary set forth in the CFM GTA, Republic shall have the right to assign this Letter Agreement to any of its affiliated companies and Republic will not be released from its obligations without consent from CFM. Also, Republic will have the right to assign this Letter Agreement and Republic will be released from its obligations in any sale of substantially all assets, as long as the successor

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assumes all obligations under this Letter Agreement and have a consolidated net worth no less than Republic's consolidated net worth immediately prior to such assignment and such successor is not (i) a person or company to whom it is illegal for CFM to sell products or services to or is prohibited by regulation or law from doing business with, (ii) an engine manufacturer or service provider or an entity controlled by an engine manufacturer or service provider, or (iii) any person or company that CFM, acting reasonably, and without unreasonable delay, notifies Republic that such person or company is one with which CFM objects to on the basis of compliance policies to doing business with, or is insolvent or is in bankruptcy or is an affiliate of any such persons or companies. Also Republic will have the right to maintain this Letter Agreement under a lease, or financing to a third party operator of the installed Engines or Spare Engines, as long as Republic is financially responsible for all obligations under the definitive agreements and the financial terms are not disclosed to such party.

(2) Republic shall have the right to assign Republic's rights, liabilities and obligations under this Letter Agreement to Frontier Airlines, Inc. ("Frontier"), in which case Republic shall have no further rights, obligations or liabilities under this Letter Agreement if the following conditions are satisfied:

(a) Any transaction occurs in which Republic ceases to be the beneficial owner of more than 50% of Frontier's outstanding Common Shares, if Frontier executes an assumption agreement reasonably satisfactory to CFM of the obligations of Republic under this Agreement and immediately after giving effect to such transaction, the credit quality of Frontier (or that of Frontier and a new guarantor combined) is the same as or better than that of Frontier and Republic combined immediately prior to the transaction, as measured by reasonable tests that will include unrestricted cash levels and tangible net worth; or

(b) A transfer occurs of all or substantially all of the assets of Frontier to a single buyer if, the buyer executes an assumption reasonably satisfactory to CFM of the obligations of Republic under this Letter Agreement and immediately after giving effect to such transaction, the credit quality of the buyer (or of the buyer and a new guarantor combined) is the same as or better than that of Frontier and Republic combined immediately prior to the sale, as measured by reasonable tests that will include unrestricted cash levels and tangible net worth.

(c) To the extent a guarantor is necessary to satisfy the foregoing conditions, such guarantor must also guarantee the obligations and liabilities of Frontier under this Letter Agreement.

(d) No entity having Control (as defined below) of Frontier, nor the buyer of the assets of Frontier, nor the guarantor is a company that is (1) engaged in the business of leasing of aircraft or spare engines; (2) a person to whom it is illegal for CFM to sell products or services or a party with which CFM is prohibited by applicable law or regulation, including without limitation, the United States Patriot Act, from doing business; (3) an airframe manufacturer or an engine manufacturer, or an entity directly or indirectly controlled by an airframe

manufacturer or an engine manufacturer; (4) any person that CFM, acting reasonably and without unreasonable delay, notifies Frontier is a person with which CFM objects to doing business; or (5) insolvent or in bankruptcy or (6) an affiliate of any such persons. (Control means the possession, direct or indirect 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); and

(e) There is no event of default or material default and, in any case, there is no termination event or event that, with the giving of notice, the lapse of time, or both, would become a termination event under the GTA or this Letter Agreement; and

(f) The assignment referred to in this paragraph (2) will be available on only one occasion.

E. Waiver

CFM hereby waives all rights to damages, cancellation charges or similar compensation arising from the cancellation by Frontier of orders to purchase aircraft under the A318/A319 Purchase Agreement dated as of March 10, 2000, between Airbus and Frontier and any related cancellation of orders for installed or spare engines to be provided by CFM. Such waiver is contingent upon Republic executing this Letter Agreement.

F. Termination

This Letter Agreement shall terminate if the CFM GTA is terminated pursuant to Section 15.M of the GTA.

G. Additional Benefits

(i) CF34-8E-10E Aircelle Credits. CFM guarantees that Aircelle will grant Republic a reduction in the price of the spares for the CF34-8E thrust reverser Get Well/Get Better Program (SB50 and SB55) from current price of ***** to ***** per thrust reverser half (or C-Duct) plus remaining credits to be used to offset additional Get Well/Get Better Program costs up to a total credit amount of *****. Credits may be applied on a per event basis up to a *****% discount for any Aircelle services or parts. It is understood that these total credits and discounts will not exceed *****.

(ii) CFM56-5B ESN 575831 Credit. CFM agrees to provide a total credit in the amount of ***** to be applied to the overhaul by CFM of CF34 engine ESN 575831 and the net cost for such overhaul will not exceed *****. CFM will confirm that GECAS will release a total of no less than ***** from the engine reserve under the lease covering such engine and Republic will pay no more than

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***** in connection with such overhaul. Such credit shall be issued at the time of the T&M invoice.

(iii) ClearCore Engine Wash Credit. To enhance Republic's capability to perform Engine water wash and increase fuel savings, CFM agrees to provide credits for Republic which will enable Republic to purchase one ClearCore water wash system at ***** to Republic upon delivery of the ClearCore water wash system.

(iv) Thrust Upgrades. Promptly after execution of this Letter Agreement, CFM agrees to provide Republic rating plugs and nameplates at ***** to upgrade two CFM56-5B8 engines to CFM56-5B5 or CFM56-5B6. Republic shall return the nameplates and rating plugs to CFM in no event later than March 2015 and such engines shall thereupon revert back to CFM56-5B8 rating. CFM agrees to provide a *****% credit to Republic to an upgrade one CFM56-5B6 or CFM56-5B5 engine to CFM56-5B4 rating.

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Please indicate your agreement with the foregoing by signing two (2) duplicate originals as provided below.

Very truly yours,

Republic Airways Holdings Inc

CFM International, Inc

By: /s/ Lars-Erik Arnell

By: /s/ John C. Mericle

Typed Name: Lars-Erik Arnell

Typed Name: John C. Mericle

Title: Senior Vice President

Title: Chief Financial Officer

Date: [Undated]

Date: October 26, 2011

ATTACHMENT A

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ATTACHMENT B

CONDITIONS FOR SPECIAL ALLOWANCES/DELAY/CANCELLATION

1. Allowance Contingency

The equipment credit allowances as defined in Article A(ii), (excluding the aircraft allowances applicable to Engines installed on aircraft) are contingent upon Republic placing an order and taking delivery of Aircraft and Spare Engines per the quantity and delivery schedule set forth in the Letter Agreement and Attachment A.

2. Allowance Not Paid

Allowances described herein for future deliveries of Aircraft and Spare Engines will become unearned and will not be paid if Republic's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or for any reason delivery of the Aircraft will be prevented or delayed beyond ***** after the "Delivery Period" as defined in the Letter Agreement ("Delivery Period").

3. Termination of Special Allowances

Republic agrees that all of the Special Allowances set forth herein shall expire ***** after delivery of last scheduled Aircraft as set forth in the Letter Agreement (the "Expiration Date").

For the avoidance of doubt, it is understood that CFM shall have no further obligation beyond the Expiration Date to provide any of such Special Allowances, which were not provided to Republic, through no fault of CFM.

4. Adjustment of Allowances

The equipment credit allowances as defined in Article A(ii),(excluding the aircraft allowances applicable to Engines installed on aircraft) are contingent upon Republic agreeing to take delivery and accepting delivery during the Delivery Period of the minimum number of Engines as set forth below opposite the correct description of Republic's order from Airbus (the "Minimum Number of Engines"):

<u>Airbus Order</u>	<u>Aircraft</u>	<u>Spare Engines</u>	<u>Minimum Number of Engines</u>
*****	*****	*****	*****

If Republic has canceled or otherwise failed to accept delivery of one or more of the required Minimum Number of Engines within the Delivery Period, the equipment credit allowances as defined in Article A(ii), (excluding the aircraft allowances applicable to Engines installed on aircraft) will be adjusted as follows:

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Adjustment of allowances in accordance with the above formula may be made by CFM prospectively to take into account Aircraft or Spare Engine delays and/or cancellations. In any case, Republic agrees to promptly reimburse CFM for any allowance overpayments determined to have been made at the application of the adjustment formula set forth above *****. Unless otherwise agreed by CFM, no allowance shall be paid on Aircraft or Spare Engines not accepted within the Delivery Period and such Aircraft shall not be counted for purposes of the adjustment formula set forth above.

5. **Assignability of Allowance**

Any allowance described herein is exclusively for the benefit of Republic and is not assignable without CFM's written consent, except as otherwise expressly provided in the Letter Agreement.

6. **Set Off for Outstanding Balance**

CFM shall be entitled, with ***** prior written notice, to set off any outstanding obligation and amounts that are due and owing from Republic to CFM (and not subject to a good faith dispute) for goods or services (whether or not in connection with this Letter Agreement and/or GTA), against any amount payable by CFM to Republic in connection with this Letter Agreement and/or GTA.

7. **Cancellation of Installed or Spare Engines**

Republic recognizes that harm or damage will be sustained by CFM if Republic places an order for Spare Engine(s) or for Aircraft equipped with installed Engines and subsequently cancels such order or otherwise fails to accept delivery of the Engines or Aircraft when duly tendered. Within ***** of any such cancellation or failure to accept delivery occurs, Republic shall remit to CFM a cancellation charge equal to ***** per Spare Engine or installed Engine subject to such cancellation or failure to accept delivery (subject to escalation per Attachment D and the cap referred to in Section A of the Letter Agreement).

CFM shall retain any progress payments or other deposits made to CFM for any such Engine. Such progress payments will be applied to the minimum cancellation charge for such Engine. Progress payments held by CFM in respect of any such Engine which are in excess of such amounts will be refunded to Republic, provided Republic is not then in arrears on other amounts owed to CFM.

8. **Delay Charge for Installed or Spare Engines**

In the event Republic delays the scheduled delivery date of a Spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for which CFM has received a purchase order from the aircraft manufacturer or Republic, as appropriate, for a period, or cumulative period, of more than *****, such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

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9. Limitation Regarding Cancellation or Delay

The provisions of Sections 7 and 8 shall not apply (i) in the case of any installed Engine if Republic provides to CFM (i) a written statement from Airbus stating that the reason for the cancellation or delay is "Excusable Delay", "Total Loss" or "Inexcusable Delay" (as defined in the Airbus Purchase Agreement) and (ii) a written statement from Airbus that such cancellation or delay was not caused by acts or failure to act of Airline or (ii) in the case of any installed Engine or Spare Engine if the reason for the cancellation or delay is "Excuseable Delay" (as defined in the CFM GTA) or failure of CFM to perform its material obligations under this Letter Agreement or the CFM GTA.

10. Aircraft Not Operated for Minimum Period

If, within the first ***** following delivery of each Aircraft for which a special allowance, of any nature, was provided by CFM pursuant to this Agreement (the "Minimum Period"), Republic sells, transfers, trades, exchanges, leases, subleases or otherwise fails to own and operate such Aircraft, the special allowances earned and/or paid on such Aircraft will be proportionately reduced. Republic will reimburse CFM an amount equal to the proportionate share of the special allowances earned and/or paid with respect to such Aircraft, (based on the percentage of the Minimum Period the Aircraft was actually owned and operated by Republic), with interest on such amount as provided below. The allowance reimbursement is due no later than ***** from the time Republic ceases to own and operate such Aircraft. Interest will be calculated at the Prime Rate, from the time of initial allowance payment on such Aircraft until the time of full reimbursement.

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ATTACHMENT C
BASE PRICES FOR CFM LEAPX SPARE ENGINES
Prices Applicable to Deliveries through December 31, 2025

	<u>Item</u>	<u>Base Price</u>
1	CFM-LEAPX1A24	*****
2	CFM-LEAPX1A26	*****
3	CFM-LEAPX1A32	*****

- A. Base prices are effective for basic Spare Engines delivered to Republic by CFM on or before ***** and such base price is subject to escalation in accordance with Attachment D.
- B. The selling price of CFM-LEAPX basic Spare Engines delivered after ***** above shall be the base price then in effect, which base price shall be subject to adjustment for escalation in accordance with CFM's then-current escalation provisions.

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ATTACHMENT D
ESCALATION FORMULA

CFM-LEAP-X1A
Spare Engines & Major Modules

- I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit. Except as expressly provided in the Attachment D, CFM shall be prohibited from making changes in these escalation provisions without the consent of Republic for Engines delivered through *****.
- II. For the purpose of this adjustment:
 - A. Base price shall be the price(s) set forth in the applicable Letter Agreement.
 - B. The Composite Price Index (CPI) shall be calculated, to the second decimal place, using the following formula:

<u>MONTH OF SCHEDULED ENGINE DELIVERY</u>	<u>MONTHS TO BE UTILIZED IN DETERMINING THE THREE MONTH ARITHMETIC AVERAGE</u>
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****

- C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.
- D. The Base Composite Index (*****) shall be the CPI determined assuming a base period in January 2010.

III. Base prices shall be adjusted in accordance with the following formula [Please provide examples]:

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- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio ***** shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. If the calculation of this ratio results in a number less than 1.000, the ratio will be adjusted to 1.000. The resulting three digit decimal shall be used to calculate *****.
- VI. Values to be utilized in the event of unavailability. If at the time of delivery of Product, CFM is unable to determine the adjusted price because the applicable values to be used to determine the ***** have not been released by the Bureau of Labor Statistics, then:
- a) The Price Adjustment, to be used at the time of delivery of the Product, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available ***** prior to scheduled Product delivery month will be used to determine the ***** values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment. If no value has been released for an applicable month, the provisions set forth in Paragraph b, below, will apply. If prior to delivery of a Product, the U.S. Department of Labor changes the base year for determination of the ***** values as defined above, such rebase values will be incorporated in the Price Adjustment calculation.
 - b) If prior to delivery of a Product, U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the ***** values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Price Adjustment, CFM will, prior to delivery of any such Product, select a substitute for such values from data published by the Bureau of Labor Statistics or other U.S. government entity or, if none is available, other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revisions of the formula will be made as required to reflect any substitute values. However, if within ***** from delivery of the Product, the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Product Price Adjustment, such values will be used to determine any increase or decrease in the Product Price Adjustment from that determined at the time of delivery of such Product.
 - c) In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the base price of any affected Product to reflect an allowance for increase or decrease in labor compensation and material costs occurring since February of the base price year which is consistent with the applicable provisions of this Price Escalation formula.

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- d) For the calculation herein, the values released by the Bureau of Labor Statistics and available to CFM at the end of the month prior to scheduled Product delivery month will be used to determine the ***** values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment for the Product invoice at the time of delivery. The values will be considered final and no Product Price Adjustment will be made after Product delivery for any subsequent changes in published index values.

Note: Any rounding of a number, with respect to escalation of the Product Price, will be accomplished as follows: If the first digit of the portion to be dropped from the number is five or greater, the preceding digit will be raised to the next higher number.

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ATTACHMENT E

BASIS AND CONDITIONS FOR SPECIAL GUARANTEES

A. General Conditions

The Guarantees offered in this Letter Agreement have been developed specifically for Republic's new installed and Spare Engines. The General Conditions described in Section VII of Exhibit B of the General Terms Agreement between CFM and Republic apply to the guarantees and such guarantees are offered to Republic contingent upon:

1. Republic accepting delivery of a minimum of ***** Engine powered A320NEO family Aircraft in the "Delivery Period" as defined in this Letter Agreement;
2. Republic procuring and maintaining the CFM recommended number of Spare Engines
3. Republic's Engines being identified and maintained separately from other operators' engines at the repair agency;
4. Republic operating Aircraft *****. A change in Aircraft or Engine quantity, Aircraft or Engine model, Aircraft delivery schedule from that described in this Letter Agreement, or flight operations resulting in more severe operating conditions than described above will require adjustment of the guaranteed values to reflect such different conditions, using CFM's operational severity criteria;
5. Republic and CFM agreement upon the Engine restoration workscope necessary during each shop visit. Engine operation and maintenance will be performed in accordance with CFM manuals, bulletins, or other written instructions;
6. Available on-wing maintenance and performance restoration procedures, including CFM recommendations for Engine water wash at intervals no greater than every ***** (or as otherwise mutually agreed between Republic and CFM), being used to avoid unnecessary shop visits; and
7. Service bulletins agreed to between Republic and CFM being incorporated in a timely manner.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATTACHMENT E

BASIS AND CONDITIONS FOR SPECIAL GUARANTEES

(continued)

B. Exclusions

The guarantees shall not apply (i) to events that are due to negligence, acts of god, accidents, improper operation and/or improper maintenance or (ii) if the Engines are employed in power-back aircraft operation (iii) to non Engine-caused events.

Costs associated with shop visits for convenience or lease return conditions shall be excluded from the guarantees.

Costs associated with life limited Parts retirement, taxes, transportation or any other fees are excluded. Parts shall be considered Scrapped if they bear a scrap tag duly countersigned by a CFM representative.

C. Administration

The guarantees are not assignable without the written consent of CFM, except as expressly provided in the Letter Agreement.

If compensation becomes available to Republic under more than one specific guarantee, airframer guarantee, warranty or other engine program consideration, Republic will not receive duplicate compensation but will receive the compensation most beneficial to Republic under a single guarantee, warranty or other program consideration. Unless otherwise stated, the guarantee compensation will be in the form of credits to be used by Republic against the purchase from CFM of Spare Engines, spare Parts, and/or Engine services.

ATTACHMENT F

DELAY AND CANCELLATION DEFINITIONS FOR GUARANTEE

Delay

An Engine-caused delay of an Aircraft occurs when the malfunctioning of an Engine or Part thereof, the checking of same, or necessary corrective action causes the final Aircraft departure to be delayed more than a specified time (*****) after the programmed departure time in any of the following instances:

- An originating flight departs later than the scheduled departure time.
- A through service or turnaround flight remains on the ground longer than the allowable ground time.
- The aircraft is released late from maintenance.

NOTE:

A cancellation supersedes a delay (i.e., a flight which is canceled after having been delayed is considered to be a cancellation only—not a delay and a cancellation). *****)

Cancellation

Elimination or termination of a scheduled trip because of a known or reasonably suspected malfunction and/or defect in an Engine or Part thereof.

NOTE:

*****)

*****)Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATTACHMENT G

PERFORMANCE RETENTION GUARANTEE CALCULATION METHOD

Fleet average base point for the Engine fuel consumption guarantee shall be an average of the first ***** of revenue services operations of each Engine covered by the guarantee. For a valid base, the standard deviation for each Engine of the calculated cruise fuel flow deltas must not exceed *****%.

Performance Retention (cruise fuel consumption deterioration) is determined quarterly by comparing the cumulative fleet average of the quarterly data points with the base point. The standard deviation for each Engine of the calculated cruise fuel flow deltas must not exceed *****%.

The period covered by the guarantee starts from the first revenue flight of the first Aircraft.

Republic shall provide to CFM on a quarterly basis copies of any form of performance trending chosen by Airline.

Cruise data reported quarterly must include the following:

Aircraft Number; Engine Serial Number (ESN); Date; Flight Number; Engine Position; Altitude; Mach Number; Total Air Temperature (TAT); and the following at Cruise Point: N₁ (Fan Speed); EGT; N₂ (Core Speed); Fuel Flow; and Bleed Configuration.

If the deterioration of the cumulative fleet average cruise fuel flow at N₁ exceeds the guarantee or if the deterioration trend suggests that the guarantee might be exceeded, then the following actions may be initiated:

- a. CFM Flight Audits.
- b. Test cell confirmation runs on specific Engines. The altitude guarantee will be translated to sea level conditions plus nominal installation loss for comparison purposes.

If, as a result of incorporation of service bulletins (other than a mandatory campaign change) or other Engine modifications, the initially established relationship of Engine fuel flow, thrust and fan speed (N₁) is altered, the measured, calibrated fuel consumption shall be suitably corrected to give effect to this change.

Republic is to maintain records of total fuel on-loaded to each Aircraft each month and monthly cost thereof (price per gallon) during the period of this guarantee in substantiation of any claim hereunder.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Amendment No. 1 to
LETTER AGREEMENT NO. 1
TO GTA No. CFM-1 1-2576101711

WHEREAS, CFM International, Inc. (hereinafter individually referred to as "CFM"), and Frontier Airlines, Inc. (hereinafter individually referred to as "Airline") (CFM and Airline being hereinafter collectively referred to as the "Parties") have entered into General Terms Agreement No. CFM-1 1-2576101711 dated October 17, 2011 (hereinafter referred to as "CFM-GTA");

WHEREAS, the Parties have entered into Letter Agreement No. 1 to the CFM-GTA, dated October 26, 2011 ("Letter Agreement No. 1"); and

WHEREAS, the Parties desire to amend Letter Agreement No. 1 as set forth below.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree that the following provisions of Letter Agreement No. 1 shall be amended as follows:

- Article 5 of Attachment B is amended to read as follows:

"5. Assignability of Allowance

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFM's written consent; provided that Airline may assign such allowance, together with its other rights under this Letter Agreement on the terms described in clause (i) of Paragraph A of the Agreement.

CFM agrees that in the event Airline seeks financing for payment of predelivery payments ("PDP Financing") for the Aircraft, CFM will consent to the assignment to such Lender of ***** of the Aircraft Allowance per A. (i) above for Aircraft in this Letter Agreement.

CFM agrees that in the event Airline enters into a lease agreement with a lessor for any of the Aircraft that include Engines and such Engines are enrolled in a long term CFM rate per Flight Hour engine maintenance program ("RPFH agreement") between Airline and CFM, CFM will act in good faith to reach a mutually acceptable tri-partite agreement among CFM, Airline and the lessor whereby the Engine warranties, all dollar amounts collected by CFM for the Engines in accordance with the RFPH agreement and Airline's other benefits under the RFPH Agreement will be fully assignable to the lessor (and subsequent operators, if any) in the event Airline defaults under the lease agreement and lessor takes possession of the Aircraft."

- Miscellaneous

Except as set forth herein, the terms and conditions set forth in Letter Agreement 1 remain unchanged. The obligations set forth in this Amendment are in addition to the obligations set forth in the GTA and Letter Agreement No. 1. In the event of inconsistency between the terms of this Amendment and the terms of the GTA and Letter Agreement No. 1, the terms of this Amendment shall take precedence.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

CFM PROPRIETARY INFORMATION

(subject to restrictions on first page)

3. Counterparts:

This Agreement may be signed by the Parties in separate counterparts, and any single counterpart or set of counterparts, when signed and delivered to the other Parties shall together constitute one and the same document and be an original Agreement for all purposes.

[Remainder of Page Intentionally Left Blank]

CFM PROPRIETARY INFORMATION
(subject to restrictions on first page)

Please indicate your agreement with the foregoing by signing two (2) duplicate originals as provided below.

Very truly yours,

Frontier Airlines, Inc.

CFM International, Inc.

By: /s/ Holly L. Nelson

By: /s/ Michael P. Munz

Typed Name: Holly L. Nelson
Title: Chief Accounting Officer & Treasurer
Date: December 23, 2014

Typed Name: Michael P. Munz
Title: GM - N. America Sales
Date: December 23, 2014

CFM PROPRIETARY INFORMATION
(subject to restrictions on first page)

**Agreement
on
Technical Services for A320 Family Aircraft**

between

Frontier Airlines, Inc.

7001 Tower Road
Denver, CO 80249
USA

(hereinafter referred to as "Frontier")

and

LUFTHANSA TECHNIK AG

Weg beim Jäger 193
22335 Hamburg
Germany

(hereinafter referred to as "LHT" or "Lufthansa Technik")

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BASIC AGREEMENT

This Agreement is made and entered into as of this 5 Day of **November 2014**, between **Frontier Airlines, Inc.** a company incorporated under the laws of Colorado having its principal offices at **7001 Tower Road, Denver, Colorado, USA** (hereinafter referred to as "**Frontier**") and Lufthansa Technik AG, a company incorporated under the Laws of the Federal Republic of Germany, having its registered offices at Weg beim Jäger 193, 22335 Hamburg, Germany (hereinafter referred to as "**LHT**" or "**Lufthansa Technik**")

Preamble

WHEREAS LHT is a corporation in the business of providing all aircraft-related technical services, such as, but not limited to, the Maintenance of aircraft, Engines and Components, and is duly authorized and certified in accordance with the EASA Part-145, FAA Part-145 and EASA Part-21 requirements and/or aviation requirements of certain other authorities; and

WHEREAS Frontier wishes to have certain aircraft-related Services performed by LHT in accordance with such standards and experience; and

WHEREAS LHT wishes to perform such Services for Frontier in accordance with LHT's quality standards and experience.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and in connection with mutual promises and covenants set forth hereunder, Frontier and LHT agree upon the following:

1. SCOPE OF AGREEMENT

The Basic Agreement sets forth the general terms of the contractual relationship between LHT and Frontier and the provisions contained herein shall apply to any Attachments, Annexes or any other documents referencing or amending this Agreement.

The Services to be provided by LHT are defined and specified in the respective Attachments. They shall be performed under applicable aviation Authority approvals or the applicable aviation Authority approvals of LHT's Subcontractors and in accordance with the respective Maintenance Data.

Capitalized terms used in this Basic Agreement shall have the meaning ascribed to them in Article 2 and – to the extent used in one of the Attachments – shall have an identical meaning throughout the entire Agreement, unless otherwise defined with reference to the deviation in the respective Attachment.

2. DEFINITIONS AND ABBREVIATIONS

The following terms, expressions and abbreviations shall have the following meanings:

Agreement	Basic Agreement, Attachments and General Annexes.
Airworthiness	An aircraft or Component is airworthy if it conforms to the applicable approved type, i.e. if it complies with the valid type certificate data sheet and if the Maintenance was carried out in accordance with the applicable Maintenance requirements and if the aircraft or Component was released to service.
AAR	Any mandatory aviation authority requirement, including, but not limited to FAA Airworthiness Directives, EASA Airworthiness Directives, LBA "Lufttüchtigkeitsanweisungen" and DGAC "Consignes de Navigabilités".
AOG	Aircraft on Ground.
APU	Auxiliary Power Unit.
APU Operating Hour	Each full or partial hour that the APU is in operation.
ATA 300	Air Transport Association specification 300.
Attachments	All specific attachments with corresponding annexes, side letters and any other mutually agreed documents referencing this Agreement and that are a part of this Agreement.
Attachment Assumptions	Has the meaning set forth in Article 6.3.1.
Authority	Either the approving authority of the aircraft operator or the approving authority of the Maintenance organization, production organization, design organization and/or the continuing airworthiness management organization.
Base Maintenance	All scheduled Maintenance activities in accordance with the operator's approved Maintenance Program. For non-routine Maintenance activities, criteria according to AMC 145.A-10 shall apply.
Basic Agreement	This document has the meaning set forth in Article 1.
Beneficiary	Has the meaning set forth in Article 13.3.
BER	Beyond Economic Repair
Business Day	Any Day on which banks are open in Hamburg, Germany and Denver, Colorado USA.
CLP	Officially Published Catalog List Price.
Components	Devices, modules or individual parts of an aircraft, including Engine or flight equipment or emergency equipment. They are always identified by a part number in the Maintenance or operational documents issued by the respective aircraft or Component design organization.

Confidential Information	Has the meaning set forth in Article 13.1.
Consumables	Semi-finished products such as metal or plastic sheets or profiles, etc., fluids such as cleaning agents, pickling agents, primers, paints, etc. for surface treatment, adhesives, additional material for welding or plasma jet welding or other material or additives such as lubricants or fuels that are used for Maintenance or operation of aircraft or Components. They are distinguished from Components or Standard Parts in that they can never be used without processing. They are identified by a standard or other specification (or by a part number in exceptional cases) in the Maintenance and operational documents issued for the respective aircraft by the aircraft design organization.
CRS	Certificate of release to service.
CSN	Cycles Since New; means the aggregate number of Flight Cycles of an aircraft or an Engine, as applicable, since its manufacturing date.
Day	Calendar day.
Delivery	The act of Frontier giving LHT possession of an aircraft, Engine or a Component to be serviced.
DGAC	The French Direction Générale de l'Aviation Civile.
DOD	Domestic Object Damage; damage of Material caused by objects which are part of the damaged aircraft or Engine.
EASA	European Aviation Safety Agency also being the approving authority of the LHT design organisation and for each European STC (if applicable and/or required).
Engine	A basic engine assembly and its accessories.
Engine Flight Hour	Each full or partial hour that the Engine is in operation.
Excluded Taxes	(a) Taxes based on income, capital gains, net worth or property payable by LHT to any tax authority in Germany; or (b) Taxes for which LHT becomes liable by reason of its willful misconduct or gross negligence.
Expendable	An item for which no authorized repair procedure exists and for which standard cost of repair exceeds cost of replacement, including Standard Parts. Expendable inventory is controlled by quantity and is scrapped after removal.
Fixed Price (F/P)	A predetermined price for a single service or event according to Article 7.2.
Flat Rate (F/R)	A continuous lump sum payment for certain Services usually stated in currency per time measurement, e.g. 'USD per Flight Hour' according to Article 7.1.
Flight Cycle	One take-off and landing event.

Flight Hour	Each hour that the aircraft is airborne.
FOD	Foreign Object Damage, any damage to an aircraft, Engine or other aircraft part that is caused by any external impact, including, but not limited to, objects which are not part of such aircraft, Engine or other aircraft part, and/or lightning.
General Annex	Those documents named General Annexes and attached to this Agreement.
Interchangeability	Means that design, function and characteristics of a certain Component or part are sufficiently alike to be replaceable with each other under applicable Airworthiness laws and regulations.
JPM	Joint Procedures Manual.
Layover Period	Any downtime of an aircraft during which Maintenance of aircraft, aircraft Parts, Engine or Components is performed.
LBA	The German Luftfahrtbundesamt.
Line Maintenance	All routine Maintenance activities in accordance with the operator's approved Maintenance Program. For non-routine Maintenance activities, criteria according to AMC 145.A-10 shall apply.
LLP	Life Limited Parts
LRU	A Component which can be readily changed on an aircraft during Line Maintenance operations.
Maintenance	One or a combination of the following actions: Overhaul, repair, inspection, testing, replacement, modification or rectification of discrepancies on an aircraft, an Engine or a Component.
Maintenance Data	Approved data for an aircraft or Component which has been issued by the design organization which has developed the aircraft or Component or another approved design organization, such as, but not limited to, LHT as EASA Part 21/J approved design organisation, to define the extent of Maintenance to be performed on an aircraft or a Component.
Maintenance Program manage/m™	A Maintenance program that has been approved by the authority of the country of aircraft registration. Has the meaning set forth in Article 3.6.
Material	Components, Consumables, Expendables and Raw Material.
Minimum Flight Hours	A certain number of Flight Hours during a certain period, agreed between the Parties for the purposes of calculating the minimum Flat Rate payment by Frontier.
Modification	The alteration of the aircraft, any Material or other aircraft-related part in conformity with an approved standard.

MRO Airbus World

Data Release Agreement	An agreement in the form as attached to this Agreement signed by Frontier and by which Frontier authorizes Airbus to give LHT access to customized data included in the Airbus On-Line Services.
NAA	The approving Authority of the aircraft operator, including, if applicable, the Federal Aviation Administration (FAA).
OEM	Original equipment manufacturer.
Officially Published	
Catalog List Price	The most current OEM Officially Published Catalog List Price, without any discount or reductions, made public and available to any customer.
Party/Parties	LHT or Frontier / LHT and Frontier collectively.
Planned Flight Hours	The estimated number of Flight Hours during a certain period
Raw Material	Semi-finished products such as metal or plastic sheets or profiles, etc. Raw Materials are distinguished from Components in that they can never be used without processing and are identified by a standard or other specification (or by a part number in exceptional cases) in the Maintenance and operational documents issued for the respective aircraft by the aircraft design organization.
Redelivery	The act of LHT giving Frontier possession of an aircraft, Engine or a Component.
Release to Service	The issuance of a CRS by the Maintenance organization approved by the applicable Authority confirming, unless otherwise specified, that the Maintenance Services listed therein have been carried out in conformity with the applicable requirements (e.g. EASA Part-145 requirements) by appropriate authorized personnel of the Maintenance organization and in accordance with the applicable Maintenance organization exposition, and that the aircraft or Component has been released to service.
SB	Service Bulletin.
Serviceable Condition	The status required for the issuance of a CRS.
Services	The work to be performed by LHT as agreed in the Attachments.
Standard Parts	Individual parts that are identified by a standard rather than by a part number in the Maintenance or operational documents issued by the respective aircraft or aircraft Component design organization or any other approved design organisation, such as but not limited to, LHT as an EASA Part 21/J approved design organisation.

Standard OEM Warranty	The warranty that is given by the OEM of the Material concerned to any customer according to its published warranty terms.
STC	Supplemental type certificate.
Subcontractor	Any person, legal or natural (other than employees of LHT and Suppliers) engaged by LHT to support LHT in the performance of its obligations under this Agreement.
Supplier	Any person, legal or natural, supplying Material to a Party, the manufacturing of which is not such Party's own contractual obligation vis-à-vis the other Party under this Agreement, e.g. off-the-shelf-parts or OEM parts and documentation.
Taxes	Any and all present and future taxes, duties, withholdings, levies, assessments, imposts, fees and other governmental charges of all kinds (including without limitation, any value added or similar tax and any stamp, documentary, registration or similar tax) and any amount treated as such whenever created or imposed and whether of the government of Germany or elsewhere and whether imposed by a local, municipal, governmental, state, federal or other body and, will include, without limitation, all fines, penalties, costs, charges and expenses payable in connection with any failure to pay or delay in paying the same (except and to the extent that any such fines, penalties, costs, charges and expenses arise as a result of acts or omissions or delay of LHT) but not "Excluded Taxes" and references to "Taxes" will be construed accordingly.
TC	Type certificate.
Time and Material	Basis for a pricing of certain Services in accordance with Article 7.3.
TSN	Time Since New; means the aggregate number of Flight Hours of an aircraft or an Engine or APU Operating Hour, as applicable, since its manufacturing date.
Turnaround Time / TAT	The period of time between scheduled Delivery and Redelivery, unless expressly otherwise stated in an Attachment.
Value Added Tax	Sales tax or value added tax on any goods and services, sales or turnover tax, customs duties, imposition or levy of a like nature including, without limitation, value added tax payable under the German VAT Act 1993 as amended or supplemented from time to time.

3. COOPERATION BETWEEN THE PARTIES AND RESPONSIBILITIES TOWARDS THE AIRWORTHINESS AUTHORITIES/ THIRD PARTIES / MANAGE/ M™

3.1 Communication

The Parties agree to establish a communication system and to define meetings and points of contact in order to enable Frontier and LHT to comply with their mutual obligations under the applicable Airworthiness regulations.

3.2 Liaison Person

Each Party shall nominate at least one person to secure the necessary liaison between Frontier and LHT.

3.3 Responsibility towards the Authorities/ Third Parties

Notwithstanding LHT's obligations under this Agreement, Frontier shall be solely responsible for Frontier's compliance with all applicable requirements imposed by any Authority or government agency or instrumentality. LHT shall grant Frontier access to any and all necessary information concerning LHT's compliance with EASA-requirements or NAA-requirements, as applicable, in order for Frontier to exercise its Airworthiness responsibility.

For the avoidance of doubt this Agreement does not affect the contractual relationship between Frontier and third parties. Frontier shall remain the prime contractor in relation to the aircraft and Components manufacturers or to the lessor, if applicable, of the aircraft and Components.

In particular, LHT shall not have the responsibility towards the Authority or the manufacturer or other Supplier to follow-up manufacturer's and other Supplier's SBs or AARs issued by the respective Authority unless otherwise stipulated herein.

3.4 JPM

LHT shall issue a JPM containing procedures for the performance of the Services (process description) which are necessary to describe the relationship, responsibilities and points of contact between Frontier and LHT. Samples of forms to be used to inform the other Party shall be issued in the JPM.

3.5 Maintenance Data

3.5.1 Responsibility of Frontier for supply of Maintenance Data

Frontier shall provide to LHT the required Maintenance Data no later than on the date specified in the Attachments and ensure that the Maintenance Data reflect the current status of the respective aircraft, Engine or Component. Maintenance Data issued by LHT as EASA Part 21/J-approved design organization shall be provided by LHT.

If Frontier does not provide Maintenance Data on time or if such Maintenance Data does not reflect the current status of the respective aircraft, Engine or Component, LHT may, but is not obliged to, take appropriate actions to collect Maintenance Data to be able to start or continue performing the agreed Services.

3.5.2 Right to access and use Maintenance Data

Frontier hereby (i) grants to LHT a non-exclusive, royalty-free license (including the right to grant sublicenses to LHT's Subcontractors) to use all trade secrets and copyrights related to the Maintenance Data for the purposes of performing the Services under this Agreement and (ii) to the extent that Frontier is not entitled to grant such license, guarantees to LHT that LHT and LHT's Subcontractors are entitled to use all trade secrets and copyrights related to such Maintenance Data for the purposes of performing the Services under this Agreement.

Frontier shall ensure that LHT can access Maintenance Data electronically. To the extent LHT and the respective OEM have an agreement regarding LHT's access and use of such data, Frontier shall comply with any reasonable requirements of LHT and the OEM to secure access to such data. Frontier shall in particular execute upon LHT's request all necessary agreements (e.g. the MRO Airbus World Data Release Agreement, if applicable).

This Article 3.5.2 shall not apply to Maintenance Data issued by LHT as EASA Part 21/J-approved design organization.

3.5.3 Cost for provisioning and access to Maintenance Data

Any cost, expenses, royalties or other charges, incurred by LHT or LHT's Subcontractors in connection with the provisioning, access and use of any Maintenance Data shall be borne by Frontier.

3.6 manage/m™

To the extent stated in the Attachments, LHT provides a web-based Technical Operation Websuite ("manage/m™") for certain Services. manage/m™ enables Frontier to establish and manage its core operation functions relating to those Services on a web-based system and supports Frontier in the fulfilment of its obligations towards the Authorities as an aircraft operator. *****

3.7 Reporting of failures, malfunctions or defects attributable to LHT originated design

If in the course of operation a failure, malfunction or defect or other occurrence which causes or might cause adverse effects on the continuing airworthiness of the product, part or appliance and if such are attributable to the LHT originated design change arises, Frontier shall notify the LHT Office of Airworthiness HAM TT/L without delay under Fax-No. + 49 40 5070 4855 or E-mail: hamtolmus@lht.dlh.de or mobile no. + 49 172 4044 238.

Such notification shall include all relevant details, e.g. operating conditions, flight hour and cycle information of the affected product and other data allowing LHT to investigate such failure, malfunction or defect to the LHT attributable design change and establish corrective action, if necessary.

LHT shall inform Frontier and all involved authorities on any known unsafe condition resulting from a LHT design, as required in EASA Part 21A.3 and FAA Part 121.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

4. SUBCONTRACTING

- 4.1 LHT may subcontract Services to any other EASA/NAA-approved Maintenance facility, provided that facility meets the requirements of LHT's CAMP (Continued Airworthiness Maintenance Program) (or equivalent) and is on LHT's approved provider list (or equivalent). LHT will provide an updated provider list as required.
- 4.2 With the exception of a Base Maintenance check of an aircraft or a complete workshop Maintenance check or overhaul of an Engine or an Engine module, the Services may also be subcontracted to any other Maintenance facility to which LHT's Authority approved management system has been extended. LHT may provide a Subcontractor with any information about Frontier that is required to perform the subcontracted Services.
- 4.3 LHT shall inform Frontier about any engagement of a Subcontractor and shall supply Frontier with appropriate information about the Subcontractor. Subcontracting of a Base Maintenance check of an aircraft or a complete workshop Maintenance check or overhaul of an Engine shall be subject to Frontier's prior approval.
- 4.4 The engagement of a Subcontractor with respect to certain Services shall not affect LHT's obligations vis-à-vis Frontier under this Agreement.

5. TURNAROUND TIME, PERFORMANCE DATE

- 5.1 The Parties may agree on Turnaround Times or other performance dates and time limits in the Attachments to this Agreement.
- 5.2 Further to Article 11.1, the Parties agree that it shall be deemed not to be LHT's fault and LHT shall not be held liable if such ***** including:
 - 5.2.1 ***** , including, but not limited to, ***** , general hindrance in transportation;
 - 5.2.2 ***** which were unforeseen and which could not have been expected and which have an impact on the Services to be performed;
 - 5.2.3 *****;
 - 5.2.4 *****
 - 5.2.5 *****
- 5.2.6 Additional tasks which were not part of the initially contracted work scope being carried out by LHT upon Frontier's request, unless expressly agreed otherwise.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

6. PRICES AND PRICE ADJUSTMENT

6.1 Prices

The applicable prices for the Services and Material are specified in the Attachments (and corresponding annexes) to this Basic Agreement.

6.2 Cost Increase/ Decrease

Unless expressly otherwise stated in the relevant Attachments all prices shall be revised and automatically adjusted annually at the beginning of each calendar year and with effect for that calendar year as follows:

The prices have been calculated assuming that the Services involve a certain Material and labor element. The ratio of that labor and Material element is set forth in the Attachments.

6.2.1 The portion of the prices corresponding to the labor portion of the Services shall be adjusted in accordance with *****.

The price adjustment shall equal *****.

The following formula shall apply:

6.2.2 The portion of the prices corresponding to the Material portion of the Services shall be adjusted in accordance *****.

6.2.3 Frontier hereby accepts any adjustments made in accordance with this Article 6.2.

6.3 Changes of Assumptions

6.3.1 In the event that ***** the Parties shall, upon such Party's request, negotiate in good faith an adjustment of the relevant prices.

6.3.2 In the event that the Parties cannot reach agreement on an adjustment ***** such Party shall be entitled to *****.

6.4 Taxes

6.4.1 All prices under this Agreement are exclusive of any Value Added Tax or similar tax on value or turnover payable in respect thereof, which tax, if any, will be payable by Frontier in addition thereto and at the same time. Subject to this Article 6.4.1, all payments made by Frontier under this Agreement shall be made gross without any tax deductions or withholdings of a similar nature.

6.4.2 If Frontier is required by law to make any deduction or withholding from any payment hereunder, it shall do so and the sum due from Frontier in respect of such payment will be increased to the extent necessary to ensure that, after the making of such deduction or withholding, LHT receives and retains (free of any liability in respect of any such deduction or withholding) a net sum equal to the sum it would have received and retained had no deduction or withholding been required to be made.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- 6.4.3 Either party will deliver to the other party or, in certain cases to such government or taxing authority as the other party reasonably directs upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party to make a payment under this Agreement without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification as soon as reasonably practicable.
- 6.4.4 LHT shall be responsible for Excluded Taxes. Frontier shall assume full responsibility for and indemnify and hold harmless LHT on LHT's demand from and against any and all Taxes and customs duties of any nature whatsoever which may arise from this Agreement and the transaction, acts events and circumstances envisaged thereby and in respect to the receipts of LHT hereunder. In the event any such Taxes or customs duties are recoverable, LHT shall use reasonable efforts to recover such Taxes or customs duties paid.

7. PAYMENT TERMS

As consideration for LHT's Services under this Agreement, the Parties may agree on Flat Rate payments, Fixed Price payments or prices calculated on a Time and Material basis.

7.1 Flat Rates

To the extent that the Parties agree upon "Flat Rate" payments for certain Services in the Attachments, the following shall apply:

- 7.1.1 Frontier shall pay to LHT the Flat Rate payment ***** or, if such Day is not a Business Day, on the last Business Day preceding such Day.
- 7.1.2 Frontier shall report to LHT by the ***** the respective purchase order based on the Aircraft Flight Hours and Flight Cycles of the preceding month for each aircraft Serial Number, including TSN and CSN for each Aircraft, and place the purchase for the respective month in accordance with Article 7.1
- 7.1.3 In the event that during any given month the actual Flight Hours are lower than the Minimum Flight Hours in accordance with Article 11.2.1 of the TCS Attachment *****.
- 7.1.4 In the event that Frontier fails to supply LHT with the actual Flight Hours by ***** following the month of services LHT shall be entitled to charge Frontier based upon the actual Flight Hours of the previous month, and LHT will make a reconciliation adjustment at the next invoicing date.
- 7.1.5 This Article 7.1 shall apply respectively in the event that the Flat Rate is not based on Flight Hours but on Engine Flight Hours or APU Operating Hours or any other recurring reference.

7.2 Fixed Prices

To the extent that the Parties agree upon "Fixed Prices" for certain Services in the Attachments, the following shall apply:

- 7.2.1 Subject to Article 7.2.2, Frontier shall pay the Fixed Price *****.
- 7.2.2 *****

7.3 Pricing on the basis of Time and Material

To the extent that the Parties agree upon pricing on the basis of "Time and Material" for certain Services in the Attachments, the following shall apply:

- 7.3.1 *****
Subject to Article 7.3.3, LHT shall issue an invoice after Redelivery and Frontier shall pay within ***** from receipt of LHT's invoice.
- 7.3.2 In the event that the proposed Price exceeds an amount of ***** or the equivalent thereof, both Parties will negotiate adequate payment terms in advance
- 7.3.3 LHT shall be entitled to dispatch all invoices electronically (e-billing) by e-mail or via upload to Frontier's server. This will not yet apply for settlement via IATA Clearing House. Special requirements concerning e-billing in Frontier's country (e.g. verification, archiving) have to

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

be fulfilled by Frontier. In case LHT dispatches the invoices by e-mail the e-mail shall contain the invoice as well as related documentation, if any, and shall fully substitute a hard copy invoice. All such electronic invoices shall be dispatched to the below e-mail address of Frontier. Frontier's mailbox shall have a capacity to receive e-mails up to 5 MB in size and be permanently accessible. To the extent that Frontier provides LHT with the required digital key, LHT will send electronic invoices by encrypted e-mail. Frontier names the following contact person in the event of any transmission problems: XXX.

7.4 LHT Bank Accounts and Address for Payments by Check

7.4.1 Payments by bank transfer to LHT in United States dollars shall be made to:

Lufthansa Technik AG

Account No. *****

ABA/Bank-Code *****

SWIFT-Address *****

7.4.2 In case of payments to LHT, Frontier may pay through the Airline Clearing House (ACH).

7.4.3 Any fees charged in connection with the transfer of funds from Frontier to LHT shall be borne by *****.

7.4.4 Frontier shall make payment in USD.

7.5 Invoice discrepancy

7.6 Any invoice discrepancy between the Parties with regard to a payment obligation shall not affect Frontier's obligation to make payment of the undisputed part of such payment obligation. Such invoice discrepancy must be made in writing, stating the date and number of the concerned invoice, the reason for Frontier's objection and the disputed amount.

7.6.1 In case of an invoice discrepancy LHT and Frontier shall negotiate in good faith to resolve such invoice discrepancy within *****.

7.6.2 If such invoice discrepancy is resolved in favour of LHT, Frontier shall pay to LHT the amount determined by such negotiations within ***** after the end of negotiations. Such invoice discrepancy shall have no impact on the initial due date. If such invoice discrepancy is solved in favour of Frontier, Frontier shall not be obliged to pay the disputed amount or will be reimbursed the disputed amount, in case Frontier had already paid such amount to LHT.

7.6.3 Frontier agrees that any invoice discrepancy with regard to a payment obligation and any claim for reimbursement shall be made within ***** after the respective Services have been performed. Frontier shall be precluded from raising any such invoice discrepancy or claim if not made within this period.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

7.7 Allocation and balancing

7.7.1 In case any payment cannot be allocated to a specific Service, LHT shall be entitled to apply the relevant amount to any outstanding amount owed by Frontier to LHT.

7.8 Late Payment Charge

Frontier shall pay to LHT a daily late payment charge of ***** on all late payments.

In the event that Frontier is a member of the IATA, Frontier hereby irrevocably authorizes LHT to take all steps necessary for the collection of late payments via IATA Clearing House. LHT is entitled to such collection for all late payments plus late payment charges.

7.9 Payment in advance

If Frontier fails to make payment in accordance with this Agreement, LHT may claim prepayment for any future Services to be performed under this Agreement by notifying Frontier in writing.

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8. SECURITY FOR PAYMENT

8.1 Transfer of title

Title to Material supplied by LHT under this Agreement shall remain with LHT until complete payment of all amounts due under this Agreement, unless otherwise stated in any of the Attachments to this Agreement

8.2 Frontier security

Frontier shall deliver to LHT, and shall maintain in effect a Payment Bond issued by an A rated or higher insurance company in the amount of ***** securing all terms and provisions of this Agreement, and as said Agreement may be amended, supplemented or extended. Any cost and fees associated with such surety bond shall be borne by Frontier. The surety bond shall remain effective until 3 years after the start of services under this Agreement. Should Frontier fail to provide a surety bond, Frontier will source an alternative product or collateral in the requested amount. After that introductory period the parties may negotiate in good faith based on payment behavior and the financial standing of Frontier a new form and/or amount of security coverage for LHT. However the minimum shall be *****.

8.3 Failure to Pay

If Frontier fails to pay any undisputed sum on the due date, LHT may provide written notice of such failure to Frontier. If, after ***** of such written notice such sum remains unpaid, LHT may, without breach of this Agreement, discontinue performing under this Agreement with ***** prior notice until all due but unpaid payments are received

8.4 Retention right / lien

In the event that Frontier fails to comply with its payment obligations under this Agreement, LHT has by virtue of its Services performed a contractual right of retention and a contractual lien with respect to the serviced item of Frontier in its custody as well as with respect to other items of Frontier in LHT's custody to secure any claims of LHT against Frontier out of or in connection with this Agreement as well as to secure any claims of affiliates of LHT against Frontier. These rights as well as a set-off right may also be claimed for Services performed or Material supplied previously. The right of retention and the lien as well as a right to set off any due claims of LHT against Frontier with claims of Frontier against LHT may *****.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

9. QUALITY AND WARRANTY

9.1 Quality

- 9.1.1 LHT shall perform all Services under this Agreement in accordance with LHT's Authority approved management system.
- 9.1.2 Upon prior written and reasonable request, Frontier shall have the right to perform quality audits of LHT's organization. In the event that such audit leads to any objections, the Parties shall meet and discuss appropriate remedies to restate compliance with LHT's Authority approved management system.

9.2 Warranty

- 9.2.1 Subject to the limitations of Article 9.2.2, LHT warrants that all Services and all Material manufactured by LHT or its Subcontractors shall be free from defects in workmanship and shall in all material aspects comply with the quality system described in Article 9.1.
- 9.2.2 The warranty is limited as follows, unless expressly agreed otherwise in the Attachments:
- 9.2.2.1 A defect shall only be subject to warranty if it arises within ***** or within ***** whichever may occur first.
- 9.2.2.2 A warranty claim must be raised by Frontier within ***** after the defect has or could have become reasonably apparent and LHT must be provided with the defective part for inspection and repair within an additional ***** after the warranty claim has been raised. If a defect arises on a non-removable part of an aircraft the Parties shall in good faith agree how to remedy such defect in a way convenient for Frontier and reasonably acceptable for LHT.
- 9.2.2.3 LHT does not warrant any defect in Material not manufactured by LHT or a Subcontractor or services not provided by LHT or a Subcontractor.
- For such Material or services not covered by this warranty any assignable rights to warranty granted to LHT by its Suppliers shall be assigned to Frontier. LHT shall support Frontier in pursuing such warranty claim.
- 9.2.2.4 The defective part must not have been serviced, repaired, overhauled, maintained or modified by anyone other than LHT or its Subcontractors.
- 9.2.2.5 If upon Frontier's special request LHT or its Subcontractors perform a provisional repair the Material installed and the Services performed during such repair are not subject to warranty.
- 9.2.2.6 Material must at all times have been stored, handled and operated in accordance with manufacturer's recommendations.
- 9.2.3 LHT shall correct any defect covered by this warranty at its own cost and expense at one of its technical facilities or at any other place Frontier and LHT may agree upon from time to time. In such case Frontier shall arrange at its own risk and expense for the removal and the transport of the defective parts to and from the location where the repair shall be made and for the reinstallation of the respective parts.
- 9.2.4 The warranty set forth in this Article 9.2 shall be ***** in case of any *****. Article 11 shall remain unaffected.

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9.3 Flat Rate Agreement

9.3.1 Defective Services or Material covered by a Flat Rate agreement shall be corrected without reference to Articles 9.2.1 to 9.2.3, unless otherwise agreed in the Attachments.

Upon termination of such Flat Rate agreement the remedy contained in Article 9.2.3 shall be fully available to Frontier under the terms and conditions stated in Article 9.2. In such case the time periods stated therein shall begin at the date an aircraft, Engine or Component was last redelivered to Frontier.

9.3.2 The Parties agree that any warranty claim of Frontier against its Suppliers as well as any other comparable credits or benefits relating to Services and an aircraft, Engine or Material covered by a Flat Rate shall be to the benefit of LHT.

Frontier hereby assigns its claims relating to such warranties, credits or benefits to LHT and undertakes to transfer any proceeds, credits or benefits obtained directly from its Supplier to LHT. Frontier shall make any further declarations eventually necessary to effect such assignment and/or transfer; Article 9.4 shall apply respectively. In the event that LHT is legally or otherwise prevented from pursuing any assigned claims directly, Frontier shall pursue such claims in close cooperation with LHT and any corresponding proceeds shall be passed on to LHT.

9.3.3 Frontier further guarantees to LHT that any aircraft or Material serviced by LHT under a Flat Rate agreement is at least covered by a Standard OEM Warranty and that LHT will be able to obtain the benefit of such Standard OEM Warranty.

In the event that LHT should for whatever reason beyond LHT's reasonable control not be able to collect the benefit of a Standard OEM Warranty Frontier shall—notwithstanding other rights LHT may have under Article 9.3.2 pay to LHT at least the difference to the amount corresponding to the benefit that would have been attainable under an enforceable Standard OEM Warranty.

9.4 Warranty Handling

In the event that Frontier either assigns warranty claims to LHT for enforcement in LHT's name or appoints LHT as an agent for the administration of warranty claims for enforcement on Frontier's behalf, the Parties shall confirm such assignment or appointment by completing and signing **General Annex Warranty Handling** or any other appropriate documentation provided by LHT. Frontier shall make available to LHT any documents and information required to administer and enforce the respective claims.

10. DELIVERY AND REDELIVERY

10.1 Terms of Delivery and Redelivery

Unless otherwise agreed herein, the Delivery and Redelivery terms shall be set forth in the Attachments.

10.2 Shipping arrangements

Frontier may request that LHT supports Frontier in arranging for shipment of the Material or aircraft concerned. Any shipment arrangements made by LHT shall be in the name and on behalf of Frontier and LHT will not act as forwarding agent to Frontier.

10.3 CRS / Acceptance Certificate

Upon completion of the Services and at the latest upon Redelivery, LHT and/or its authority approved Subcontractor, as the case may be, shall issue and provide to Frontier a CRS, unless Frontier issues the CRS through its own approved organization.

Upon Redelivery, Frontier shall sign and provide to LHT a document of acceptance to confirm that the agreed Services have been completed in accordance with this Agreement or stating any objections. In the event that the aforementioned signed document is not provided to LHT prior to or upon Redelivery, the Services shall be deemed to have been completed as agreed.

10.4 Packaging

Any Material shall be packed for shipment using appropriate shipping containers that are in compliance with ATA 300 specification. To the extent that shipping containers are provided by LHT Frontier shall return such reusable shipping containers to LHT after Redelivery within ten (10) Business Days unless otherwise agreed in writing.

11. LIABILITY AND INDEMNIFICATION—INSURANCE**11.1 Liability and Indemnification**

- 11.1.1 Each Party will be liable towards the other Party for damage to or loss of property and for the injury to or death of any person caused by ***** the wilful misconduct of its directors, officers, employees, agents or Subcontractors in connection with or as a result of the Services rendered under this Agreement.
- 11.1.2 LHT will indemnify and hold harmless Frontier, its directors, officers, employees, agents and Subcontractors from and against all claims of third parties related to damage, loss, injury or death caused by ***** the wilful misconduct of LHT, its directors, officers, employees, agents or Subcontractors.
- 11.1.3 Frontier will indemnify and hold harmless LHT, its directors, officers, employees, agents and Subcontractors from and against all claims of third parties related to damages, loss, injury or death unless such damage, loss, injury or death is caused ***** or the wilful misconduct of LHT, its directors, officers, employees, agents or Subcontractors.
- 11.1.4 The liability and indemnification include *****. However, under no circumstances will the liability in Article 11.1 include *****, provided, however, that this Article 11.1.4 *****.

11.2 Insurance

- 11.2.1 During the term and for a minimum period of ***** after the termination or expiration of this Agreement Frontier will effect and maintain and will provide LHT with a certificate of insurance evidencing the following coverages:
- 11.2.1.1 *****
- 11.2.1.2 *****
- 11.2.1.3 *****

In case items are leased or loaned to Frontier by LHT as per Art. 3.2 and Art. 13 of the TCS Attachment, *****.

- 11.2.2 ***** will be named as additional insureds with regard to *****.
- 11.2.3 All of the insurances will provide in favour of *****.
- 11.2.4 During the term and in respect of Products and Completed Operations Liability and for a minimum period of ***** after the termination or expiration of this Agreement LHT will effect and maintain and will provide Frontier with a certificate of insurance evidencing the following insurances:

- 11.2.5 Frontier, its directors, officers, employees, agents and Subcontractors will be named as additional Insureds with regard to the insurance named in Article 11.2.4 above in case LHT is liable according to this agreement and such insurance will be primary and non-contributory to any insurances carried by Frontier and will contain a severability of interest clause.
- 11.2.6 All of the insurances will provide in favour of *****.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

11.3 Termination of Insurance

If Frontier is no longer insured as per Article 11.2.1 Frontier will inform LHT of this situation in writing and LHT may discontinue providing support. However, if Frontier still maintains insurances as per Article 11.2.1 but LHT does not have valid certificate, Frontier has ***** to provide proof of insurance. LHT then is also entitled to terminate the contract with immediate effect.

If LHT is no longer insured as per Article 11.2.4 LHT will inform Frontier of this situation in writing. Frontier then is also entitled to terminate the contract with immediate effect. However, if LHT still maintains insurance as per Article 11.2.4 but Frontier does not have valid certificate, LHT has ***** to provide proof of insurance.

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12. TERM AND TERMINATION

12.1 The Basic Agreement shall remain in force and be effective at least as long as one Attachment is still effective.

12.2 Subject to Article 12.1, the Basic Agreement shall survive for a minimum term of *** until *****. Frontier and LHT have the right to extend this agreement for another ***** term upon providing written notice to LHT ***** in advance of expiration.**

In the event of a material breach of this Agreement by a Party, the other Party may terminate this Agreement as a whole or—if the material breach relates only to a particular Attachment—the Attachment concerned by prior written notice, unless the breaching Party cures the breach within ***** after having been notified by the non-breaching Party of the respective breach.

12.3 Either Party may terminate this Agreement as a whole or any of the Attachments ** if *****.**

12.4 Unless otherwise agreed in the Attachments, in the event that prior to the expiration of this Agreement or any of its Attachments Frontier no longer operates an aircraft, an Engine or a Component which is subject to the Services under this Agreement, ***.**

12.5 The premature termination of this Agreement as a whole or any Attachment by act of the Parties or otherwise shall not relieve the Parties of any liabilities, obligations, expenses or charges accrued up to the date when such termination takes effect and shall be without prejudice to any rights accruing to either Party up to said date of termination.

12.6 *****

12.7 *****

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

13. CONFIDENTIALITY, NO TRANSFER OF INTELLECTUAL PROPERTY RIGHTS

- 13.1** The Parties shall treat as strictly confidential any information pertaining to this Agreement, including the document itself as well as individual provisions contained therein (“**Confidential Information**”). Confidential Information shall include, but not be limited to, the contents of the negotiations leading up to this Agreement, any business, technical and strategic data disclosed by the other Party or its Subcontractors at any time for any reason—comprising any and all such information in oral or visual form—including but not limited to prices for Materials and Services, the scope of Services offered, legal provisions, Turnaround Times and man-hours needed.
- 13.2** Neither Party shall disclose any Confidential Information to any employee, except where such disclosure is necessary in order to fulfill the obligations under this Agreement and the employee commits to comply with the respective Party’s confidentiality obligations. Either Party may disclose Confidential Information to its certified accountants and attorneys, such persons to be instructed to adhere to the terms of this Article and as required by applicable law. In case Frontier is not the owner of the aircraft, Engine, Material or Component serviced subject to this Agreement, LHT may upon request by the owner and/or lessor of such aircraft, Engine, Material or Component disclose to the owner and/or lessor Confidential Information regarding such aircraft, Engine, Material or Component LHT’s right to disclose certain Frontier information including Confidential Information to its affiliates, subsidiaries and/or Subcontractors remains unaffected.
- 13.3** Any Party receiving Confidential Information from the other Party in connection with this Agreement (“**Beneficiary**”) shall not be bound by the confidentiality obligations under this Article 13 if the Beneficiary can prove that the Confidential Information:
- was already known to the public prior to the date the Beneficiary received said information;
 - has become known to the public after the date the Beneficiary received said information, except if the Beneficiary is the originator of the publication of said information;
 - has been communicated to the Beneficiary at any date by a third party with the right to communicate it,
 - must be disclosed by binding and final order of a competent court or authority, in which case the Beneficiary will immediately inform the other Party about such mandatory disclosure and limit the disclosure to the extent legally permissible.

The aforementioned exceptions to the confidentiality obligations under this Article 13 shall apply to a combination of single pieces of Confidential Information only if such combination is subject to one of the aforementioned exceptions but not if only each individual piece of Confidential Information is subject of said exceptions.

- 13.4** All obligations of confidentiality imposed under this Article 13 shall survive the term of this Agreement for a period of *****.
- 13.5** LHT shall at all times retain all rights, title and interest in and to the intellectual property contained in the Services, products and processes, including but not limited to all rights under applicable patents, copyrights, trademarks and trade secrets and all

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renewals and extensions thereto. The disclosure of any documents, data and other information in connection with this Agreement, including without limitation when such disclosure is made in fulfillment of a contractual obligation hereunder, shall not be construed as a grant or transfer of such rights.

14. NOTICES AND COMMUNICATION

- 14.1** Except as otherwise stated in Article 7.3.4, for messages and correspondence exchanged in connection with this Agreement in day-to-day business, each Party may notify the other Party in writing at suitable postal, telefax, e-mail or other addresses and telephone numbers. The addresses given in Article 14.4 below may also be used.
- 14.2** No Party may claim that the other Party has received such messages or correspondence if other addresses than those exchanged or given below were used.
- 14.3** Messages sent by e-mail or other electronic means shall be deemed received only when the message has been opened by the recipient. The burden of proof for the receipt and time of receipt of such messages shall lie with the Party sending the message.
- 14.4** Whenever written notification or notice is required under this Agreement such notification or notice shall be given by telefax, mail or internationally recognized courier service to the following postal address:

Postal Address: Lufthansa Technik AG
Dept.: Marketing and Sales, HAM TS
Weg beim Jäger 193 (P.O. Box 63 03 00)
22335 Hamburg
GermanyTelefax: *****

Postal Address: Frontier Airlines, Inc.
General Counsel
7001 Tower Road
Denver, CO 80249
USA

Email: *****
Telefax: *****

- 14.5** Frontier shall report Flight Hours and Flight Cycles, if required, by using the Lufthansa Technik Customer Lounge web application "Airborne" accessible at www.lufthansa-technik.com.

Contact addresses for individual communication are: e- mail address: *****

Phone: *****
Fax: *****
Telex: *****

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

15. LAW AND JURISDICTION

15.1 Governing Law

This Agreement and any dispute shall be governed by and construed in accordance with the laws of the State of New York, U.S.A. without regard to its conflicts of laws principles.

15.2 Dispute Resolution / Arbitration

- 15.2.1 Any dispute between the Parties with respect to the interpretation of any provision of this Agreement or with respect to the performance of either Party shall be resolved as specified in this Section 15.2
- 15.2.2 Prior to commencing arbitration, the Parties may, if they so agree, seek the opinion of the relevant manufacturer in relation to the Services under dispute with a view to settling the dispute in good faith. In addition, each Party shall appoint a designated representative whose task it will be to meet for the purpose of endeavouring to resolve such dispute. The designated representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding. These procedures shall not prejudice either Party's right to commence arbitration at any time as per Article 15.2.3.
- 15.2.3 If the dispute is not resolved by the Parties under Section 15.2.2, it shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with the Rules. The place of arbitration shall be New York, New York. The language of the arbitration shall be English. All proceedings in the arbitration shall be scheduled and conducted so that the arbitral tribunal may render the award as expeditiously as possible.
- 15.2.4 The award shall be final and binding. No Party shall seek recourse to a court of law or other authorities to appeal or otherwise set aside the award. The award shall be in writing and in English, and shall specify the factual and legal basis for the award. The award may be enforced in any court having jurisdiction. The arbitrator shall award to the prevailing Party its costs, including reasonable attorneys' fees and costs, to the degree of such prevailing Party's success.
- 15.2.5 The award of the arbitration may be enforced in any court having jurisdiction over the person or property of the Parties. Nothing in this Agreement shall prevent any Party, before an arbitration has commenced pursuant to this Article 15.2, from seeking interim or injunctive relief, which will then have to be approved by the arbitral tribunal as per Article 15.2.3. For the sole and exclusive purpose of seeking pre-arbitral interim or injunctive relief, both Parties hereby consent and submit to the sole and exclusive jurisdiction of the federal courts of the Southern District of New York, and agree that such court is the most appropriate and convenient court to settle any pre-arbitral dispute, and accordingly waive the right to argue the contrary.
- 15.2.6 The Parties agree to keep any arbitration confidential, and shall not disclose to any person the existence of the arbitration, any document submitted or exchanged in connection with it, any oral submissions or testimony, any transcripts, or any award, unless such disclosure is required by law.
- 15.2.7 The Parties agree that this Agreement and the resulting obligations and relationships are commercial and that the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the Inter-American Convention on International Commercial Arbitration of 1975 apply to this Agreement and to any order or arbitral award resulting from any arbitration conducted in accordance with this Agreement.

- 15.2.8 Frontier hereby appoints Corporation Services Company: 80 State Street, Albany, NY 12207 (Phone 1-866-403-5272) as its agent for service of process in New York in any dispute; provided, however, that the agent may be replaced by another agent in New York upon thirty (30) Days' written notice. Service of process on the designated agent at the designated address shall be deemed, for all purposes, to be due and effective service and service shall be deemed completed whether or not forwarded to or received by the respective Party. Any correspondence sent to a Party's agent for service of process shall also be copied to the Party directly pursuant to Article 14.4; provided, however, that the failure to copy any Party directly shall not affect the effectiveness of any service of process.
- 15.2.9 LHT hereby appoints Lufthansa Technik Component Services: 3102 Commerce Parkway, Miramar, FL 33025 as its agent for service of process in any dispute; provided, however, that the agent may be replaced by another agent upon thirty (30) Days' written notice. Service of process on the designated agent at the designated address shall be deemed, for all purposes, to be due and effective service, and service shall be deemed completed whether or not forwarded to or received by the respective Party. Any correspondence sent to a Party's agent for service of process shall also be copied to the Party directly pursuant to Article 14.4; provided, however, that the failure to copy any Party directly shall not affect the effectiveness of any service of process.
- 15.2.10 NOTWITHSTANDING ANYTHING ELSE IN THIS AGREEMENT, EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO TRIAL BY JURY IN ANY DISPUTE.

16. MISCELLANEOUS

16.1 Change of Law / Compliance with foreign export and import regulations

16.1.1 The Parties have agreed that certain laws and regulations regarding certification and regulatory requirements are to be observed in the performance of Services under this Agreement. Neither Party can foresee to what extent those laws and regulations will change after the execution of this Agreement. While LHT will use its best efforts to mitigate any impact on the performance and the agreed terms of the Services because of a change of laws (including export laws), regulations or their interpretation by the relevant Authority, any such impact and any resulting additional cost incurred by LHT shall be the responsibility of and be borne by Frontier.

16.2 Assignment

Any assignment of rights or obligations arising from this Agreement shall require the prior written consent of the other Party which shall not be unreasonably withheld.

16.3 Form of Agreement

16.3.1 Two counterpart originals of this Agreement shall be signed and executed by the Parties. One original shall remain with each Party. Each page of each original of the Agreement shall be initialled by each Party.

16.3.2 This Agreement shall not be varied in terms or amended except by an instrument in writing explicitly named an amendment to this Agreement and signed by duly authorized representatives of the Parties.

16.3.3 This Agreement is the entire understanding between the Parties subject matter herein. There are no oral, written or implied agreements with regard to the subject matter herein. In no event shall any general terms and conditions for purchase and/or sale of either Party apply.

16.3.4 All communication between the Parties shall be in English and all documentation shall be made available to the other Party In English. In case any other language is used or any document including this Agreement is translated into any other language it shall be for convenience only. The version in English shall be binding.

16.4 Incoterms

Any reference to any Incoterm shall be a reference to Incoterms 2000.

16.5 Order of Precedence

In the event that a provision in an Attachment, General Annex or contractual document referencing the Basic Agreement deviates from or conflicts with a provision in the Basic Agreement, the provision in such Attachment, General Annex or contractual document referencing the Basic Agreement shall prevail, but only if explicit reference is made to the conflicting or deviating provision in the Basic Agreement which it shall supersede. Article 12.1 shall remain unaffected.

16.6 Waiver and Severability

16.6.1 The failure by either Party to enforce any of the provisions of this Agreement shall not be construed as a waiver of its rights.

16.6.2 Nothing contained in this Agreement shall require either Party to take any action contrary to the law or to any order or regulation of any government or contrary to any permit or authorization granted to either Party by any governmental authority. If any of the provisions of this Agreement are held unlawful or otherwise ineffective by any court of competent Jurisdiction, the remainder of this Agreement shall remain in full force and the unlawful or otherwise ineffective provision shall be substituted by a new provision reflecting the intent of the provision substituted.

16.7 Export Clause

Both Parties shall comply with all applicable domestic and foreign export compliance requirements, including applicable US export laws and regulations (e.g. ITAR, EAR and OFAC sanctions regulations) and those of other relevant foreign jurisdictions. Upon either Party's request, the other Party shall promptly provide the requesting Party with appropriate certifications as required by such applicable export laws and regulations, or as necessary to ensure continuing compliance with such applicable export laws and regulations.

IN WITNESS WHEREOF Frontier and LHT have caused this Agreement to be executed as of the Day and year written below.

Hamburg, Germany
Date: November 11, 2014

Name: /s/ Wolfgang Weynell
Title: Vice President, Sales, EUMEU & AMERICAS

Denver, CO USA
Date:

Name: James G. Dempsey
Title: Chief Financial Officer

For and on behalf of
Lufthansa Technik AG:

/s/ Harald Gloy
Senior Vice President, Aircraft Component Services

For and on behalf of
Frontier Airlines, Inc.:

/s/ James G. Dempsey

[LOGO]

TOTAL COMPONENT SUPPORT (TCS)

TCS

[LOGO]

1 GENERAL

This TCS Attachment is an Attachment to the Basic Agreement between the Parties, dated November 5th 2014.

During the term of this TCS Attachment LHT shall perform Component support services for Frontier as agreed upon hereunder.

TCS

- 2 -

November 3rd, 2014

2 DEFINITIONS

Capitalized terms contained herein shall have the meaning ascribed to them in Article 2 of the Basic Agreement and as follows:

“A320 Family”	A320 Family includes any or all of the Aircraft Types A319, A320, A321 and CEOs and NEOs
“Agreed HBS Level”	The final composition of the Home Base Stock mutually agreed and reflected in Article 16 (List of Home Base Stock Components).
“Base Maintenance”	Maintenance tasks not falling under the line maintenance criteria as per EASA Part M AMC A-10 and/or FAA Part 121 and scheduled maintenance checks starting C2 and higher (or equivalent, e.g. D-Checks).
“Common Modification Standard”	The common Modification standard for the Component Pool defined by LHT.
“Component Pool”	A pool or pools of Components that are owned, maintained and administered by LHT at one of its facilities and that LHT makes available to Aircraft operators within a short period of time.
“Frontier’s Aircraft and Engines”	The aircraft and engines defined in Article 11.1 (Frontier’s Aircraft and Engines).
“Flat Rate Components”	Components marked as “Flat Rate Components” in Article 15 (List of Covered Components) and removed from Frontier’s Aircraft and Engines.
“Home Base”	The location listed in Article 11.3 (Home Base) where the Maintenance of Frontier Aircraft is regularly performed.
“Home Base Stock (HBS)”	The stock of Home Base Stock Components.
“Home Base Stock Components”	The Components defined in the list referenced in Article 16 (List of Home Base Stock Components) and located at Frontier’s Home Base.
“Home Base Stock Replacement”	The replacement of Pool Components in the existing Home Base Stock that have to be replaced due to a change in Modification standard or the expiry of storage limits.

“Home Base Stock Replenishment”	The replenishment of Pool Components in the Home Base Stock to regain the Agreed HBS Level.
“Initial Procurement”	The procurement of the Home Base Stock and its allocation at Frontier’s Home Base.
“NFF”	No failure found.
“Non Pool Component”	A Component to which Frontier has no access to the Component Pool. These are those Components in Article 15 (List of Covered Components) not marked as “Pool Components” as well as any other Component removed from Frontier Aircraft.
“Pool Access Fee”	The fee for accessing the Pool Components as set out in Article 12.2.1 (Pool Access Fee).
“Pool Aircraft”	Those Frontier Aircraft marked as Pool Aircraft in Article 11.1 (Frontier’s Aircraft and Engines) for which Frontier has access to the Component Pool.
“Pool Component”	A Flat Rate Component in the Home Base Stock or the Component Pool to which Frontier is granted access for its Pool Aircraft. Those Components are marked as “Pool Components” in Article 15 (List of Covered Components).
“Provisioning Period”	The Provisioning Period is measured from the time when LHT receives Frontier’s written request and until LHT provides the relevant Pool Component according to the Incoterms agreed in Article 4.1.
“Return Pool Component”	A Pool Component to be returned to LHT because: <ul style="list-style-type: none">• the Pool Component is unserviceable and Frontier has received a serviceable Pool Component,• the serviceable Pool Component delivered by LHT is not needed for installation,

[LOGO]

- the Agreed HBS Level for this Pool Component is exceeded or
- HBS lease period has ended.

“Service Level”

Percentage of requests for Pool Components fulfilled within the agreed upon timeframes.

“TCS Attachment”

This Attachment entitled “Total Component Support (TCS)”.

“Unjustified Removal”

A removal is unjustified if the acceptance test in accordance with the respective Component Maintenance Manual (CMM) is passed without findings and the removal was not driven by Post Flight Report fault information. Post Flight Report information will be provided by Frontier upon request.

References in this Attachment shall be references to Articles of this TCS Attachment or its Annexes, unless expressly otherwise stated herein.

TCS

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November 3rd, 2014

3 SCOPE OF SERVICES

3.1 Component Pool

LHT shall provide Frontier with Pool Components on a 1:1 forward exchange basis in order to:

- replace unserviceable Pool Components from the Pool Aircraft;
- replace Pool Components in the Aircraft due to Modifications or hard times;
- perform a Home Base Stock Replacement or
- perform a Home Base Stock Replenishment.

LHT may provide an interchangeable Pool Component to Frontier.

3.1.1 Requesting Pool Components

Frontier shall request in writing (or in accordance with any other procedure agreed upon) Pool Components and related AOG Services at LHT's service desk which will be available twenty-four (24) hours a day, seven (7) days a week.

3.1.2 Content and Time Frame

Frontier shall place a request for Pool Components at LHT in writing (or according to any other procedure agreed upon) immediately after the necessity therefore has arisen. Such request shall contain:

- the part number,
- the request category as specified in Article 3.1.3,
- Tail sign in case of an AOG, CRIT or SCHEDULED request,
- the scheduled replacement date and any other relevant information relating to such request.

3.1.3 Provisioning Periods

All requests for Pool Components of Frontier shall be fulfilled by LHT.

The following timeframes shall apply within the below stated Service Level:

<u>Request Category</u>	<u>Description</u>	<u>Prerequisites</u>	<u>Delivery within</u>	<u>Service Level</u>
AOG	*****	*****	*****	*****
CRIT A	*****	*****	*****	*****
CRIT B	*****	*****	*****	*****
SCHEDULED	*****	*****	*****	*****
REPLENISHMENT	*****	*****	*****	*****

3.1.3.1 AOG-Service

In the event of an AOG, LHT shall advise Frontier on the possibilities of support from

LHT within ***** after receipt of a request. In case of an AOG, LHT will undertake all reasonable measures to obtain the respective part from any source. Otherwise, Frontier may loan or exchange the required Component with any source.

The reasonable expenses of such loan or exchange shall be reimbursed to Frontier if LHT approved the loan in advance.

The loaned Pool Component must be returned by Frontier to the lender ***** within ***** and***** within a maximum of ***** after receipt of a serviceable Pool Component from LHT. Thereafter LHT will not reimburse any loan costs.

3.1.3.2 AOG and CRIT A request Quota Incentive

The sum of AOG and CRIT A requests shall range between ***** of the total number of requests.

*****.

If more than ***** of all Frontier requests are in those categories, Frontier shall pay a surcharge of ***** per request above *****. The periodical measurement shall be made every ***** starting ***** after signature of this Agreement.

3.1.3.3 Service Level

LHT shall fulfil the Service Levels as stated in the right column of the table above *****.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

In this respect, the following shall apply:

- *****
- To meet the agreed Service Levels, LHT may loan a Component from a third party and shall provide such Component to Frontier.
- Frontier shall return any Component loaned from a third party by LHT to LHT no later than ***** within ***** and ***** within a maximum of ***** after Frontier received a corresponding serviceable Pool Component from LHT out of its Component Pool. Following the expiry of a ***** period, Frontier shall bear all further costs of the loan.
- The Service Levels shall only be relevant if Frontier complies with its obligations under this Agreement.

The Service Level calculation will exclude the following:

- (i) Any request exceeding *****; or
- (ii) Any components with *****; or
- (iii) Any components where *****; or
- (iv) Any components where *****.

In above cases (i) to (iv) *****.

3.1.3.4 Service Level Remedy

If Lufthansa Technik's weighted Service Level for pool stock is below the guaranteed weighted Service Levels during a cumulative ***** average after the agreed grace period stated in Art. 3.1.3.3, the Parties agree to assess a remedy for that period.

The weighted guaranteed SL shall be calculated as follows:

<u>Request Category</u>	<u>Description</u>	<u>SL target</u>	<u>Weighting factor</u>	<u>Guaranteed weighted SL</u>
AOG	*****	*****	*****	*****
CRIT A	*****	*****	*****	*****
CRIT B	*****	*****	*****	*****

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

**REPLENISHMENT and MEL D
SCHEDULED
Total SL**

*****	*****	*****	*****
	*****	*****	*****
		*****	*****
		*****	*****

The performance remedy will be calculated based on the difference between the Total guaranteed weighted SL and the Total achieved weighted SL.

Total Guaranteed weighted Service Level difference to weighted target > ***** reduction in Pool rate,

Total Guaranteed weighted Service Level difference to weighted target > ***** reduction in Pool rate,

Total Guaranteed weighted Service Level difference to weighted target > ***** reduction in Pool rate,

Total Guaranteed weighted Service Level difference to weighted target > ***** reduction in Pool rate.

3.1.4 Adjustment of the List of Pool Components

If Frontier objects in writing to such adjustment within a ***** period or if Frontier requests a Modification of a Pool Component which would result in a deviation from the Common Modification Standard, LHT may – in deviation to Article 16.4.2 of the Basic Agreement – exclude such Pool Component from the Component Pool.

3.1.5 Transfer of Title

Title shall transfer pursuant to each of the provisions below free and clear of all liens, encumbrances and other third party rights.

Transfer of title of Pool Components shall be governed by the following provisions:

- (A) Title to each serviceable Pool Component shipped by LHT to Frontier shall remain with LHT until the Return Pool Component that it replaces has been received by LHT, whereupon title to the serviceable Pool Component shall transfer to Frontier and simultaneously title to the Return Pool Component shall transfer to LHT.
- (B) However, in the case the lease terms of a leased Pool Aircraft do not permit the installation of a Component that is subject to a retention of title in favour of LHT,

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- (C) the title to the serviceable Pool Component shall pass to Frontier (or Pool Aircraft lessor) upon its installation on such leased Pool Aircraft, and simultaneously title to the Return Pool Component shall transfer to LHT.
- (D) If the Return Pool Component has not been received by LHT within the time frames outlined in Article 4.2.1 and LHT therefore purchases a replacement Component at the expense of Frontier according to Article 4.2.1 or Frontier can elect to provide an adequate and serviceable component to LHT upon LHT's written confirmation, then
 - i) the replacement Component shall be owned by LHT,
 - ii) title of the serviceable Pool Component provided to Frontier shall pass to Frontier upon LHT's receipt of payment by Frontier of the sums payable to LHT in respect of its purchase of the replacement Component, and
 - iii) title to the Return Pool Component shall remain with Frontier.
- (E) However, if Article 3.1.5 B) above applies and thus title to the Return Pool Component has already passed to LHT upon the installation of the serviceable Pool Component on the leased Pool Aircraft, LHT shall still be entitled to purchase a replacement Component to the terms of Article 3.1.5 C) above, whereupon
 - i) the replacement Component shall be owned by LHT and
 - ii) title to the Return Pool Component shall pass back to Frontier upon LHT's receipt of payment by Frontier of the sums payable to LHT in respect of its purchase of the replacement Component in accordance with that Article.
- (F) In case of Home Base Stock leased from LHT
For transfer of title of Components leased from LHT, Article 3.1.5 A) to D) inclusive shall apply accordingly. For the avoidance of doubt, title to all Pool Components for Home Base Stock Replacement and Home Base Stock Replenishment remains with LHT.

3.2 Home Base Stock

Frontier shall maintain a Home Base Stock only to be used to replace Components from Frontier's Aircraft and Engines.

LHT shall recommend and the Parties shall then mutually agree in good faith on the final composition of the Home Base Stock and shall be reflected in Article 16 (List of Home Base Stock Components) ("Agreed HBS Level").

3.2.1 Material Allocation

Frontier has decided to lease the Home Base Stock from LHT in accordance with this TCS Attachment.

Frontier shall inform LHT within ***** after receipt of each Home Base Component part number, serial number and all other information as contained in Article 14 (Specific Documents).

All reasonable efforts to ensure that the Home Base Stock will be fully established according to the Agreed HBS Level prior to the Pool Aircraft becoming operational shall be made.

3.2.2 Management of Home Base

Frontier shall ensure that the Home Base Stock is maintained to the Agreed HBS Level by promptly:

- *****
- *****
- *****

3.2.3 Adjustment of the Home Base Stock

Either Party may suggest changes to the HBS. After mutual agreement the HBS adjustment shall be performed by the responsible Party. In the event that the Parties cannot agree on the final adjustments, LHT shall have no responsibility to maintain the Service Levels as agreed in Article 3.1.3 for those specific Components where no mutual agreement has been reached. LHT and Frontier will negotiate HBS requirements in good faith.

3.2.4 Access Right of LHT

With minimum ***** notification time LHT shall be entitled to access anytime the premises where the Home Base Stock is stored, in order to verify compliance with this TCS Attachment

In case the Home Base Stock is leased from LHT to Frontier, LHT shall, upon termination of the lease, be entitled to access the respective premises and remove the Home Base Components.

3.2.5 Material Leasing

LHT shall lease to Frontier the Home Base Components defined in Article 16.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

All leased Home Base Components must be kept in a bounded and secured area. Frontier will adequately label all leased Home Base Components. Frontier shall keep and update on a daily basis records of all leased Home Base Components, listing the current inventory by part numbers and serial number as well as any stock inflow and outflow, including the date of such change in the inventory, and submit the records to LHT on the first Day of each month.

LHT is entitled to terminate the lease with immediate effect and claim release of the Home Base Components if Frontier does not comply with its obligations under this TCS Attachment. Frontier will be notified in writing and will have ***** Days to take corrective action.

3.2.5.1 Release of Home Base Components to LHT

Within ***** of the end of the lease period, Frontier shall return all leased Home Base Components to LHT in accordance with Article 4.1.1 and Frontier shall bear all repair and certification costs related to the release of the Home Base Components.

3.3 Maintenance of Components

3.3.1 Maintenance / Modifications

LHT shall perform the applicable Services in accordance with the EASA Part 145 on all Flat Rate Components and – subject to LHT’s capability and availability – other Components provided by Frontier to LHT in order to return these Components in Serviceable Condition. Such Services will be performed in accordance with the applicable Maintenance Data and as set forth in Article 10 (“Quality and Warranty”) of the Basic Agreement.

Modifications shall be performed:

- If determined mandatory by EASA or FAA
- To ensure the common Modification Standard of the Component Pool
- If requested by Frontier in writing and accepted by LHT

3.3.2 Material required for Maintenance

All Material, including Modification Material, required to perform Maintenance on Components shall be provided by LHT.

In case Material required for Modifications of Components is supplied by the respective manufacturer or Supplier free of charge or at a certain discount, Frontier shall advise the manufacturer or Supplier that LHT is ordering this Material on behalf of Frontier and shall ensure that the manufacturer or Supplier grants to LHT the same discounts.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

3.4 BER

3.4.1 BER of Pool Components

A Component shall be “Beyond Economical Repair” for the purposes of this TCS Attachment if *****.

3.4.2 BER of Non Pool Components

Non Pool Components that are BER will be *****.

3.5 Operator Data

Frontier shall report the following:

3.5.1 Provision of Flight Hours and Cycles

Frontier shall supply the TSN and CSN of each Pool Aircraft once per month via manage/m.

3.5.2 Reporting of Base Maintenance Periods

Frontier shall immediately inform LHT of any Base Maintenance Period of a Pool Aircraft and provide LHT with the scheduled calendar month of the Base Maintenance Period at least four (4) months and with the exact scheduled Base Maintenance Period at least four (4) weeks prior to the start of the Base Maintenance Period. In addition Frontier shall also provide the type of Base Maintenance performed and scheduled removals expected during this Base Maintenance event.

3.6 TRAX interface

LHT shall implement in close cooperation with Frontier an interface between Frontier’s TRAX system and LHT’s systems.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

4 DELIVERY/REDELIVERY

4.1 Shipping

4.1.1 Terms of Delivery and Redelivery

The Components shall be shipped according to the following Incoterms 2010:

<u>Category of Components</u>	<u>To Frontier</u>	<u>To LHT</u>
Flat Rate Components	*****	*****
All other Components	*****	*****
Initial/End of lease Home Base Stock shipment	*****	*****

Upon Frontier’s written request LHT may ship Components to other locations and/or use other means of transportation such as on-board couriers. Any associated costs shall be borne by Frontier.

LHT arranges the shipment from LHT to Frontier.

Frontier arranges the shipment from Frontier to LHT and uses LHT’s FedEx account.

Such arrangements made by LHT shall be in the name and on behalf of Frontier and LHT will not act as forwarding agent to Frontier. Any cost associated with such arrangement of shipment beyond above stated Incoterms shall be borne by Frontier.

Any shipment shall be made using appropriate shipping containers in accordance with ATA 300. Re-usable shipping containers provided by Lufthansa Technik remain LHT’s property and shall be used to return the corresponding unserviceable Part. If Frontier does not use such shipping container for the return of the unserviceable Part, and should select to not return the provided shipping container, Frontier shall be charged by Lufthansa Technik with the corresponding price for such shipping container.

4.1.2 Receiving inspection

LHT shall inspect a Component upon its arrival at the agreed LHT Maintenance facility for visible defects. Any visible defects discovered during that inspection are deemed to have been caused prior to the delivery to LHT.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

4.2 Time Frames for Delivery of Pool Components to LHT

4.2.1 Return Pool Components

Unserviceable Pool Components shall be delivered incident free to LHT within a period of ***** after reception of serviceable Pool Component. According to the proposed incoterm FCA, this means that Frontier has to issue a FedEx AWB ***** after the Pool Component was removed from the aircraft. During the first ***** of the contract, LHT agrees to a redelivery time of *****.

All overdue Return Pool Components will be subject to a loan fee according to Article 13.

4.2.2 Return performance incentive

The return performance is calculated every 6 months as follows for a 6-months period.

Return Performance = *****

5 DOCUMENTATION AND APPROVAL

5.1 Documentation

5.1.1 Documentation

Each Component shall be provided to Frontier with the documentation set forth in Article 14 of this Attachment.

The supply of documentation by FRONTIER to LHT is set forth in Art. 3 of the Basic Agreement.

As long as Frontier does not provide such documentation together with the Component, such Component shall be deemed not delivered to LHT.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

6 PRICES/CHARGES

6.1 Pool Access Fee

Frontier shall pay a Component Pool Access Fee as set forth in Article 12.2.1.

6.2 *****

6.3 Maintenance of Flat Rate Components

6.3.1 Flat Rate

Frontier shall pay the Price for Flat Rate Components as set forth in Article 12.4.1.

At the end of each calendar year ***** will be used to determine the applicable rate as shown in Article *****.

Resulting credits or debits will be balanced.

In any case the Minimum FH as per Art. 11.2 shall be charged using the above defined rate.

The items listed in Article 12.5 shall be excluded and instead be charged on a Time and Material basis

6.3.2 No Failure Found Rate (NFF Rate)

Without additional charge a NFF Rate as defined in Article 11.6 is included as an annual average calculated over the calendar year. Any NFF event above such limit will be charged at ***** per event.

If, after one year from the execution of this Attachment, Frontier's NFF rate is higher than defined under Article 11.6 Frontier and LHT shall jointly review and Frontier shall take appropriate corrective actions. LHT's rights under Article 6.3 of the Basic Agreement shall remain unaffected.

The NFF Rate will be calculated by using the following formula:

$$\text{NFF - Rate} = \frac{\text{number of unscheduled Unjustified Removals} \times 100}{\text{number of unscheduled removals}}$$

For the avoidance of doubt the calculated *****

6.3.3 Maintenance of Non Flat Rate Components

All Services not covered under the Flat Rate as per this Attachment, shall be charged on a Time and Material basis.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

6.4 Attachment Assumptions

The fees set forth in Articles 6.1 to 6.3 hereof are based on the Attachment Assumptions specified in Article 11. Articles 6.3.2 and of this Attachment shall remain unaffected.

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8 WARRANTY

8.1 LHT's Warranty

In deviation from Article 9.2.2.1 of the Basic Agreement a defect shall be regarded as subject to warranty if the same defect arises within *****.

8.2 OEM Warranty

For Flat Rate Components LHT will claim warranty on behalf of Frontier if applicable. The provisions of Article 9 of the Basic Agreement shall apply.

*****.

8.3 Liability

In addition to Article 11.1, but subject to Article 9.2 of the Basic Agreement, *****.

Shortages of Pool Components resulting from ***** shall be outside the responsibility of LHT.

9 TERM AND TERMINATION

9.1 Conditions Precedent

- *****
- *****

9.2 Fix Term and Termination

This TCS Attachment shall be concluded for a minimum fix term of ***** from the date of the fulfilment of the conditions precedent stated in Article 9.1 and shall thereafter be mutually renewed for another ***** term, unless either Party terminates this TCS Attachment with ***** prior written notice to the end of the fix term.

Article 13 of the Basic Agreement remains unaffected.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

9.3 *****

9.4 **Early Termination**

In deviation to Art. 12.6 of the BA, in the event of early termination *****:

- 1. *****
- 2. *****
- 3. *****
- 4. *****

In this case the following consequences shall apply to *****:

- i. *****
- ii. *****
- iii. *****

For the avoidance of doubt, Art. 12.6 shall be applicable in all other cases of an early termination.

All other rights the Parties may have according to the BA shall remain unaffected.

9.5 **Material Lease buy back option**

Upon termination of the TCS Attachment, other than according to Article 9.4, 4. iii, *****.

10 MISCELLANEOUS

10.1 **Exclusivity**

During the term of this Attachment, all Flat Rate Components removed from Frontier's Aircraft and Engines, unless off-wing, shall be exclusively serviced by LHT in accordance with this TCS Attachment.

In the event Frontier adds further aircraft and/or Engines of the same aircraft family as specified in Article 11.1 to its fleet, these aircraft and Engines shall also be covered by this TCS Attachment. Accordingly, from the start of operation of the additional aircraft/or Engines the Flat Rate Components of such aircraft and/or Engines shall be exclusively maintained by LHT in accordance with the terms of this TCS Attachment.

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The Pool Access Fee and the Flat Rate as agreed in Articles 6.1 and 6.3 shall also apply to the additional aircraft and Engines. Without prejudice to the foregoing, if an additional aircraft or Engine has a different basic configuration than the aircraft specified in Article 11.1 (Frontier’s Aircraft and Engines) LHT will handle with no adjustment as long as component has same form-fit-function as other components handled under this agreement. LHT and Frontier will negotiate in good faith about an adjustment for parts which are added which do not have the same form-fit-function as components already covered under the TCS.

10.2 Precautionary Grant of Security

Notwithstanding the Parties’ intent that the Agreement is to be a lease of parts, in the event the Agreement is determined to constitute a security agreement by a court of competent jurisdiction, *****.

11 ASSUMPTIONS

The following material assumptions shall apply for the provision of Services under this Attachment.

11.1 Frontier’s Aircraft and Engines

<u>A/C</u>	<u>A/C Type</u>	<u>Registration</u>	<u>MSN</u>	<u>Engine Type</u>	<u>Manufacture Date</u>	<u>Phase-In Date</u>	<u>Phase-Out Date</u>
*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

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*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****

11.2 Flight Hours per year, Leg Length

11.2.1 Utilization

<u>A/C-Type</u> <u>(A/C; Engine)</u> *****	<u>Planned FH per AC</u> *****	<u>Minimum FH per AC</u> *****	<u>FH /Cycle</u> <u>Ratio</u> *****
--	-----------------------------------	-----------------------------------	---

11.2.2 *****

11.3 Home Base

Denver + Line Stations MCI and PHX plus other Line Stations in accordance with Art. 4.1.1

11.4 Minimum Number of Aircraft

11.5 Removal Practice

The removal of Components from the respective Aircraft shall be based on common industry practice and the OEM’s recommendations.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

11.6 NFF Rate

The NFF Rate in accordance with Article 6.3.2 shall be *****.

11.7 Ratio of Material and Labor Element used for price escalation

<u>A/C-Type</u>	<u>Material</u>	<u>Labor</u>
	*****	*****

11.8 Price escalation

Yearly escalation capped at *****. However, first escalation starting January 1st, 2015 is capped at ***** for the Component Services *****

11.9 Frontiers Assumptions

11.9.1 Minimum Number of Aircraft

***** Aircraft (A320 Family)

11.9.2 Utilization

In case the Flight Hours per Aircraft fall below ***** per year or exceed ***** per year and Aircraft.

12 PRICES

12.1 Price Validity

The prices shall be valid from ***** until ***** and shall be adjusted in accordance with the arrangements set forth in the Basic Agreement and TCS Attachment.

12.2 Component Pool

12.2.1 *****

<u>CEO and NEO</u>	
<u>QTY of Pool AC</u>	<u>Charge USD/FH</u>
*****	*****
*****	*****
*****	*****

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12.3 Home Base Stock

12.3.1 *****

12.3.2 *****

A separate Purchase Term Agreement will be presented for Material Purchase

12.4 Component Maintenance Services

12.4.1 Price for Flat Rate Components

[USD per FH]

A/C age
A/C type

*****	*****	*****	*****	*****	***** year
<u>year</u>	<u>year</u>	<u>year</u>	<u>year</u>	<u>year</u>	<u>and following</u>
*****	*****	*****	*****	*****	*****

12.5 Flat Rate Component Exclusions

- Services to meet *****
- Services with respect on Components that *****
- *****
- *****
- *****
- Services required because of *****
- Services related to *****
- Services that are required due to *****

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

[LOGO]

- The total cost for each mandatory Modification or Modification *****
- *****
- Services resulting out of *****

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12.6 Fleet Utilization Adjustment Factor (Fleet Average)

A/C type

A/C type

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

12.7 Time and Material Rates

12.7.1 Man-Hour Rates

<u>Type of Service</u>	<u>Rate per hour in USD</u>
Component Maintenance Services	*****

12.7.2 Handling Charge

	<u>Handling Charge</u>	<u>Minimum per line item in USD</u>
Subcontracted Work	*****	*****
Material	*****	*****

Material shall be charged at the manufacturer’s CLP plus a handling charge defined in the table above.

Subcontracted work shall be charged at the Subcontractor’s invoice plus a handling charge defined in the table above.

In case of AOG-Requests, *****

12.8 Material Sale

Lufthansa Technik shall, at its sole discretion, *****

- *****
- *****

All prices are subject to additional handling charges and fees as follows:

<u>Handling Charge</u>	<u>Minimum USD Per Order Line Item</u>	<u>AOG-Surcharge Per Order Line Item</u>
*****	*****	*****

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

13 1:1 EXCHANGE / LOAN CONDITIONS

13.1 Material Loan

Subject to availability at LHT, Frontier may loan Components from LHT on the basis of a separate loan agreement at the following conditions.

13.2 Material Exchange

Subject to availability at LHT, Frontier may exchange Components (outside of the Component Pool) with LHT on a 1:1 basis as set forth in a separate exchange agreement at the following conditions.

13.3 Rogue Unit

In order to identify rogue units LHT defined corresponding procedures in its quality manual which might be audited by Frontier upon request. LHT has implemented an identification and handling process with an integrated escalation methodology. The corresponding definitions, thresholds or restrictions vary from different Components and are controlled by LHT.

As a baseline LHT uses the following values to identify rogue units:

- *****
- *****
- *****
- *****
- *****

In case of an identified rogue units additional measures are taken at LHT's expense such as, but not limited to the following:

- apply specific test procedures in-house
- test / repair by manufacturer (second opinion)
- apply an overhaul or partial overhaul
- send back to manufacturer and request new part.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

[LOGO]

These measures are taken in order to avoid that an identified rogue unit is included in the supply chain (neither HBS nor the pool) unless LHT could cure the root cause for the rogue unit behavior.

13.4 Aircraft Production Inspection Program

LHT will provide Frontier the Aircraft Production Inspection Program (APIP) for ***** future Aircraft deliveries free of charge, which will be established in a separate Agreement.

13.5 Miscellaneous

The above conditions shall apply vice versa.

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TCS

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November 3rd, 2014

14 TCS SPECIFIC DOCUMENTS

<u>Article</u>	<u>Document / Information</u>	<u>Supplied by</u>	<u>Supplied until/with</u>	<u>Media</u>	<u>Remarks</u>
Basic Phase-In Data	*****	*****	*****	*****	

	*****				*****
	*****				*****
	*****		*****		
Airworthiness Data	*****	*****	*****	*****	*****
	*****		*****		

	*****		*****		*****
	*****		*****		*****
Component Change Information	*****	*****	*****	*****	*****
Incoming Conditions	*****	*****	*****		*****
Maintenance Records	*****	*****	*****	*****	
	*****		*****		

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

No. #	Material			Warranty data * if applicable				Delivery a/c (if known resp. applicable) either				Purchase Order Information or		
	PNR	MFR (FSCM, Cage- Code)	Serial	Warranty Begin Date (either a/c or PC delivery date)	Warranty Limit DAYS	Warranty Limit FH *(or OPSH e.g. APU)	Warranty Limit FC *	a/c Reg.	3LC	a/c Series resp. Model	MSN (SN a/c)	Supplier/ OEM (country, facility)	PO#	Order Type
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

15 LIST OF COVERED COMPONENTS

<u>ATA</u>	<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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[LOGO]

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<u>Part Number</u>	<u>Description</u>	<u>MRO</u> <u>Flat Rate</u>	<u>POOL</u> <u>Flat Rate</u>	<u>Comment LHT</u>
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Part Number Description MRO POOL Comment LHT
Flat Rate Flat Rate

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

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ATA

Part Number

Description

MRO
Flat Rate

POOL
Flat Rate

Comment LHT

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

<u>ATA</u>	<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATA	Part Number	Description	MRO Flat Rate	POOL Flat Rate	Comment LHT
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

[LOGO]

<u>ATA</u>	<u>Part Number</u>	<u>Description</u>	<u>MRO</u> <u>Flat Rate</u>	<u>POOL</u> <u>Flat Rate</u>	<u>Comment LHT</u>
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

<u>ATA</u>	<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

<u>ATA</u>	<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

<u>ATA</u>	<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

[LOGO]

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	<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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<u>ATA</u>	<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATA

Part Number

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MRO
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POOL
Flat Rate

Comment LHT

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

<u>ATA</u>	<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

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	<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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<u>ATA</u>	<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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	<u>Part Number</u>	<u>Description</u>	<u>MRO Flat Rate</u>	<u>POOL Flat Rate</u>	<u>Comment LHT</u>
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

ATA

Part Number

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MRO
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POOL
Flat Rate

Comment LHT

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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

16 LIST OF HOME BASE STOCK COMPONENTS

#	Part Number	ATA	Description	MLP	Number of units on HB in DEN	Number of units on Line Station in MCI	Number of units on Line Station in PHX	Total number of units
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

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#	Part Number	ATA	Description	MLP	Number of units on HB in DEN	Number of units on Line Station in MCI	Number of units on Line Station in PHX	Total number of units
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#	Part Number	ATA	Description	MLP	Number of units on HB in DEN	Number of units on Line Station in MCI	Number of units on Line Station in PHX	Total number of units
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#	Part Number	ATA	Description	MLP	Number of units on HB in DEN	Number of units on Line Station in MCI	Number of units on Line Station in PHX	Total number of units
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

#	Part Number	ATA	Description	MLP	Number of units on HB in DEN	Number of units on Line Station in MCI	Number of units on Line Station in PHX	Total number of units
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

#	Part Number	ATA	Description	MLP	Number of units on HB in DEN	Number of units on Line Station in MCI	Number of units on Line Station in PHX	Total number of units
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

[LOGO]

Hamburg, Germany

Date:

Name: [Authorized Signatory]
Title: [Authorized Signatory]

Place, Country

Date:

Name: James G. Dempsey
Title: Chief Financial Officer

TCS

For and on behalf of

LUFTHANSA TECHNIK AG:

/s/ [Authorized Signatory]_____

For and on behalf of

Frontier

/s/ James G. Dempsey_____

GENERAL ANNEX WARRANTY HANDLING

PART I: Warranty Assignment / Appointment as Agent for

Warranty Administration

On _____ LHT and Frontier entered into an Agreement on _____. This Agreement includes the below listed Attachments under which LHT agreed to render certain services to Frontier with respect to certain Frontier aircraft, Engines or Components (individually the “Attachment” or collectively the “Attachments”).

Assignment of warranty claims

As of the day of the signing of the respective Attachment listed below (“Assignment Date”) Frontier hereby assigns to LHT all contractual and statutory warranty claims Frontier may have against the manufacturer or any other third party with respect to the aircraft, Engines or Components or any other Material that is or becomes a part thereof after the Assignment Date and is serviced by LHT under the Attachment. LHT hereby accepts such assignment. Frontier shall notify the manufacturer or third party concerned about the assignment with the form according to part II of this General Annex Warranty Handling.

Name of Attachment	Date (Assignment Date)
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Appointment as agent for administration of warranty claims

As of the day of the signing of the respective Attachment listed below (“Appointment Date”) Frontier hereby appoints LHT as Frontier’s agent to administer all contractual and statutory warranty claims Frontier may have against the manufacturer or any other third party with respect to the aircraft, Engines or Components or any other Material that is or becomes a part thereof after the Appointment Date and is serviced by LHT under the Attachment. LHT hereby accepts such appointment. In particular, LHT shall have the right to receive any payments made by the manufacturer as a result of claims made by LHT on behalf of Frontier. Frontier shall notify the manufacturer or third party concerned about the appointment with the form according to part II of this General Annex Warranty Handling.

Name of Attachment	Date (Appointment Date)
--------------------	-------------------------

[LOGO]

Hamburg, Germany

Date:

Name: [Authorized Signatory]
Title: [Authorized Signatory]

Place, Country

Date:

Name: James G. Dempsey
Title: Chief Financial Officer

TCS

For and on behalf of

LUFTHANSA TECHNIK AG:

/s/ [Authorized Signatory]_____

For and on behalf of

Frontier

/s/ James G. Dempsey_____

PART II: Frontier's Warranty Assignment /

Administration Notice to OEM

To Whom it may concern

Subject: Warranty Administration LETTER

FRONTIER has signed a comprehensive maintenance agreement with Lufthansa Technik AG ("LHT"), which includes the [x] assignment to LHT of contract rights related to warranty claims ("**Assignment**") and/ or [x] the appointment of LHT as our agent to administer warranty claims ("**Appointment**"), pursuant to the terms of the agreements) listed below. Such rights include, without limitation, the right to receive any payments made by the manufacturer ("**Manufacturer**") as a result of warranty claims made by LHT on our behalf. Frontier confirms to Manufacturer that it owns or controls the rights it purports to transfer.

The Assignment and/or Appointment, as the case may be, only applies to warranty claims made during the period of time from the date a notice is received and acknowledged by Manufacturer from LHT with this letter attached, until the date of receipt by Manufacturer of written notice to the contrary from either LHT or Frontier. Such notices will be addressed to the particular address provided by Manufacturer to LHT for such purposes and we agree that such notice will only be effective with regard to Manufacturer if received by Manufacturer at such address. We agree that all actions taken by LHT or agreements entered into by LHT during the period prior to Manufacturer's receipt of such notice are final and binding on Frontier. Communications with Frontier should be addressed as follows:

Appointment: We request that Manufacturer accepts warranty claims from LHT on our behalf with regard to the following agreement(s) and aircraft:

A/C model	A/C Serial / Factory No.	Purchase Agreement No.	Airframe/Engines Components	Date Added	Date Deleted
TCS					November 3rd, 2014

[LOGO]

Assignment: We request that Manufacturer accept warranty claims assigned by us to LHT with regard to the following agreement(s) and aircraft:

A/C model	A/C Serial / Factory No.	Purchase Agreement No.	Airframe/Engines Components	Date Added	Date Deleted
-----------	-----------------------------	---------------------------	--------------------------------	---------------	-----------------

Frontier authorizes Manufacturer to treat LHT as if Frontier were making warranty claims itself and request that Manufacturer settle such claims as appropriate with LHT. Frontier agrees that, by rendering a remedy to LHT, Manufacturer will have complied with its warranty obligation and that Manufacturer owes such remedy only once.

Yours sincerely,

/s/ James G. Dempsey (signature)
James G. Dempsey (printed name)
Chief Financial Officer (title)
_____ (date)

TCS

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November 3rd, 2014

**GENERAL ANNEX PRODUCT SUPPORT AGREEMENT –
SUPPLIER SUPPORT CONDITION, SSC**

PART I: Appointment

On _____ Lufthansa Technik and Frontier entered into an Agreement on _____ including specific Attachments (“Agreement”). This Agreement includes specific Attachments under which Lufthansa Technik agreed to render certain services to Frontier with respect to e.g. certain Frontier aircraft, Engines or Components. Frontier hereby elects Lufthansa Technik as its Frontier Nominee as per the Product Support Agreement – Supplier Support Condition (“SSC”) issued by Airbus S.A.S.

Assignment of rights under the provisions of the SSC

As of the day of the signing of the Agreement Frontier elects Lufthansa Technik as its first Frontier Nominee and hereby appoints Lufthansa Technik to administer all contractual and statutory rights Frontier may have as per the SSC against the manufacturer or any other third party with respect to the aircraft, engines or components or any other Material that is or becomes a part thereof after the appointment date and is serviced by Lufthansa Technik under the Agreement. Lufthansa Technik may therefore act in the name and on behalf of Frontier.

Lufthansa Technik hereby accepts such appointment. In particular, Lufthansa Technik shall have the right to receive any payments made by the manufacturer or any third party as a result of the exercise of any rights Frontier may have under the SSC by Lufthansa Technik acting in the name and on behalf of Frontier. Lufthansa Technik hereby accepts such appointment. Frontier shall notify the manufacturer or any third party affected about the appointment with the form according to part II of this General Annex Product Support Agreement – Supplier Support Condition, but not limited to.

[LOGO]

Hamburg, Germany

Date:

Name: [Authorized Signatory]

Title: [Authorized Signatory]

Place, Country

Date:

Name: James G. Dempsey

Title: Chief Financial Officer

TCS

For and on behalf of

LUFTHANSA TECHNIK AG:

/s/ [Authorized Signatory]_____

For and on behalf of

Frontier

/s/ James G. Dempsey_____

**PART II: Frontier PRODUCT SUPPORT AGREEMENT –
SUPPLIER SUPPORT CONDITION, SSC**

Administration Notice to OEM

To Whom it may concern

SUBJECT: APPOINTMENT OF LUFTHANSA TECHNIK AS FIRST FRONTIER’S NOMINEE

We hereby inform you that we have signed a comprehensive maintenance agreement with Lufthansa Technik AG (“**Lufthansa Technik**”) (“**Agreement**”) for Airbus Aircraft, which includes the appointment of Lufthansa Technik as our Frontier’s Nominee to exercise any contractual and statutory rights out of or in connection with the Supplier Support Condition (“**SSC**”) as issued by Airbus S.A.S. in our name and on our behalf (“**Appointment**”), pursuant to the terms of the Purchase Agreement(s) listed below. Such rights include, without limitation, the right to receive any payments made by the manufacturer or any third party affected as a result of the exercise of any rights we may have under the SSC by Lufthansa Technik acting in our name and on our behalf. We hereby confirm to manufacturer or any third party affected that we own or control the rights we purport to transfer.

The Appointment, only applies to the exercise of rights in our name and on our behalf during the period of time from the date a notice is received and acknowledged by manufacturer or any third party affected from Lufthansa Technik with this letter attached, until the date of receipt by manufacturer or any third party affected of written notice to the contrary from either Lufthansa Technik or Frontier. Such notices will be addressed to the particular address provided by manufacturer or any third party affected to Lufthansa Technik for such purposes and we agree that such notice will only be effective with regard to manufacturer or any third party affected if received by manufacturer or any third party affected at such respective address. We agree that all actions taken by Lufthansa Technik or agreements entered into by Lufthansa Technik during the period prior to manufacturer’s or any other third party’s (affected) receipt of such notice are final and binding on us. Direct communications with us as Frontier, if necessary, should be addressed as follows:

Name:

E-Mail:

Tel.:

Contract Manager

TCS

[LOGO]

We hereby refer to our appointment of Lufthansa Technik to exercise any rights out of or in connection with the applicable SSC and request that manufacturer or any other third party affected accepts any and all declarations from Lufthansa Technik in the name and on behalf of Frontier with regard to the following Purchase Agreements and aircraft.

A/C model	A/C Serial / Factory No.	Purchase Agreement No.	Date Added	Date Deleted
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We also request that the manufacturer accepts Lufthansa Technik as the Frontier Nominee for all additional aircraft of Frontier that are subject to the Maintenance Agreement between Lufthansa Technik and Frontier.

We as Frontier hereby authorize manufacturer or any third party affected to treat Lufthansa Technik as if we as Frontier would exercise rights we have under the applicable SSC ourselves and request that manufacturer or any third party affected to deal appropriate with Lufthansa Technik. We as Frontier agree that, by rendering declaration to Lufthansa Technik, manufacturer or any third party affected will have complied with their obligations as per the SSC and that manufacturer or any third party affected owes such declaration (e.g. remedies) only once.

Yours sincerely,

/s/ James G. Dempsey (signature)
James G. Dempsey (printed name)
Chief Financial Officer (title)
_____ (date)

TCS

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November 3rd, 2014

Attachment on Aircraft Production Inspection
("APIP Attachment")

between **Frontier Airlines**
7001 Tower Road
Denver, CO 80249
USA
hereinafter referred to as "Frontier"

and **LUFTHANSA TECHNIK AG**

Weg beim Jäger 193
22335 Hamburg
Germany
hereinafter referred to as "LHT"

each of them hereinafter referred to individually as a "Party" and collectively as the "Parties".

APIP ATTACHMENT Frontier Airlines
April 30th, 2015

1

1. SCOPE OF THE APIP ATTACHMENT

Frontier hereby engages LHT and LHT agrees to provide to Frontier its professional support services that shall consist of supporting the inspections held by Airbus in accordance with the Airbus Customer Inspection Program FM1302305, in order to give continuity to the Aircraft delivery process (hereinafter the "Aircraft Production Inspection Program or APIP").

The terms and conditions of the said services are outlined in this APIP Attachment and set out in detail in Article 3 SCOPE OF SERVICES of this APIP Attachment.

The General Terms of the "Agreement on Technical Services for A320 Family Aircraft" dated 5.11.2014 between the Parties (hereinafter referred to as the "General Terms") shall apply wherever applicable, unless stated otherwise in this APIP Attachment. For the purposes of this APIP Attachment, such General Terms will remain in effect during the Term. This APIP Attachment shall prevail in the case of a conflict between this APIP Attachment and the General Terms.

2. DEFINITIONS AND ABBREVIATIONS

The following capitalized terms, expressions and abbreviations shall have the following meanings for the Services provided subject to this APIP Attachment:

Aircraft	an aircraft being manufactured by Airbus to be delivered to Frontier a detailed listing of the Aircraft to be covered under this APIP Attachment is set forth in Article 1 of Annex No.1 to the APIP Attachment stating the respective manufacturer serial number (MSN).
Airbus	Airbus S.A.S.
BFE	Buyer furnished equipment
BFG	Goodrich Cooperation
Buy Backs	LHT acceptance of any rectifications made by Airbus
eQLB	shall mean the Airbus electronic quality log book
FAL	shall mean the final assembly line as used in Airbus Customer Inspection Program FM1302305 in order to give continuity to the Aircraft delivery process
FAL Customer Manager	is the responsible contact person at Airbus for all quality issues with respect to the Aircraft

Fixed Price	a predetermined price for the Service or Services according to Article 3
Services	The scope of work as described in Article 3 of this APIP Agreement
Term	a reference to the term during which this APIP Attachment is effective (as set out in Article 8).

Other capitalized terms used herein but not defined shall have the meanings given in the General Terms.

3. SCOPE OF SERVICES

3.1 Subject to the terms and conditions set forth in this APIP Attachment, LHT shall perform the Services as stipulated under this Article and according to the presentations made by Airbus in accordance with Airbus Customer Inspection Program FM1302305.

3.1.1 Assembly Inspection

With regard to the final assembly Inspection the support Services performed by LHT include the following:

- *****
- *****
- *****
- *****
- *****
- *****
- *****
- *****
- *****
- *****
- *****

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

APIP ATTACHMENT Frontier Airlines

April 30th, 2015

3.1.2 Section Inspection

With regard to the section inspection the Services performed by LHT include the following:

- *****

- *****

- *****

- *****

- *****

- *****

- *****

- *****

- *****

- *****

3.1.3 Final Acceptance Assistance

LHT assists the final acceptance inspectors assigned by Frontier during the final acceptance inspection by participation of one appropriate assembly line inspector of LHT. Such assistance is limited to the available know-how and expertise of the assigned LHT inspector.

This service includes:

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.
APIP ATTACHMENT Frontier Airlines
April 30th, 2015

3.2 LHT shall provide written reports to Frontier. The contents and format of such reports shall be mutually agreed between the Parties.

The Report shall include following information:

- *****
- *****
- *****
- *****

3.3 If in the course of the provision of Services and at its discretion, LHT becomes aware of the fact that it is necessary or advisable to modify the contractual performances, LHT will submit to Frontier a written proposal concerning the suggested alterations. The Parties hereto will use all reasonable efforts to come to a written agreement regarding such modifications, to be recorded as an amendment to this APIP Attachment For the avoidance of doubt, any such modifications or alterations are subject to a written agreement in the form of an amendment to this APIP-Agreement.

3.4 With regard to APIP, all information, data, documents made available to LHT by Frontier or Airbus, LHT assumes and shall have the right to assume that such information, data and/or documents made available to LHT are correct. LHT shall have no obligation to verify such information, data and /or documents. Consequently LHT shall not be responsible for any incorrect results of their consulting performance as far as such results are due to incorrect information, data and/or documents material furnished by Frontier.

4. OBLIGATIONS OF FRONTIER

Frontier shall provide the following documentation required for the provision of the Services no later than ***** before begin of the Services for each Aircraft and in addition any other information or data or documentation (“Additional Information”) LHT may require for the provision of the Services.

- Participation Agreement to guarantee LHT’s access to the aircraft
- Detailed Frontier aircraft specification

5. PRICES AND INVOICING

For this APIP Attachment, LHT will perform the Services described in this APIP Attachment ***** for ***** Aircraft of which the first ***** are referenced in ANNEX 1, Article 1 Aircraft.

Subsequently LHT shall not send any invoices for the services as described in this Attachment under Article 3 Scope of Service.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

APIP ATTACHMENT Frontier Airlines

April 30th, 2015

6. QUALITY AND WARRANTY

6.1 Quality

LHT shall perform all Services under this APIP Attachment in accordance with LHT's Authority approved management system.

Upon prior written and reasonable request, Frontier shall have the right to perform quality audits of LHT's organization. In the event that such audit leads to any objections, the Parties shall meet and discuss appropriate remedies to restate compliance with LHT's Authority approved management system.

6.2 Sole and exclusive Warranty

LHT warrants that the Services provided comply with the LHT Authority approved management system. The warranty shall be limited to ***** after delivery of the Aircraft by Airbus to Frontier.

***** For the avoidance of doubt: LHT assumes no responsibility and gives no warranty for any defects originated by Airbus.

7. ADDITIONAL LIABILITY AND INDEMNIFICATION

All other Liability and Indemnification clauses from the General Terms shall remain valid.

8. TERM AND TERMINATION

This APIP Attachment is valid from the date of signature until LHT has fully supported aircraft production inspections on ***** Frontier aircraft deliveries

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

APIP ATTACHMENT Frontier Airlines

April 30th, 2015

The following ANNEX is an Integral part of this APIP Attachment:

ANNEX NO. 1 – AIRCRAFT AND PRICES FOR THE SERVICES

IN WITNESS WHEREOF Frontier and LHT have each caused this APIP Attachment to be executed by their duly authorised representatives as of the day and year written below.

Hamburg, Germany
Date: April 30, 2015

Name: Daniel Schiffer

Title: Head of APIP

Date: April 30, 2015

Name: Holly L. Nelson

Title: Chief Accounting Officer

For and on behalf of
LHT:

/s/ Daniel Schiffer

For and on behalf of
Frontier Airlines, Inc.:

/s/ Holly L. Nelson

APIP ATTACHMENT Frontier Airlines
April 30th, 2015

ANNEX NO. 1

1. AIRCRAFT

Frontier Airbus A321 Aircraft to be delivered by Airbus:

Schedule for additional Frontier Airbus Aircraft to be added at a later date.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

APIP ATTACHMENT Frontier Airlines

April 30th, 2015

**Purchase Terms Agreement
(Material-Single Event)**

Between

**FRONTIER AIRLINES, Inc.
7001 Tower Road
Denver, CO 80249
USA
(hereinafter referred to as "FRONTIER")**

and

**LUFTHANSA TECHNIK AG
Weg beim Jäger 193
22335 Hamburg
Germany
(hereinafter referred to as "LHT")**

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This Agreement is made on the date of the signatures of both Parties between:

(1) **FRONTIER AIRLINES, Inc.** of 7001 Tower Road, CO 80249, Denver, USA (hereinafter referred to as “**FRONTIER**”);

and

(2) **LUFTHANSA TECHNIK AG** of Weg beim Jäger 193, 22335 Hamburg, Germany (hereinafter referred to as “**LHT**”).

PREAMBLE

Whereas

(A) FRONTIER wishes to sell the Purchased Items to LHT, and LHT wishes to buy the Purchased Items from FRONTIER, as more particularly described herein;

(B) Pursuant to a Basic Agreement on Technical Services on components for A320 aircraft, to be entered into on or before the date hereof between FRONTIER and LHT with respect to, *inter alia*, certain aircraft components, including, without limitation, the Purchased Items, LHT has agreed to provide certain maintenance, repair and overhaul services (the “**Service Agreement**”) with respect to such components, including the Purchased Items; and

(C) FRONTIER and LHT have agreed that the due execution of this Agreement is a condition precedent to the effectiveness of the Service Agreement (but only to the extent that the Service Agreement relates to the services for the A319, A320 and A321 (A320 family) aircraft.

It is agreed as follows:

SECTION I: GENERAL**1. DEFINITIONS AND ABBREVIATIONS**

In this Agreement, the following definitions apply:

Agreement	This Agreement including any side letters, attachments, exhibits and annexes hereto including all amendments and supplements to this Agreement as are agreed in writing between the Parties
ATA 300	Specification for packaging of airlines supplies. Published by the Air Transport Association
Aviation Authority	The competent body responsible for the safety regulation of Civil Aviation in any relevant country
Business Day	A Day on which banks are open for regular business in Hamburg/Germany and Denver/USA
Certificate of Release to Service, or CRS	The Certificate of Release to Service confirms on behalf of the Aviation Authority approved maintenance / production organization that, unless otherwise specified, the listed actions have been carried out in conformity with the Quality Manual by personnel with appropriate authorizations and in accordance with approved regulations. It also confirms that the aircraft component has been released to service with respect to the work carried out
Components Maintenance Manual, or CMM	The Components Maintenance Manual issued by the respective manufacturer
Day	Calendar day
Defect/s	Any abnormal or unusual condition of an Item whether or not this could eventually result in a failure of that Item
Delivery /To Deliver	As defined in 6
EASA	European Aviation Safety Agency
FAA	Federal Aviation Administration of the United States of America
FAR	Federal Aviation Regulation as in force in the United States of America
INCOTERMS	Regulations of the International Chamber of Commerce for freight forwarding, including transportation insurance, as published by the International Chamber of Commerce as "Incoterms 2010"

Item	Any level of hardware assembly (i.e. system, subsystem, module, accessory, component, unit, part, etc.) specified in Attachment "A" and any such further items as the Parties may specify from time to time by mutual agreement in writing, such items to be sold and Delivered to LHT by FRONTIER in accordance with this Agreement
OEM	Original Equipment Manufacturer, being the original manufacturer of an Item, Part or component
Part	One, two or more pieces joined together which are not normally subject to disassembly without destruction of designed use
Party / Parties	FRONTIER or LHT/FRONTIER and LHT, collectively
Part Number or P/N	Official and unequivocal designation of a Part
Purchased Items	As defined in Article [2] ("Sale and Purchase of Items")
Purchase Order / PO	Any purchase order issued by LHT to FRONTIER under Article [2] ("Sale and Purchase of Items") of this Agreement
Service Agreement	The Agreement for Technical Service between FRONTIER and LHT with regards to A320 and its attachments
Service Bulletin or SB	Any service bulletin as that term is commonly understood in the aviation industry
Unscheduled Removal	A removal of a Item which is not in accordance with the maintenance schedule in the relevant official documentation of the manufacturer of such Item
Value-added Taxes / VAT	Any value added tax on any goods and services, any sales, use, transfer, turnover and documentary taxes (and any similar taxes), customs duties, imposition or levy of a like nature imposed by any foreign, federal, state, local or other taxing authority

2. SALE AND PURCHASE OF ITEMS

- 2.1 FRONTIER hereby agrees to supply and sell upon LHTs request a number of Items to LHT to be determined as specified in Attachment A.
- 2.2 In order to determine which Items shall be sold, LHT shall, before this Agreement has become effective, inspect the stock of Items at FRONTIERs facilities according to Article [5] ("Examination of Items").

- 2.3 The Items that LHT shall purchase in accordance with this Agreement are hereinafter referred to as “Purchased Items”. All Purchased Items shall be free and clear of all and any third party rights, including, but not limited to, liens, encumbrances, pledges and other charges.
- 2.4 LHT shall for administrative reasons issue Purchase Orders for the items listed in Attachment A. In case of any contradictions between the Purchase Order and this Agreement, this Agreement shall prevail.

3. QUALITY DEMANDS

3.1 FRONTIER’S Quality Management System

- 3.1.1 FRONTIER shall maintain at all locations a quality management system in accordance with the EN 9100; AS 9100 or equivalent quality management system such as FAR Part 121.
- 3.1.2 FRONTIER shall provide to LHT the Quality Manual. Substantial changes to such document shall be submitted promptly to LHT to the following address:
 - Lufthansa Technik AG
 - Dept. Quality Management
 - HAM TQ/E
 - Weg beim Jäger 193
 - 22335 Hamburg
 - Germany

3.2 Audits

- 3.2.1 Upon written notification by LHT, LHT’s representatives shall have access to FRONTIER’s facilities at any time in order to carry out an audit of compliance with the applicable standards and procedures. FRONTIER shall make best efforts to provide such access to its suppliers and subcontractor’s facilities by ***** previous written notice given from LHT to FRONTIER. Such audits must be made on business days and hours.
- 3.2.2 In case of apparent non-compliance of FRONTIER or its suppliers or subcontractors with applicable standards and procedures, LHT shall notify FRONTIER of any such non-compliance and set time limits for the rectification of them. FRONTIER shall make and/or shall cause its suppliers and subcontractors to make any and all necessary corrections and shall inform LHT promptly of any actions FRONTIER, its suppliers and subcontractors plan to carry out and of any completed rectifications.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- 3.2.3 For the avoidance of doubt any audit, other inspection or knowledge of LHT shall not relieve FRONTIER from its obligations under this Article [3] (“**Quality Demands**”) or any other obligations arising out of this Agreement.
- 3.2.4 In addition to any other rights and remedies provided by this Agreement or by law, LHT shall be entitled to terminate this Agreement and or to withdraw from any Purchase Order with immediate effect if FRONTIER fails to fulfill the above Rectifications within the time limits specified in the course of or as a consequence of any audit.

3.3 Certification / Approvals

- 3.3.1 FRONTIER guarantees that all Items sold and delivered hereunder are in serviceable condition, conform to the applicable airworthiness requirements and the aircraft manufacturer specifications. Product source and certification must be established and documented and made available to LHT upon or prior Delivery.
- 3.3.2 Deliveries of new Items shall in any case be accompanied, clearly indicated to the respective item, by an entirely completed CRS substantially in accordance with the following requirements:
- EASA Form one or
 - FAA 8130-3 (FAA 8130-4 for engines) or
 - TCCA 24-0078 or
 - Certificate of conformance accepted by the aviation authority in the manufacturer’s country (not for EASA states, USA or Canada) or
 - Manufacturer’s certificate of conformance (only with acceptance by LHT) and
 - Supplied as originals of the manufacturer
- 3.3.3 Maintained Items marked with “Transport” in Attachment A shall be accompanied by all operational records and a combined CRS (Dual Release) in accordance with the following requirements:
- A Certificate of Release to Service (CRS) valid for EASA/FAA customers, issued by a maintenance organization holding both an EASA Part-145 Approval and a FAA 14 CFR Part 145/TCCA CAR 573 Certificate, certified:
- on an EASA Form 1 including a CFR Part 43 Return to Service statement when the organization is located in an EASA country;
 - on a FAA Form 8130-3 including an EASA Part-145.A.50 Release to Service statement when the organization is located in the USA;
 - on a TCCA Form 24-0078 including an EASA Part-145.A.50 Release to Service statement when the organization is located in Canada
- 3.3.4 If Items are provided without or with a wrong certificate or other applicable documentation/ information according this Agreement is not delivered, LHT may reject such Item or use reasonable commercial efforts to recertify those Items but shall have no obligation to do so.*****

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

4. UNAPPROVED PARTS

As soon as an “unapproved parts notification” is issued and such notification is applicable to Items delivered by FRONTIER to LHT, FRONTIER shall inform LHT in writing about such notification and the items concerned.

5. EXAMINATION OF ITEMS

5.1 In order to examine quantity and quality of the Items and to determine afterwards which Items shall be the Purchased Items, LHT shall inspect the stock of Items to be provided by FRONTIER at FRONTIER’s facilities within ***** upon signature of both Parties of this Agreement. Scheduled are three waves starting after signature.

5.2 FRONTIER shall provide to LHT any information and documentation reasonably requested by LHT and shall grant LHT full and complete access to FRONTIER’s premises immediately after signature of this Agreement to perform the examination. In addition FRONTIER shall provide space and office infrastructure at offices and spaces of FRONTIER as requested by LHT for the time of the examination. FRONTIER shall provide unlimited internet access to enable LHT unrestricted access to LHT systems. LHT shall be responsible for the appropriate hardware. For the purpose of examining the Items LHT shall bear all costs and expenses associated with the examination.

5.3 FRONTIER ensures to provide own staff to hand the Items to be inspected over to LHT personnel. After examination FRONTIER shall physically identify (e.g. label) all Purchased Items as LHT owned.

5.4 FRONTIER, when possible, shall provide immediately before and during examination the following data on all serial numbers of Items that shall be inspected:

	Parameters	Format	Number of digits	Remarks
Part Information	ATA Chapter	Integer	2	
	MFRPN	string	tbd	Manufacturer Part Number
	MFR	string	tbd	Manufacturer
	Unit Price	Float	tbd	unit Price acc to PTA
	S/N	string	tbd	Serial Number
	Description	string	tbd	Part description
	Aircraft Type	string	tbd	A330, B737 etc.
	Location	string	tbd	Station (if on stock)
	Manufacturer Date	date	8	
	TSN	FH/CYC/DAYS	6/6/6	Data since new
Component Monitoring	TSO	FH/CYC/DAYS	6/6/6	Data since last overhauled
	TSF	FH/CYC/DAYS	6/6/6	Data since last bench check
	TST	FH/CYC/DAYS	6/6/6	Data since last shop visit
	Last Task	string & date (dd.mm.yyyy)	tbd/10	Task performed and date
	EFF Date/FH/FC	FH/CYC/Days	6/6/6	Effectivity date (counters at download date)
warranty	warranty limit	FH / CYC/DAYS	6/6/6	
	Delivery A/C or Purchase order	string	tbd	If delivery A/C, than Tail-Sign, else PO no.
	Delivery date of A/C or date of Purchase Order	date	tbd	
	Supplier	String	tbd	

- 5.5 For all Part numbers sold under this Agreement FRONTIER will provide the relevant Export Control Classification Number (ECCN).
- 5.6 In case the quantity for any Item is differing from the quantity of Items as per Attachment A the following shall apply:
Fewer quantities: The quantity identified below the quantity as per Attachment A shall be generally assessed with the agreed pricing and this amount shall be deducted from the total net purchase price payable to FRONTIER. In case the quantity missing is deemed to be necessary by LHT and FRONTIER to support FRONTIER, then LHT shall either require FRONTIER within ***** after examination of the affected Item to purchase the agreed quantities and provide them to LHT at the conditions provided in Attachment A or buy the missing quantities itself and invoice FRONTIER the difference between the price in Attachment A and the price LHT paid. LHT will inform FRONTIER about the price of the missing quantity in case that LHT shall purchase the missing part.
Larger quantities: LHT shall have the right to accept and purchase those Items being provided above the agreed quantity as per the conditions of Attachment A or B.
- 5.7 To the extent that upon examination Items are not in FRONTIER's or LHT's possession such Items shall be treated as not delivered. Article [5.6] shall apply.
- 5.8 Scrap material mutually identified during the examination process shall be handled as not delivered. In this case Article [5.6] shall apply. This includes Life Limited Parts with a remaining life of less than ***** of the total life.
- 5.9 Life Limited Parts (LLP) shall be accompanied by a back to birth documentation providing at least following information:
- Accumulated flight hours, cycles, calendar periods since beginning of operation
 - History of installations/ removals in terms of applicable aircraft information (aircraft type, serial number, aircraft registration number, date of installation/removal)
 - Detailed record of all modifications, repairs and/or other maintenance
 - Flight hours, cycles, calendar periods since last maximum maintenance (e.g. overhaul)

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If the documentation is not available and FRONTIER cannot provide the documentation with reasonable effort the Items shall be handled as being not delivered and shall remain FRONTIERs property. In this case Article [5.6] shall apply.

- 5.10 For safety critical Items (SCI), which includes LLP's and Items which are subject to airworthiness limitations and/or a major Items, such as but not limited to undercarriages or flight controls, among other required information according this Agreement, detailed records of all modifications and repairs shall be provided.

The CRS for SCI's should specify in particular:

- Date of the last maintenance and name and address of the applicable MRO provider
- If the Item is unused, date of manufacture and name + address of manufacturer with a cross reference to any original documentation which should be included with the form
- A list of all airworthiness directives, repairs and modifications which have to be incorporated. If no airworthiness directives or repairs or modifications are applicable according statement should be provided
- Detail of life used for service life limited parts being any combination of fatigue, overhaul or storage life
- For any aircraft component having its own maintenance history record, reference to the particular maintenance history record as long as the record contains the details that would otherwise be required on the CRS. The maintenance history record and acceptance test report or statement, if applicable, should be attached to the CRS
- A clear statement of the airworthiness limitation should be endorsed on the CRS and all applicable information, such as accumulated flight hours, cycles and Days, to ensure the continuing airworthiness prior to installation by determining the next scheduled maintenance
- For shelf life limited parts the CRS shall include the manufacturing date, the expiry date of the shelf life and the shelf life itself

- 5.11 In case of interchangeability of Items, FRONTIER shall provide proof of interchangeability acc. approved data (IPC, EB, SB) in addition to the necessary certification as described in Article [3.3] ("Certification"). LHT may refuse proof of interchangeability with reasonable explanation. In this case Article [5.6] shall apply.
- 5.12 To the extent that during examination period potential deviations of an Item from the requirements according this Agreement cannot be clarified and not fully be eliminated and/or applicable documentation and/or information is not delivered such Items shall be treated as not delivered. Article [5.6] shall apply accordingly.

- 5.13 If any Purchased Item is not in compliance with one or more requirements provided for in this Agreement or FRONTIER cannot provide the necessary documentation upon Delivery, notwithstanding any other rights LHT may have, LHT shall not have to make any purchase price payment to FRONTIER or shall be entitled to return the Purchased Item and claim reimbursement of any payment that has already been made with respect to those Items.

6. DELIVERY

- 6.1 Delivery of the Purchased Items indicated as homebase material "HB" according Article [6] shall be deemed to occur upon LHT's goods receipt at Frontiers facilities in Denver, Phoenix and Kansas City, USA ("Delivery"). FRONTIER shall bear all cost for storage of Purchased Items after Delivery.
- 6.2 For all Items delivered in accordance with this Agreement, FRONTIER agrees that it is the U.S. Principal Party in Interest (USPPI) and agrees to comply with all export control requirements, including export classification, licensing, and clearance responsibilities applicable to the USPPI in U.S. export transactions. In addition, for all Items delivered in accordance with this Agreement, FRONTIER agrees that LHT is the Foreign Principal Party in Interest (FPPI), and FRONTIER is authorized to act and agrees to act as LHT's true and lawful agent for purposes of preparing and filing any Electronic Export Information in accordance with the export control laws and regulations of the United States.
- 6.3 Delivery of the Purchased Items indicated with "TRANSPORT" in the Attachment A shall be delivered from FRONTIER in accordance with the *INCOTERM* "FCA" (Free Carrier) to FRONTIER's facilities in Denver, Phoenix or Kansas City, USA.
- 6.4 FRONTIER shall pack all Purchased Items according to all applicable regulations. Any special regulations for the shipment of the Purchased Items shall be observed by FRONTIER.
- 6.5 *****
- 6.6 For the avoidance of doubt, unless otherwise agreed between FRONTIER and LHT in a separate agreement, LHT shall be entitled to unconditionally remove all Purchased Items from FRONTIER's premises after Delivery.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

7. DELIVERY DATE

- 7.1 FRONTIER hereby unconditionally undertakes to Deliver the Items within the relevant agreed upon Lead Time in respect of each individual Item. The Delivery Time is measured in Days from the date of receipt of the Purchase Order by FRONTIER until the Delivery of the Item to LHT ("**Delivery Date**")
- 7.2 If LHT requests an earlier Delivery date on a Purchase Order, FRONTIER shall use its best efforts to comply with LHT's request and Deliver the Items within the requested time frame.

8. INTENTIONALLY LEFT BLANK

SECTION II: COMMERCIAL

9. PRICING

- 9.1 The prices for all Items are listed in Attachment "A". The prices in Attachment A and B have been calculated according to best knowledge and conscience and represent fair market prices.
- 9.2 All prices are inclusive of any VAT.
- 9.3 The total volume of Purchased Items will not exceed *****.

10. CUSTOMS

***** shall be responsible for all custom related issues. *****

11. INVOICING AND PAYMENT

- 11.1 The Parties agree that the respective purchase price for the Purchased Items shall be due and fulfilled through the issuance of an invoice in an amount corresponding to ***** for the Purchased Items.

Following Delivery of the Purchased Items in accordance with Article 6 and receipt of the respective invoice from FRONTIER as set out in this Article 11 LHT shall complete payments to Frontier within ***** upon conclusion of Delivery of Purchased Items as they are Delivered to LHT and invoiced by FRONTIER.
- 11.2 For all payments to be made as applicable, by LHT in accordance with this Agreement FRONTIER shall issue an invoice to LHT. All invoices in connection with this Agreement shall be raised as collective invoices. All invoices shall be issued duly in advance including all required supporting documents and shall be submitted via fax to +49-40-5070-8222 or shall be sent to the following address:

Lufthansa Technik AG
Invoice Control
HAM TB 2
Weg beim Jäger 193
22335
HamburgGermany

- 11.3 In case any invoices are sent to an address different from the address specified in Article [11.2] above, the sums under such invoice shall not become due or payable until such invoice has been received by LHT at the specified address. LHT accepts no liability for non-payment or late payment of any invoice sent to an address other than the address specified in Article 11.2 above.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- 11.4 All payments or credits, as applicable, in accordance with this Agreement shall be made net. FRONTIER and LHT agree that invoicing, payment or crediting shall not be effected via IATA-Clearing House.
- 11.5 LHT shall only pay the undisputed amount of an invoice. FRONTIER and LHT shall negotiate in good faith to resolve any disputes regarding any disputed part of any invoice.
- 11.6 If LHT disputes any amount of an invoice such amount nevertheless will remain due and LHT will pay the undisputed amount of the invoice. For any disputed invoice, LHT and Frontier will negotiate in good faith to resolve the disputed part of the invoice within reasonable time.
- 11.7 If Frontier and LHT determine that an invoice needs to be adjusted, Frontier will credit the disputed part of the original invoice and submit a new invoice for the corrected amount respectively. LHT will pay such corrected invoice within either
 - ***** after the corrected invoice is received by LHT or
 - within the payment term as per Article 11.1

above, whichever occurs later. Any dispute must be made in writing, stating the date and number of the concerned invoice and the reason for LHT's objection.

- 11.8 All payments shall be effected to FRONTIER by wire transfer to the following bank account of FRONTIER and made in US Dollar: *****

Bank of America
SwiftCode: *****
Chips number: *****
Routing number: *****
Account#: *****
Frontier Airlines

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

SECTION III: LEGAL

12. TITLE TO ITEMS

Title to the Items shall pass to LHT upon Delivery.

13. WARRANTIES

13.1 Warranty

FRONTIER warrants that each item purchased under this Agreement at Delivery shall.

- (a) *****
- (b) *****
- (c) *****
- (d) *****
- (e) *****
- (f) *****

13.2 Intentionally left blank

13.3 Warranty Assignment

FRONTIER shall assign to LHT the benefit of all assignable warranties or guarantees related to the Purchased Items. In this case FRONTIER shall make available and assist LHT to acquire all information and documents necessary to claim existing warranty rights or guarantees.

13.4 Breach of Warranty

13.4.1 The rights and remedies of LHT provided for in this Article [13.4] (“Breach of Warranty”) are exclusive as far as the warranty cases are concerned. Any other rights and remedies provided for in this Agreement, such as but not limited to Article [14] (“Liability and Indemnification”) and by law shall remain unaffected.

13.4.2 The rights and remedies provided for in this Article [13.4] (“Breach of Warranty”) shall apply regardless of negligence or wilful misconduct.

13.4.3 A warranty claim must be raised by LHT within ***** after the Defect has or could have become reasonably apparent and FRONTIER must be provided with the defective part for inspection and repair within an additional ***** after the warranty claim has been raised. *****

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- 13.4.4 FRONTIER shall ***** at the request of LHT furnish LHT with a replacement Item or promptly perform all rectification necessary to make such Item free from any Defect.
- 13.4.5 LHT shall arrange ***** for transportation of the non-conforming Item from the location where the respective Item is located to the location where the rectification shall be made.
- 13.4.6 FRONTIER shall (re)Deliver a replacement to the place requested by LHT within *****.
- 13.4.7 LHT may assign the warranty or guarantee as granted in this Agreement in whole or in part to any of its customers. Frontier will assist LHT with the administration of related warranty claims raised by third parties against LHT.

13.5 Third Party Rights

- 13.5.1 FRONTIER explicitly guarantees that any Purchased Items Delivered under this Agreement and the use by LHT and/or its customers thereof does not infringe any rights of third parties.
- 13.5.2 In case any third party alleges that the Purchased Items Delivered hereunder or the use thereof infringe their rights, FRONTIER at LHT's discretion shall immediately
 - (a) procure for LHT and its customers the right to use such Purchased Items,
 - (b) replace such Purchased Items with Equivalent non-infringing Purchased Items
- 13.5.3 "Equivalent" for the purpose of this Article [13.5] especially means that the Purchased Items comply in all respects with the requirements of this Agreement and are two ways interchangeable in fit, form and function with the Purchased Items originally Delivered, are at least of the same modification status and condition as the Purchased Items originally Delivered and have a dash number equal or higher than the dash number of the Purchased Items originally Delivered.
- 13.5.4 In addition FRONTIER shall be liable towards LHT for all damages and shall indemnify and hold harmless LHT from and against any claims resulting from any infringement.

14. Liability and Indemnification

14.1 *****

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- 14.2 *****
- 14.3 *****
- 14.4 *****
- 14.5 *****

15. INSURANCE

- 15.1 For a minimum period of ***** after signing of this Agreement FRONTIER shall effect and maintain insurance of the following coverage and provisions, and shall provide LHT with a certificate of insurance evidencing such coverage:
- 15.2 *****
- 15.3 Such insurance shall be primary and non-contributory with respect to any other applicable insurance earned by LHT for the benefit of LHT. *****
- 15.4 *****
- 15.5 The above insurances shall contain a ***** written notice of cancellation *****, and in case such notice is given, it shall be provided to LHT as well as to any other party for whom it is relevant.
- 15.6 During the term and in respect of Products Liability and for a minimum period of ***** after the termination or expiration of this Agreement LHT will effect and maintain and will provide FRONTIER with a certificate of insurance evidencing the following insurances:
 - _ *****
 - _ *****
- 15.7 FRONTIER, its directors, officers, employees, agents and Subcontractors will be named as additional insureds with regard to the insurance named in Article 15.6 above in case LHT is liable according to this agreement and such insurance will be primary and non-contributory to any insurances carried by FRONTIER and will contain a severability of interest clause.
- 15.8 All of the insurances will provide in favor of *****
 - (i) *****
 - (ii) *****

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16. INTELLECTUAL PROPERTY RIGHTS

- 16.1 FRONTIER explicitly guarantees that any Items Delivered under this Agreement and the use by LHT and/or its customers thereof does not infringe any intellectual property rights of third parties.
- 16.2 In case any third party alleges that any Items Delivered and any products, equipment, documentation and data and services provided and/or supplied under this Agreement and the use by LHT and/or its customers thereof infringe its rights, FRONTIER at LHT's discretion shall immediately (a) procure for LHT and its customers the right to use such Items, (b) replace such Items with Equivalent non-infringing Items, or (c) modify such Items so they become non-infringing but Equivalent.
- 16.3 "Equivalent" for the purpose of this Article [16] ("Intellectual Property Rights") especially means that the Items comply in all respects with the requirements of this Agreement and are two ways interchangeable in fit, form and function with the Items originally Delivered, are at least of the same modification status and condition as the Items originally Delivered and have a dash number equal or higher than the dash number of the items originally Delivered.
- 16.4 In addition FRONTIER shall be liable towards LHT for all damages and shall indemnify and hold harmless LHT from and against any claims resulting from any infringement.
- 16.5 In addition to the above, in case of any alleged infringement LHT shall be entitled to withdraw from this Agreement or any Purchase Order concerned.
- 16.6 LHT may exercise any rights and remedies for infringement of any third party right stipulated in this Article [16] ("Intellectual Property Rights") as long as any third party may allege any such infringement.

17. FORCE MAJEURE

- 17.1 Neither Party shall be under any obligation to perform this Agreement or be liable for any delay or any other Breach if and to the extent that such delay or any other Breach is due to reasons beyond such Party's reasonable control ***** ("Force Majeure").
- 17.2 In case of Force Majeure the Party affected by such Force Majeure shall immediately inform the other Party in writing about the commencement of such Force Majeure, and when such Force Majeure has ended the relevant Party shall give written notice to the other Party of its termination.
- 17.3 In case of delay or any other Breach caused by Force Majeure FRONTIER shall use its best effort to minimize the impact of such Breach.

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- 17.4 If FRONTIER is unable to perform its obligations under this Agreement due to Force Majeure LHT may, after a reasonable time has expired since the onset of Force Majeure, withdraw from this Agreement by giving written notice to FRONTIER.

18. CONFIDENTIALITY

- 18.1 The Parties shall treat as strictly confidential for the term of ***** after signing of this Agreement, including the document itself as well as individual provisions contained herein. In particular each Party shall treat as strictly confidential the contents of the negotiations leading up to this Agreement. Neither Party shall disclose this Agreement or the contents of the negotiations leading up to this Agreement to any employee, third party or other person except where such disclosure is necessary in order to fulfill the obligations under this Agreement and except that LHT may disclose this Agreement and the contents of the negotiations leading up to this Agreement to a company directly or indirectly controlled by Deutsche Lufthansa Aktiengesellschaft.
- 18.2 FRONTIER shall treat as strictly confidential for the term of ***** after signing of this Agreement any information received in connection with this Agreement, including, but not limited to any business, technical and strategic data disclosed by LHT, their customers or Subcontractors at any time for any reason—comprising any and all such information in oral or visual form, and shall use such information solely for the performance hereunder. FRONTIER’s obligations of confidentiality as stipulated for in this Article shall include all necessary measures of IT (information technology) data protection.
- 18.3 The disclosure of any documents, data and other information to FRONTIER in connection with this Agreement shall not be construed as a grant or transfer of any rights, in particular but not limited to intellectual and industrial property rights such as patents or copyrights nor a permission to use such documentation, data or other information except for the purposes required by this Agreement.

19. NOTICES AND COMMUNICATION

- 19.1 Unless otherwise stipulated in Article [19.2] below or elsewhere in this Agreement, all communication required under this Agreement shall be addressed to LHT as follows:

LUFTHANSA TECHNICK AG
Dept. HAM TN/S
Corporate Purchasing
Weg beim Jäger 193
22335
Germany

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

to FRONTIER as follows:
FRONTIER AIRLINES, INC.
General Counsel
7001 Tower Road
Denver, CO 80249, USA

- 19.2 Neither Party may claim that the other Party has received any message or correspondence if addresses other than those specified in accordance with this Article [19] (“Notices and Communications”) have been used unless it had been actually received by the right person.
- 19.3 Messages including any orders sent by e-mail or other electronic means shall be deemed received only when the message has been accessed by the receiving Party. The burden of proof for the receipt and time of receipt of such messages shall be with the Party sending the message.
- 19.4 All communication between the Parties shall be in English and all documentation shall be made available to the other Party in English. In case any other language is used or any document including this Agreement is translated into any other language it shall be for convenience only. The version in English shall be legally binding.

20. MISCELLANEOUS

20.1 Law

This Agreement and any dispute shall be governed by and construed in accordance with the laws of the State of New York, U.S.A. without regard to its conflicts of laws principles.

20.2 Dispute Resolution / Arbitration

- 20.2.1 Any dispute between the Parties with respect to the interpretation of any provision of this Agreement or with respect to the performance of either Party shall be resolved as specified in this Article 20.2.
- 20.2.2 Prior to commencing arbitration, the Parties may, if they so agree, seek the opinion of the relevant manufacturer in relation to the Services under dispute with a view to settling the dispute in good faith. In addition, each Party shall appoint a designated representative whose task it will be to meet for the purpose of endeavouring to resolve such dispute. The designated representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding. These procedures shall not prejudice either Party’s right to commence arbitration at any time as per Article 20.2.3.
- 20.2.3 Any dispute between the Parties out of or in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with the

Rules. The place of arbitration shall be New York, New York, U.S.A. The language of the arbitration shall be English. All proceedings in the arbitration shall be scheduled and conducted so that the arbitral tribunal may render the award as expeditiously as possible.

- 20.2.4 The award shall be final and binding. No Party shall seek recourse to a court of law or other authorities to appeal or otherwise set aside the award. The award shall be in writing and in English, and shall specify the factual and legal basis for the award. The award may be enforced in any court having jurisdiction. The arbitrator shall award to the prevailing Party its costs, including reasonable attorneys' fees and costs, to the degree of such prevailing Party's success.
- 20.2.5 The Parties consent to the exclusive jurisdiction of the United States District Court for the Southern District of New York in any action, suit or proceeding with respect to the enforcement of the arbitration agreement, this Article 20.2, and to the non-exclusive jurisdiction of that court with respect to the enforcement of any award thereunder.
- 20.2.6 Nothing in this Agreement shall prevent any Party, before an arbitration has commenced pursuant to this Article 20.2, from seeking interim or injunctive relief.
- 20.2.7 The Parties agree to keep any arbitration confidential, and shall not disclose to any person the existence of the arbitration, any document submitted or exchanged in connection with it, any oral submissions or testimony, any transcripts, or any award, unless such disclosure is required by law.
- 20.2.8 The Parties agree that this Agreement and the resulting obligations and relationships are commercial and that the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the InterAmerican Convention on International Commercial Arbitration of 1975 apply to this Agreement and to any order or arbitral award resulting from any arbitration conducted in accordance with this Agreement.
- 20.2.9 Frontier hereby appoints Corporation Services Company: 80 State Street, Albany, NY 12207 (Phone 1-866-403-5272) as its agent for service of process in New York in any dispute; provided, however, that the agent may be replaced by another agent in New York upon thirty (30) Days' written notice. Service of process on the designated agent at the designated address shall be deemed, for all purposes, to be due and effective service, and service shall be deemed completed whether or not forwarded to or received by the respective Party. Any correspondence sent to a Party's agent for service of process shall also be copied to the Party directly pursuant to Article 19.1; provided, however, that the failure to copy any Party directly shall not affect the effectiveness of any service of process.

LHT hereby appoints Lufthansa Technik Component Services, 3102 Commerce Parkway, Miramar, FL 33025 as its agent for service of process in any dispute; provided, however, that the agent may be replaced by another agent upon thirty (30) Days' written notice. Service of process on the designated agent at the designated address shall be deemed, for all purposes, to be due and effective service, and service shall be deemed completed whether or not forwarded to or received by the respective Party. Any correspondence sent to a Party's agent for service of process shall also be copied to the Party directly pursuant to Article 14.4; provided, however, that the failure to copy any Party directly shall not affect the effectiveness of any service of process.

20.3 Assignment

- 20.3.1 FRONTIER may not assign any of its rights and/or obligations under this Agreement or part thereof without the prior written consent of LHT. FRONTIER agrees that LHT may assign any of its rights and/or obligations under this Agreement in total or in part to a company directly or indirectly controlled by Deutsche Lufthansa Aktiengesellschaft.
- 20.3.2 FRONTIER shall be informed by LHT about such assignment in due time.

20.4 Alteration

- 20.4.1 This Agreement shall not be varied in terms or amended except by an instrument in writing explicitly named an amendment to this Agreement and signed by duly authorized representatives of the Parties.
- 20.4.2 Verbal agreements reached during the negotiations or during the period of this Agreement shall not be binding upon either Party unless and until mutually confirmed in writing.

20.5 Order of Precedence

In the event a provision in an attachment, exhibit, annex to this Agreement or letter agreement relating to this Agreement deviates from any provision of this Agreement, such attachment, exhibit, annex or letter agreement shall prevail only if it explicitly refers to the Article and provision it intends to deviate from. In all other cases the provisions of this Agreement shall prevail.

20.6 Exclusion of General Terms and Conditions

LHT and FRONTIER acknowledge that pursuant to current practices, standard quotation forms, purchase orders and other forms (including terms and conditions contained in catalogues) are often utilised, which forms contain terms and conditions intended to be applicable to a purchase and sale between a buyer and a vendor. LHT and FRONTIER agree that, except as expressly provided in this Agreement, no such terms and conditions as appear on such standard forms or catalogues shall become part of this Agreement, despite the fact that such forms may be utilised by representatives of one or both Parties or accepted by the other without objection. It is the specific intent of the Parties that this Agreement shall prevail over any such form and that no modification of this Agreement shall be effective unless made in strict compliance with Article [20.4] ("Alteration") and Article [20.5] ("Order of Precedence").

20.7 Waiver and Severability

20.7.1 Failure by either Party to enforce any of the provisions of this Agreement shall not be construed as a waiver of such provisions.

20.7.2 If any of the provisions of this Agreement are held unlawful or otherwise ineffective by any court of competent jurisdiction, the remainder of this Agreement shall remain in full force and the unlawful or otherwise ineffective provision shall be substituted by a new provision mutually agreed upon by LHT and FRONTIER reflecting the intent of the provision so substituted.

20.8 Notification of Changes

Any changes or alterations, including change of address, company name, organization, approval etc. shall be immediately notified in writing to the addressee stipulated in Article [19] ("Notices and Communication").

In case any of the Parties changes its address, it shall inform the other Party with ***** prior written notice before such change is effective so in case any notice or . communication made to the Party who has changed its domicile without advising the other Party as agreed in this clause, shall be deemed as legally effectuated

20.9 Interpretation

The list of contents, section names and headings are for ease of reference only and shall not be taken into account in construing this Agreement.

20.10 Export Clause

The Parties hereby acknowledge that the shipment, transfer or Delivery of any Item under this Agreement may be subject to export laws and regulations of the European Union, Germany and the United States (hereinafter referred to as "Export Control Regulations"), including compliance requirements set forth under the U.S. Export Administration Regulations (EAR), 15 CFR Parts 730-774, International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120-130, and U.S. economic sanctions regulations (OFAC regulations), 31 CFR Parts 500-598).

Each Party further acknowledges its respective obligation to comply fully with applicable Export Control Regulations in connection with the performance of this Agreement. As part of such obligation, FRONTIER agrees to ensure that any shipment, transfer or Delivery of any Item to LHT under this Agreement is in full compliance with applicable Export Regulations.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

In furtherance of its compliance obligations, FRONTIER agrees to provide to LHT prior to performing such Services, Material supply or Part installation or prior to making any shipment, transfer or delivery of any Item to LHT under this Agreement the correct export classification of such Material, Part or Item e.g., the classification under the "Ausfuhrliste" of the German Federal Office of Economics and Export Control (BAFA), the relevant category in the United States Munitions List USML or the Export Control Classification Number ECCN under the EAR and to provide to LHT all necessary information related thereto and shall otherwise provide to LHT any reasonable assistance requested by LHT to ensure full compliance with applicable Export Control Regulations. As part of such assistance, FRONTIER shall inform LHT if the Services rendered, the Material supplied or any Part installed and/or any shipment, transfer or delivery of an Item under this Agreement will require an export license or other authorization under applicable Export Control Regulations, as well as any document that LHT must complete or submit in connection with obtaining such export license or authorization.

In addition, FRONTIER agrees that, whenever any shipment, transfer or Delivery of an Item under this Agreement requires an export license or other authorization under applicable Export Regulations, it will obtain such license or authorization at no cost to LHT and in a manner that permits Delivery of the Item within the Lead Time set forth under this Agreement.

20.11 Form of Agreement

Two originals of this Agreement shall be signed and executed by the Parties. One original shall remain with each Party. Each page of each original of the Agreement (including any attachments, exhibits, side-letters etc.) shall be initialled by each Party. Each of the two originals shall constitute an original of this Agreement, but together the counterparts shall constitute one document.

20.12 Environmental and Labour Standards

Frontier shall abide by the internationally recognised environmental standards as well as the basic labour standards of the International Labour Organisation as set forth in Art. 2 of the ILO-Declaration dated 18th June 1998 ("Fundamental Principles and Rights at Work").

21. **CONDITIONS PRECEDENT**

This Agreement shall only become effective upon the execution and effectiveness of that certain Services Agreement by and between the Parties hereto.

In case of termination of the Services Agreement LHT may return all of the Purchased Items or parts thereof and FRONTIER shall return any payment made by LHT.

SIGNATURES

IN WITNESS THEREOF LHT and FRONTIER have caused this Agreement to be executed as of the day and year written below.

For and on behalf of
Lufthansa Technik AG:

Name Jörg Asbrand
Title Vice President Corporate Purchasing
Town, Date: _____
Signature: /s/ Jörg Asbrand

[Authorized Signatory]
Director Aircraft Component Services

/s/ [Authorized Signatory]

For and on behalf of
FRONTIER AIRLINE, INC.:

Name James G. Dempsey
Title Chief Financial Officer
Town, Date: Denver, Colorado
Signature: /s/ James G. Dempsey

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Part Number means the original Part Number as stated herein or any superseding Part Number, which is required from FRONTIER to comply with this Agreement.

CONFIDENTIAL**FRONTIER AIRLINES — JUNE 2014****NAVITAIRE HOSTED SERVICES AGREEMENT****Table of Contents**

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NAVITAIRE HOSTED SERVICES AGREEMENT

This Hosted Services Agreement (the “**Agreement**”) is made between Navitaire LLC, a Delaware limited liability company (“**NAVITAIRE**”) and Frontier Airlines, Inc., a Colorado corporation, (“**Customer**”), and shall be effective as of June 20, 2014 (“**Effective Date**”).

Recitals

- A. Accenture LLP is a global management consulting, technology services and outsourcing company.
- B. NAVITAIRE, wholly owned by Accenture LLP, is an airline technology services company, which provides various services such as hosted reservation and revenue management services to airline companies worldwide.
- C. The parties desire that NAVITAIRE provide to Customer Hosted Services (as defined in Section 1), and Customer desires to purchase such Hosted Services on the terms contained in this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Definitions

As used herein, the following terms shall have the meanings accorded them in this Section 1. In the event of any conflict between a definition set forth in this Section 1 and in any one contained in an Exhibit to this Agreement, the definition contained within such Exhibit shall control.

- 1.1 Affiliate** of a party means any entity, whether incorporated or not, that is controlled by, controls, or is under common control with such party. “Control” means the ability, whether directly or indirectly, to direct the affairs of another by means of ownership, contract or otherwise.
- 1.2 API(s)** means Application Program Interface(s) contained within the Hosted Services System and used to facilitate communications between external systems of Customer or Customer API Agents and the Hosted Services System.
- 1.3 Business Critical Services** means the services required to be restored first in the event of a Disaster and comprise the components listed in the Disaster Recovery Services descriptions in Section 5 of Exhibits A and F, as applicable.
- 1.4 Confidential Information** has the meaning set forth in Section 9.1 hereof.
- 1.5 Configurable Template** means any of the templates comprising from time to time a part of the Hosted Services System and designed to permit Customer to configure the presentation and interfaces of the Hosted Services through the use of API(s) made available by NAVITAIRE as a part of Hosted Services for such purpose.

- 1.6 Contract Year** means each twelve (12) month period commencing at the Target Date listed for Hosted Reservation Services in Exhibit A, as such Target Date may be modified pursuant to Section 1.6 of Schedule K to this Agreement. If Hosted Reservation Services are not in scope of the Agreement, the Target Date in the applicable exhibit is used to determine the Contract Year.
- 1.7 Critical Business Data** means the data required to be restored first in the event of a Disaster, detailed in the Disaster Recovery Services chart included in Section 5, New Skies by NAVITAIRE Functionality Included in Hosted Reservation Services, in Exhibit A.
- 1.8 Current Release** means the latest generally available release of the NAVITAIRE software that NAVITAIRE makes commercially available to its hosted services customers and as represented by the second number in the release description (*e.g.*, where Release 4.1 is the current release, with Release 4.0 being the current release “minus one”).
- 1.9 Customer Agent** means employees of Customer, and contractors, service providers, and agents of Customer that are not competitors of NAVITAIRE.
- 1.10 Customer API Agent** means, referral entities, resellers and sales channel partners of Customer, including Code Share Operating Carriers and Code Share Marketing Carriers that communicate with the Hosted Services System via API.
- 1.11 Customer Authorized Support Contact(s)** has the meaning set forth in Exhibit D.
- 1.12 Custom Enhancement Request** means a request by Customer for an Enhancement made pursuant to Support Center Support or a Work Order.
- 1.13 Customer Account Liaison** has the meaning set forth in Exhibit D.
- 1.14 Customer Data** means the data entered into the Hosted Services System by Customer, a Customer Agent authorized to use the Hosted Services System in accordance with this Agreement, or a customer of Customer.
- 1.15 Customer Personal Data** means data which is owned or controlled by Customer, which NAVITAIRE has access to and/or otherwise processes for the purpose and during the provision of the Services, and which names or identifies a natural person including, without limitation: (a) data that is explicitly defined as a regulated category of data under data protection laws applicable to Customer; (b) non-public personal data, such as national identification number, passport

number, social security number, driver's license number; (c) health or medical information, such as insurance information, medical prognosis, diagnosis information or genetic information; (d) financial information, such as a policy number, credit card number and/or bank account number; and/or (e) sensitive personal data, such as race, religion, marital status, disability, or sexuality.

- 1.16 Customer Responsibilities** means the obligations of Customer set forth in this Agreement including any Exhibits and any functions or responsibilities not specifically described in this Agreement which are inherent to and necessarily required to be performed by Customer as part of such obligations.
- 1.17 Customer Website** means the customized portal provided by Customer for passengers to use for booking transactions via the Internet.
- 1.18 Deliverables** mean Materials that are originated and prepared for Customer by the Service Provider (either independently or in concert with Customer or third parties) and delivered to Customer during the course of the NPS Services under this Agreement, within the scope of a Work Order, as described in the Work Order form included in Exhibit L of this Agreement.
- 1.19 Disaster** means an unplanned production data center outage of twenty-four (24) hours or sufficient duration to cause severe loss or impairment of all of the following areas: (i) ticket sales, (ii) airport check-in, (iii) boarding, and (iv) functionalities utilized by the callcenter whereupon a Disaster may be declared, and the redeployment of resources to a recovery data center ("DR Site") to reinstate service may be triggered. A Disaster may be caused by disruptive events including but not limited to Force Majeure Events (as defined in Section 14.2 of the Agreement).
- 1.20 Disaster Recovery (DR)** means the process of rebuilding and restoring sustained operations of the Hosted Services System environment capabilities after a Disaster, in an alternate data center facility, and hand over of recovered services to Customer for Customer testing and resumption of Customer business functions.
- 1.21 Disaster Recovery Services** means the Disaster Recovery services provided hereunder and in accordance with the specifications set out at Exhibit A, which includes a backup system at an alternate location to be made available in case of a Disaster. Such services shall include but not be limited to the following:
- Provides an alternate data center site Disaster Recovery solution;
 - *****
 - *****
 - *****

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- *****
- *****

- 1.22 Emergency** has the meaning set forth in Section 5 of Exhibits A, B, F, and G.
- 1.23 Enhancement** means new functionality or modifications to existing functionality within the Hosted Services System, but does not include System Error fixes.
- 1.24 Hosted Reservation Services** means the services described in Exhibit A; provided that if Hosted Reservation Services are not designated as being contracted for in Section 2, Exhibit A shall be blank or not appended and this Agreement shall not cover such type of services.
- 1.25 Hosted Revenue Accounting Services** means the services described in Exhibit G; provided that if Hosted Revenue Accounting Services are not designated as being contracted for in Section 2, Exhibit G shall be blank or not appended and this Agreement shall not cover such type of services.
- 1.26 Hosted Revenue Management Services** means the services described in Exhibit B; provided that if Hosted Revenue Management Services are not designated as being contracted for in Section 2, Exhibit B shall be blank or not appended and this Agreement shall not cover such type of services.
- 1.27 Hosted Services** means Hosted Reservation Services and/or Hosted Revenue Management Services and/or Hosted Web Services and/or Hosted Revenue Accounting Services as designated in Section 2 of this Agreement. Hosted Services are provided by NAVITAIRE and its Affiliates.
- 1.28 Hosted Services System** means with respect to Hosted Reservation Services, Hosted Revenue Management Services, Hosted Web Services, and/or Hosted Revenue Accounting Services, the hardware and software used by NAVITAIRE as part of the Services as well as in each case any user documentation associated therewith (including Configurable Templates and any associated API(s)).
- 1.29 Hosted Web Services** means the services described in Exhibit F; provided that if Hosted Web Services are not designated as being contracted for in Section 2, Exhibit F shall be blank or not appended and this Agreement shall not cover such type of services.
- 1.30 Incident (INC)** means a Customer reported Hosted Services trouble report and description logged and submitted through the INC schema in NAVITAIRE's Internet based customer support tool (Remedy).

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- 1.31 Internal Business Purpose** means use of the Hosted Services or Hosted Services System solely to support the internal organization of Customer in pursuit of ordinary and customary internal transportation-related business operations, and without limiting the foregoing not for any purpose restricted by Section 7 hereof.
- 1.32 Interrupted Service** means a complete system availability outage of any of the following systems: (i) check-in system comprised of both SkyPort and GoNow, or (ii) the Hosted Reservation Services, or (iii) Hosted Web Services Systems, due to the following:
- NAVITAIRE controlled primary circuit network line being down;
 - NAVITAIRE controlled server or router being down; or
 - System Error which causes the system to be completely unavailable.
- 1.33 Invoicing Currency** means the currency that NAVITAIRE uses in preparation of monthly Customer invoices. The Invoicing Currency for this Agreement is USD.
- 1.34 Maintenance Release** means modification(s) or change(s) to the Hosted Services System for System Error fixes or minor Enhancements. As of the Effective Date of the Agreement, the maintenance release number is represented by the 3rd number in the release description (*e.g.*, Release 4.1.1 represents the 1st maintenance release of the 4th Major Release and 1st Minor Release of New Skies), but such numbering is subject to change at NAVITAIRE's discretion.
- 1.35 Major Release** means material modification(s) or change(s) to the Hosted Services System (a) architecture or database, or (b) that adds new module(s) or series of functionalities to the Hosted Services System. As of the Effective Date of the Agreement, the major release number is represented by the 1st number in the release description (*e.g.*, Release 4.0.1 represents the 4th major release of New Skies), but such numbering is subject to change at NAVITAIRE's discretion.
- 1.36 Mark** has the meaning set forth in Section 4.11 hereof and in Exhibit E.
- 1.37 Materials** mean work product and other materials, including without limitation, reports, documents, templates, studies, software programs in both source code and object code, specifications, business methods, tools, methodologies, processes, techniques, solution construction aids, analytical frameworks, algorithms, know-how, processes, products, documentation, abstracts and summaries thereof.
- 1.38 Minor Release** means modification(s) or change(s) to the Hosted Services System for System Error fixes, error corrections, and modifications for new versions of the supported operating systems which are generally provided by NAVITAIRE to customers who are eligible to receive Support Services;

provided, however, that a Minor Release does not include new or separate product offerings, Major Releases, or any modules or systems that NAVITAIRE markets as new or distinct products, whether or not such products are intended as successor products to the Hosted Services System. As of the Effective Date of the Agreement, the minor release number is represented by the 2nd number in the release description (e.g., Release 4.1 represents the 1st minor release of the 4th Major Release of New Skies), but such numbering is subject to change at NAVITAIRE's discretion.

- 1.39 NAVITAIRE Account Manager** means the NAVITAIRE Commercial Account Manager and/or other NAVITAIRE representatives as designated in Customer's copy of the NAVITAIRE Procedures Manual, provided by the NAVITAIRE Support Center.
- 1.40 NAVITAIRE Property** has the meaning set forth in Section 7.2 hereof.
- 1.41 NPS** means Navitaire Professional Services, a division of Navitaire LLC that specializes in providing custom solutions to NAVITAIRE customers.
- 1.42 Passing Website Efficiency Grade** means the grade assigned to the Customer Website meeting the parameter below which is derived from the Performance Score and Maximum Page Size as measured by using a mutually-agreed and objective, third party tool; *provided that* if the parties cannot agree to a mutually-agreed and objective, third party tool, then the parties shall use the YSlow tool and rule set, created by Yahoo! and available via a free download at yslow.org, to measure Customer's website and obtain the Performance Score and Maximum Page Size. The parties may agree to use an alternate tool in the future by executing a written amendment modifying this definition. Passing Website Efficiency Grade is comprised of:
- 1) *****
 - 2) *****
- The list of YSlow rules applied to Customer's website is provided in the NAVITAIRE Procedures Manual, available on NAVITAIRE's Customer Care web site.
- In the event that YSlow: 1) is no longer available at no cost to NAVITAIRE; 2) no longer measures the Maximum Page Size; or 3) does not provide a Performance Score as contemplated above; NAVITAIRE and Customer mutually agree to evaluate a potential replacement tool or modifications to this definition.
- 1.43 Passive/Informational Segment** means a Segment on the host PNR for informational notice of flights on other airlines, which does not directly affect the host's flight inventory.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- 1.44 Peak Usage** means usage of the Hosted Reservation Services or Hosted Web Services that is no greater than either of the following:
- (i)** *****
 - (ii)** *****
- 1.45 PNR** means a Passenger Name Record, being an individual electronic record with a unique record locator number, which may contain one or more passenger names, but does not necessarily contain active or inactive booked Segments.
- 1.46 Production Version** means, at any given time, the version of the Hosted Services System then utilized to provide the Hosted Services to Customer in a live, production environment.
- 1.47 Professional Services** means the services performed for Customer by Navitaire LLC, as the Service Provider, pursuant to the terms of Exhibit L and a mutually agreed, written Work Order based upon the Work Order form included in Exhibit L.
- 1.48 Recovery Point Objective (RPO)** means the maximum amount of data loss measured in time, for the Critical Business Data.
- 1.49 Recovery Time Objective (RTO)** means the time as set out herein for the invocation of the Disaster Recovery process and the handover of the sustainably recovered Business Critical Services to Customer for testing.
- 1.50 Segment or Host Segment** means a nonstop individual booked flight segment or passive/informational segment.
- 1.51 Services** means any services NAVITAIRE provides or is obligated to provide pursuant to this Agreement or any Work Order, including without limitation the Hosted Services, Implementation Services, Support Services and Professional Services.
- 1.52 Service Fees** means the fees payable by Customer as specified in Section 1.1 of Exhibit K.
- 1.53 Service Levels** means the service levels determined in accordance with Exhibit A, Section 7.
- 1.54 Service Level Credit** means an amount to be credited to an invoice in accordance with Section 8.5.3 of Exhibit A.
- 1.55 Service Provider** means the entity described in the Professional Services definition.

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- 1.56 Strategic Business Review** means the process whereby NAVITAIRE gathers information on Customer’s desired use of the Hosted Services and outlines functional capabilities of the Hosted Services System.
- 1.57 Support Center** or **NAVITAIRE Support Center** means the NAVITAIRE facility that accepts phone and Internet based customer support tool service requests related to Hosted Services.
- 1.58 Support Center Support** means the Services described in Section 2 “Scope of Services” of Exhibit J.
- 1.59 Support Fees** means fees payable by Customer for applicable NAVITAIRE Support Center Support as specified in Exhibit K.
- 1.60 Support Services** means the portion of the Services to be provided without additional fees other than the fees identified in Section 1.1 of Exhibit K which consists of: (a) the correction of System Errors, as described in Section 2.1 of Exhibit J; and (b) Support Hours as described in Section 4 of Exhibit J.
- 1.61 Target Date** means the completion date for Implementation Services for each of the defined Hosted Services as outlined in Section 3 of Exhibits A, B, F, and G unless the Target Date has been changed as outlined in Exhibit K. In the event that Customer utilizes the Hosted Services for live production use before the Target Date, the Target Date will be deemed to be the first date of production use of such Hosted Services. The specific Target Date for each of the Services is located in Section 3.9.1 of Exhibits A, B, and G, and Exhibit F, Section 3.7.1.
- 1.62 Term** means the duration of the Agreement.

2. Scope of Services

For purposes of this Agreement, Hosted Services include (as designated by ‘X’) the following:

<u>‘X’ or ‘N/A’</u>	<u>Hosted Services</u>
*****	*****
*****	*****
*****	*****
*****	*****

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

In addition, the parties may further agree that Navitaire LLC will provide Professional Services pursuant to Exhibit L the parties agree and execute a written Work Order in a form similar to the example contained within Exhibit L.

Unless expressly identified as being hosted by NAVITAIRE in the table above, Customer shall be responsible for managing any hosted environments required to support any NAVITAIRE or third party products. If functionality is not specifically listed in these exhibits or is documented as excluded as a Hosted Service, then Customer is responsible for hosting such functionality.

3. NAVITAIRE Obligations

NAVITAIRE shall perform the Hosted Services in accordance with this Agreement. NAVITAIRE may utilize subcontractors to perform its obligations under this Agreement; ***** .

4. Customer Obligations

4.1 General Obligations. Customer shall comply with the Customer Responsibilities. Customer acknowledges that NAVITAIRE's performance is dependent in part on Customer's timely and effective performance of the Customer Responsibilities. NAVITAIRE will be excused from failures to perform its obligations under this Agreement including meeting the Service Levels, to the extent that Customer or Customer Agents fail to timely and adequately perform the Customer Responsibilities and such failure is the cause of NAVITAIRE's failure to perform.

4.2 Access and Cooperation. Customer will provide NAVITAIRE with access to and use of its data, internal resources, and facilities, and shall otherwise cooperate with NAVITAIRE each as reasonably required by NAVITAIRE, in connection with the implementation and provision of Hosted Services. Customer gives permission to NAVITAIRE to transmit data to third parties as contemplated by this Agreement, which may include confidential information of Customer and/or Customer Personal Data (by way of example, but without limitation, such information may include payment card data sent to third party payment card processors, or passenger data sent to relevant government authorities for security purposes).

4.3 Customer Website Efficiency and Peak Usage. The parties acknowledge that the design of the Hosted Services System is predicated upon certain assumptions including, without limitation, the following: (i) the Customer Website will maintain a Passing Website Efficiency Grade; and (ii) Customer's usage of the Hosted Reservation Services and/or Hosted Web Services will not exceed Peak Usage.

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Customer agrees that during the Term of this Agreement the Customer Website shall maintain a Passing Website Efficiency Grade as defined herein. In the event the Customer Website does not maintain a Passing Website Efficiency Grade for any period of time during the Term of this Agreement, then during such time period any minutes during which Hosted Reservation Services and/or Hosted Web Services is unavailable shall not be counted as Interrupted Service Minutes for purposes of calculating whether NAVITAIRE has met the Minimum System Availability Target under this Agreement. In the event the parties enter into a Work Order for NAVITAIRE to perform Professional Services to do the initial development of the Customer Website and such Work Order provides for NAVITAIRE to control all of the development efforts, the parties hereby agree that such Work Order shall specify that Customer Website as delivered by NAVITAIRE shall be capable of earning a Passing Website Efficiency Grade.

Customer agrees to provide NAVITAIRE, on a confidential basis and according to a NAVITAIRE pre-defined process, at least ***** advance written notice of any marketing initiatives, acquisitions, alliances, schedule changes, changes to the Customer Website, or promotions that may result in Customer's usage of the Hosted Reservation and/or Hosted Web Services to exceed Peak Usage or otherwise adversely impact the Hosted Reservation and/or Hosted Web Services System performance. Examples of this include, without limitation, free ticket/\$0 fare promotions, new hub announcements, significant additional aircraft purchases, etc. If Customer desires an increase in infrastructure of the Hosted Services System to support a larger Peak Usage, Customer will provide NAVITAIRE with detailed requirements and NAVITAIRE will endeavor to provide Customer with the estimated fees and timeline when such additional infrastructure capacity could be made available to Customer. Any increase in the Peak Usage shall only take effect upon the implementation date as documented in a mutually agreed written amendment.

In the event usage of the Hosted Reservation and/or Hosted Web Services exceed Peak Usage for any period of time during the Term of this Agreement, any minutes during which Hosted Reservation Services and/or Hosted Web Services is unavailable shall not be counted as Interrupted Service Minutes for purposes of calculating System Availability under this Agreement.

- 4.4 Notice of Additional Data Storage Requirements.** During the Term of this Agreement NAVITAIRE agrees to provide Customer with completed travel historical data storage capacity equal to ***** of historical PNR level booking activity detail available in the On-Line Transaction Processing (“**OLTP**”) database and accessible from the Hosted System interfaces, along with an additional ***** of read-only historical PNR data available in the archive database and accessible from SkySpeed. If Customer desires additional data storage in excess of the ***** available, Extended PNR Archiving may be contracted for via a written amendment to this Agreement.

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- 4.5 Annual Segment Forecast Update.** Customer agrees to provide NAVITAIRE each May with projected annual Segment volume forecast for the following year. NAVITAIRE will use Customer's Segment forecast for business planning purposes for providing Hosted Services.
- 4.6 Customer Contacts.** Customer initially designates the person set forth in Exhibit D, Section 2 as the Customer Account Liaison, being the primary authorized contact for account management, project funding, performance, payment, and other commercial issues with respect to the Hosted Services. Customer further initially designates the person(s) set forth in Exhibit D, Section 6 as the Customer Authorized Support Contact(s), being the primary authorized contact(s) to utilize the telephone support and Internet technical support system. Customer will ensure that all Customer Authorized Support Contact(s) will have received adequate training on the Hosted Services. Customer may change their designated Customer Account Liaison or Customer Authorized Support Contact(s) by written notice to NAVITAIRE.
- 4.7 Customer Costs.** *****
- 4.8 Exclusive Use by Customer.** Hosted Services and Hosted Services System of NAVITAIRE are for the sole and exclusive use of Customer and exclude any Affiliates of Customer. Customer may not allow any third party to access or use the Hosted Services or Hosted Services System of NAVITAIRE without the prior written consent of NAVITAIRE. Notwithstanding the foregoing, Customer may, however, (i) permit Customer Agents to access the Hosted Services or Hosted Services System for the benefit of Customer's Internal Business Purpose; provided that Customer remains responsible for such access as if such access was made by Customer and each such Customer Agent is bound by and agrees to comply with the confidentiality terms no less restrictive than those contained in Section 9 and the terms contained in Section 7.3.2 and 7.4 hereof; and (ii) permit Customer API Agents to communicate with the Hosted Services System via API provided that each such Customer API Agent has executed a written NDA with NAVITAIRE prior to such communication. For purposes of reference, Section 7 contains further terms and conditions regarding Customer's use of the Hosted Services System.
- 4.9 Training.** Except for any initial training provided by NAVITAIRE as described in Exhibits A, B, F, and G, Customer will be responsible for training its employees and third party contractors in the use of Hosted Services including, but not limited to, use of any new functions or Enhancements.
- 4.10 Telecommunications and Equipment.** Unless otherwise specified in Exhibits A, B, F, or G, Customer shall be responsible for all telecommunication circuits used by Customer in connection with the transmission of data between the Hosted Services System and Customer's site(s). Customer shall provide, install, and operate compatible hardware and communications equipment, which meets

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NAVITAIRE required specifications as listed in Section 6 of Exhibits A, F, and G, necessary for connecting to the Hosted Services System. Customer is required to have Internet access and Internet electronic mail capability in order to communicate with NAVITAIRE support. Customer agrees to order all required circuits it is responsible for within ***** of execution of this Agreement. In the event that the Target Date is greater than ***** following the Effective Date of this Agreement, Customer may order all required circuits at a later date but no less than ***** prior to the Target Date. The data circuits must be of capacity sufficient to accommodate all Hosted Services and meet any defined Service Levels. All Customer connections to the NAVITAIRE network must be a *****. Included in the standard pricing are ***** rack units of network rack space in the NAVITAIRE data center for Customer network hardware. All Customer network devices must include ***** . All Customer devices housed in the NAVITAIRE data center require ***** . NAVITAIRE will provide ***** console connections to Customer in the standard pricing for this remote access and maintenance. Additional rates will apply if Customer requires more console connections or rack space.

4.11 Acknowledgment. Customer agrees to include the Powered by NAVITAIRE® Mark (the “Mark”) on the Customer Website under the terms and conditions set forth in Exhibit E of this Agreement including specifically the booking pages of the Customer Website; any other content on the Customer Website shall be determined by Customer in its sole discretion.

4.12 Post Implementation Upgrade Release Management.

4.12.1 Major Releases. Customer agrees to implement any Major Release issued during the Term by the later of:

4.12.1.1 (A) with respect to the first Major Release following the Major Release implemented upon the Target Date, ***** , and (B) with respect to any subsequent Major Release issued during the Term, ***** the date on which NAVITAIRE first offers to implement such Major Release among its customers generally, during either such period NAVITAIRE (a) may continue to issue Current Releases intended to be used in conjunction with the prior Major Release included in the Production Version, (b) shall continue to issue Maintenance Releases as needed to correct System Errors which would otherwise materially compromise the functionality of the Production Version and for which no work around exists, and (c) shall have no obligation to provide Enhancements for the prior Major Release included in the Production Version; and

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4.12.1.2 The date on which NAVITAIRE ceases to provide support to customers receiving hosted services based on such prior Major Release.

4.12.2 **Minor Releases.** Customer agrees to use Hosted Services that are provided through the Current Release or the Current Release “minus one.” If at any time Customer would otherwise be using software based on the Current Release “minus two,” the parties shall work together to determine the most viable release for Customer to implement, which may be the Current Release or the Current Release “minus one.” NAVITAIRE agrees to make available and provide Support Center Support in respect to the Current Release or the Current Release “minus one,” provided, however, that (a) NAVITAIRE reserves the right to require Customer to utilize the then most current Maintenance Release designed for use in conjunction with the Current Release as necessary for NAVITAIRE to meet its obligations under the Agreement or to avoid infringement of a third party intellectual property right and (b) NAVITAIRE shall not be required to provide correction for System Errors in the Current Version “minus one” if the correction for the System Error is being developed in the Current Version unless: (i) the parties mutually agree that such System Error materially compromises Customer’s business and no work around exists to address such System Error or (ii) in the event of an Emergency caused by a System Error for which no work around exists. Further, NAVITAIRE shall not be required to provide Enhancements in the Current Version “minus one”. For purposes of this Section 4.12.1, only Minor Releases designed for use in connection with the Major Release included in the Production Environment shall be taken into account (*i.e.*, Customer shall have no obligation to adopt any Minor Release not designed for use in connection with the Major Release on which the Production Version is then based, if Customer is in compliance with Section 4.12.1).

4.12.3 **Implementation Fees and Other Matters.** NAVITAIRE intends that each Major Release shall be supported for a minimum of ***** from the time that NAVITAIRE makes such Major Release available to customers eligible to receive Support Services. Releases shall be provided by NAVITAIRE to Customer for the fees defined in Section 1.1 of Exhibit K of this Agreement; however add-on functionality introduced in the release may be offered at an additional charge above the fees described in Exhibit K of this Agreement as further described in Section 6.4. Customer will be responsible, on a time and materials basis, for all costs associated with implementing an upgrade release including, but not limited to: project management; training; technical support; system integration services; business process analysis; and any required data transformation. In the event that there is a release which contains solely a correction for an Emergency System Error (“Hot Patch”), Customer shall not be invoiced for the implementation of such Hot Patch. It is anticipated that the project

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scope for Maintenance Releases shall be in the range of ***** . Upgrade release requests will be initiated using the standard NAVITAIRE Work Order process.

- 4.13 Services in Support of Government or other Regulatory Requirements.** Customer, and not NAVITAIRE, is responsible for: (a) any screening of passengers in connection with any government program, including but not limited to watchlist, do-not-fly list, designated person list or other list, and for any transaction for which passenger screening is required; (b) complying with applicable laws and regulations and requests and/or directions from relevant government authorities regarding such programs and/or lists as NAVITAIRE's responsibilities are limited to collecting, storing, and transmitting the Customer Data in accordance with this Agreement, and NAVITAIRE shall have no responsibility for any failure or inaccuracy regarding passenger screening unless caused by a failure of NAVITAIRE to provide the Services as required herein; (c) complying with any certification requirements of relevant government authorities applicable to Customer or Customer Agents; and (d) confirming the agreed functionality of the Hosted Reservation Services meet their business needs with respect to such government or other regulatory requirements. In the event Customer wishes NAVITAIRE to implement a change to the Services as a result of such requests and/or directions, Customer is responsible for determining the specific requirements of such potential changes and any such changes shall be subject to the Enhancement process, *provided that* in the event other customers of NAVITAIRE request the identical or a substantially similar change that would be addressed via the same release, NAVITAIRE shall charge Customer a proportional amount for such Enhancement determined by dividing the overall development fee for the Enhancement by the number of NAVITAIRE customers that intend to use the Enhancement upon release of such Enhancement; NAVITAIRE shall use reasonable efforts to confirm which of the impacted NAVITAIRE customers intend use the Enhancement upon its release prior to invoicing the development fee to Customer.

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- 4.14 Third Party Connections.** The following terms are applicable to any Hosted Services functionality that requires a third party connection (for example, but without limitation, CRS/GDS connectivity):
- 4.14.1** NAVITAIRE's responsibility is limited to providing functionality that facilitates a technical connection between Customer's Hosted Services and the applicable third party.
- 4.14.2** NAVITAIRE is facilitating the connection with the third party at the direction of Customer. For a connection with either SITA or ARINC, both SITA and ARINC require an agreement between NAVITAIRE and SITA or ARINC as the technical connection with the SITA or ARINC network is with NAVITAIRE. For the avoidance of doubt, notwithstanding any such agreement between NAVITAIRE and SITA or ARINC, the terms of this Section 4.14 shall apply.
- 4.14.3** NAVITAIRE is not subcontracting any of its obligations to such third parties.
- 4.14.4** NAVITAIRE has no responsibility for the performance of/fulfillment by such third party, including, without limitation, the use and treatment of any customer data by such third party and for any failure of the technical connection not under NAVITAIRE's control and shall have no liability in connection with such performance or non-performance of such third party.
- 4.14.5** NAVITAIRE assumes that any data transmitted by such third parties to NAVITAIRE that NAVITAIRE is to process under this Agreement is accurate and meets Customer's business requirements. Except as expressly set forth in this Agreement, NAVITAIRE is not responsible for performing any validation or quality control activities with respect to such data.
- 4.14.6** With respect to third parties other than SITA or ARINC, Customer is responsible for:
- entering into a separate agreement directly with such third party; and
 - ensuring the third party performs as required by Customer; and
 - payment of any fees associated with such third party performance; and

- ensuring third party cooperates with NAVITAIRE as necessary for NAVITAIRE to perform its Services.

4.14.7 With respect to SITA and ARINC connections (other than for Services in support of Customer's requirements to enable Customer to comply with government or other regulatory requirements), Customer is responsible for:

- entering into a separate agreement directly with SITA and/or ARINC (except where a direct connection to the GDS is provided in accordance with Section 6 of Exhibit A); and
- ensuring SITA and/or ARINC performs as required by Customer; and
- payment of any fees associated with SITA and/or ARINC performance; and
- ensuring SITA and/or ARINC cooperates with NAVITAIRE as necessary for NAVITAIRE to perform its Services.

4.14.8 With respect to SITA and ARINC connections for Services in support of Customer's requirements to enable Customer to comply with government or other regulatory requirements, Customer is responsible for:

- entering into a separate agreement directly with SITA and/or ARINC to the extent Customer wishes to have terms and conditions in place regarding the provision of services by SITA and/or ARINC; and
- ensuring SITA and/or ARINC perform as required by Customer; and
- payment of any fees associated with SITA and/or ARINC performance.

4.14.9 Customer is further responsible for providing routers or other hardware or software as needed for these connections.

4.15 Secure Files. Throughout the Term, any Customer Personal Data and Customer Confidential Information stored by NAVITAIRE shall be *****, as reasonably directed or approved by Customer.

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5. Term and Termination

5.1 Term. Unless otherwise terminated earlier under this Agreement, this Agreement shall commence on the Effective Date and continue for a period of ***** following the first day of the month immediately following the Target Date for the Hosted Reservation Services, with the exception that the term for the Hosted Reservation Services – Disaster Recovery shall commence on the Effective Date and continue until the earlier of: (i) ***** following the first day of the month immediately following the Target Date for the Hosted Reservation Services, or (ii) until such time as the parties agree to implement a new disaster recovery solution.

5.2 Termination for Cause

5.2.1 This Agreement may be terminated as follows: (a) subject to Section 5.2.2, by a party upon written notice to the other party in the event of material breach of the terms hereof by the other party which is not cured within ***** of written notice thereof; (b) by NAVITAIRE upon written notice to Customer, if Customer fails to pay any amount due hereunder within ***** of the due date, NAVITAIRE provides written notice of such failure to Customer, and within ***** of delivery of such written notice such amount remains unpaid; (c) by a party if the other party becomes, or is party as debtor to a proceeding in which it is alleged to be, bankrupt, insolvent or unable to pay its debts when due and such proceeding is not dismissed within ***** from its filing, or if it ceases to operate in the normal course of business, has a receiver appointed, or makes an assignment for the benefit of its creditors; or (d) as contemplated by Section 8.1. NAVITAIRE will, upon Customer's request and on a time and materials basis, provide Customer with duplicates of Customer's data for contracted Hosted Services, which will be provided in accordance with Section 5.3.4.

5.2.2 NAVITAIRE shall be excused from performance if its failure to perform its obligations hereunder is due to Customer's failure to perform Customer's Responsibilities, including without limitation, problems caused by Customer software and associated data, or by Customer hardware other than that recommended by NAVITAIRE in Section 6 of Exhibits A, B, F, and G herein or other equipment failures for hardware or other equipment not maintained by NAVITAIRE).

5.2.3 If Customer terminates due to material breach by NAVITAIRE, NAVITAIRE will, upon Customer's request, provide Customer with Customer's data for contracted Hosted Services, which will be provided in accordance with Section 5.3.4. Customer shall inform NAVITAIRE of the date for which Customer desires the termination to be effective, such termination date shall in no case be greater than ***** from the date of

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the written notice, provided that in no case shall NAVITAIRE provide Services beyond ***** from the Target Date. NAVITAIRE shall continue to provide the Hosted Services for the applicable Service Fees, as defined in Section 1.1 of Exhibit K, until the termination effective date. In addition, the parties may mutually agree to additional services reasonably requested by Customer for Customer to transition to an alternate hosted solution (“**Transition Assistance**”) by entering into a Work Order for NAVITAIRE to perform the Transition Assistance, and such Work Order shall specify the Transition Assistance scope and commercial arrangement.

5.2.4 *****

***** NAVITAIRE will, upon Customer’s request and on a time and materials basis, provide Customer with duplicates of Customer’s data for contracted Hosted Services, which will be provided by NAVITAIRE in accordance with Section 5.3.4.

5.3 **Additional Termination Rights.**

5.3.1 Customer may terminate this Agreement upon written notice to NAVITAIRE as contemplated by Exhibit A, Section 7.5.3 and in such event, NAVITAIRE will, upon Customer’s request and without cost or expense to Customer, provide Customer with all Customer Data for contracted Hosted Services, which will be provided in a NAVITAIRE-defined data extract format and delivered via electronic media.

5.3.2 Customer may terminate this Agreement in the event the Hosted Services are not all available within ***** of the Target Date (“**Late Target Date**”) due predominantly to the fault of NAVITAIRE provided Customer provides NAVITAIRE written notice of such termination within ***** of the Late Target Date and pays to NAVITAIRE the remaining balance of the Implementation Fee (as set forth in Section 1.5 of Exhibit K).

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5.3.3 Following the ***** of the live production use of the Hosted Reservation Services and for a period of ***** thereafter, Customer shall have the right to terminate this Agreement upon ***** written notice to NAVITAIRE if either of the following have occurred:

- a) In the ***** prior to the ***** , customers representing more than ***** of the then current NAVITAIRE Hosted Reservation Services customers migrate to competitor solutions excluding customers that are merged or acquired by other airlines and excluding those airlines who have already served NAVITAIRE a notice of termination at the Effective Date of this Agreement; or
- b) If NAVITAIRE has ***** new reservations customer signings in ***** .

5.3.4 NAVITAIRE will, upon Customer's request and on a time and materials basis, provide Customer with all Customer Data for contracted Hosted Services, which will be provided in a NAVITAIRE-defined data extract format and delivered via electronic media.

5.4 Survival. No termination hereof shall release Customer from its obligation to pay NAVITAIRE in full for all Hosted Services performed by NAVITAIRE up to the date of termination, nor shall it affect any other rights or obligations hereunder which expressly or by reasonable implication are intended to survive termination.

6. Price and Payment

6.1 Service Fees. In consideration for the provision of Hosted Services and Support Services by NAVITAIRE as set forth in this Agreement, Customer will pay NAVITAIRE the Service Fees as set forth in Section 1.1 of Exhibit K. Customer will pay for all other Services as applicable, as set forth elsewhere in this Agreement.

6.2 *****

- a) *****
- b) *****

6.3 Payment Terms. All payments made under this Agreement shall be made in the Invoicing Currency either: (a) by electronic funds transfer, prepaid, to the bank account designated on the invoice; or (b) by check drawn on a United States bank and delivered to the address indicated on the invoice. Except where otherwise specifically set forth in this Agreement, all payments under this Agreement are due within ***** from the date of receipt by Customer of the applicable invoice, provided that where invoices are provided via email, the date that the invoice is

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sent shall be deemed the date of receipt of invoice provided no undelivered or error message is received by NAVITAIRE. As stated in Exhibit K, minimum recurring Service Fees will be invoiced in advance at the beginning of each month for the Service Fees for the monthly minimum Segment guarantees listed in the monthly recurring Service Fees for the Hosted Services to be rendered for that month. Following the actual service month, NAVITAIRE will reconcile actual Customer transactions, and invoice Customer for any remaining balance. (By way of example, NAVITAIRE will invoice Customer on ***** for the Service Fees for the monthly minimum Segment guarantees for services to be performed from ***** through ***** . On ***** , NAVITAIRE will reconcile using Customer's actual transaction activity for ***** and invoice Customer for any transaction fees exceeding the previously invoiced minimum Service Fees.) Any amounts not paid when due will bear interest at the lesser of: *****.

6.4 Fee Adjustment

6.4.1 Service Fees. The Service Fees identified in Section 1.1 of Exhibit K are all subject to the adjustments as set out in this Section 6.4.1 (the "**Adjustable Amounts**"). The Adjustable Amounts shall be adjusted annually on ***** of each ***** commencing ***** and each ***** thereafter (the "**Adjustment Date**") to account for inflation. On the Adjustment Date, if the U.S. Bureau of Labor Statistics Employment Cost Index for Compensation/Civilian Workers/White Collar/Professional and related Occupations (Not Seasonally Adjusted) as published by the Bureau of Labor Statistics of the Department of Labor (the "ECI"), (the "**Current Index**"), increases from the ECI applicable ***** prior thereto (the "**Base Index**"), then effective as of such Adjustment Date, the Adjustable Amounts, as previously adjusted, will be increased by the percentage that the Current Index increased from the Base Index not to exceed ***** . In such event, NAVITAIRE will provide to Customer a recalculation of the Adjustable Amounts. If the U.S. Bureau of Labor Statistics stops publishing the ECI or substantially changes the content of the ECI, the parties will substitute another comparable measure published by a mutually agreeable source. During the Term as stated in Section 5.1 hereof, NAVITAIRE will not otherwise increase such fees.

6.4.2 NAVITAIRE reserves the right to offer new functionality within a Major Release which new functionality may include additional significant Enhancements ("**New Functionality**") and to charge a recurring service fee for the use of New Functionality; provided that it offers Customer the opportunity to utilize such Major Release without using such New Functionality, or if the Major Release may not be implemented and used without utilizing the New Functionality, then Customer shall be provided such Major Release at no additional charge above the Service Fees described and agreed upon in Section 1.1 of Exhibit K subject to

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implementation of such Major Release as further described in Section 4.12. In the event that Customer accepts a significant Enhancement which will incur additional Service Fees, such fees will be communicated to Customer in advance, in writing, and upon Customer's written acceptance, will be added to the applicable Service Fees. For the avoidance of doubt, Customer may also procure additional commercially available modules to the Hosted Services at NAVITAIRE's standard fees for such modules via written amendment to this Agreement.

6.4.3 Support Fees. The Support Fees identified in Exhibit K are all subject to the adjustments as set out in this Section 6.4.3 (the "**Adjustable Amounts**"). The Adjustable Amounts shall be adjusted annually on ***** of each year commencing ***** and each ***** thereafter (the "**Adjustment Date**") to account for inflation. During the term, if the U.S. Bureau of Labor Statistics Employment Cost Index for Compensation/Civilian Workers/White Collar/Professional and related Occupations (Not Seasonally Adjusted) as published by the Bureau of Labor Statistics of the Department of Labor (the "**ECI**"), (the "**Current Index**"), increases from the ECI applicable ***** prior thereto (the "**Base Index**"), then effective as of such Adjustment Date, the Adjustable Amounts, as previously adjusted, will be increased by the percentage that the Current Index increased from the Base Index not to exceed ***** . In such event, NAVITAIRE will provide to Customer a recalculation of the Adjustable Amounts. If the U.S. Bureau of Labor Statistics stops publishing the ECI or substantially changes the content of the ECI, the Parties will substitute another comparable measure published by a mutually agreeable source.

6.4.4 Notice. NAVITAIRE shall give Customer not less than ***** prior written notice of any increase in the Service Fees or Support Fees.

6.5 Failure to Pay. If Customer fails to pay any sum within ***** of the date due, NAVITAIRE may provide written reminder notice of such failure to Customer. If, within ***** of delivery of such written notice such sum remains unpaid, NAVITAIRE may, without breach of this Agreement, discontinue performing under this Agreement until all due but unpaid payments are received.

6.6 Taxes. ***** Each Party shall provide and make available to the other Party any resale, exemption, multiple points of use certificates, treaty certification and other exemption information reasonably requested by the other Party. If Customer shall pay any tax incurred in connection with this Agreement, Customer agrees to remit to NAVITAIRE within ***** of issue, tax documents which support the payment of such taxes. ***** Notwithstanding the foregoing, each party shall be responsible for taxes based on its own net income, employment taxes of its own employees, and for taxes on any property it owns or leases.

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6.7 *****

7. License, Title, Modifications, and Covenants

7.1 License. Throughout the Term, NAVITAIRE will grant such access to Customer, Customer Agents and its and their authorized users (*e.g.*, online customers and potential customers of Customer and Customer Agents) to the Hosted Services System in accordance with and subject to this Agreement. NAVITAIRE hereby grants Customer a non-exclusive, non-transferable, worldwide license to use the Hosted Services System and the APIs during the Term of this Agreement solely for the purposes of obtaining Hosted Services in accordance herewith including a right for Customer to permit Customer Agents and customers of Customer to use the Hosted Services System in accordance with and subject to this Agreement.

All Hosted Services will be provided by remote telecommunications from NAVITAIRE's place of business, to or through computers or servers owned or managed by or on behalf of Customer, Customer Agents or its and their authorized users, and Customer will not obtain possession of any tangible personal property as a result of the Hosted Services, such as electronic storage media unless expressly agreed in a Work Order or pursuant to an amendment to this Agreement.

Subject to the terms and conditions of this Agreement, including without limitation, Section 9, Customer hereby grants to NAVITAIRE a limited, revocable, non-transferable, royalty-free license, without right to sub-license to reproduce, translate, encode, publish, use, and distribute Customer Data for the sole purpose of providing, and only to the extent necessary to provide, the Services to Customer.

If and to the extent that Customer's receipt of the Hosted Services requires NAVITAIRE to use certain trademarks, service marks, trade dress, logos, trade names, social media accounts (***** and other similar accounts), URL domain names and corporate names of Customer or its licensors, together with all translations, adaptations, derivations, and combinations thereof (collectively, "**Customer Marks**") and with respect to the use of the Customer Mark identified in Section 11 in accordance with such Section, Customer hereby grants to NAVITAIRE a limited, non-exclusive, nontransferable, revocable, royalty-free license, with no right to sublicense, to use Customer Marks solely for the limited purposes of the performance of this Agreement, including, without limitation, as contemplated by Section 11. NAVITAIRE's license to use such Customer Marks is further conditioned upon NAVITAIRE's compliance with all Customer guidelines, policies, rules and procedures or other instructions provided to NAVITAIRE by Customer relating to such Customer Marks ("**Customer Mark Guidelines**"). Customer reserves the right to add to, change, or discontinue the use of any Customer Marks, on a selective or general basis, at any time. NAVITAIRE hereby acknowledges and agrees that all rights, title and interest in

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and to Customer Marks are and shall remain the exclusive property of Customer and that any use thereof and goodwill associated therewith shall inure solely to the benefit of the Customer and its licensors. NAVITAIRE agrees that it will not register, adopt or use any confusingly similar trade names, trademarks or insignia in any jurisdiction. Except to the extent authorized in Section 11, NAVITAIRE shall not combine any other mark, logo or trade name with any of Customer Marks without the prior written approval of Customer. Without limiting Customer's rights and remedies, in the event that Customer notifies NAVITAIRE of any incorrect usage of such Customer Marks, NAVITAIRE shall immediately correct such usage as directed by Customer. NAVITAIRE shall provide to Customer a mock-up or other demonstration showing how each Customer Mark will be used and/or displayed by NAVITAIRE and Customer must approve such use in advance. Upon expiration or termination of this Agreement, the permission to use Customer Marks granted hereunder will immediately terminate and NAVITAIRE agrees to immediately cease its use of all Customer Marks. Without limiting the foregoing, NAVITAIRE acknowledges and agrees that, as between the parties, Customer owns all right, title, and interest in and to Customer Data, including all Intellectual Property Rights therein, irrespective of whether such Customer Data is stored via the Services, on the Hosted Services System or in any database created using the Hosted Services. If NAVITAIRE is deemed to have any ownership interest in Customer Data, including any and all derivative works, enhancements, or other modifications thereto (other than the formatting of how such Customer Data is entered, stored and/or displayed in or by the Hosted Services), then NAVITAIRE shall assign, and hereby does assign, irrevocably and royalty-free, all of such ownership interest or other rights exclusively to Customer or its designee. NAVITAIRE shall, at Customer's reasonable request and expense, complete, execute, and deliver any and all documents necessary to effect or perfect such assignments. Nothing in this Agreement constitutes the grant of a general license to any Customer Marks. All rights in and to Customer Marks and Customer Data not expressly granted herein are reserved, no implied licenses are granted to NAVITAIRE by the terms of this Agreement, and no license rights with respect to any Customer Marks or Customer Data shall be created by implication or estoppels.

- 7.2 **Title.** Subject to Sections 7.1 and 7.3 of this Agreement, NAVITAIRE hereby retains all of its right, title, and interest in and to the Hosted Services System, and copyrights, patents, trademarks, service marks, design rights (whether registered or unregistered), trade secrets, know-how, expertise, and all other similar proprietary rights ("**Intellectual Property Rights**") and all rights associated therewith irrespective of whether developed by NAVITAIRE individually or NAVITAIRE and Customer jointly, but in all cases excluding Customer Data, Customer Marks, and any of Customer's or its service providers' intellectual property developed independent of this Agreement (the "**NAVITAIRE Property**"), which shall include without limitation, (a) the source code of

software included in the NAVITAIRE Property, where applicable; and (b) all modifications, extensions, upgrades, and derivative works of the NAVITAIRE Property. In confirmation of NAVITAIRE's right, title and interest in the NAVITAIRE Property as set forth in the preceding sentence of this Section 7.2, Customer hereby assigns to NAVITAIRE all of its right, title and interest in and to the NAVITAIRE Property, subject to any license rights granted to Customer in accordance with this Agreement.

7.3 Modifications.

7.3.1 By NAVITAIRE. Without prejudice to Section 6.4 of this Agreement or any other provision of this Agreement, and subject to Section 4.12, NAVITAIRE may upgrade, modify and replace the Hosted Services System or any part thereof at any time during the Term of this Agreement, provided that:

- a) NAVITAIRE notifies Customer at least ***** prior to implementation of any upgrades or replacements of the Hosted Services System which are likely to materially alter the delivery of Hosted Services;
- b) all upgrades and replacements which might reasonably be expected to materially alter the delivery or receipt of Hosted Services are scheduled for implementation as reasonably required by NAVITAIRE; and
- c) with introduction of any upgrades or replacements, NAVITAIRE maintains the comparable level of services.

Nothing in this Section 7.3.1: (i) releases NAVITAIRE from providing Hosted Services under the terms and conditions of this Agreement; or (ii) obligates NAVITAIRE to upgrade or replace the Hosted Services System at any time. NAVITAIRE shall make available and provide Support Center Support to Customer with respect to the Current Release, or the Current Release "minus one" of NAVITAIRE software included in the Hosted Services System.

7.3.2 By Customer. Customer shall not reverse engineer, disassemble, decompile, unlock, copy, alter, modify, change, create derivatives of or in any other way reproduce or use any of the software code, programs, or components of the Hosted Services System, provided that:

- a) Customer, Customer Agents and Customer API Agents may use the API(s) provided by NAVITAIRE from time to time for their intended purpose as a part of the Hosted Services, such as to configure the Configurable Templates for use as a part of such Services; and

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- b) Without prejudice to the rights of Customer in and to Customer Data, its and its licensors' and service providers' trademarks and services, Customer shall have no right following termination of this Agreement to use the Configurable Templates or any configurations thereof, or any API(s) or source code provided by NAVITAIRE, or any modifications, changes or derivatives thereof created, in any such case whether created by or for Customer or otherwise, all of which are hereby assigned by Customer to NAVITAIRE as contemplated by Section 7.2 hereof.

7.4 Customer Covenants. Customer hereby covenants and agrees that:

- a) the NAVITAIRE Property may be used by NAVITAIRE and its Affiliated companies to facilitate delivery of similar services to other customers; and
- b) Customer shall not access or use any API(s) embedded in the Hosted Services System except as authorized by NAVITAIRE and in connection with the Hosted Services; and
- c) without limiting the provisions set forth in Section 4.8 or elsewhere within this Section 7 of this Agreement, nothing in this Agreement grants any person other than Customer, Customer Agents and its and their authorized users to obtain access to Hosted Services or use the Hosted Services System absent a written agreement signed by NAVITAIRE; and
- d) NAVITAIRE has enabled features in its Hosted Services to allow Customers and third parties to access the Hosted Services and to modify certain NAVITAIRE products and applications, using software products and applications not developed by NAVITAIRE and procured by Customer and other third parties from vendors other than NAVITAIRE. Should there be a failure of such software product or application, or should such software product or application cause NAVITAIRE provided Hosted Services to fail or to be adversely impacted, NAVITAIRE shall, at its sole discretion, disable the offending software product or application, and deny access to NAVITAIRE Hosted Services, through the use of such offending software product, application, or applicable channel or IP address. NAVITAIRE shall notify Customer upon taking such action and shall cooperate with Customer with respect to determining if Customer or a third party has cured the offending software product or application such that it would be eligible to access the Hosted Services again using such software product or application. Software products and applications or modification to software products or applications not developed by

NAVITAIRE that fail or cause NAVITAIRE Hosted Services to fail shall also suspend any Service Levels in this Agreement or other commitments previously agreed between the parties; and

- e) Customer is responsible for the input of Customer Data into the Hosted Services System and for establishing and/or configuring the business rules in the Hosted Services System, except as expressly stated in this Agreement or a Work Order; and
- f) Customer is responsible for its use of the Hosted Services and for ensuring that Hosted Services with the agreed functionality meet Customer's business requirements; and
- g) To the extent any product description details interconnectivity between products, Customer acknowledges that such interconnectivity is only available where all such products referenced are procured by Customer under the Agreement.
- h) Customer will not knowingly introduce software viruses into any portion of the Hosted Services System.

7.5 Mutual Representations. Each party represents to the other party that as of the Effective Date of this Agreement:

- a) it has the requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by this Agreement; and
- b) the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement shall not constitute a material default under any material contract by which it or any of its material assets are bound, or an event that would, with notice of lapse of time or both, constitute such a default.

7.6 *****

7.7 SSAE 16 Audits. Commencing in ***** and during the Term, and subject to Customer's request by no later than ***** for the annual report dated ***** and the payment by Customer of the applicable fee as set forth on Exhibit K, NAVITAIRE shall, at least ***** each ***** at no greater than a ***** interval from the previous audit (such interval, the "**Audit Period**"), obtain a SOC 2 Type 2 audit, report, attestation, and opinion (or a mutually-agreed equivalent audit, report, attestation, and opinion) from an independent, certified public accounting firm of good reputation that evaluates the design and operating effectiveness of controls over NAVITAIRE's sites, facilities, systems (including the Hosting Services System, infrastructure, software, people, procedures, and data), and Hosted Services components through or from which the Hosted

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Services are provided, (collectively, “NAVITAIRE Systems”) throughout the entirety of the Audit Period (or such portion thereof as is included in the Term) and relating to all Trust Services Principles and Criteria (as defined by the AICPA). Further, commencing in ***** and during the Term, and subject to Customer’s request by no later than ***** for the annual report dated ***** and the payment by Customer of the applicable fee as set forth on Exhibit K, NAVITAIRE shall obtain for any Audit Period during the Term, a SOC 1, Type 2 audit, audit, report, attestation, and opinion (or a mutually-agreed equivalent audit, report, attestation, and opinion) from an independent, certified public accounting firm of good reputation (any SOC 1 or SOC 2 obtained hereunder, an “Audit”). ***** Without limiting the foregoing, each Audit Report must include a description of any changes made to NAVITAIRE Systems during the Audit Period (or such portion thereof as is included in the Term), as well as assessments and attestations from NAVITAIRE, with respect to the effectiveness of the controls prior to and after the implementation of any such change.

7.8 *****

7.9 Compliance With Laws.

7.9.1 Notwithstanding any other provision of this Agreement to the contrary other than Section 7.9.2 below, each party will retain responsibility for its compliance with all applicable laws and regulations relating to its respective business and facilities and the provision of services to third parties. In performing their respective obligations under this Agreement, neither party will be required to undertake any activity that would violate any applicable laws or regulations.

7.9.2 Notwithstanding any other provision of this Agreement to the contrary:

- a) Each party shall retain responsibility for its compliance with all applicable export control laws and economic sanctions programs relating to its respective business, facilities, and the provision of services to third parties; and
- b) Neither party shall be required by the terms of this Agreement to be directly or indirectly involved in the provision of goods, software, Deliverables, work, services and/or technical data that may be prohibited by applicable export control or economic sanctions programs.

Applicable export control or economic sanctions programs may include U.S. export control laws such as the Export Administration Regulations and the International Traffic in Arms Regulations, and U.S. economic

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sanctions programs that are or may be maintained by the U.S. Government, including sanctions currently imposed against Belarus, Burma (Myanmar), Cuba, Iran, Iraq, Ivory Coast, Liberia, North Korea, Sudan, Syria and Zimbabwe, as well as Specially Designated Nationals and Blocked Persons programs. NAVITAIRE and Customer will comply with U.S. export control and U.S. economic sanctions laws with respect to the export or re-export of U.S. origin goods, software, services and/or technical data, or the direct product thereof.

The parties understand and agree that this Agreement shall not require NAVITAIRE to provide or support services involving Cuba, Iran, Myanmar (Burma), Sudan, Syria, North Korea, or other sanctioned countries, Specially Designated Nationals, and/or Blocked Persons, either directly or indirectly, including through the use of subcontractors.

Prior to providing NAVITAIRE with any goods, software, Deliverables, work, services and/or technical data subject to export controls controlled at a level other than EAR99/AT, Customer shall provide written notice to NAVITAIRE specifying the nature of the controls and any relevant export control classification numbers. NAVITAIRE may decline to receive goods, software, services and/or technical data subject to export controls at a level other than EAR99/AT. Customer shall take steps to ensure that where NAVITAIRE is required to provide any entity/third party with any goods, software, Deliverables, work, services and/or technical data arising from or under the performance of this Agreement, Customer shall take steps to ensure that any such provision of goods, software, Deliverables, work, services and/or technical data to such entity is not subject to restrictions or prohibitions under applicable export control or economic sanctions programs.

NAVITAIRE shall have the right, at its sole discretion, to refrain from being directly or indirectly involved in the provision of goods, software, Deliverables, work, services and/or technical data that may be prohibited by applicable export control laws or economic sanctions programs, without liability to Customer.

8. Indemnification

8.1 Rights of Customer to Indemnification.

- 8.1.1** NAVITAIRE shall defend Customer, its Affiliates, directors, officers, and employees (“**Customer Indemnitees**”) from any third party claim that any product, service, information, materials or other item provided by NAVITAIRE under this Agreement, including, without limitation, the Hosted Services, infringes any third party patent existing as of the date of the delivery of the Hosted Services and/or Deliverables giving rise to the third party claim, copyright or trademark, and indemnify such Customer

Indemnitees for any damages finally awarded to, or settlement amounts agreed with, the third party in relation to such claim; provided that, however, NAVITAIRE shall have no defense or indemnity obligation under Section 8.1 to the extent any such infringement results from: (i) the use of any software or services provided by NAVITAIRE in combination, operation or use with software or hardware not provided by NAVITAIRE, except that NAVITAIRE's defense and indemnification obligations under this Section 8 shall apply to any claim of infringement where NAVITAIRE specifically recommended in this Agreement or a Work Order the software or hardware all as a combination; (ii) the use of any Hosted Services System as modified by Customer; or (iii) use of a version of the software included in the Hosted Services System without having implemented all of the updates within a reasonable period after such updates were provided by NAVITAIRE; provided that NAVITAIRE has offered to implement such versions of the software without additional fees or charges, NAVITAIRE has provided express written notice to Customer that such updates are intended to address an alleged infringement, and Customer has failed within 30 days after receipt of such notice to authorize NAVITAIRE to implement such version of the software.

8.1.2 NAVITAIRE shall defend, indemnify, and hold harmless Customer Indemnitees, from and against any and all damages finally awarded to, or settlement amounts agreed with, a third party arising from a claim, action or demand by such third party against a Customer Indemnitee, whether based in whole or in part in contract, tort, negligence, statute or otherwise, to the extent that such claim, action or demand arises from the death of or bodily injury to any person or loss of or damage to real or tangible personal property to the extent directly caused by the negligence or Willful Misconduct of NAVITAIRE, its personnel, agents, or Affiliates during the course of the Services under this Agreement. As used in this Agreement, "Willful Misconduct" means an action undertaken by a party with the malicious intent to cause harm to the other party.

8.2 Right of NAVITAIRE to Indemnification. Customer shall defend NAVITAIRE, its Affiliates, directors, officers and employees ("NAVITAIRE Indemnitees") from and against any and all damages finally awarded to, or settlement amounts agreed with, a third party arising from a claim, action or demand by such third party against a NAVITAIRE Indemnitee, whether based in whole or in part in contract, tort, negligence, statute or otherwise, to the extent that such claim, action or demand arises from: (a) a claim that any Customer Mark, when used by NAVITAIRE (i) solely as necessary to provide the Hosted Services or as authorized in Section 11, (ii) in the form provided and manner

approved by Customer, and (iii) as otherwise authorized by this Agreement infringes or misappropriates any third party trademark or other intellectual property, privacy or proprietary right; and/or (b) the death of or bodily injury to any person or loss of or damage to real or tangible personal property to the extent directly caused by the negligence or Willful Misconduct of Customer, its personnel, agents, or Affiliates during the course of receiving the Services under this Agreement.

8.3 Corrective Actions. Without limiting the foregoing indemnification obligations, if any product, service, information, material or other item of the indemnifying party is, or in the indemnifying party's opinion is likely to be held to be, an infringing material, then the indemnifying party may, at its option: (i) procure the right to continue using it; (ii) replace it with a non-infringing equivalent; (iii) modify it to make it non-infringing; or (iv) if none of the foregoing can be accomplished in a commercially reasonable manner, and after not less than ***** prior notice to the indemnified party, cease using, and require the indemnified party to cease using such item, provided, however, if in the reasonable judgment of either party, such cessation renders it impractical to continue the contractual relationship contemplated hereby, either party may notify the other during such ***** period that it intends to terminate this Agreement immediately. The foregoing remedies constitute the indemnified party's sole and exclusive remedies and the indemnifying party's entire liability with respect to infringement.

8.4 Notice and Control of Action. The party seeking indemnification in respect of any actual or potential claim or demand shall notify the other party within ***** after it receives written documents relating to such claim. The indemnifying party shall have no obligation to indemnify the other party to the extent such other party fails to give the notice within the specified period set forth in the preceding sentence and such failure materially prejudices the indemnifying party. The indemnifying party shall have the right, at its sole cost, expense, and liability, to appoint counsel of its choice and to litigate, defend, settle or otherwise attempt to resolve any such claim, provided that the indemnified party shall have the right to consent to any settlement, which consent will not be unreasonably withheld, conditioned or delayed; provided that it shall not be unreasonable for any party to withhold consent to any settlement requiring it or others to agree to admission of wrongdoing or to make payment for which it does not reasonably anticipate to recover in full pursuant to the indemnification hereunder. Upon request, the indemnified party will provide reasonable assistance to the indemnifying party to defend or settle such claim, at the indemnifying party's expense. The indemnified party shall have the right to participate in the defense and settlement negotiations of such claim through its own counsel at its own expense.

9. Confidential Information

9.1 Notification. During the Term of this Agreement, either party may receive or have access to technical information, as well as information about product plans

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and strategies, promotions, customers, and related non-technical business information that the disclosing party considers to be confidential and which is either (a) marked or identified as confidential at the time of disclosure; provided that the Hosted Services System shall in any event be dealt with as confidential information of NAVITAIRE, or (b) is known to the receiving party, or should be known to a reasonable person given the facts and circumstances of the disclosure, as being treated as confidential or proprietary by the disclosing party (with respect to a party its “**Confidential Information**”).

Notwithstanding the foregoing, the term “**Confidential Information**” shall not include Customer Personal Data, which is separately defined and addressed in Section 9.5 below, and the terms of this Agreement generally applicable to Confidential Information shall not be deemed to apply to include Customer Personal Data.

- 9.2 Use and Protection of Information.** Confidential Information may be used by the receiving party only in furtherance of the transactions contemplated by this Agreement. Subject to Section 4.8, the Confidential Information may be disclosed to and used only by those employees, agents, subcontractors, service providers and advisors of the receiving party who have a need to know such information for purposes related to this Agreement, including with respect to advising with regards to legal or accounting aspects arising out of or resulting from such party entering into and performing under this Agreement, provided that such agents, subcontractors, service providers and advisors are bound by confidentiality obligations minimally as restrictive as those provided under this Section 9. The receiving party and its agents, subcontractors, service providers and advisors shall protect the Confidential Information of the disclosing party by using the same degree of care (but not less than a reasonable degree of care) to prevent the unauthorized use, dissemination, or publication of such Confidential Information as the receiving party uses to protect its own confidential Information of a like nature and value. The receiving party’s, as well as its agents’, subcontractors’, service providers’ and advisors’, obligation under this Section shall be for a period of ***** after the date of disclosure or ***** from the end of the Agreement term, whichever is greater; provided that the obligation of Customer to refrain from using the Hosted Services System after the termination or expiration of this Agreement shall continue indefinitely.
- 9.3 Exclusions.** Nothing in this Agreement shall prohibit or limit either party’s use of information (other than Customer Personal Data) which it can demonstrate by written evidence was: (a) previously known to it without obligation of

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confidence; (b) independently developed by it; (c) acquired by it from a third party which is not, to its knowledge, under an obligation of confidence with respect to such information; or (d) which is or becomes publicly available through no breach of this Agreement.

9.4 Subpoena. In the event a receiving party or its agents and subcontractors receives a subpoena or other validly issued administrative or judicial process requesting Confidential Information of the other party, the receiving party shall provide prompt notice to the other of such subpoena or other process in order for the disclosing party to have the time and sufficient opportunity to quash such subpoena or otherwise protect the Confidential Information. The receiving party, its agents and subcontractors, as the case may be, shall thereafter be entitled to comply with such subpoena or process solely to the extent required by law. If a party or its agents and subcontractors is served with a subpoena or other validly issued administrative or judicial process in relationship to the matters contemplated hereby and arising from a proceeding in which the other party is a defendant and the served party, its agents and subcontractors, is not, such other party shall pay all the reasonable out-of-pocket expenses of the served party, its agents and subcontractors, associated with such subpoena or other administrative or judicial process.

9.5 Privacy of Information. NAVITAIRE shall protect Customer Personal Data during performance of the Services in accordance with laws to which NAVITAIRE is subject as a service provider or data processor and any specific written instructions or protocols that are agreed in writing by the parties as may be reasonably needed in order to support Customer's compliance with laws to which It is subject.

In the event that NAVITAIRE will process Customer Personal Data of EU origin (as those terms are defined by EU Data Protection Directive 95/46/EC), then NAVITAIRE and Customer shall execute the standard contractual clauses for transfers to Processors located in third countries authorized by EU Commission Decision 85/2010 ("EU Model Clauses"). In addition to the foregoing, throughout the Term, NAVITAIRE shall, and shall cause each of its subcontractors that have access to Customer Personal Data to, comply with the Data Protection Procedures Schedule attached hereto as Exhibit I.

10. Disclaimers and Limitations

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT:

10.1 NOTHING IN THIS SECTION OR THIS AGREEMENT SHALL LIMIT A PARTY'S EXPRESS OBLIGATIONS TO INDEMNIFY AND DEFEND OTHERS WITH RESPECT TO INFRINGEMENT CLAIMS, NOR SHALL

ANYTHING IN THIS SECTION OR THIS AGREEMENT LIMIT A PARTY'S LIABILITY FOR ITS FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. WILLFUL MISCONDUCT HAS THE MEANING SET FORTH IN SECTION 8.1.2 AND "GROSS NEGLIGENCE" MEANS A DEGREE OF NEGLIGENCE WHICH SHOWS INDIFFERENCE TO OTHERS AND CONSTITUTES AN UTTER DISREGARD OF THE SAFETY OR PROPERTY OF ANOTHER.

10.2 SUBJECT TO SECTION 10.1 AND EXHIBIT L, SECTION 1.2 (AS APPLICABLE), THE AGGREGATE LIABILITY OF NAVITAIRE UNDER OR IN CONNECTION WITH THIS AGREEMENT AND THE PROVISION OF HOSTED SERVICES TO CUSTOMER, REGARDLESS OF THE FORM OF ACTION GIVING RISE TO SUCH LIABILITY (WHETHER IN CONTRACT, TORT, OR OTHERWISE), SHALL NOT EXCEED THE AGGREGATE AMOUNT OF FEES PAID OR OWING BY CUSTOMER FOR SERVICES DURING THE ***** PRECEDING THE MOST RECENT EVENT GIVING RISE TO THE CLAIM (OR IF SUCH EVENT OCCURS IN THE FIRST ***** OF THE TERM, THE ESTIMATED AMOUNTS TO BE PAID IN THE FIRST ***** OF THE TERM); ***** .

10.3 *****

10.4 EXCEPT AS EXPRESSLY PROVIDED HEREIN, EACH PARTY HEREBY DISCLAIMS AND EXCLUDES ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT OF THIRD PARTY RIGHTS BASED ON THE USE OR POSSESSION OF ANY PRODUCT, SERVICE OR RELATED MATERIALS PROVIDED UNDER THIS AGREEMENT BY OR ON BEHALF OF ONE PARTY TO THE OTHER; AND

10.5 WITH THE EXCEPTION OF A PARTY'S LIABILITY FOR ITS FRAUD, ***** OR WILLFUL MISCONDUCT, NEITHER PARTY SHALL BE LIABLE FOR ANY EXEMPLARY, SPECIAL, PUNITIVE, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, SUCH KINDS OF LOSS OR EXPENSES ARISING FROM BUSINESS INTERRUPTION, LOST BUSINESS, LOST PROFITS, OR LOST SAVINGS) EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, EXEMPLARY, SPECIAL, PUNITIVE, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, (INCLUDING LOST PROFITS) PAYABLE TO THIRD PARTIES WILL, WHERE COVERED BY A PARTY'S INDEMNITY OBLIGATIONS SHALL BE DEEMED DIRECT DAMAGES AS BETWEEN CUSTOMER AND NAVITAIRE AND NOT BE SUBJECT TO THE DAMAGES CAP SET FORTH IN SECTIONS 10.2 AND 10.3 ABOVE;

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- 10.6** WITH THE EXCEPTION OF THIRD PARTIES EXPRESSLY ENTITLED TO INDEMNIFICATION UNDER THIS AGREEMENT, AND THEN SOLELY TO THE EXTENT OF SUCH INDEMNIFICATION, THIS AGREEMENT IS NOT INTENDED FOR THE BENEFIT OF ANY THIRD PARTY AND NO THIRD PARTY SHALL BE ENTITLED TO ASSERT RIGHTS HEREUNDER.
- 10.7** WITH THE EXCEPTION OF THE PROVISION SET FORTH IN SECTION 8.1, NAVITAIRE SHALL NOT BE LIABLE FOR ANY CLAIMS OF THIRD PARTIES FOR USE OF THE SERVICES BY OR ON BEHALF OF CUSTOMER OR CUSTOMER AGENTS AND CUSTOMER SHALL DEFEND NAVITAIRE FROM, AND INDEMNIFY AND HOLD NAVITAIRE HARMLESS AGAINST, ALL SUCH CLAIMS.
- 10.8** NAVITAIRE INTERRUPTED SERVICE WILL NOT INCLUDE DOWNTIME DUE TO DENIAL OF SERVICE (“**DOS**”) ATTACKS ON CUSTOMER WEB SITES, PROVIDED THAT NAVITAIRE HAS TAKEN COMMERCIALY REASONABLE EFFORTS TO MONITOR AND MITIGATE AGAINST SUCH DOS ATTACKS.
- 10.9** EACH PARTY HAS A DUTY TO MITIGATE THE DAMAGES THAT WOULD OTHERWISE BE RECOVERABLE FROM THE OTHER PARTY PURSUANT TO THIS AGREEMENT, BY TAKING APPROPRIATE AND COMMERCIALY REASONABLE ACTIONS TO REDUCE OR LIMIT THE AMOUNT OF SUCH DAMAGES OR AMOUNTS.
- 10.10** THE FOREGOING STATES THE ENTIRE LIABILITY OF THE PARTIES WITH REGARD TO THIS AGREEMENT AND THE PROVISION AND USE OF HOSTED SERVICES HEREUNDER. THE LIMITATIONS OF LIABILITY CONTAINED IN THIS SECTION 10 ARE A FUNDAMENTAL PART OF THE BASIS OF THE PARTIES’ BARGAIN HEREUNDER, AND NEITHER PARTY WOULD ENTER INTO THIS AGREEMENT ABSENT SUCH LIMITATIONS.

11. Publicity

Except as required pursuant to Section 4.11, all advertising, press releases, public announcements and public disclosures by either party relating to this Agreement which includes: (a) the other party’s name, trade names, trademarks, logos, service marks or trade dress (collectively, “**Name**”); or (b) language from which the connection of such Name may be inferred or implied, will be coordinated with and subject to approval by both parties prior to release; provided, however, that (i) either party may indicate to third parties that NAVITAIRE is providing services to Customer, (ii) Customer grants to

NAVITAIRE, during the Term of this Agreement, a limited, non-exclusive, non-transferable, revocable, royalty-free license, with no right to sublicense right to use, in accordance with and subject to Section 7.1, Customer's name, logo or other Customer Mark approved in advance by Customer within an airline "tailfin" shape to indicate that Customer is a customer of NAVITAIRE, and (iii) NAVITAIRE may use Customer as a reference.

12. Relationship of the Parties

The relationship of the parties under this Agreement is and at all times shall remain that of independent contractors. Nothing in this Agreement or the attached Exhibits shall be construed to create a joint venture, partnership, franchise, employment or agency relationship between the parties to this Agreement, and accordingly, neither party shall represent itself as having, nor does either party have, the right, power, or authority to bind or otherwise create any obligation or duty, express or implied, on behalf of the other party in any manner whatsoever.

13. No Assignment

Neither party to this Agreement shall have the right to assign this Agreement or any right or obligation hereunder, whether by operation of law or otherwise, without the prior written consent of the other party, provided that (i) NAVITAIRE may assign or delegate obligations therein to any of its Affiliates and/or to any entity that acquires all or substantially all of the assets of NAVITAIRE or to successor in a merger or acquisition of NAVITAIRE; *****.

14. Force Majeure

14.1 Each Party will be excused from performance under this Agreement (other than obligations to make payments that have become due and payable pursuant to this Agreement) for any period and to the extent that it is prevented from performing any obligations pursuant to this Agreement, in whole or in part, as a result of a Force Majeure Event. If either Party is prevented from, or delayed in performing any of its obligations under this Agreement by a Force Majeure Event, it will promptly notify the other Party by telephone (to be confirmed in writing within five days of the inception of the delay) of the occurrence of a Force Majeure Event and describe, in reasonable detail, the circumstances constituting the Force Majeure Event and of the obligations, the performance of which are thereby delayed or prevented. Such Party will continue to use commercially reasonable efforts to recommence performance whenever and whatever extent possible without delay.

14.2 A "Force Majeure Event" will mean the occurrence of an event or circumstance beyond the reasonable control of a Party, and will include, without limitation: *****; but the foregoing shall only be included as a Force Majeure Event if such party so affected promptly exercises commercially reasonable efforts to overcome or cure such act or condition as soon as possible to the extent it is within its power to effect such cure.

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14.3 In the event that NAVITAIRE is unable to perform due to a Force Majeure Event and Customer does not achieve the Monthly Minimum Segment Guarantee (as defined in Section 1.1.1(a) of Exhibit K) in any month in which such Force Majeure Event prevented performance, NAVITAIRE will upon the conclusion of each such month provide Customer with a credit on NAVITAIRE’s invoice for the following month in an amount equal to portion of the prior month in which the Force Majeure event prevented NAVITAIRE from performing multiplied by the amount of the recurring Service Fees payable by Customer with respect to such ***** based on the Minimum Segment Guarantees for such ***** . For example, if the Force Majeure Event lasts for ***** in a single ***** , Customer shall receive a credit on the next month’s invoice for ***** of the minimum recurring Service Fees for the prior month (i.e., the month in which the Force Majeure Event had its impact) calculated in accordance with Section 1.1.1 of Exhibit K (e.g., Hosted Reservation Services – New Skies bundle, Hosted Web Services, Corporate Website Hosting, Hosted Revenue Accounting Services, Loyalty, and GoNow (Agent and Kiosk)).

15. Notices

All notices and communications that are permitted or required under this Agreement shall be in writing and shall be sent to the address of the parties as set forth immediately below, or such other address as the representative of each party may designate by notice given in accordance with this Section. Any such notice may be delivered by hand or by overnight courier, and shall be deemed to have been delivered upon receipt.

As of the date of this Agreement, the addresses of the parties are as follows:

	<u>CUSTOMER</u>	<u>NAVITAIRE</u>
	Chief Accounting Officer	
Attention:	With a copy to the Attention of Chief Information Officer	Controller
Address:	Frontier Airlines, Inc. 7001 Tower Rd Denver CO 80249 USA	333 South 7th Street, Suite 1700 Minneapolis, MN 55402 U.S.A.

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With a required copy to the Attention: Chief Information Officer
Address: Frontier Airlines, Inc. 7001 Tower
Rd Denver CO 80249 USA

Notwithstanding the foregoing, the following shall be sufficient notice by a party to meet any obligations under this Agreement or to preserve any rights by a party related thereto: communications to or from the NAVITAIRE Support Center relating to any Interrupted Service, Emergency or other System Error as contemplated by this Agreement.

16. Waiver

Neither party's failure to exercise any of its rights under this Agreement shall constitute or be deemed to constitute a waiver or forfeiture of such rights.

17. General

17.1 Entire Agreement, Amendments, and Work Orders. This Agreement and its Exhibits constitute the entire agreement between NAVITAIRE and Customer, and supersede any prior or contemporaneous communications, representations, or agreements between the parties, whether oral or written, regarding the subject matter of this Agreement. The terms and conditions of this Agreement may not be changed except by an amendment signed by an authorized representative of each party. Professional Services and Deliverables will be requested in a Work Order, in a form similar to the example attached as Exhibit L, and shall be executed by an authorized representative of Customer and Service Provider.

17.2 Headings and Counterparts. The headings in this Agreement are for the convenience of the parties only and are in no way intended to define or limit the scope or interpretation of the Agreement or any provision hereof. This Agreement may be executed in two or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one agreement binding on the parties, notwithstanding that both parties are not signatories to the original or the same counterpart.

17.3 Applicable Law and Jurisdiction. This Agreement is made under and shall be construed in accordance with the laws of the State of New York without giving effect to that jurisdiction's choice of law rules. For the sole and exclusive purpose of seeking injunctive relief in accordance with Section 17.5 below, both parties hereby consent and submit to the sole and exclusive jurisdiction of the

federal courts of the Southern District of New York, in all questions and controversies arising out of this Agreement, and agree that such court is the most appropriate and convenient court to settle any dispute, and accordingly waive the right to argue to the contrary.

17.4 Severability. If any term or provision of this Agreement is held to be illegal or unenforceable, the validity or enforceability of the remainder of this Agreement shall not be affected.

17.5 Dispute Resolution. Any dispute between the parties with respect to interpretation of any provision of this Agreement or with respect to performance by NAVITAIRE or Customer shall be resolved as specified in this Section 17.5.

17.5.1 Upon the request of either party, each party will appoint a designated representative whose task it will be to meet for the purpose of endeavoring to resolve such dispute. The designated representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.

17.5.2 If the designated representatives do not resolve the dispute within ***** after the request to appoint a designated representative is delivered to a party, then the dispute shall escalate to the Vice President, Customer Operations of NAVITAIRE and the Chief Financial Officer of Customer, for their review and resolution within the next ***** . During such time and in the event the amount subject to dispute is greater than ***** , the amount subject to dispute shall be placed in a mutually agreed escrow account and held there pending resolution of the dispute. All other applicable fees not affected by the dispute are due as specified within this Agreement.

17.5.3 If the dispute is not resolved by the parties under Section 17.5.1 or 17.5.2 hereof, the parties may initiate formal proceedings. With the sole exception of an action seeking only injunctive relief for a breach hereof, any controversy or claim arising out of or relating to this Agreement, or the making, performance or interpretation thereof, including without limitation alleged fraudulent inducement thereof, shall be settled by binding arbitration in New York, New York by one arbitrator in accordance with the Rules of Commercial Arbitration of the American Arbitration Association. Judgment upon any arbitration award may be entered in any court having jurisdiction thereof.

17.5.4 The parties hereby agree that if any dispute or controversy proceeds to arbitration, the arbitrator appointed pursuant to Section 17.5 shall award the prevailing party its costs, including reasonable attorneys' fees and costs, to the degree of such prevailing party's success.

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17.5.5 The parties agree to continue performing their respective obligations under this Agreement while the dispute is being resolved; provided, however, if the dispute is regarding nonpayment by Customer, NAVITAIRE shall not be required to continue performance of its obligations unless Customer continues to pay all disputed amounts to NAVITAIRE or to an escrow account structured by agreement of the parties.

17.6 Third Party Procurement. NAVITAIRE has a number of relationships with third party vendors for products and services made available to users of the NAVITAIRE suite. NAVITAIRE utilizes these third party vendors in order to provide a comprehensive offering for the benefit of the customer base. In some cases, NAVITAIRE may receive compensation from these third party vendors.

17.7 Insurance. NAVITAIRE, at its expense, will maintain in full force and effect the following types and limits of insurance:

17.7.1 *****

17.7.2 *****

17.8 Exhibits. The Exhibits attached and listed below are part of this Agreement:

- Exhibit A: Hosted Reservation Services – New Skies®
- Exhibit B: (INTENTIONALLY OMITTED)
- Exhibit C: NAVITAIRE Contacts
- Exhibit D: Customer Contacts
- Exhibit E: Powered by NAVITAIRE® Mark
- Exhibit F: Hosted Web Services — dotREZ — Internet Reservation Framework
- Exhibit G: Hosted Revenue Accounting Services — SkyLedger®
- Exhibit H: (INTENTIONALLY OMITTED)
- Exhibit I: Data Protection Procedures
- Exhibit J: NAVITAIRE Support Center

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- Exhibit K: Price and Payment
- Exhibit L: Work Order Terms and Form

Exhibits; Order of Precedence. Any conflicts, inconsistencies or ambiguities between this Agreement and any Exhibit or other attachment hereto shall be governed by this Agreement unless the Exhibit or other attachment, making specific reference to a provision of this Agreement, provides otherwise.

[Signatures on following page.]

IN WITNESS WHEREOF, NAVITAIRE and Customer, each acting with proper authority, have caused this Agreement to be executed as of the date set forth below.

Signed for and on behalf of:

Signed for and on behalf of:

Frontier Airlines, Inc.

NAVITAIRE LLC

Signature: /s/ David N. Siegel

Signature: /s/ [Authorized Signatory]

Printed Name: David N. Siegel

Printed Name: [Authorized Signatory]

Title: President & CEO

Title: [Authorized Signatory]

Date: June 24, 2014

Date:

* Upon execution of this Agreement:

1) Email a copy of the signature page to:

2) Mail two (2) hard copies of the entire Agreement to:
NAVITAIRE LLC

6322 South 3000 East Suite 100
Salt Lake City UT 84121

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EXHIBIT A**HOSTED RESERVATION SERVICES – NEW SKIES®****1. Definitions**

As used in and for purposes of this Exhibit, the following terms shall be defined as set forth in this Exhibit. In the event that there exists any conflict between a definition set forth in this Exhibit and in any definition contained within Section 1 of the Hosted Services Agreement (the “Agreement”), the definition set forth in this Exhibit shall control.

- 1.1 Ancillary Component** means a product or service other than Customer-originating flights sold by Customer using the Hosted Reservation Services. Examples include: an insurance policy purchase, a car hire/rental, a hotel reservation/purchase, an add-on activity such as a 1-hour helicopter tour, souvenir t-shirt, etc. For clarification purposes, Ancillary Components (i) are usually non-flight products or services but can also include flights not provided by Customer, but sold through the Travel Commerce functionality; and (ii) exclude any Segment under this Agreement.
- 1.2 Authorization Services** has the meaning set forth in Section 7.4.1 hereof.
- 1.3 Availability Request** means a request for a fare regardless of booking channel, including but not limited to API, Direct, CRS/GDS, and Web, and is comprised of Standard Availability Calls and Low Fare Availability Calls defined as follows:
- a) **Standard Availability Calls** which are searches for fares and are calculated as ***** Journey per day searched regardless of booking channel. A search, as requested by the passenger, can be for a single specific date or for a multi-date window. For purposes of illustration, a request for flights from ***** to ***** on ***** would be ***** Availability Request whereas a request for flights from ***** to ***** on ***** and ***** would be ***** Availability Requests.
- A round trip or multi-city search to request fares is computed as ***** look for each day searched, for each Journey searched. For purposes of illustration, ***** request for a multi-city circle trip ***** is calculated as ***** Availability Requests (*i.e.*, ***** multiplied by ***** Journeys for the multi-city circle trip). For additional purposes of illustration, ***** request for a round trip ***** is calculated as ***** Availability Requests.
- Technical request types that are defined as Standard Availability Calls are GetAvailability, GetTripAvailability, GetUpgradeAvailability, or similarly functioned future calls.

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- b) **Low Fare Availability Calls** which are searches for fares using Low Fare Finder (as further described in Section 6 below), which return the lowest fare for each day in a series of sequential dates, based upon the Customer configured number of days to search, and are calculated as ***** Availability Request for each set of sequential dates requested, regardless of booking channel. For purposes of illustration, regardless of the Customer configured number of days to search in the Low Fare Finder, for each outbound city-pair/Journey and/or return city-pair/Journey the low fare search in all cases is ***** Availability Request for each requested city-pair/Journey. For additional clarification, ***** request for a round trip ***** for a ***** search is calculated as ***** Availability Request.

Low Fare Availability Calls, when utilized in a multi-city Journey, will be calculated as ***** Availability Request for each passenger requested multi-city Journey. For purposes of illustration, ***** request for a multi-city Journey ***** for a ***** search is calculated as ***** Availability Request.

Technical call types that are defined as Low Fare Availability Calls are GetLowFareAvailability, GetLowFareTripAvailability, or similarly-functioned future calls.

- 1.4 Change Assistance List (CAL)** is a list of passenger changes that occurred since the initial PAL or previous CAL was generated.
- 1.5 Codeshare, Marketing or Codeshare Marketing Carrier** means when Customer markets and sells a flight under its own host airline code and the flight is operated by another airline. A codeshare marketing partner is an airline participating in a codeshare as the Codeshare Marketing Carrier.
- 1.6 Codeshare, Operating or Codeshare Operating Carrier** means when another airline markets and sells a flight under its own host airline code and the flight is operated by Customer. A codeshare operating partner is an airline participating in a codeshare as the Codeshare Operating Carrier.
- 1.7 Codeshare PNR** means a Passenger Name Record, being an individual electronic record with a unique record locator number, containing ***** or ***** passenger names and booked Segments which contains at least one Segment booked via NAVITAIRE's free-sale codeshare functionality.
- 1.8 Common Use Airport** means an airport whose technology infrastructure including network, hardware, and software is managed by a third party company or organization. Typically common use providers manage a large number of airport infrastructures with a common platform and protocol. SITA CUTE and ARINC MUSE are examples of the larger common use platforms.

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- 1.9 Confirmed Status** means when a reservation has been: (a) systematically acknowledged and accepted in the Hosted Reservation System by issuing a record locator or PNR number; and (b) the PNR has achieved a confirmed state in the Hosted Reservation System via either: (i) application of full or partial payment to the PNR; or (ii) application of an alternative mechanism such that payment for the PNR has been otherwise fulfilled.
- 1.10 Content Provider** means a provider of Ancillary Components sold in a Super PNR or Non-Flight Related Fee Record.
- 1.11 CRS/GDS/ARS PNR** means a Passenger Name Record, being an individual electronic record with a unique record locator number, containing ***** or ***** passenger names and booked Segments which contains at least one Segment booked via a CRS/GDS/ARS using Type B/Teletype Connectivity, or via a CRS/GDS using Type A/EDIFACT Booking Connectivity, or via Web Services/API Connectivity. A CRS/GDS/ARS source is based on unique user code and user type.
- 1.12 Electronic Ticket (E-Ticket)** means the document stored in electronic form, used in lieu of a paper document to be exchanged for the use of transportation and/or related services involving a single carrier.
- 1.13 Electronic Ticketing (E-Ticketing)** means the method used to document in electronic form, the sale of transportation and/or related services for a single carrier in lieu of the issuance of a paper document.
- 1.14 Electronic Ticketing Interchange and Database Provider** means the third party provider that Customer has contracted with to process, exchange and store Customer E-Ticket records.
- 1.15 Electronic Ticketing Services Agreement (ETSA)** means the agreement Customer enters into with the Electronic Ticketing Interchange and Database Provider for Electronic Ticketing services.
- 1.16 Executive Review Meeting** means a formal meeting attended by Customer, NAVITAIRE and any related third party required, in response to non-compliance to the specified service level measures.
- 1.17 Executive Sponsors** has the meanings set forth in Exhibits C and D.
- 1.18 Interline Electronic Ticket (Interline E-Ticket)** means the document stored in electronic form, used in lieu of a paper document, to be exchanged for the use of transportation and/or related services involving more than one carrier.
- 1.19 Interrupted Service Minutes** means, with respect to a given Reporting Period, the total number of minutes during which the Hosted Services experience Interrupted Service as defined in the Agreement, excluding Planned Downtime Minutes. This time is tracked by the minute, rounded up to the nearest minute per incident.

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- 1.20 Interrupted Service Report** has the meaning set forth in Section 7.3.2 hereof.
- 1.21 Journey** means the true origination and destination city pair in a one way request. For example, Flight 100 originates in LAX with a stop in SLC on the way to BOS, where it connects to Flight 200 departing from BOS and arriving in JFK. A request for LAX-JFK on *****, which happens to include both Flight ***** and Flight 200 as the connecting pair, would be one Journey.
- 1.22 Look to Booked Segment Ratio** means the numeric result of the number of Availability Requests divided by the number of booked Segments where the Segment resides in a PNR that has reached a Confirmed Status.
- 1.23 Low Fare Availability Days** means the aggregate number of dates searched in a Low Fare Availability Call, calculated as ***** Low Fare Availability Day per Journey per day within the search parameter configured by Customer. The search parameter provides the range for the number of days on each side of the passenger's selected date for the Low Fare Finder to query for fares. For purposes of illustration, where the Low Fare Finder is configured by Customer with a search parameter of *****, when the passenger has selected a one-way city pair, the value is calculated as ***** Low Fare Availability Days (***** for the requested booking date and ***** Low Fare Availability Day for each of the ***** on either side of the requested booking date). For additional clarification, ***** request for a round trip ***** if the search parameter is *****, is calculated as *****Low Fare Availability Days.
- 1.24 Low Fare Availability Average Days per Call** means the result of dividing the total number of Customer's Low Fare Availability Days in the calendar month by total number of Customer's Low Fare Availability Calls in such calendar month.
- 1.25 Maximum Availability Requests Allowed** means, with respect to any month, the greater of: (a) the numeric result of multiplying the Monthly Minimum Segment Guarantee (determined in accordance with Section 1.1.1 of Exhibit K) by the Look to Booked Segment Ratio; or (b) the numeric result of multiplying the actual booked Segments for the month by the Look to Booked Segment Ratio.
- 1.26 Minimum System Availability Target** has the meaning set forth in Section 7.2.1 hereof.
- 1.27 Monthly Performance Report** has the meaning set forth in Section 7.3.2 hereof.
- 1.28 MQSeries** is a popular system for messaging across multiple platforms including Microsoft Windows, Linux, IBM mainframe and midrange, UNIX, and others. It allows independent applications on distributed systems to communicate with each other.

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- 1.29 Negotiated Allotment or NegoAllotment** means allocation of a Customer's seats to tour operators, cruise lines, or other non-affiliate third party entity through negotiated contracts.
- 1.30 Non-Flight Related Fee Record** means any data record materially referring to an Ancillary Component that is stored along with its corresponding fee in a PNR rather than as an Ancillary Component.
- 1.31 Passenger Assistance List (PAL)** is a list of Passengers with Reduced Mobility (PRM) for a particular flight and board point.
- 1.32 Passengers with Reduced Mobility (PRM)** are defined by IATA as disabled persons and persons with reduced mobility traveling by air within the European Community.
- 1.33 Planned Downtime** has the meaning set forth in Section 8.2.1(c) hereof.
- 1.34 Planned Downtime Minutes** means, with respect to a given Reporting Period, the total number of minutes in a Reporting Period during which Hosted Reservation Services are unavailable due to: (a) an act or omission of Customer with respect to matters described in Section 7.1 of this Exhibit; (b) an event of Force Majeure; or (c) a planned, scheduled, and approved event including Hosted Services System maintenance during which a particular service, upgrade or Hosted Services System routine requires Planned Downtime as defined in Section 8.2.1(c) hereof. Customer may request the event be rescheduled, providing there is reasonable cause for such a delay. This notification must be made to NAVITAIRE at least ***** in advance of the scheduled event. Planned Downtime Minutes will be tracked by the minute, rounded up to the nearest minute per incident.
- 1.35 Reporting Period** will be a calendar month. The NAVITAIRE Account Manager will measure monthly calculations simultaneous to account reviews.
- 1.36 Reporting Period Minutes** means, with respect to a given Reporting Period, the total number of minutes during such Reporting Period.
- 1.37 Super PNR** means a passenger name record that includes one or more Ancillary Components. For the avoidance of doubt, a Super PNR includes any Ancillary Component regardless of booking source.
- 1.38 Utilized Availability Requests** means the numeric total result of the count of executed Standard Availability Calls and Low Fare Availability Calls.

2. Scope of Services

NAVITAIRE will provide certain services and support functions during the Term of this Agreement related to the Hosted Reservation Services and related applicable products. Of the available Hosted Reservation Services, Customer has selected the products and/or services outlined in Exhibit K.

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3. Implementation Services

- 3.1 Data Center Implementation Services.** NAVITAIRE will configure, install, activate, and test the necessary data center hardware and software for providing the Hosted Reservation Services to Customer. Unless otherwise specified, this service does not include communication circuits, wireless data services, or any remote communication devices, including routers or network hardware. Client personal computers, workstations, or other Customer devices connected to the Hosted Services System are the responsibility of Customer and must meet the minimum specifications as required by NAVITAIRE. NAVITAIRE shall notify Customer of such minimum specifications in order for Customer to procure and implement the same on or before the Target Date.
- 3.2 Virtual Private Network (VPN) Connectivity.** If Customer desires to use a virtual private network (VPN) for connectivity to Hosted Reservation Services, NAVITAIRE will evaluate such a request to determine the viability of the use of a VPN connection for either a primary or back-up data circuit. After review, NAVITAIRE will advise Customer if the request is approved and the additional costs that will apply.
- 3.3 Network Configuration and Design Services.** NAVITAIRE will supply recommended technical diagrams and will advise Customer on required network hardware requirements, for client portion of application as necessary. Customer shall have internal or third party network expertise available for the installation and configuration of their required network.
- 3.4 System integration Services.** During the implementation of Hosted Reservation Services and before production use of such services, NAVITAIRE will assist in the assessment of the compatibility of third party hardware and software with the Hosted Services System. Customer shall be responsible for the cost of modifying or replacing any third party systems including hardware and software. For future integration services, NAVITAIRE will, upon request, provide an estimate using the rates as outlined in Exhibit K; however, any services will be provided pursuant to a Work Order.
- 3.5 Strategic Business Review.** NAVITAIRE will conduct a Strategic Business Review to gather information on Customer's desired use of the Hosted Reservation Services and outline functional capabilities of the Hosted Services System. During the Strategic Business Review, NAVITAIRE will work with Customer to create a project plan and project schedule, including NAVITAIRE and Customer responsibilities, designed to achieve successful completion of the Implementation Services on or before the Target Date.
- 3.6 Customer Site Installation Services.** NAVITAIRE will assist Customer with the installation and testing of the required telecommunications connection between the NAVITAIRE data center and the designated Customer facility. Customer shall be responsible for the cost of troubleshooting or connecting Customer's internal network. Additional technical support for on-site assistance after the initial conversion to production use of the Hosted Reservation Services shall be quoted on a project basis at the request of Customer using the rates as outlined in Exhibit K.

3.7 Initial Training Services. NAVITAIRE will supply the following training at mutually agreed times and Customer agrees to participate in such training for the Hosted Reservation Services:

3.7.1 Core Reservation System Training: Up to a maximum of ***** which may be attended by up to ***** at the NAVITAIRE office located in Salt Lake City, Utah or up to ***** at the NAVITAIRE office located in Manila, Philippines. An additional ***** training will be required if GDS, Codeshare, and/or Interline functionality is implemented. If the training is not held at a NAVITAIRE facility, NAVITAIRE requires that ***** trainers be on-site at the alternate location and additional fees will apply. Also, if training is not held at a NAVITAIRE facility, ***** All training will be conducted in English. Topics will include use of SkySpeed, Airport Check-in, Irregular Operations, Flight Scheduling and Fare Maintenance, and Reservations and Supervisory Features. Customer must complete basic computer familiarization and Windows training for all trainees before the initial training.

3.7.2 Web Services Training: Up to ***** which may be attended by up to ***** of Customer's technical employees at the NAVITAIRE offices in Salt Lake City, Utah. The course includes time for hands-on development.

Please note that the Web Services Training has been designed with the assumption that the developer(s) performing the carrier customization has a base level understanding of the Microsoft ASP.NET technology and knowledge of C# (C-sharp), XML, XSLT, HTML, and CSS. If additional assistance is required for this base understanding or additional development support after the course, the NAVITAIRE Professional Services organization can be engaged via a work order.

3.7.3 Data Store Products Training: Up to ***** of technical training which may be attended by up to ***** Customer technical employees at Customer's location. At least ***** NAVITAIRE trainer will provide the trainings requested on-site at Customer's location. The course covers the data model, performance tuning, use of the Data Warehouse, replication, and how to avoid impacting the replication process. Classroom requirements for the on-site Data Store training are located in the Data Store course syllabus.

3.7.4 GoNow Agent Training: Up to a maximum of ***** which may be attended by up to ***** Customer employees at the NAVITAIRE offices located in Salt Lake City, Utah.

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- 3.7.5 **Travel Commerce Training:** Up to a maximum of ***** which may be attended by up to ***** Customer employees at the NAVITAIRE offices located in Salt Lake City, Utah.
- 3.7.6 **Loyalty Training:** Up to a maximum of ***** which may be attended by up to ***** Customer employees at the NAVITAIRE offices located in Salt Lake City, Utah.
- 3.7.7 **Launch Support:** Up to ***** with up to ***** NAVITAIRE employees on-site with Customer, leading up to and through the cutover to the production use of the Hosted Reservation Services.
- 3.7.8 **Manuals:** Customer will be provided an electronic copy of the user reference manuals in Adobe Acrobat (PDF) format for download via the NAVITAIRE Customer care web site available at <https://customers.navitaire.com> or by CD. Technical specification and technical reference manuals are for internal NAVITAIRE use only, unless otherwise specified in this Agreement or by other arrangement. All materials provided by NAVITAIRE are in the English language unless otherwise specified within this Agreement.
- 3.7.9 Customer's Travel Costs: *****.
- 3.8 **Project Reporting.** During the course of Implementation Services, the NAVITAIRE Project Manager will provide Customer with: (a) Weekly Project Plan Update and Status Report; (b) Weekly Updated Issues/Resolution List; and (c) Executive Summary.
- a) **Weekly Project Plan Update and Status Report.** Weekly status reports will be transmitted to Customer on a weekly basis during the provision of Implementation Services. This report will include updated status on the implementation process and an updated project plan. A list of the following week's tasks and goals will be included in the report.
- b) **Weekly Updated Issues/Resolution List.** Weekly updated issues/ resolution lists will be forwarded to Customer on the same schedule as the Weekly Project Plan Update and Status Report. The Issues/Resolution List will include specific additional items discovered in the project analysis, or critical issues that deserve heightened priority apart from the project plan. The Issues/Resolution List will include the task, the responsible party, date, open/close status, priority, and date of closed task. Every issue will be given a priority relative to a mutually agreed priority with Customer. Priorities will be ranked 1-5, 1 being most critical. Below is a description of each priority:
- **Priority 1 – Urgent.** All issues included in this priority are deemed critical and will be given priority attention. These issues may affect a milestone or dependency related to the completion of conversion services. Issues in this category are critical to resolve prior to other project dependencies and milestones being completed.

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- **Priority 2 – High.** Issues included in this priority may affect the Target Date and require resolution prior to the completion of conversion services and require resolution prior to the completion of conversion services.
 - **Priority 3 – Medium.** Issues included in this priority are not required prior to completion of conversion services, but must be finished prior to the end of Implementation Services.
 - **Priority 4 – Low.** These items are not critical to either the completion of conversion services or Implementation Services but require monitoring for subsequent follow up or entry into NAVITAIRE’s Internet based customer support tool.
 - **Priority 5 – Excluded.** These items are deemed excluded and are either unnecessary or may be addressed in a business process change or work-around.
- c) **Executive Summary.** An Executive Summary will be provided to both the NAVITAIRE and Customer Executive Sponsors upon reaching critical milestones. These milestones will be established mutually with Customer as the final project plan has been established.

3.9 Implementation Services Time Frame

- 3.9.1** During the course of planning discussions related to this Agreement, NAVITAIRE acknowledges the Target Date as requested by Customer for completion of applicable portions of the Implementation Services. The Target Date for completion of the Implementation Services is no later than *****. NAVITAIRE and Customer will detail dates and dependencies of the project plan, as summarized in the table in Section 3.9.2 below, in order to confirm the Target Date achievability.
- 3.9.2** Upon receipt of the Implementation Fees due at signing and subject to Section 4.1 of the Agreement, NAVITAIRE agrees to perform the Implementation Services within the time frame preceding the Target Date. NAVITAIRE further agrees to initiate, mutually with Customer, project-scope-analysis and project-planning communication to establish the final schedule for Implementation Services consistent with the Target Date.

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The following table outlines the key milestone activities that will be discussed during the Strategic Business Review:

<u>Key Milestones and Supporting Tasks</u>		<u>Primary Responsibility</u>		<u>Duration to Complete</u>	<u>Milestone Dependency</u>
		<u>Navitaire</u>	<u>Customer</u>		
*****	*****	*****	*****	*****	*****
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	*****	*****	*****	*****	*****
	*****	*****	*****	*****	*****
	*****	*****	*****	*****	*****

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3.9.3 Customer understands that the Target Date is subject to change upon mutual agreement of the parties; as such date is dependent on, among other matters, certain third party agreements/activities on behalf of both Customer and NAVITAIRE. These third party agreements/activities may include, but are not limited to, the following:

- Airport facility use agreements.
- All telecommunications and data circuits.
- Credit card settlement and authorization agreements.
- Centralized Reservation System/Global Distribution System/Airline Reservation System (CRS/GDS/ARS) agreements and host provider(s) certification process.
- Content Provider agreements and certification process.
- Data conversion systems.
- Bilateral agreements for marketing codeshare terms with other airline partners.
- Codeshare marketing partner host provider certification process.
- IATA carrier code assignment.

Customer will immediately establish a primary technical Project Manager contact that will be assigned to interact with the Project Manager appointed by NAVITAIRE. Failure to appoint this individual will jeopardize the delivery of Implementation Services by NAVITAIRE.

3.9.4 Upon 'Go Live', Customer is expected to fully open functionality to the public. If Customer requests a two phase launch (*e.g.*, initial "soft launch" for limited release), Customer must recognize that the appropriate NAVITAIRE resources may not be available for appropriate on-site or data center support for a second launch. Additional implementation fees will apply for any two phase launch scheme.

3.9.5 Upon completion of the Implementation Services as described in this Exhibit A, Section 3, NAVITAIRE will provide written notification to the Customer Account Liaison named in Exhibit D, Section 2.

3.10 Data Conversion

3.10.1 Conversion Services. If Customer has been using a third party reservation system, Customer will be responsible for converting existing reservations data into the required Hosted Reservation Services format. Hosted Reservation Services file format requirements and specifications are available to Customer upon request.

3.10.2 Data Conversion Assistance. If Customer desires assistance with data conversion services from a third party reservation system, NAVITAIRE will review this request, and if accommodated, such assistance will be provided pursuant to a Work Order.

3.11 Reservations History Capture for Third Party Revenue Management Systems

If Customer is not yet using a revenue management system, or is using a third party revenue management system, additional fees will apply to capture reservations booking history data from Hosted Reservation Services. Applicable charges are outlined in Exhibit K.

4. Data Circuits

4.1 Primary and Backup Data Circuits. Customer shall be responsible for all telecommunication circuits used by Customer in connection with the transmission of data between the Hosted Services System and Customer's site(s), as stated in Section 4.10 of the Agreement.

4.2 Facility Locations. The facility locations provided for in this Agreement are as follows:

- The NAVITAIRE Hosted Reservation data center will be located in Minneapolis, Minnesota.
- Customer's primary facility will be located in Denver, CO.

5. New Skies by NAVITAIRE Functionality Included in Hosted Reservation Services

The following tables itemize the base and optional functionality and features available as of the Effective Date of this Agreement. The actual optional functionality to be provided under this Agreement is as identified in Exhibit K. This functionality list may be modified or expanded in the future based upon new releases, provided that no material functionality will be eliminated unless mutually agreed with Customer and NAVITAIRE.

Hosted Reservation Services – New Skies**Base Functionality****SkySpeed – Call Center Reservation System****General Features – SkySpeed**

- Graphical reservations screens
- Fee entry and payment collection
- On-demand itinerary print capability
- Auto-queue capability.
- Role-based user security

General Features – Availability and Fare Look-up

- Search for travel components (flight, train, bus, ferry, etc.) and fare availability according to multiple search criteria.
- Display travel components (flight, train, bus, ferry, etc.) and fare results, including Real-time pricing and availability
- Interactive calendar
- Graphical display of price by passenger type, fees and taxes, multiple currencies, fare rules, manifest and SSR availability Multiple-airport cities (MAC) functionality.

General Features – SkySpeed Booking Module

- Book, change, divide, and cancel reservations.
- Book unlimited number of passengers per PNR as defined by role
- Reserve unlimited number of travel Segments per passenger, per PNR
- Book multiple flight connections.
- Book non-revenue and revenue standby passengers
- Override fares dependent on user security settings.
- Assign multiple Special Service Request (SSR) codes to individual passengers based on availability.
- Add individual passenger identification documents.
- Optional seat map display showing actual seat availability
- Optional pre-assigned seating.
- Associate seat fees with pre-assigned seats
- Dynamic seating legend to display seat properties.
- Store multiple addresses and phone numbers on a single booking.
- Auto-populate name and address from stored phone numbers
- Issue itinerary at the airport or station, or by mail, fax, email or XML feed to the desired system
- Multiple language support for itinerary printing.
- Carrier defined mandatory comments.
- Ability to create Agent and carrier defined Freeform, Manifest, and Itinerary comments.
- Display of Real-time travel status Information (e.g., FLIFO).
- Move passengers to new travel components.
- Apply promotion codes to bookings.
- Use vouchers as payment on bookings.
- Apply discount codes for selected passenger(s) on a booking.
- Apply penalty fees at the PNR and passenger level.
- Auto-assign seats at the passenger and booking level, with Intelligent Seating for optimal seat selection.
- Quick search options to retrieve PNRs.
- View available and expired fares within a date range.
- Direct refunds to spoilage fees so they are not refunded to passengers.
- Directional fares
- Place traffic restrictions on flight routes according to IATA standards.

- Support for Change of Gauge on equipment (aircraft, train, bus, and ferry).
- Support for payment by installments.

General Features – Customer Management

- Manage customer profiles, including personal information, travel preferences and booking information.
- Support for system-generated and third-party Customer IDs

General Features – Travel Agent Support

- Support for travel agency, corporate and third-party profiles.
- Automatic entry of travel agency, corporate or third-party organization ID upon agent login.
- Private fares and fare discounts based on organization.
- PNR retrieval using CRS, GDS and third-party record locators.
- Support for parent/child relationships within travel agencies.

General Features – Airline Specific PNR Preferences

- Configure which fields are required, optional and disabled for passenger information, contact information, payment information and customer profile information.
- Automatically place bookings on hold for declined credit cards (configurable).
- Configure validation for phone number format.
- Auto-populate city and state based on postal code (US & Canadian postal codes).
- Configure default booking values for country, language, culture and nationality.

General Features – Agent and Airline Support Tools

- Create and manage system agents.
- Apply role-based permissions to agents and agent groups.
- Password-protected login for individual agents.
- Temporary supervisory login to perform secure functions.
- Configurable logoff time value for inactive sessions.
- Scratch pad for call-specific notes.
- Customizable reference system to maintain and manage carrier policy and procedure information.
- Online help documentation.
- Password-protected queue access.

dotREZ – Internet Reservation Framework**General Features – dotREZ – Internet Reservation Framework**

The dotREZ internet reservation framework consists of a platform and toolkit to facilitate Customer's construction of internet booking components which interface with the Hosted Reservation Services.

dotREZ Configurable Templates are made available to Customer to use as a reference when customizing and branding Customer's internet portal.

The specific building components which can be used by Customer to build Customer's internet reservation platform consist of the following, by category.

Booking Functionality

- Book, change and cancel reservations for trip types of one-way, round-trip or open jaw travel, which may comprise multi-leg or multi-Segment travel components.
- Assign multiple Special Service Request (SSR) codes to passengers, based on Customer's configuration of the SSR and its associated fees and availability of the SSR at the time of passenger's booking.
- Display selected travel components and fares prior to purchase.
- Display confirmed or held bookings, including booking details.

Pricing/Promotions Functionality

- Display single or multiple fares per travel component.
- Display "Discounted Web" and "Regular Price" comparisons ("Strikethrough Pricing").
- Display summary and detailed price quotes, including fee and tax breakdown.
- Online redemption of promotion code discounts and vouchers.

- Support utilization of promotional fares/discounts activated within SkyFare.

Passenger/Contact Functionality

- Assign passenger type based upon passenger title.
- Support entry of Passenger and contact information, using configurable drop down lists, input boxes, and required fields.

Availability Functionality

- Support multiple-airport cities (MAC).
- Display product class or class of service.
- Utilize passenger information stored in the Hosted Services System to generate route-aware origin and destination lists.
- Support availability for either single day or date ranges.
- Search by lowest fare in market for a number of days out using Low Fare Finder.

Payment Functionality

- Interface with SkyPay to facilitate credit card validation and authorization by Customer's third party providers).

Travel Agency Functionality

- Support discounts, promotions, commissions, and registration for travel agencies and corporations.
- Support ability for unregistered/unrecognized agencies to book prior to carrier validation.
- Support individualized logins for agents within a travel agency/corporation
- Display travel agency/corporate ID and contact information on bookings.

Seat Functionality

- Display customizable, graphical seat map.
- Support dynamic, unique seat map with seat properties for each travel component.
- Support seat selection from: 1) system-assigned based on passenger preferences and Intelligent Seating algorithms; or 2) seat map.
- Assign seat fees and SSR fees.

Technical Functions

- Ability to customize graphics and HTML display elements ("look and feel") in the presentation layer
- .NET ASP.Net MVC Framework supports Ajax, XML/JSON interfaces
- Utilizes data as set up by Customer in Utilities:
 - Market data (origin and destination airport codes, currency codes and time zone settings)
 - Lists and codes for aircraft types and credit cards,
 - Contact information lists (for example, states/provinces, and countries),
 - Itinerary distribution options (for example, email, fax, print),
 - Local time settings by city.
- Support for localization (multiple languages) through customization libraries.
- Ability to retrieve and view traveled bookings for registered members.
- Ability to validate form elements using JavaScript.
- Allows for optional secure SSL encryption, no encryption, or both (generally compliant with secure SSL encryption).
- Ability to link to external pages, such as third-party payment providers and loyalty programs.

Limitations and Exclusions

- dotREZ requires the use of web session locking, per NAVITAIRE and Microsoft® recommendations and practices
- dotREZ posting by NAVITAIRE is not included within the scope of Hosted Reservation Services. If Customer wishes NAVITAIRE to host dotREZ, Customer shall procure Hosted Web Services and NAVITAIRE shall host dotREZ in accordance with and subject to the Service Levels set forth in this Agreement.
- Strikethrough Pricing is not compatible with All Inclusive Pricing.
- The functionality is limited to a set of tools that Customer may use to create a custom function (e.g., Customer Website).
- Customer, and not NAVITAIRE, is responsible for the operation/performance of such custom function and such custom function is not considered as part of the Services for purposes of this Agreement.
- In the event the parties enter into a Work Order for NAVITAIRE to perform Professional Services to do the initial development and / or additional modifications for the Customer Website, the parties hereby agree that such Work Order shall specify the scope for the development of the custom functions. Unless NAVITAIRE and Customer agree in a separate Work Order issued pursuant to Exhibit L, NAVITAIRE shall have no responsibility to assist Customer in the development of any custom functions.

SkySchedule – Scheduling Application**General Features – SkySchedule**

- Create and maintain schedules.
- Re-accommodate passengers to other travel components – flight, train, bus, ferry, etc.
- View PNR(s) and passengers affected by a schedule change.
- Create non-stop travel components.
- Create direct and/or connecting, multiple-leg travel components.
- Maintain routing mileage table for reporting.
- Maintain and compare multiple schedules.
- Change travel time, flight/train number, status, equipment type, and cabin/car configuration.
- Automatically update cabin/car configuration based on Authorized Unit (AU) changes.
- Maintain automated or user-defined schedule change queuing.
- Create and modify preliminary schedules offline prior to activation.
- Display detailed inventory and change history.
- Configure availability display for Real-time travel component modifications.
- Print schedules.
- Maintain carrier-specific cities or airport/station codes in the airport/station table.
- Generate schedules in industry-standard formats.
- Import and export SSIM files.
- Maintain standby priority of a re-accommodated passenger.
- Create a preliminary schedule for comparison of active schedule.
- Flag certain travel components and indicate whether they are for general use or not.
- Dynamic seating legend to display system and custom seat properties.
- Create circle travel components.
- Support for travel segments crossing the International Date Line.

General Features – Fare and Inventory Management – SkyFare/SkyManager

- Support for multiple currencies.
- Set the booking default currency based on origin city.
- Create and maintain fare rules.
- Apply advance purchase requirement.
- One-way, return (round-trip), and open jaw fares.
- Apply seasonality criteria to fares.
- Specify minimum number of passengers required.
- Specify day-of-week stay over requirement.
- Specify minimum/maximum stay requirement.
- Specify combinability rules.
- Specify directional fares.
- Specify travel date and sales date restrictions.
- Specify valid passenger discount types.
- Organization-specific fares.
- Fare branding to bundle distinct services with a recognized product name.
- Combine base fare, sales taxes, and travel fees for end user display (excludes GDS).
- Maintain discrete fare classes (unaffected by standard nesting rules).
- Create and modify fares using file import/export.
- Apply global fare changes.
- Differentiate between CRS/GDS and internal AU application.
- Support for revenue management interface files.

- Define fare classes and fare access by user role.
- Role- and fare-based hold settings.
- Validate standby fare classes.

- Greats and maintain SkySpeed and dotREZ fare rule files for passenger advice.
- Create and maintain fee types, descriptions, amounts, and currencies
- Negative fees.
- Refunds.
- Implement availability status (AVS) RECAP and/or RESYNC either automatically or manually Manage AU(s) at a leg and route level.
- Run a pending batch of fares manually, on demand.
- Negotiated space functionality for third parties, such as tour operators.

SkyPay – Payment Processing and Settlement

General Features – SkyPay – Payment Processing and Settlement

- Create and maintain payment types.
- Enter multiple payments on an individual PNR.
- Allow PNR(s) to be ended with partial payment, based on role.
- Allow PNR(s) to be ended with a negative balance.
- Authorize credit cards manually; with processor approval.
- Restrict refunds by payment type and/or user group.
- Reverse a previously-entered payment.
- Support credit card processing as outlined in Section 0 of Exhibit A of this Agreement
- Select bank direct payments via SkySpeed and dotREZ. (Settlement is dependent on Bank file)
- Require AVS and CVV for payment verification purposes via dotREZ and/or SkySpeed (AVS is not supported in all regions.)
- Support the configuration and storage of data related to installment payments.

SkyPort Airport Check-in System

General Features – SkyPort – Airport Check-in System

- Check in one or more passengers on the same PNR at the same time.
- Board one or more passengers on the same PNR at the same time.
- Issue boarding passes and bag tags for standby passengers.
- Display travel segment data and remarks.
- Open, close, and lock travel segments (flight, train, bus, ferry, etc.).
- Create and modify PNR(s) in Real-time.
- Associate or disassociate passengers with customer credit files.
- Display passenger lists, such as confirmed, standby, connecting, no-show, same PNR, etc.
- Display list of travel segments according to numerical order of flight/train/bus/ferry.
- Make changes to passenger information directly on the PNR.
- Change the priority code of standby passengers.
- Print passenger manifests.
- Print passenger receipts/itineraries to peripheral boarding pass printers. (Supported printers may be found under Customer Responsibilities; Equipment Specifications).
- Display passenger ticket numbers on boarding passes.
- Scan boarding passes to print bag tags.
- Automatic generation and printing of bag tags.
- Pre-assigned seating.
- Assign seats or change seat assignments.
- Hold or block seats.
- Dynamic seating legend to display seat properties.
- Support for multiple equipment configurations.
- Assign or remove SSR codes.

- Display multiple SSR codes assigned to a passenger.
- Add SSR fees after Check-in.
- Assign a voucher to a passenger.

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- Input and retrieve Flight Following information.
- Re-accommodate passengers for irregular operations (IROP).
- Maintain checked and boarded status on international flights during an irregular operation (IROP).
- Create ad hoc connections between cities and markets where connections are not routinely created (IROP).
- Allow or restrict agents from checking in selected passengers.
- Allow or restrict the ability for agents to log in to a location other than the assigned default location.
- Display historical manifests, including checked and no-show passenger details.
- Report gender count and weight categories for passenger-driven weight-and-balance calculation.
- Support for station add/collects.
- Support for cash-out sales by agent.
- Support for agent login security, Display daily station-specific note pages for company updates.
- Customizable reference system for carrier policies and procedures.
- Online help system.
- Agent reports, Flight Following, Irregular Operations (IROP), and message generation (internal and Teletype).
- Display inventory.
- Cancel or suspend inventory.
- Support for ARINC/MUSE and SITA/CUTE (certification required).
- Allow or prevent agents from viewing or editing passengers who are on Lock or Warning queues.
- Specify the amount of time allowed to open or close travel segments after departure.
- Prompt for AU updates during equipment swap.
- Generate outbound BSM messages.
- Accept and process MVT messages for travel segment information updates.
- Support the configuration and storage of data related to installment payments.
- Transmit APIS data to government authorities via EDIFACT messaging. (NAVITAIRE APIS solution has been certified by customers with U.S. and Canadian customs authority. APIS requirements from other countries may require additional development and testing.)
- Address in country/CBP – APIS enhancements. (NAVITAIRE APIS solution has been certified by customers with U.S. and Canadian customs authority. APIS requirements from other countries may require additional development and testing.)
- Includes the NAVITAIRE Terminal Emulator, which is required to access SkyPort.

New Skies Reports – Reporting System

General Features – New Skies Reports

- Run reports “on-demand” on the NAVITAIRE Reporting platform.
- Reports may be exported in various data formats, including CSV (Comma Delimited), XML, and PDF. (Microsoft Excel can open and import CSV and XML file formats.)
- Detail reports that generate output based on a user-specified time frame can produce at least one full day of detail data.
- Summary reports that generate output based on a user-specified time frame can produce up to one month of summary data.
- Option to request NAVITAIRE report development at an additional charge.
- Report files generated by the New Skies Reports subscription functionality will be retained for up to fourteen (14) days from the date they are generated.

General Features – Standard Reports

The following is an alphabetical list by function, which contains a description of the standard reports available as a part of the Hosted Reservation Services. These reports may be added to, deleted, modified, changed, eliminated or substituted for at the discretion of NAVITAIRE at any time. The reports are viewed online via a browser interface.

Accounting General

- AG Payments – Displays information about activity within a travel agency during a specified period of time.
- Agency List – Displays information about the travel agency, corporate or Air Travel Organizer’s License (ATOL) accounts that have been entered for your carrier.
- Agency List Summary – Displays a summary view of the agencies associated with your carrier.
- Availability Information – Displays flight availability information, including lid, capacity, seats sold.
- Bank Reconciliation – Reconciles bank transactions.
- Bookings By Agent Detail – Provides detailed information on bookings made by individual booking agents.
- Cancellation After Travel Date – Displays passenger and fare information about cancelled booking segments.
- Checked Baggage – Displays baggage information for flights.
- Checked In Passengers By Fare Class – Displays the total number of passengers by fare class who were checked-in.
- Commissions Incurred – Provides commissions information for each of the travel agency that generates bookings for your carrier.
- Credit File Commissions – Displays commission information on travel agency bookings.
- Credit Shell File – Displays credit shell/file activity and balances.
- Credit Shell File Expired – Lists expired credit files and credit shells.
- Customer ID By Flight – Displays the customer IDs associated with passengers booked on a selected flight.
- Daily Agency Charges – Displays the number of charges and activity performed by each agency during a specified day
- Enplanement Deplanement – Displays either enplanements or deplanements by airport.
- Fare Overrides – Displays fare override information by agent.
- Fees And Discounts – Displays passenger-level service fees, SSR fees, seat fees, and penalty fees.
- Fees And Discounts By Date – Displays fees that were manually added to the booking.
- Fees And Discounts By Location And Agent – Displays fees that were manually added to the booking by location and by agent.
- Fees And Discounts By Location And Fee Type – Displays fees that were manually added to the booking by location and by fee type.
- Gender Count By Fare Class – Lists and breaks down passenger information by fare class.
- Generic Tax History – Displays information about the selected tax.
- Net Sales – Summarizes net sales figures.
- No Shows – Displays the names, PNRs, flight dates, and flight numbers for no-show passengers.
- Payment Detail – Displays information about payments made.
- Payment Detail Consolidation – Displays information about payments made and is further organized by booking source.
- Payment Receipts – Displays information about all payments made on the payment approval date.
- Payment Receipts Restricted – Displays information about all payments made on a specified date Payments By Batch Code – Displays information on the batch codes used to make payments on bookings.
- PNR Out of Balance – Queries for reservations that have a credit and/or balance due.
- Refunds – Displays refunds made by specific departments.
- Sales Exceptions – Displays the information on PNRs when the balance of the PNR and the payments made differ.
- Seat Assignments By Agent – Provide the total number of seat assignments made by specific agents.
- Segment Activity By City Pair – Displays information on confirmed and/or unconfirmed booking amounts and passenger totals by city pairs.
- Segment Activity By Flight Date – Displays information on segment activity by flight date.
- Segment Activity Detail – Displays information on segment activity for a specific date or date range.

- Segments By Agent – Shows the number of segments that were created or cancelled during the period and the charges associated with those segments made by individual agents.
- Unapproved Payments – Displays all payments, by payment type that have not been approved
- US Security Fees – Provides information required by the TSA.

Accounting – Travel Agency Specific

- Account Charges – Displays charges to agency accounts.
- AG Payments – Displays information about activity within a travel agency during a specified period of time.
- Agency List – Displays information about the travel agency, corporate or Air Travel Organizer's License (ATOL) accounts that have been entered for your carrier.
- Agency List Summary – Displays a summary view of the agencies associated with your carrier.
- Commissions Incurred – Provides commissions information for each of the travel agency that generates bookings for your carrier.
- Daily Agency Charges – Displays the number of charges and activity performed by each agency during a specified day.
- Travel Agency Aging – Determines the outstanding and/or unused amounts for an agency as of the report date
- Travel Agency Payments – Displays information on payments made by an agency.

Add-on Services

- Ancillary Services Detail – Generates detailed information on car rentals, insurance, and hotels.
- Ancillary Services Summary – Generates summary information on car rentals, insurance, and hotels.
- Car Rental – Displays information on car hire auxiliary services.
- Insurance – Tracks the amount of revenue generated by passengers purchasing insurance.

Booking

- Bookings by Agent – Displays total bookings created by an agent.
- Bookings By Agent Detail – Provides detailed information on bookings made by individual booking agents.
- Bookings By Agent Detail Restricted – Provides detailed information on bookings made by individual booking agents restricted by the agent's location and domain.
- Bookings By Agent Restricted – Provides detailed information on bookings made by individual booking agents restricted by the agent's location.
- Bookings By Fare Class with Equipment – Displays passenger/segment booking and fare totals by fare class.
- Bookings By Agent Restricted – Provides detailed information on bookings made by individual booking agents restricted by the agent's location.
- Bookings By Fare Class with Equipment – Displays passenger/segment booking and fare totals by fare class.
- Bookings By Market – Displays passenger totals, booking amounts, and average fares for individual markets
- Bookings By Origin – Displays segment booking information (total segments and fare amounts by currency) for each originating city.
- Bookings By Schedule – Monitors bookings for a specified origin/destination (city pair) on a specific date.
- Bookings By Source – Provides a count of active (not cancelled) booking Segments and Journeys by booking source or channel.
- Booking Statistics – Determine flown and unflown revenue by booking source.
- Bookings By Time – Displays booking information in hourly increments.
- Days Out Bookings – Displays information about segment bookings made on a specific date, the number of segments sold in future dates following the selected booking date, and the actual travel date when these bookings were made.
- Duplicate Bookings – Lists different PNRs for the same flight and date that contain identical passenger names

- E-Ticket On Demand – Displays information on the dates E-Tickets were issued for billing purposes.
- Group Bookings Out of Balance – displays information on group reservations that have a credit and/or balance due – Net Booking Transactions – determines revenue from confirmed bookings by booking source using the date created.
- Transaction By Channel – Provides booking, segment, and availability call transaction counts that are used to generate monthly invoices for billing.

Codeshare

- IATCI Reporting – Provides Inter Airline Through Check-in (IATCI) data to carriers expanding their existing code share partnerships with other airlines.

Department of Transportation (DOT)

- DOT Non Stop Market – Displays non-stop market information required by the U.S. Department of Transportation.
- DOT On-Fight Market – Displays passenger totals for flown flights required by the U.S. Department of Transportation.

Inventory

- Cancelled Inventory With Passengers – Provides the number of passengers who may need to be re-accommodated to another flight due to a cancellation.
- Flight Capacity Lid – Displays information on seat capacity (or lid) and availability.
- Flight Schedule – Displays scheduled departure cities and times for flights
- Inventory Capacity – Lists capacity, lid, net seats sold, and seats sold today for flights
- Load Factor Search – Displays load factor information.
- Seat Property Match – Displays counts of how many passengers requested seat assignments and how many got the seats they actually requested.
- Seating Exceptions – Designed to identify PNRs with particularly low match rates on desired properties.
- Seats Sold By Cabin – Displays the number of seats sold, and fare amounts, by cabin.
- Seats Sold By Fare Class – Displays the number of seats sold in each fare class.

Management Performance

- City Pair Load Factor – Provides information about the productivity of flights servicing different city pairs.
- Flight-Specific Load Factor – Displays flight specific load factor information.
- Revenue By Flight – Displays revenue by average seat mile/kilometer for each date and for individual flights.

Marketing

- Promo Codes By Booking Date – Displays information on PNRs with promotion codes by booking date.
- Promo Codes By City Pair – Displays information on promotion codes by city pairs.

Operations

- Availability Information – Displays flight availability information, including lid, capacity, seats sold and GDS triggers for selected flights on selected dates.
- Checked Baggage – Displays baggage information for flights.
- Checked In Passengers By Fare Class – Displays the total number of passengers by fare class who were checked-in.
- Flight Line – Displays passenger counts for a specific flight on a specified date.
- Flight Load – Displays passenger totals for flights.
- Flight Manifest – Displays passenger information for selected flights.
- Flight Schedule – Displays scheduled departure cities and times for flights.

- Flight-Specific Load Factor – Displays load factor information.
- Gender Count By Fare Class – Breaks down passenger information by fare class.
- IROP And Moved Passengers – Lists all PNR's that have been moved by IROP.
- Lock List – Allows you to print all data associated with a name on the watch list.
- Lock List History – Allows you to print all data associated with activity on the lock list including those who have been moved on as well as cleared from the list.
- Manifest With Connection Information – Lists connection information for booked passengers
- Selectee Report – Lists the number of passengers that have been identified for additional security screening.
- SSR Flight Information – Provides a list of passengers with SSRs on a flight by flight basis and the SSR counts by flight.
- SSRs By Agent – Lists and subtotals SSR code assignments by the Agent ID that assigned them.
- SSRs By Flight – Allows you to generate SSR statistics for inbound, outbound, thru, connection or all flight types
- Watch List – Allows you to print all data for a single Watch ID, a range of Watch IDs, or all Watch IDs.

Payment

- Payment Detail – Displays information about payments made.
- Payment Detail Consolidation – displays information about payments made. Information may be further organized by booking source, transaction type, department, and agent.
- Payment Receipts – Displays information about all payments made on the payment approval date.
- Payment Receipts Restricted – Displays information about all payments made by payment type, agent, location and department.
- Payments By Batch Code – Displays information on the batch codes used to make payments.
- Payment Summary – Displays information on what location and department received the payment, the payment method, and how much of the payment was collected.
- Unapproved Payments – Displays all payments, by payment type, that have not been approved.

PNR Diagnostics

- Bookings By Agent Detail – Provides detailed information on bookings made by individual booking agents.
- Duplicate Bookings – Lists different PNRs for the same flight and date that contain identical passenger names
- PNR Activity – Displays transaction activity performed on individual PNRs.
- PNR Out of Balance – Allows you to query for reservations that have a credit and/or balance due
- PNRs On Queue – Displays information about all PNRs that are currently awaiting processing in one or more queues including subqueues.

Revenue

- City Pair Load Factor – Provides an extensive array of information about the productivity of flights servicing different city pairs.
- Eamed Unearned Revenue – Allows you to view information on earned (flown) revenue, unearned (no-show unflown) revenue, or both earned and unearned revenue.
- Earned Unearned Revenue Detail – Provides details in addition to those generated in the Earned Unearned Revenue Report.
- Enplanement Deplanement – Displays either enplanements or deplanements by airport.
- Revenue By Fare Class – Displays earned revenue by fare class.
- Revenue By Flight – Displays revenue by average seat mile/kilometer for each date and for individual flights.
- Revenue By Market – Displays base and gross revenue information by market.

Flight Information Control and Display (FLIFO)

General Features – Flight Information Control and Display (FLIFO)

- Input and update departure and arrival information for travel segments.
- Accept and transmit industry MVT messages via Type B/Teletype with applicable Operational Message Add-on Suite.

Agency Billing and Commissions

General Features – Agency Billing and Commissions

- Create, maintain and retrieve travel agency commissions, charges and payments data.
- Set up to individual commission rates based on distribution channel for each agency.
- Create an invoice line of credit for travel agencies and corporations.
- Access the ODS to extract agency billing and commission data.
- Calculate commissions at the booking date.
- Include the journey details in the Agency Billing and Commission Extract.
- Use the add-on commission field to specify and additional percent to represent GST.
- Recall commissions based upon agency.
- Invoice multiple agencies for one booking.
- Create multiple commission records, as long as an agency is tied to each activity.

SkyManager – Configuration and Management Utility

General Features – SkyManager Management Console

- Graphical interface for management of system settings, carrier, and user configurations.
- Configure security roles and login requirements for agents, including individual permissions for a variety of tasks such as creating and modifying reservations, access to various system components, seat assignments, overbooking, discounts, promotion codes, fees, moves, passenger types, fare quotes, etc.
- Configure passenger discount codes.
- Configure vouchers.
- Maintain various codes, such as country codes, currency code, and delay codes.
- Support for currency conversion rate imports.
- Configure daily and Real-time company notes.
- Manage IATA and carrier-specific SSR codes.
- Configure taxes and various fees – such as travel fees, SSR fees, payment fees, seat fees, spoilage fees, etc.
- Set fee amounts based on channel.
- Apply or exempt penalty fees based on organization, role, and fare class.
- Exempt stations from certain taxes and fees (such as rural airports where PFC does not apply).
- Configure variable taxes for fees.
- Configure passenger discount types.
- Configure queues and queue events.
- Set restriction levels on individual queue categories.
- Password-protect queues.
- Manage inventory for fares and SSRs.
- Synchronize inventory between multiple systems.
- Configure variable credit expiration criteria for credit types.
- Configure payment validation and authorization restrictions.
- Manage Web Service permissions at the method (function) level. (System Master only.)
- Enable users to search by the lowest fare in a market for a number of days out. (Premium Service.)
- Define a declined payment “hold period” based on booking channel.

General Features – Message Interface (Type B/Teletype)

- Support for the following Type B/Teletype messages:
 - Baggage Service Messages – BSM
 - Operation System Messages – PXA, PXB, MVT
 - AIRIMP Messages (*accept and reply*)

General Features – Security

- Configure whether the credit card number used as booking payment is concealed or displayed.
- Create & manage a table of restricted credit cards.
- Manage Security Watch List functionality. (Optional)
- Create & manage government or carrier watch list for reservation/passenger matching, queuing, and Check-in lock.
- Require a unique customer ID for each passenger booked on a reservation. (Optional)
- Automate updates to the U.S. Securities Watch List through a scheduled job.

PNR Archiving**General Features – PNR Archiving**

- Moves PNR data from production to the archive fifteen (15) months after the last flight segment in the PNR is marked as flown or no-show and the booking is in balance.
- Retains PNR data in the archive for eighty-one (81) months, for a total of ninety-six (96) months of data retention.
- Archived data is viewable only through SkySpeed.
- Comments can be added to an individual archived PNR through SkySpeed.

Note: If Extended PNR Archiving is not selected by Customer, PNR data will be purged ninety-six (96) months after the last travel segment in a PNR has been marked as traveled (*e.g.*, flown) or no-show.

Limitations and Exclusions

- PNR Archiving does not include schedules, SkyPort, or any other non-PNR data.
- Changes to archived data are prohibited except for the ability to add a comment through SkySpeed, as noted above.
- While bookings in the archive database appear exactly as they appeared in SkySpeed prior to being archived, including the full history, the archive database does not contain version history records which enable “as-of” reporting.
- Reporting on archived data includes the following reports:
 - Archive Booking; and
 - Archive Flight Manifest.
- Data Store access does not include access to the PNR Archive database.

Hosted Reservation Services – New Skies**Add-On Functionality****CRS/GDS/ARS Type B/Teletype Connectivity****General Features – CRS/GDS/ARS Type B/Teletype Connectivity**

- Support for IATA/AIRIMP standard free-sale distribution using Teletype (Type B) formatting with host carrier receiving inbound sales from CRS/GDS/ARS, or host carrier making outbound sales from Call Center or Website on targeted ARS interline partners.
- Support for IATA/AIRIMP Type B/Teletype message processing. The product has been certified with the following third party CRS/GDS/ARS providers: Abacus; Amadeus: Apollo, Axess; Galileo; Sabre; and Worldspan/Travelport, all of which support the IATA AIRIMP Type B/Teletype message format.
- Host-to-host direct connectivity to exchange messages with Amadeus, Apollo, Galileo, SABRE and Worldspan/Travelport.
- Guarantee inbound reservation sales with automated credit card approval/settlement through SkyPay.
- Confirm inbound CRS/GDS/ARS bookings with SSR ticket number form of payment notification, which includes the following IATA E-Ticket TKNE support:
 - Generate post-departure E-Ticket ‘Lifted/Boarded’ status updates to an Electronic Ticketing Interchange and Database Provider using standard teletype ETL (E-Ticket List) messages,

- Transmit E-Ticket number data generated by the NAVITAIRE system via standard teletype automated SSR TKNE to host outbound interline carriers.
- Accept and store E-Ticket number data transmitted via standard teletype automated SSR TKNE, issued by and validated on another airline that is not hosted in the NAVITAIRE system.
- Accept and store E-Ticket number data transmitted via standard teletype automated SSR TKNE, Issued by a GDS subscriber and validated on another carrier that is not hosted in the NAVITAIRE system.
- Accept and store E-Ticket number data transmitted via standard teletype automated SSR TKNE, issued by a GDS subscriber and validated on the host carrier's accounting code,
- Store E-Ticket numbers in the NAVITAIRE system at the passenger and segment level.
- **Note:** Customer is responsible for negotiating and maintaining the appropriate agreements with an Electronic Ticketing Interchange and Database Provider as well as bi-lateral Interline E-Ticketing agreements with other carriers.
- Auto-cancel or hold bookings when payment is not received inbound in the established timeframe, and to send notification to the CRS/GDS/travel agency.
- Notify CRS/GDS/travel agency of Automatic Schedule Changes (ASC).
- Capture and validate IATA/ARC Terminal IDs, non-registered agency, or third-party account in Organizations.
- Support Automated Inventory (AVS) LC, LA, and LR messages to and from CRS/GDS/ARS customers.
- Process and reply to initial booking requests, change and cancel requests, and other update requests including DVD (divide number in party) and CHNT (change name) messages.
- Calculate price and reply to CRS/GDS/ARS travel agency/carrier with the "amount due" for the external booking request.
- View inbound Teletype communications with the CRS/GDS/ARS travel agencies within the PNR history.
- View and process rejected Teletype messages.
- Maintain travel agency and third-party Organization accounts.
- Set last seat availability or inventory open/close trigger levels for CRS/GDS/ARS bookings.
- Configure CRS/GDS/ARS booking configurations to allow or disallow: hold time, promotion codes, and agency payment automatic confirmation.
- Specify which classes of service may be sold by the CRS/GDS/ARS.
- Auto-debit agency credit account for PNR booked or use agency credit when an appropriate SSR or OSI message is received.
- Automatically create credits for cancellation requests via booking configuration.
- Support a set of IATA/ARIMP Special Service Requests (SSR/OSI) including seat requests.
- Settle via Agency, Billing and Commission module functionality (optional).
- Support for industry-standard group name formats and SSR GRPS for group requests originated by a CRS/GDS/ARS. Group names must include at least three (3) characters, including slashes and spaces. For example: 10IP/, 10IP/TOUR, 10IPTOUR, 101/P, 10IPA.
- Selectively allow holds for CRS/GDS/ARS bookings based on any combination of User Group, Fare Class, Agency ID, flight (Segment) number, flight (Segment) range, origin, or destination.
- Apply payment to group bookings, including the ability to accept group deposits (*i.e.*, partial payments) using AG credit accounts. Consolidators to apply payment to exiting, on hold PNRs transferred to the consolidator by a sub-agency without making the process visible to the sub-agency.

Note: Customer is responsible for negotiating and maintaining the appropriate agreements and any costs associated with the other host providers) for this connectivity (typically full availability participation) and for travel agency settlement.

General Features – Instant Pay™ (requires Type B/Teletype Booking Connectivity, as applicable, with partner(s))

- Accept and process passenger or agency credit card for booking confirmation.
- Auto-debit travel agency credit account for booking confirmation or debit agency credit when applicable SSR message is received.
- Payment amount notification returned to travel agent via participating CRS/GDS.

Note: Customer is responsible for negotiating and maintaining the appropriate agreements and any costs associated with the other host provider(s) for this connectivity.

GoNow – Agent**General Features – GoNow – Agent**

- Agent login security and permission settings.
- Integration with NAVITAIRE Terminal Emulator (NAVTE) to support SkyPort functions.
- Search for and select passengers.
- Display passenger, itinerary, and charge summary for selected passengers.
- Assign or modify seat assignments.
- Collect seat fees.
- Advanced baggage functionality.
- Support for special service requests (SSRs), with or without fees.
- Add service fees to bookings.
- Collect and authorize credit card and pre-paid payments.
- Check-in confirmed and standby passengers for hosted segments.
- Check-in using New Skies IATCI functionality.
- Modify booking information.
- Print and reprint boarding passes and passenger invoices.
- Travel component search and manifest display.
- Board passengers.
- Security document collection and enforcement.
- Receive interactive boarding directives (based on supported New Skies government security connections.)
- Support of New Skies Fly-Ahead functionality.
- Add and view booking comments.
- Display Aircraft Zone Report.
- Support for SITA/CUTE interface. (Customer is responsible for certification.)
- Support for ARINC/MUSE interface. (Customer is responsible for certification.)

Note: Functionality is compatible with New Skies by NAVITAIRE™ Release 3.2 and higher.

Limitations and Exclusions

- Off-line Check-in functionality.
- Common use support for ARINC, ULTRA, and RESA: Further development is required to interface with hardware peripherals for document printing and receiving inputs from the reader and scanning devices via common use API. Development and certification for these common use providers is not included with the GoNow base offering.

GoNow – Touch (Kiosk)**General Features – GoNow – Touch (Kiosk)**

- Self-serve Check-in using a touch screen interface software application.
- Support for CUSS hardware device interface framework,
- integrating with the hardware via the CUSS API as referenced in the Common Use Self Service technical Specifications Version 1.0 published by IATA.
- Support for the following hardware devices (not currently certified with any CUSS provider):
 - API-boarding pass printer;
 - Magnetic card swipe;
 - Passport scanner; and
 - Bar code reader.
- Support for multi-language interfaces using translation files provided by Customer.
- Subject to a Custom Enhancement Request, Branding, localization, and customization of GoNow-Touch for business logic and GUI based on Customer's designation, including pages with color themes and branding provided by Customer.

- Retrieve reservation and select up to six (6) passengers for Check-in and service via the following:
 - Credit card magnetic swipe, based on cardholder name stored in track data;
 - Confirmation number, using touch screen keyboard input; and
 - Passenger ID number (*i.e.*, Passenger VIP number), using touch screen keyboard input
- Management of duplicate values resulting from multiple matching passenger names.
- Display error message(s) for passengers who cannot be checked in, including add comment to booking.
- Display and review itinerary details and flight status.
- Select seat(s) from a graphical seat map, restricting configured blocked seats from being assigned.
- Select number of bags.
- Check in selected passenger(s).
- Add customer ID to passenger record,
- Print boarding pass(es).
- Display input track data from CUSS hardware while in test mode.

Note: Customer is responsible for negotiating and maintaining the appropriate agreements and any costs associated with the other host provider(s) for this connectivity.

Limitations and Exclusions

- Customer is responsible for scheduling and costs associated with common use certification, including additional development required to achieve ARINC CUSS certification (*/i.e.*, CUSS or ARINC required exception and deployment requirements).
- Kiosk hardware support and monitoring is not included.
- NAVITAIRE will provide default GoNow Touch web skins. Customer is responsible for development and testing of any branding, localization, and customization. Customer may engage NAVITAIRE to perform Professional Services via a Work Order to assist Customer with such development and testing, pursuant to the requirements defined in the specific Work Order.

Customer Value and Recognition Rules Engine

General Features – Customer Value and Recognition Rules Engine

- Configure rules for customer value score.
- Apply rules and score passengers in a PNR.
- Rules based on certain PNR criteria (*e.g.*, program level, fare, ancillary products, class of service, origin/destination).
- Configure display value for passenger score range (*e.g.*, High, Medium, Low).
- Display customer value default score in SkySpeed and SkyPort.
- Use customer value to set priority during operational disruptions (IROP) or schedule changes (reaccommodation).
- Use customer value during seat assignment scheduler service.
- Use customer value to determine FlyAhead (same day confirmed) eligibility for operational involuntary or customer convenience offers.
- Expose scoring service via APIs.

Limitations and Exclusions

- There is no interface in SkyPort.
- Functionality is not supported in GDS or similar external channels-this is not an industry-based product.

API Suites

General Features – Booking and Voucher API Suite;

- Obtain inventory and fare availability for travel segments (flight, train, bus, ferry, etc.) in a market.
- Obtain inventory and fare availability for a whole itinerary.
- Price an itinerary including all fares and taxes.
- Display fare rule content.
- Create or cancel bookings for specified travel segments (flight, train, bus, ferry, etc.).
- Obtain SSR availability for specified travel segments (flight, train, bus, ferry, etc.).

- Book or cancel specified SSR(s).
- Retrieve a booking by record locator.
- Provide a list of names.
- Display seat maps for specified travel segments (flight, train, bus, ferry, etc.).
- Assign or unassign seats on specified travel segments (flight, train, bus, ferry, etc.) for one or more passengers.
- Accept schedule changes made to segments in a booking.
- Retrieve bookings by specified search criteria including 3rd party record locators.
- Display booking history and payment information.
- Retrieve stored baggage information by record locator.
- Add, commit, and retrieve accounts and account transactions.
- Manage queues, including add, update, and delete from a booking queue.
- Search by lowest fare in a market for a number of days out. (Premium service in which additional Fees apply.)
- Booking APIs can be used to develop and provide booking applications available on mobile devices.
- Third-party vendor capabilities to create, void, and reinstate vouchers.

General Features – Check-in API Suite

- Interact with third-party vendors, including kiosk Check-in service providers.
- Retrieve manifest or travel segment information.
- Display seat maps.
- Request or change seat assignments for specified passengers at time of Check-in.
- Confirm Check-in status for specified passengers and generate boarding passes.
- Generate baggage tags for specified passengers.
- Reprint boarding passes for checked-in passengers.
- Security control for Check-in of selected passengers.
- Generate Advance Passenger Information System (APIS) messages. (Premium service in which additional Fees apply.)
- Check-in APIs can be used to develop and provide Check-in services on mobile devices.

Negotiated Allotment (NegoAllotment)

General Features – Negotiated Allotment (NegoAllotment)*

- Search and view existing negotiated allotment contract details.
- Create, update, and release allotment space.
- Configure price per seat and fare rule options.
- Restrict sales of allotment inventory to specified distributors.
- Support for all standard reservation functions on allotment bookings.
- Protect and re-accommodate allotment passengers and space.
- User interface to administer contracts.
- Support for integration with a contract management system and processing of name lists through the Allotment API which includes the following:
 - Search and view existing negotiated allotment contract details.
 - Create, update, and release allotment space.
 - Configure price per seat and fare rule options.
 - Add, commit, and retrieve accounts and account transactions.
 - Access to the Negotiated Allotment (NegoAllotment) functionality.
 - Support for tour operator fares using negotiated fares.

* Inclusion of Apple Vacation bookings will be considered direct (as opposed to external) in the Interface and will not incur additional/overages segment booking fees per Section 1.1.2 of Exhibit K. NegoAllotment bookings from other sources will be subject to additional fees as outlined in Section 1.1.2 of Exhibit K.

Limitations and Exclusions

- Booking of blocked space via dotREZ and GDS booking channels are not supported.
- Requires Allotment API Suite add-on functionality.

Name lists are not supported; this is handled via the Booking API.

Hosted Web Check-in

General Features – Hosted Web Check-in;

- Retrieve passenger and travel component information by information such as credit card, record locator, travel component/passenger name, and customer number.
- Display seat maps.
- Request or change seat assignments for specified passengers.
- Confirm Check-in status for specified passengers.
- Generate boarding passes.

Data Store Products

General Features – Data Store

- The Data Store (DS) offers customers read only access to fifteen (15) months of data in the Operational Data Store (ODS) and Data Warehouse (DW) for custom reporting needs.
- Customers cannot create custom objects in or modify the ODS or DW data.
- Standard New Skies reports continue to run against the ODS.
- NAVITAIRE provides the following services for the Data Store:
 - Delivery of data committed to the New Skies database via replication articles, typically within thirty (30) minutes.
 - Transactional Data Integrity where the data committed to the New Skies database are replicated to the DS.
- Supports ten (10) standard user logins.
- Documentation includes the data model, training curriculum, and explanations of the Data Store architecture, replication, and support processes.

Note: Due to the detailed transactional nature of the data store database, this product supports custom reports but is not suited for large, time consuming queries (*e.g.*, table scans to summarize large time frames of detailed data) or data Extraction, Transformation, and Loading (ETL) purposes. If replication to the ODS is delayed due to demanding user queries, NAVITAIRE reserves the right to abort such queries. Operational issues with the Data Store that result from NAVITAIRE's hosting environment or staff will be addressed and corrected by NAVITAIRE. Identification and/or correction of issues resulting from Customer's use of the Data Store are subject to the Support Services allotments set forth in Section 1.3 of Exhibit K. Questions, consulting requests, or other training and informational needs related to the Data Store will be obtained by following the standard Work Order process and contracting with Navitaire Professional Services (NPS). These Professional Services are not provided as part of the Hosted Services under this Agreement.

Limitations and Exclusions – Data Store

The Data Store is not equipped to support the following; Reports, extract processes, or applications that have time-critical needs (*e.g.*, government security, airport Check-in, boarding, baggage, or other time-critical operational reports or data feeds) or interactive applications that enable inserting, adding, or updating reservation data. The New Skies Web Service APIs have been designed to support these functions.

Note: There are no response time commitments for the Data Store. Service level measurements and/or penalties do not apply for replication delays.

General Features – Data Store Workbench

- The Data Store Workbench (DSW) offers customers read only access to the Operational Data Store (ODS) and Data Warehouse (DW) data, as well as read/write access to the Data Store Workbench (DSW) database, for custom reporting, extraction, transformation, and loading.
- Customers can create and store custom objects in the DSW database, located on the same physical server as the ODS and DW, but cannot create custom objects in or modify the ODS or DW data.
- The DSW database size is capped at 50GB.

- Database user privileges are limited to DDL_ADMIN.
- NAVITAIRE IT staff provides basic database administration services for the DSW database which include standard data backup and recovery support.
- Job scheduling is not permitted on the DSW database server. If implemented, customers will host scheduling services on their servers at their location (e.g., SQL Server Integration Services packages).
- Standard New Skies reports continue to run against the ODS.
- NAVITAIRE provides the following services for the Data Store Workbench:
 - Delivery of data committed to the New Skies database via replication articles, typically within thirty (30) minutes.
 - Transactional Data Integrity where the data committed to the New Skies database are replicated to the OS.
- Supports ***** and *****. Documentation includes the data model, training curriculum, and explanations of the data store architecture, replication, and support processes.

Note: This product is designed for light custom reporting and moving reservations data to another database, data warehouse, or other system outside of the New Skies environment for processing. Due to the detailed transactional nature of the data store database, this product does not support heavy data processing tasks. If replication to the ODS is delayed due to demanding user queries, NAVITAIRE reserves the right to abort such queries. Operational issues with the Data Store Workbench that result from NAVITAIRE's hosting environment or staff will be addressed and corrected by NAVITAIRE. Identification and/or correction of issues resulting from Customer's use of the Data Store Workbench are subject to the Support Services allotments set forth in Section 1.3 of Exhibit K. Questions, consulting requests, or other training and informational needs related to the Data Store Workbench will be obtained by following the standard Work Order process and contracting with Navitaire Professional Services (NPS). These Professional Services are not provided as part of the Hosted Services under this Agreement.

Limitations and Exclusions – Data Store Workbench

The Data Store Workbench is not equipped to support the following: Reports, extract processes, or applications that have time-critical needs (e.g., government security, airport Check-in, boarding, baggage, or other time-critical operational reports or data feeds) or interactive applications that enable inserting, adding, or updating reservation data. The New Skies Web Service APIs have been designed to support these functions.

Note: There are no response time commitments for the Data Store Workbench. Service level measurements and/or penalties do not apply for replication delays.

Low Fare Finder

General Features – Low Fare Finder

- Ability to search for the lowest fares within a specified time frame (up to a 15 day period on either side of a target date and in a user-specific market).
- Search results display the lowest fares in a calendar format within the specific time frame.
- Ability to allow passenger to view all available fares over a range of dates, rather than limiting search to a single departure date and arrival date.

Limitations and Exclusions

- Service Level targets and/or penalty/rebate calculations do not apply for this product or for any Service Level issues caused by this product,
- Tests have been performed on the functionality to confirm basic operating requirements, but in the event that the Low Fare Finder functionality is determined to have impact on other functions, NAVITAIRE reserves the right to temporarily disable functionality.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

All-Inclusive Pricing

General Features – All-Inclusive Pricing

- Provides Customer with the ability to build base fares and then configure the system to display the all-inclusive price in SkySpeed, dotREZ, and SkyPort.
- Provides Customer with the ability to implement a flexible solution, disclosing unavoidable costs associated with the booking at the time of sale, only when specifically configured to do so,
- Ability to configure by market and by specific user role (“All Markets” setting is available).
 - Displays a combined base fare plus all applicable taxes and travel fees for the passenger.

Limitations and Exclusions – All-Inclusive Pricing

- The system will only apply taxes and additional travel fees as set up by Customer.
- Does not communicate an all-inclusive price to CRS/GDS/ARS booking channels.

Disaster Recovery Services

General Features – Disaster Recovery Services

- **Disaster Recovery Invocation** is structured into three (3) main phases of service re-instatement:
 - **Business Critical Services** are those portions of the Services reinstated subject to the RPO and RTO objectives stated in this Agreement:
 - **Secondary Services** are those portions of the Services reinstated subject to capacity and performance requirements of the Business Critical Services: and
 - **Tertiary Services** are other optional Services reinstated as required and agreed with Customer.

<u>Recovery Phase</u>	<u>Business Critical</u>	<u>Secondary Services</u>
RTO	*****	*****
RPO	*****	N/A
Applications	<p>New Skies Client Suite</p> <ul style="list-style-type: none"> • SkyPort • SkySpeed • SkyFare • Utilities • SkySchedule • SkyChannel API – Check-in and Booking • API backend for Fare Comparison • GoNow • Type B outbound: GDS Type B outbound Operational messages: <ul style="list-style-type: none"> • BSM messages • BTM messages • PNL/ADL/PFS messages • MVT (PXA/PXB) messages • Type B outbound APIS Messages • Type B outbound for Secure Flight and PNR Gov <p>SkyPay</p> <ul style="list-style-type: none"> • Core 	<p>SkyPay</p> <ul style="list-style-type: none"> • Credit Card Settlement Files

- **Declaring a Disaster:** The DR Site will be used for Hosted Reservation Services upon declaration of a Disaster as follows: (a) only in the event of a Disaster resulting in a catastrophic failure in the primary data center; and (b) upon approval from NAVITAIRE and Customer Executive sponsors. Upon declaration of a Disaster, NAVITAIRE will send a notification and confirmation of the declaration of Disaster in writing as soon as reasonably practicable (including E-mail) to Customer Executive Sponsors noting the time of the invocation of the failover to the DR site and Customer shall send a confirmation response.

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NAVITAIRE shall use reasonable efforts to meet all time limits set for its performance of services under the Agreement and, in the event that NAVITAIRE is unable to perform any service under this Agreement within the time limit that has been set for such performance herein, the Parties may by mutual agreement extend time for the performance of such service.

- **Messaging Services:** In the case of a failover to the DR Site, direct links (e.g., Type A/EDIFACT, API) for distribution and operational messaging will be unavailable. Type B /Teletype messaging will only be available via a third party link (e.g., SITA/ARINC), for which Customer may incur additional message fees. Type B/Teletype inbound traffic can be received from Sabre, Travelport, and Amadeus at the alternative site provided that Customer has initiated with the third party providing the link (e.g., SITA/ARINC) specific connectivity for the inbound traffic to the alternate site (e.g., Navitaire's London data center) and informed NAVITAIRE the specifics for that traffic. SecureFlight/PNRGov/ APP functionality will be available and traffic can be received at the alternate site provided that Customer has initiated with the third party providing the link (e.g., SITA/ARINC) specific connectivity for the traffic to the alternate site (e.g., Navitaire's London data center) and informed NAVITAIRE the specifics for that traffic. Any Customer-specific connections to the primary data center for functions including, but not limited to, GDS custom links, interline, code-share, and E-Ticketing will be unavailable unless Customer has procured alternate connectivity to the DR Site for such Customer-specific connections and informed NAVITAIRE the specifics of those links.
- **DR Site Usage:** Once a declared Disaster triggers a failover to the DR Site, Customer will conduct its operations as to minimize capacity stress on the Hosted Services and the Hosted Services System. Customer will avoid special inventory sales and other high volume activities while hosted on the DR Site.
- **Increased DR Site Capacity:** If the Disaster necessitates a data center replacement for the primary data center, NAVITAIRE will provide the Hosted Services from the DR Site consistent with those at the primary data center immediately prior to the occurrence of such Disaster within a reasonable timeline, dependent on the nature of the Disaster.
- **System Availability Targets:** In the event of failover to the DR Site, System Availability Targets will be suspended until service is restored to the primary data center or full capacity is delivered from the DR Site after a ***** stabilization period, whichever is sooner.
- **DR Site Connectivity:** Data circuits to the DR Site are the responsibility of Customer and may be in the form of standby, VPN, or dedicated circuits. NAVITAIRE will provide the circuit between the primary data center and the DR Site to perform data synchronization.
- **Testing of the DR site:**
 - Customer is required to undertake an invocation test (a failover and fallback) contemporaneously with the upgrade process to a new release and for initial go live of the New Skies system; Customer's failure or refusal to perform this test will invalidate the RTO and RPO objectives; while Customer and NAVITAIRE may jointly agree to perform additional invocation tests, NAVITAIRE reserves the right to limit the number of invocation test in a calendar year.
 - Scope of testing will include row-count compares and sample PNR reviews between data located at the primary data center and the DR Site. Data integrity testing will include a data validation check via direct login to Customer's database housed at the DR Site. Connectivity sufficient to perform the Data Integrity test will be established using a Customer provisioned WAN connection. Customer is responsible for verifying that routing does not rely on the primary data center.
 - Upon project initiation, Customer and NAVITAIRE shall come together to prepare a Client New Skies Recovery Plan which shall address, among other things, mutually agreed parameters for the invocation test, including processes, definitions, sequence, priority, initial implementation and ongoing DR maintenance testing of the services and other key elements.

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Type B/Teletype Connectivity for Operational Messages

General Features – Type B/Teletype Connectivity for Operational Messages

Outbound Messaging

- Deliver outbound messages to Type B/Teletype addresses.
- Outbound messages adhere to the same formats and data structures outlined in the New Skies Type B/Teletype Messaging Reference Guide.
- Support for the following outbound message types:
 - ADL – Additions and Deletions List
 - BSM – Baggage Service Message
 - MVT – Aircraft Movement message
 - NAM – Lid/Sold custom message
 - PNL – Passenger Name List
 - PXA – Actual Passenger ‘checked-in’ counts
 - PXB – Actual Passenger ‘booked’ counts
 - PAL – Passenger Assistance List
 - CAL – Change Assistance List
- Support for the following for PAL/CAL messages:
 - Meets requirements identified in IATA Document 1708a, Any Passenger Assistance List (PAL) and Change Assistance List (CAL) messages will be forwarded via Type-B Messaging.
 - A PAL list will be generated one time for each designated flight.
 - A CAL list will be generated only if there are changes since the delivery of the flight’s initial PAL list. Multiple CAL lists may be generated, if necessary, due to subsequent changes to passenger information and their reduced mobility qualification status (add, change, delete).
 - PAL and CAL lists are automatically generated and contain the following information:
 - Flight Information
 - Passenger name
 - SSR code (BNLD, DEAF, OPNA, MAAS, WCHC, VVCHR, WCHS)
 - Flight Details
 - One inbound connection
 - One outbound connection
 - If a designated flight has no PRMs on board, a PAL and/or CAL list is still generated. In such cases, a NIL value is provided.

Inbound Messaging

- Receive inbound messages to a Type B/Teletype address.
- Process inbound messages received via Type B/Teletype connectivity.
- Inbound messages adhere to the same formats and data structures outlined in the New Skies Type B/Teletype Messaging Reference Guide.
- Support for the following inbound message types:
 - MVT – Aircraft Movement message
 - OPS – Weather/Flight-Release file
 - PFS – Passenger Final Status
 - PXA – Actual Passenger “checked-in” counts
 - PXB – Actual Passenger “booked” counts

Note: Customer is responsible for negotiating and maintaining the appropriate agreements and any costs associated with the other host provider(s) for this connectivity.

Message Facilitation for Advanced Passenger Information System (APIS)

General Features – Message Facilitation for Advanced Passenger Information System (APIS)

APIS (Advanced Passenger Information System) is a non-interactive data collection system used by carriers to transmit traveler data to government entities. The Message Facilitation for Advanced Passenger Information System (APIS) facilitates the collection of the data required by Customer with respect to its regulatory requirements. While each government entity has specific data and transport requirements, in general the system provides a mechanism for Customer to:

- Collect Passenger travel document information during the booking process and at Check-in via the following applications:
 - Call center application (SkySpeed)
 - Airport (SkyPort) via passport scanner or manual input
 - API (booking and Check-in)
 - GDS
 - Codeshare
- Format the data for transmission. Transmit APIS data to the network transport provider (*e.g.*, SITA/ARINC as directed by Customer) for the delivery of the data to the respective regulatory entity by the network transport provider.

Limitations and Exclusions

- Transmission of crew data is not supported.
- XML message formats are not supported.
- Certification with connectivity provider is to be performed by Customer.
- APIS functionality is only available for flights for which Customer utilizes New Skies Check-in functions. APIS functionality is not available for flights managed via a third party DCS.
- NAVITAIRE will provide Customer with an initial sample format for these messages during implementation. Any applicable fees in connection with any modifications to the message format made whether during implementation or thereafter will be charged to Customer pursuant to a Work Order.

Message Facilitation for Customs and Border Protection (CBP) PNR Push

General Features – Message Facilitation for Customs and Border Protection (CBP) PNR Push

Customs and Border Protection (CBP) PNR Push is a non-interactive data collection system used by carriers to transmit traveler data to the United States government. The Message Facilitation for CBP PNR Push facilitates the collection of the data required by Customer with respect to its regulatory requirements. While each government entity has specific data and transport requirements, in general the system provides a mechanism for Customer to:

- Format PNR data for transmission to US Customs and Border Protection for reservations where one or more Segments are for travel inbound to or outbound from the United States.
- Transmit PNR data upon completion of initial booking, modification to booking, and flight close to the connectivity provider (*e.g.*, SITA/ARINC as directed by Customer) for the delivery of the data to the respective regulatory entity by the connectivity provider.

Limitations and Exclusions

- Certification with connectivity provider is to be performed by Customer.
- CBP PNR Push functionality is only available for flights for which Customer utilizes New Skies Check-in functions. CBP PNR Push functionality is not available for flights managed via a third party DCS.
- NAVITAIRE will provide Customer with an initial sample format for these messages during implementation. Any applicable fees in connection with any modifications to the message format made whether during implementation or thereafter will be charged to Customer pursuant to a Work Order.
- Transmission of crew data is not supported.
- XML message formats are not supported.

Message Facilitation for PNRGOV

General Features – Message Facilitation for PNRGOV

PNRGOV is an interactive data collection system used by carriers to transmit traveler data to government entities. The Message Facilitation for PNRGOV facilitates the collection of the data required by Customer with respect to its regulatory requirements. Customer is responsible for providing the specific data, transport and response requirements for each individual government entity. While each government entity has specific requirements in general the system provides a mechanism for Customer to:

- Format passenger (PNR) data for transmission.
- Transmit PNR data to the connectivity provider (*e.g.*, SITA/ARINC as directed by Customer) for the delivery of the data to the respective regulatory entity by the connectivity provider, which may include the following types of information, based upon government specific requirements:
 - Booking Details: PNR (including CRS/GDS locators if available), create date, contact information ,general remarks, travel agent information, reservation history.
 - Payment Details: payment date, type, amount (may include credit card number if required)
 - Passenger Details: full name, passenger travel documents, ticketing information, frequent flyer information
 - Travel Details: flight date(s), itinerary, status, baggage, seats, code share information
- Store confirmation in the PNR if PNRGOV message has been sent.
- In the event that an acknowledgement message is received from the government entity, receive and store transmission date and time of the acknowledgement message in the DCS log, viewable via the DCS MESSAGES tab of the DCS log user interface.
- Configure scheduled message transmit time via the Management Console.
- Initiate ad-hoc messages from SkyPort or the Utilities interface to transmit PNR data.

Limitations and Exclusions

- Acknowledgement message data viewable from the DCS MESSAGES tab is only available for the length of time that the EPIC logs are retained.
- XML message formats are not supported.
- NAVITAIRE will provide Customer with an initial sample format for these messages during implementation. Any applicable fees in connection with any modifications to the message format made whether during implementation or thereafter will be charged to Customer pursuant to a Work Order.
- Certification with connectivity provider is to be performed by Customer
- PNRGOV functionality is only available for flights for which Customer utilizes New Skies Check-in functions.
- PNRGOV functionality is not available for flights managed via a third party DCS.
- Transmission of crew data is not supported.

Message Facilitation for Secure Flight

General Features – Message Facilitation for PNRGOV

Secure Flight is an interactive data collection system used by carriers to transmit traveler data to government entities for United States domestic flights, flights to/from the United States and flights that qualify as United States overflights as identified by Customer. The Message Facilitation for Secure Flight facilitates the collection of the data required by Customer with respect to its regulatory requirements. While each government entity has specific data and transport requirements, in general the system provides a mechanism for Customer to:

Boarding Pass

- Collect traveler passport data at the time of booking or at the time of Check-in for travel to or from outside the US.
- Format the data for transmission, including passenger redress number and known traveler number if provided by passenger and traveler passport data for international flights.

- Transmit the data during the transmission timeframe (*e.g.*, ***** prior to departure) to the connectivity provider (*e.g.*, SITA/ARINC) for the delivery of the traveler data to the United States Department of Homeland Security (US-DHS) by the connectivity provider, as directed by Customer.
- Receive US-DHS passenger status response messages and store the passenger status response from the US-DHS with passenger's PNR.
- Display the passenger status response and based upon the US-DHS passenger status response: -
 - Print boarding pass for passengers identified as cleared by US-DHS.
 - Configure selectee data for boarding pass and bag tag for passengers identified as selectees by US-DHS
 - Do not print boarding pass for passengers identified as inhibited by US-DHS.

Gate Pass Holder

- Collect gate pass holder data via SkyPort. The gate pass is a document issued within the US to non-travellers, allowing them entry through airport security to a sterile area normally reserved for passengers.
- Format the gate pass holder data for transmission.
- Transmit to the connectivity provider (*e.g.*, SITA/ARINC) for the delivery of the gate pass holder data to the United States Department of Homeland Security (US-DHS) by the connectivity provider, as directed by Customer.
- Display gate pass response message from the US-DHS.
- Generate a gate pass for a cleared response.

Unsolicited Messages

- Receive US-DHS unsolicited messages.
- Format acknowledgement response to unsolicited messages.
- Transmit acknowledgement response for unsolicited response to the connectivity provider (*e.g.*, SITA/ARINC as directed by Customer) for the delivery of the acknowledgement response to the United States Department of Homeland Security (US-DHS) by the connectivity provider, as directed by Customer.
- Store updates to passenger status from the US-DHS with passenger's PNR.

Flight Close Out

- Format Flight Close Out / On Board message.
- Transmit Flight Close Out / On Board message to the connectivity provider (*e.g.*, SITA/ARINC) for the delivery of the gate pass holder data to the United States Department of Homeland Security (US-DHS) by the connectivity provider, as directed by Customer.

Limitations and Exclusions

- Transmission of crew data is not supported.
- XML message formats are not supported.
- Flights which are domestic to domestic outside of the United States are not supported (*e.g.*, ORY to NCE), with the exception of overflights identified by Customer.
- The ability to collect, store, and include passenger redress number and known traveler number is not currently available if the transaction is received by NAVITAIRE via IATCI messaging.
- Certification with connectivity provider is to be performed by Customer.
- Secure Flight functionality is only available for flights for which Customer utilizes New Skies Check-in functions. Secure Flight functionality is not available for flights managed via a third party DCS.
- NAVITAIRE will provide Customer with an initial sample format for these messages during implementation. Any applicable fees in connection with any modifications to the message format made whether during implementation or thereafter will be charged to Customer pursuant to a Work Order.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Travel Commerce Services

General Features – Travel Commerce Services

- Search for and book ancillary components in dotREZ or SkySpeed as part of the travel booking process and store the component within the Super PNR.
- Search for and book ancillary components in dotREZ or SkySpeed without travel components and store the component(s) within the Super PNR.
- View the Travel Commerce components in an existing PNR, including Supplier confirmation number and other relevant booking details.
- Add an ancillary component to an existing booking through dotREZ or SkySpeed.
- Cancel an ancillary component booking from SkySpeed or dotREZ.
- Locally host inventory for insurance.
- Configure product availability by supplier and location.
- Include ancillary components in the traveler's itinerary email notification.
- Configure markups within a component's pricing for locally hosted components.
- Store supplier confirmation numbers within the Super PNR.
- Add a markup by supplier.
- Specify cancellation fees by supplier.
- Aggregate available products from multiple Suppliers in a single search result.
- Manage product inventory as a retail item, free-sell, or inventory by day (*i.e.*, block space).
- Query multiple sub-locations within a parent location during a single product search.

Supplier Connectivity

- Support for direct interfaces to Content Providers via XML API connections. List of available connections is subject to change and will evolve with each product release.
- Additional connections can be requested through the enhancement process or via a NAVITAIRE work order.

Standard Reports (Travel Commerce specific)

Reports are viewed on-line via a browser interface.

- The following standard reports related to Travel Commerce functionality are available:
 - Ancillary Services Summary – Summary of revenue by provider.
 - Ancillary Services Detail – Transaction level report.
 - Insurance Report – Details by transaction on each policy sold/canceled.
 - Car Rental Report – Details by transaction on each car rental booking or cancellation
 - **Note:** Reports may be added to, deleted, modified, changed, eliminated, or substituted at the discretion of NAVITAIRE at any time.

Loyalty Services

General Features – Loyalty Services

- Ability to set up the parameters of Customer's Frequent Traveler Program,
- Ability to upgrade or downgrade a member account.
- Ability to track customer travel by points/miles/credits for flown segments.
- Ability to look up and adjust members' accounts.
- Built-in rules engine for configuring awards and promotions. Each rule has an effective and discontinue date, and includes the ability to define award rules using numerous criteria.
- Ability to test rules in the Rules Engine.
- Supports two options for computing points:
 - Fixed amount (*e.g.*, 1 point for every segment flown); and
 - Percentage amount (*e.g.*, ***** of the fare as points, or ***** of the mileage).
- Supports accrual of qualifying (elite) points/ mileage/ credits while accruing redeemable points.
- Supports multi-level programs such as silver/gold/platinum.
- Supports automatic upgrades and downgrades to/from a higher status level.

- Supports expiration of points after a specified time period.
- Customizable on-line account statement.
- Service desk UI for adding missing flight credits, customer service adjustments, researching activity, etc.
- Support--for call center redemptions
- Support for points fares published in SkyFare.
- Support for third-party accruals via batch file of API, including accrual rules engine with different criteria for each partner type.
- Support for retro credit for past flight requests through the call center.
- Supports reverse redemption with the ability to maintain and observe original expiration dates.
- Supports an Error Log with a descriptive reason included in the detail. Ability to sort by field names.
- Reports:
 - Flight Redemption Activity – detail report of host flight redemptions;
 - Redemption Activity – report of redemptions by third-party partners;
 - Host Accrual Activity Summary – summary of all accrual activity;
 - Partner Accrual Activity Summary – summary of all accrual activity, which can be Altered by partner
 - Loyalty Program Member Accrual – report with accrual details by program member;
 - Outstanding Award point balance for use in accounting to track outstanding liability;
 - Adjustment report – report of manual adjustments made to customer accounts; and
 - Recognition Level Log and Summary Reports – includes manual an automatic upgrade details.
- Ability for members to register on-line and manage on-line profile.

Loyalty Services – New Skies interfaces

- Real-time interface for boarded passengers for posting points at time of boarding of flight close.
- Integration for market distances and customer levels.
- Integration of member account statement into SkySpeed 360 degree passenger profile view.

6. Customer Hardware, Software, Connectivity and Network Requirements

6.1 Equipment Specifications. These equipment specifications outline the required, supported hardware and software necessary for the proper function and efficient operation of the Hosted Reservation Services and applicable products. Unless otherwise specified in this Agreement, the equipment and software listed below are the responsibility of Customer. This list may not be all-inclusive, depending on the technical requirements of Customer.

All specifications are subject to change. Customer will be provided with not less than ***** notice of incremental hardware upgrade requirements.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

6.2 Third Party Software. Customer is required to purchase directly from third party software providers other related third party software licenses necessary to use the Hosted Reservation Services, including without limitation the following:

Failure to maintain current versions of such third party hardware and software may result, at NAVITAIRE's option, in the suspension of Support Center Support as described in Exhibit J.

6.3 Credit Card Processing

6.3.1 Authorization and Settlement Services. Customer will be allowed ***** with a third party, and ***** with a third party, any additional connections will be quoted upon request.

6.3.2 Card and Payment Types.

- **Supported Credit Cards:** NAVITAIRE currently supports VISA, American Express, MasterCard, JCB, Diners Club, and Discover Card.
- **Supported Debit Cards:** NAVITAIRE currently supports regional debit cards such as Visa Electron (EL), Visa Delta, Visa Connect, Switch/Solo, Maestro, and Laser.
- **Not Supported:** Debit cards requiring a Personal Identification Number [PIN], ATM cards, or private label credit cards are not supported.
- **ELV:** Ability to use an Elektronisches Lastschriftverfahren (ELV) form of payment through a European payment gateway is supported.
- **UATP:** Ability to use the UATP form of payment is supported through a web service connection via the internet to UATP from SkyPay. Customer may also choose to process UATP payments via their PSP, if supported by their PSP, through NAVITAIRE's standard payment connection to that PSP.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

6.3.3 *****

6.3.4 Data Circuits. Customer must arrange and pay for necessary circuits for authorization and settlement file transmissions.

6.3.5 Data Transmission. By selecting external and/or third party payment related services such as credit card authorization, settlement, 3-D Secure, DCC, etc., Customer authorizes NAVITAIRE to electronically transmit certain Customer data to providers of such services in order to facilitate the provision of payment related services.

6.3.6 Authorization and Settlement Providers. Customer shall be responsible for contracting with third party authorization and settlement providers, and NAVITAIRE shall not be responsible for the use, disclosure and treatment of any Customer Personal Data by such third parties. A list of NAVITAIRE supported authorization and settlement providers will be provided to Customer upon request. Should Customer elect to use an authorization or settlement provider not currently supported by NAVITAIRE, such authorization or settlement provider is subject to NAVITAIRE approval and the certification costs, including development, are payable by Customer.

6.4 CRS/GDS/ARS Agreements and Connection Fees (to Support Optional CRS/GDS/ARS Type B/Teletype, Type A/EDIFACT, and/or Codeshare Connectivity). Customer must negotiate and have in place, no later than ***** prior to the Target Date, the necessary participating agreements with each of the NAVITAIRE supported Computerized Reservation System/Global Distribution System (CRS/GDS) providers or airline and associated Airline Reservation System (ARS) providers. Implementation, integration, connection and Service Fees as described in Exhibit K and line charges may apply. NAVITAIRE will order and facilitate the installation of all circuits required to process CRS/GDS/ARS bookings, upon written notice from Customer.

7. Service Levels and Service Level Targets

7.1 Service Level Scope. The “Service Levels” contained in this Section represent the target service performance for the provision of the Hosted Services. Metrics, measurement, and reporting will create performance assessment measures that apply to operations services in the following three service categories:

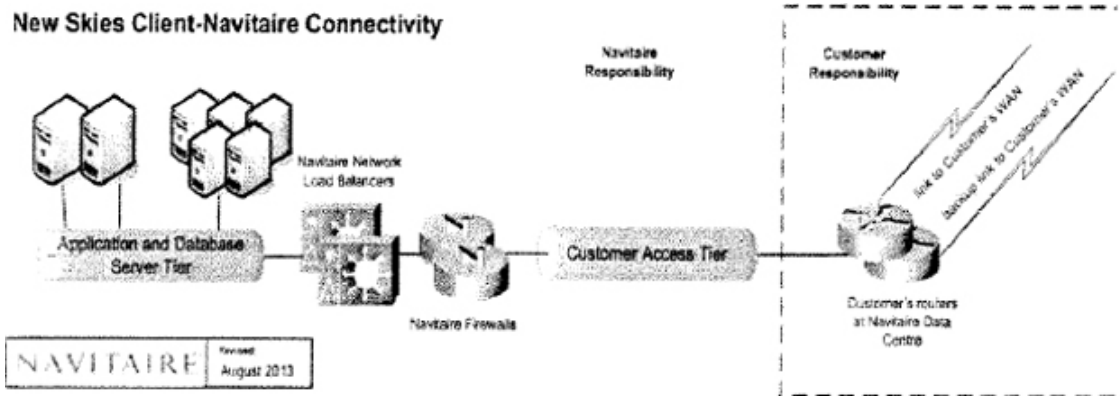
- System availability targets.
- Metrics, measurement, and reporting.
- Remedies and corrective action.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

7.2 Service Levels

7.2.1 **System Availability.** NAVITAIRE will provide Customer with an overall Minimum System Availability Target of ***** of all Reporting Period Minutes for the applicable Reporting Period. Interrupted Service Minutes will be measured and used to determine the percentage of monthly Hosted Reservation Services and Hosted Web Services System availability. Actual System Availability for each Reporting Period shall be determined by: *****. Interrupted Service due to Customer misuse of the Hosted Reservation Services System or acts or omissions of third parties not under NAVITAIRE’s control will be excluded from Interrupted Service Minutes and may incur Support Fees at the rate specified in Exhibit K, Section 1.3.

- a) **Network Responsibilities.** The diagram below shows those hardware components, network components (excluding the internet), and the software that resides on those components that are owned from a service level perspective by NAVITAIRE and those items that are owned by Customer. Items that are contained within the dotted-line (on the right side of the diagram) are the responsibility of Customer. During the event of an Interrupted Service, NAVITAIRE is responsible for errors that occur involving the hardware components, network components, and the software that reside outside of the dotted-line area.



- b) **Planned Downtime.** Planned Downtime will be used to provide hardware and software maintenance services. Planned Downtime is scheduled at a time that is agreeable for NAVITAIRE and Customer, generally between 12:00 AM and 4:00 AM local time for Customer. NAVITAIRE will notify Customer no later than ***** prior to the scheduled event if the time is needed for NAVITAIRE for Change Control purposes, with the exception of emergency maintenance, in which case NAVITAIRE will notify Customer as soon as reasonably practicable. Customer may request any Planned Downtime be rescheduled, providing there is reasonable cause for such a delay. This notification must be made to NAVITAIRE at least ***** in advance of the Planned Downtime.

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7.3 Service Levels Reporting

7.3.1 General. Regular, standardized Service Levels reporting provides a common denominator, which measures and evaluates service performance. This provides a basis on which conclusions can more easily be drawn as to the actual Service Levels achieved. NAVITAIRE will monitor and measure performance of specified Service Levels items and send a Monthly Performance Report to Customer for review and approval. The report will be structured for Customer's internal use and metrics will be generated and distributed on a monthly basis.

7.3.2 Report Information

- **Monthly Performance Report.** NAVITAIRE will submit a Monthly Performance Report by the tenth business day of the subsequent month following the Reporting Period to the Customer Account Liaison. The report will contain the monthly indicator of Service Levels statistics and will be transmitted via email unless otherwise requested by Customer. The report will also summarize all Interrupted Service Reports for the Reporting Period.
- **Interrupted Service Report.** NAVITAIRE will provide an Interrupted Service Report, created by the NAVITAIRE Support Center, following an Interrupted Service event. This report will summarize circumstances, identified cause (if known) and will outline any identified corrective action. Interrupted Service Reports can be tracked by the associated INC number for reference on the Monthly Performance Report.

7.3.3 Report Follow Up. If Customer has any questions or objections to the Interrupted Service Report, they will notify their NAVITAIRE Account Manager within ***** of receiving the report and NAVITAIRE shall respond within ***** of notification. If the parties cannot agree on the measurements reported, the matter will be escalated to the respective Executive Sponsors, and, if still unresolved, will be escalated as outlined in Section 17.5 of the Agreement (Dispute Resolution).

7.4 Review and Correction

7.4.1 NAVITAIRE Account Manager Review. In addition to Support Center Support and Emergency services, the NAVITAIRE Account Manager will coordinate a teleconference with the Customer Account Liaison within ***** of the Interrupted Service to discuss the details of the Interrupted Service and to update Customer on any identified cause or status. The NAVITAIRE Account Manager will close the Interrupted Service Report with the Customer Account Liaison upon final report of identified cause and any outline of corrective action.

7.4.2 Executive Review. Upon the request of the NAVITAIRE or Customer Account Liaison, an Executive Sponsor teleconference and a further escalation to the CEO, President, or Managing Director level of each company may be made depending on the severity of the Interrupted Service.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

7.5 **Remedies and Corrective Action.** The remedies and corrective action described below will be applied with respect to each Reporting Period, which commences ***** following completion of Implementation Services.

7.5.1 **Corrective Action.** The NAVITAIRE Account Manager shall monitor corrective action and report to the Executive Sponsors. In the event that the Minimum System Availability Target is not met during the Reporting Period, the NAVITAIRE Account Manager shall initiate corrective action during the subsequent Reporting Period, Subject to Section 7.5.2, NAVITAIRE shall, at its own expense, use commercially reasonable efforts to correct the deficiency in order to meet future Minimum System Availability.

7.5.2 **Failure Notification.** Upon a second failure of NAVITAIRE to meet the Minimum System Availability Target during successive Reporting Periods, the issue shall be escalated to the CEO, President, or Managing Director level of each company. Customer may notify NAVITAIRE, in writing, of the failure to meet the Minimum System Availability Target. Upon receipt of such notice, NAVITAIRE will begin reporting System Availability in weekly Reporting Periods and will communicate to Customer within ***** and in writing the status of improvement in performance.

7.5.3 *****

*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****

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7.6 Notification of Increased Usage and Stabilization Period. As previously stated in Section 4.3 of the Agreement, Customer agrees to use commercially reasonable efforts to provide NAVITAIRE with the designated advance notice of significant events that may result in Customer’s usage of the Hosted Reservation Services to exceed Peak Usage.

Due to the anticipated impact on performance of the Hosted Reservation Services caused by the implementation of the infrastructure to support an increase in Peak Usage (as documented in an amendment as described in Section 4.3 of the Agreement), the first ***** following such implementation will be a stabilization period to allow the Hosted Reservation Services to stabilize from the influence of the increase in infrastructure. During such stabilization period, NAVITAIRE shall be exempted from its obligations with respect to the Service Levels set forth in this Exhibit A, Section 7, and during such time NAVITAIRE will work with Customer to evaluate the Service Levels At the conclusion of the Stabilization Period, the Service Levels set forth in this Exhibit A, Section 7, shall remain in effect unless the parties mutually agree on revised Service Levels, via an amendment to the Agreement.

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EXHIBIT B

(INTENTIONALLY OMITTED)

Exhibit B - 88

EXHIBIT C**NAVITAIRE CONTACTS**

NAVITAIRE agrees to provide contacts for the following areas. Customer should use these contacts as necessary.

1 NAVITAIRE Support Center

The following number is to be utilized as described in Exhibits A, B, F, and G:

Telephone: (800) 772-3355 toll-free United States

2 NAVITAIRE Commercial Account Manager

NAVITAIRE agrees that the following individual is authorized to communicate with Customer on behalf of NAVITAIRE with respect to account management, project funding, contractual performance, and other commercial issues with respect to the Hosted Services:

Name: *****
Title: *****
Telephone: *****
Email: *****

3 NAVITAIRE Account Executive Sponsor

NAVITAIRE agrees that the following Individual is responsible for Executive Sponsorship and for business issue escalation:

Name: *****
Title: *****
Telephone: *****
Email: *****

4 NAVITAIRE Financial Contacts

Customer may contact the NAVITAIRE Finance Department at the following regarding payments, invoices or other financial issues:

Name: *****
Title: *****
Telephone: *****
Email: *****

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EXHIBIT D**CUSTOMER CONTACTS**

NAVITAIRE agrees to use the following for its initial and primary contacts with Customer:

1 Customer Emergency Contact

Customer agrees that the following number is available and will be answered after-hours for NAVITAIRE's use in case of an emergency related to the Hosted Services. Failure for NAVITAIRE to obtain an answer from this Emergency Contact will prevent NAVITAIRE from providing support during an emergency. This may cause the system to be unavailable until such time that a Customer Emergency Contact may be reached.

Name: Chief Information Officer, or if not available then contact, Chief Accounting Officer
Telephone: *****

2 Customer Account Liaison

Customer agrees that the following individual is authorized to communicate with NAVITAIRE and make decisions on behalf of Customer with respect to account management, project funding, performance, payment, and other commercial issues with respect to the Hosted Services:

Name: *****
Title: *****
Telephone: *****
Email: *****

3 Customer Executive Sponsor

Customer agrees that the following individual is responsible for Executive Sponsorship and for Emergency escalation:

Name: *****
Title: *****
Telephone: *****
Email: *****

4 Customer Authorized Support Contact

Customer may designate up to two (2) primary Customer Authorized Support Contacts. The Customer Authorized Support Contact shall be the only person authorized to access the NAVITAIRE telephone and Internet technical support systems, as described in Exhibits A, B, F, and G, on behalf of Customer:

Name: *****
Title: *****
Telephone: *****
Email: *****
Name: *****
Title: *****
Telephone: *****
Email: *****

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In addition, Customer may designate up to two (2) individuals that will act as alternates for the Customer Authorized Support Contacts. The designated alternate(s) for the Customer Authorized Support Contact(s) are:

Name: *****
Title: *****
Telephone: *****
Email: *****
Name: *****
Title: *****
Telephone: *****
Email: *****

5 Customer Financial/Accounts Payable Contact

Customer agrees that the following individual(s) is (are) the proper accounting contacts to whom all invoices and accounting documents will be delivered. These contacts will see to the timely payment of all invoices for services rendered under this Agreement.

Name: *****
Title: *****
Telephone: *****
Email: *****
Address: *****

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EXHIBIT E**POWERED BY NAVITAIRE® MARK**

The following terms and conditions shall apply to Customer's use of the Powered by NAVITAIRE Mark (the "Mark"), as described in Section 4.11 of the Agreement.

1 Mandatory Use of the Mark

In consideration for NAVITAIRE allowing Customer and/or its users to access the Hosted Services System, Customer agrees to and shall acknowledge and credit NAVITAIRE by using the Mark. Such requirements are more specifically outlined in Section 2 herein.

2 Guidelines for Using the NAVITAIRE Wired Mark

2.1 Sizing and Placement Requirements. Customer is required to use the Mark to credit NAVITAIRE as follows:

- 2.1.1** NAVITAIRE will provide Customer with digital reproductions of the Mark in approved colors (including black and white) and sizing for use by Customer. The Mark may not be redrawn, typeset, altered or visually modified or distorted in any manner unless approved by NAVITAIRE in writing.
- 2.1.2** The Mark may only be used to indicate access to the Hosted Services System, or any publicly available application (*e.g.* web page, kiosk, etc.) which uses the NAVITAIRE Application Program Interfaces (APIs) for booking, Check-in or flight information purposes. Customer may not: (a) display the Mark on packaging, documentation, collateral, or advertising in a manner which suggests that any travel product is a NAVITAIRE product or in a manner which suggests that NAVITAIRE endorses any travel product; or (b) use the Mark as a part of any travel product name.
- 2.1.3** Sizing of the Mark may be no smaller than 115 pixels in width, and the proportions of the Mark may not be altered in any way. NAVITAIRE will provide modified digital marks for applications larger than 115 pixels in width.
- 2.1.4** The Mark must be placed on a contrasting background so that the Mark is clearly visible against its background.
- 2.1.5** The Mark must stand alone. A minimum amount of empty space must be left between the Mark and other objects on the screen. The Mark must appear by itself, with a minimum spacing of 20 pixels between each side of the Mark and other graphics imagery (typography, photography, illustrations, etc.) on the page.

- 2.1.6** Customer shall not combine the Mark with any other feature including, but not limited to, other marks or logos, words, graphics, photos, slogans, numbers, design features, or symbols, such that it creates or gives the impression of a unified, composite mark.
- 2.1.7** Individual graphic elements of the Mark may not be used as design features on the travel product, travel product packaging, documentation, collateral materials, advertising, or for any purpose other than as permitted herein.
- 2.1.8** The Mark is an official mark and shall at all times remain the property of NAVITAIRE. The Mark includes graphic elements and accompanying words. The Mark shall always be expressed as an integrated whole.
- 2.1.9** NAVITAIRE may change the Mark or substitute a different mark at any time; provided, however, that NAVITAIRE provides ninety (90) days prior written notice and, further provided, that such change or substitute Mark do not have substantially different sizing and placement requirements.
- 2.2 Color Treatment.** Approved Mark colors (Included in the Mark as supplied by NAVITAIRE) are:
- 2.2.1 Two Color Applications.** The Mark must be used in the colors supplied by NAVITAIRE, which are medium blue for “Powered by NAVITAIRE” and light blue for the ‘swoosh’ below the NAVITAIRE portion of the graphic.
- 2.2.2 Black and White Applications.** An all black Mark or an all white Mark may be used if this color scheme is more compatible with Customer’s website branding.
- 2.3 Location.** The Mark shall appear on all booking and information pages on any publicly available application (e.g. web page, kiosk, etc.) which uses the NAVITAIRE Application Program Interfaces (API(s)) for booking, Check-in, or flight information purposes.
- 2.4 Quality Control**
- 2.4.1** NAVITAIRE shall be entitled to approve all uses of the Mark prior to the travel product being functionally capable of accessing the Hosted Services System or advertising it as such to ensure compliance with this policy.
- 2.4.2** Customer shall supply NAVITAIRE with suitable specimens of Customer’s use of the Mark in connection with travel product at the times and in the manner described in this Exhibit E, Section 2, or at any time upon reasonable notice from NAVITAIRE. Customer shall cooperate fully with NAVITAIRE to facilitate periodic review of Customer’s use of the Mark and of Customer’s compliance with the quality standards described in this Exhibit.

- 2.4.3 Customer must correct any deficiencies in the use of the Mark within ten (10) business days after receiving notice from NAVITAIRE.
- 2.4.4 NAVITAIRE reserves the right to terminate Customer's license to use the Mark and, if necessary, take action against any use of the Mark that does not conform to these policies, infringes any NAVITAIRE intellectual property or other right, or violates other applicable law; provided that if NAVITAIRE exercises any such rights, Customer shall thereafter not be under any obligation to use the Mark, whether pursuant to Section 4.11 or otherwise.
- 2.4.5 NAVITAIRE reserves the right to conduct spot checks on the Customer Website to ensure compliance with this policy.

3 License Grants and Restrictions

- 3.1 NAVITAIRE thereby grants to Customer a worldwide, non-exclusive, non-transferable, royalty-free, revocable, personal right to use the Mark solely in conjunction with the travel product in the manner described in the guidelines set forth in this Exhibit E, Section 2, and as may otherwise be approved by NAVITAIRE from time to time, subject to the terms and conditions of this Agreement and this Exhibit E.
- 3.2 All rights not expressly granted are reserved by NAVITAIRE. Customer acknowledges that nothing in this Exhibit shall give it any right, title or interest in the Mark or any part thereof, other than the license rights granted herein. Customer may not use or reproduce the Mark in any manner whatsoever other than as described in this Exhibit E, Section 3.
- 3.3 Customer agrees that it will not at any time dispute or contest: (a) the validity of the Mark or any registrations of the Mark, whether now existing or hereafter obtained; (b) the exclusive ownership by NAVITAIRE, its successors or assigns, of the Mark or of any registrations of the Mark, whether now existing or hereafter obtained; or (c) the exclusive ownership by NAVITAIRE of the present and future goodwill of the business pertaining to the Mark.

4 No Further Conveyances

Except as permitted in accordance with an assignment of this Agreement pursuant to Section 13 of the Agreement, Customer shall not assign, transfer or sublicense any right granted in this Exhibit E in any manner without the prior written consent of NAVITAIRE.

5 No Endorsement

- 5.1** Customer may not use the Mark in any way as an endorsement or sponsorship of the travel product by NAVITAIRE; provided that any use as required pursuant to Section 4.11 shall not be deemed a breach of the foregoing covenant.
- 5.2** Customer shall not use the Mark in any manner that disparages NAVITAIRE or its products or services, or infringes any NAVITAIRE intellectual property or other rights.

6 Termination

- 6.1** NAVITAIRE reserves the right, at its sole discretion, to terminate Customer's license to use the Mark at any time; provided that if NAVITAIRE exercises such right, Customer shall thereafter not be under any obligation to use the Mark, whether pursuant to Section 4.11 or otherwise.
- 6.2** Customer may terminate its use of the Mark by: (a) terminating the Agreement as permitted therein; and (b) terminating Customer and/or Users access to the Hosted Services System.
- 6.3** Upon termination of the Agreement, any and all rights and or privileges to use the Mark shall expire and use of the Mark shall be discontinued.

7 The Mark

[LOGO]

Note: The Mark above is depicted for print clarity. The required minimum size of 115 pixels in width is smaller than the above depiction.

EXHIBIT F**HOSTED WEB SERVICES – dotREZ – INTERNET RESERVATION FRAMEWORK****1 Definitions**

As used in and for purposes of this Exhibit, the following terms shall be defined as set forth in this Exhibit. In the event that there exists any conflict between a definition set forth in this Exhibit and in any definition contained within Section 1 of the Hosted Services Agreement (the “Agreement”), the definition set forth in this Exhibit shall control.

- 1.1 Corporate Website Content** means the web pages and content created by Customer to promote their corporate site, along with all other pages and processes that are independent of the dotREZ booking processes.
- 1.2 Server** means the physical web server.

2 Scope of Services

NAVITAIRE will provide certain services and support functions during the Term of the Agreement to support the dotREZ – Internet Reservation Framework included in the Hosted Web Services and related applicable products. Of the available Hosted Web Services, Customer has selected the products and/or services outlined in Exhibit K.

3 Implementation Services

- 3.1 Data Center Implementation Services.** NAVITAIRE will configure, install, activate, and test the necessary data center hardware and software for providing the Hosted Web Services to Customer. Unless otherwise specified, these services do not include communication circuits, wireless data services, or any remote communication devices, including routers or network hardware. Client personal computers, workstations, or other Customer devices connected to the Hosted Services System are the responsibility of Customer and must meet the minimum specifications as required by NAVITAIRE. NAVITAIRE shall notify Customer of such minimum specifications in order for Customer to procure and implement the same in a timely fashion consistent with any planned implementation changes or cutover to the Hosted Services System.
- 3.2 Network Configuration and Design Services.** NAVITAIRE will supply recommended technical diagrams and will advise Customer on required network hardware requirements for client portion of application, as necessary. Customer shall have internal or third party network expertise available for the installation and configuration of their required network.

- 3.3 System Integration Services.** During the implementation of Hosted Web Services and before production use of such services, NAVITAIRE will assist in the assessment of the compatibility of third party hardware and software with the Hosted Services System. Customer shall be responsible for the cost of modifying or replacing any third party systems including hardware and software that are not part of the Services. Future integration services may be included pursuant to a Work Order using the rates outlined in Exhibit K (as modified by Section 6.4 of the Agreement).
- 3.4 Strategic Business Review.** NAVITAIRE will conduct a Strategic Business Review to gather information on Customer's desired use of the Hosted Web Services and outline capabilities of the Hosted Services System. During the Strategic Business Review, NAVITAIRE will work with Customer to conduct an onsite business process review that will create a project plan and project schedule, including NAVITAIRE and Customer responsibilities, in order to achieve successful completion of the Implementation Services on or before the Target Date.
- 3.5 Hosted Web Services Installation.** The Hosted Web Services installation process will include:
- Set up of physical environments
 - Import/load of Customer provided web content
 - Technical and functional testing
 - Customer Website efficiency review
 - Conversion plan

These elements will be incorporated into the project plan with input from Customer.

- 3.6 Project Reporting.** During the course of Implementation Services, the NAVITAIRE Hosted Web Services Project Manager will coordinate status reporting with the NAVITAIRE Reservation Services Project Manager. Following completion of installation of the Hosted Web Services, the NAVITAIRE Hosted Web Services Project Manager will provide Customer with status on the remaining Implementation Services for Hosted Web Services as follows: (a) Weekly Project Plan Update and Status Report; (b) Weekly Updated Issues/Resolution List; and (c) Executive Summary.
- a) Weekly Reports.** Weekly status reports will be transmitted to Customer on a weekly basis during the provision of Implementation Services. Each report will include an updated status on the implementation process and an updated project plan. A list of the following week's tasks and goals will be included in each report.

- b) **Weekly Updated Issues/Resolution List.** Weekly updated issues/resolution lists will be forwarded to Customer on the same schedule as the Weekly Project Plan Update and Status Report. The Issues/Resolution List will include specific additional items discovered in the project analysis, or critical issues that deserve heightened priority apart from the project plan. The Issues/Resolution List will include the task, the responsible party, date, open/close status, priority, and date of closed task. Every issue will be given a priority relative to a mutually agreed priority with Customer. Priorities will be ranked 1-5, 1 being most critical. Below is a description of each priority:
- **Priority 1 – Urgent.** All issues included in this priority are deemed critical and will be given priority attention. These issues may affect a milestone or dependency related to the completion of conversion services. Issues in this category are critical to resolve prior to other project dependencies and milestones being completed.
 - **Priority 2 – High.** Issues included in this priority may affect the Target Date and require resolution prior to the completion of conversion services.
 - **Priority 3 – Medium.** Issues included in this priority are not required prior to completion of conversion services, but must be finished prior to the end of Implementation Services.
 - **Priority 4 – Low.** These items are not critical to either the completion of conversion services or Implementation Services but require monitoring for subsequent follow up or entry into NAVITAIRE's Internet based customer support tool.
 - **Priority 5 – Excluded.** These items are deemed excluded and are either unnecessary or may be addressed in a business process change or work-around.
- c) **Executive Summary.** An Executive Summary will be provided to both the NAVITAIRE and Customer Executive Sponsors upon reaching critical milestones. These milestones will be established mutually with Customer as the final project plan has been established.

3.7 Implementation Services Time Frame

- 3.7.1 During the course of planning discussions related to this Agreement, NAVITAIRE acknowledges the Target Date for completion of the Implementation Services is *****. NAVITAIRE and Customer will detail dates and dependencies of the project plan, as summarized in the table in Exhibit A, Section 3.9.2, in order to confirm the Target Date achievability.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- 3.7.2 Upon receipt of the Implementation Fees due at signing and subject to Section 4.1 of the Agreement, NAVITAIRE agrees to perform the required Implementation Services within the time frame preceding the Target Date. NAVITAIRE further agrees to initiate, mutually with Customer, project-scope-analysis and project-planning communication to establish the final schedule for Implementation Services.
- 3.7.3 Customer understands that the Target Date may be subject to change upon mutual agreement of the parties; as such date is dependent on, among other matters, certain third party agreements/activities on behalf of both Customer and NAVITAIRE. These third party agreements/activities may include, but are not limited to, the following:
- All telecommunications and data circuits.
 - Web domains and certificates.
 - Web content creation and maintenance.
- Customer shall immediately establish a primary technical Project Manager contact that will be assigned to interact with the Project Manager appointed by NAVITAIRE. Failure to appoint this individual will jeopardize the delivery of Implementation Services by NAVITAIRE.
- 3.7.4 Upon completion of the Implementation Services as described in this Exhibit, NAVITAIRE will provide written notification to the Customer Account Liaison named in Exhibit D, Section 2.

3.8 Data Import and Content Services

- 3.8.1 **Data Import Services.** NAVITAIRE will provide tools to Customer for web content download processing. NAVITAIRE will work with Customer to define the appropriate security access to such tools and notification procedures for changes requiring a web server restart.
- 3.8.2 **Data Content Services.** Customer is responsible for all web page content and navigation configuration. Customer is responsible for all web page enhancements required for the hosted web server application provider and version.

4 Operations Environment Services

- 4.1 **Primary and Backup Data Circuits.** Customer shall be responsible for all telecommunication used by Customer in connection with the transmission of data between the Hosted Services System and Customer's site(s), as stated in Section 4.14 of this Agreement. It is anticipated that Customer will use the same primary and back-up data circuits to transmit data for the Hosted Web Services as those used to support the delivery of the Hosted Reservation Services. Customer shall be responsible to ensure that the data circuits are capable of handling the

additional data volume required for the Hosted Web Services. If Customer wishes to use any alternative arrangement to the Hosted Reservation Services data circuits, Customer must submit this request to NAVITAIRE for approval.

- 4.2 Security.** NAVITAIRE will provide Customer with specific user accounts and passwords for access to web content files. Customer is responsible for distribution of these accounts/passwords for the use of data content downloads and migrations.
- 4.3 Facility Locations.** The facility locations provided for in this Agreement are as follows:
- NAVITAIRE's Hosted Web Services data center will be located in Minneapolis, Minnesota.
 - Customer's primary facility will be located in Denver.

5 Hosted Web Services Features

The table below itemizes the base functionality and features of the Hosted Web Services available as of the Effective Date of the Agreement.

Hosted Web Services – dotREZ – Internet Reservation Framework

Base Functionality

Hosted Web Services – dotREZ – Internet Reservation Framework

General Features – Hosted Web Services

Redundant web environment

- Redundant communication lines between web hosting environment and the Hosted Reservation Services. (This specifically excludes Customer's Internet circuits.)
- Redundant web servers.
- Redundant firewalls
- Redundant routers
- Redundant load balancers
- Mirrored hard drives
- Dual NICs
- Redundant power supplies
- Redundant fans
- Scalable hardware for the support of incremental capacity gains
- Data migration support tools for delivery of web content changes
- Test server for the support of web page testing and deployment

For purposes of clarity, Hosted Web Services include performing email relay to a Customer exchange server only

Security Features

- Real time system log monitoring
- Patch tool management
- Vulnerability remediation
- Data Integrity checks
- Intrusion detection and prevention
- Virus protection

System Monitoring Features**Network monitoring**

- Device uptime, availability, load
- LAN/WAN latency, utilization, availability

Server monitoring

- Uptime, Availability, Load
- Disk space and memory utilization
- Processes and services running on machines

Monthly reporting

- Server device statistics
- Network device statistics
- LAN/WAN line statistics

For purposes of clarity, if Customer would like to gather web statistics (number of visitors, visitors by country, etc.), Customer will need to purchase a tool that is compatible with the Hosted Web Services web server platform to gain access to such reporting information.

Hosted Web Services – dotREZ – Internet Reservation Framework**Add-On Functionality****Hosted Web Services – Disaster Recovery Services****General Features – Hosted Web Services – Disaster Recovery Services**

In the event of a Disaster, at reasonable request from Customer and at Customer's expense, NAVITAIRE shall seek to provide the core functionality of Hosted Web Services as soon as possible following Customer's request. Customer acknowledges that the Disaster Recovery Services described in Exhibit A do not apply to the Hosted Web Services for dotREZ under this Exhibit F.

Hosted Web Services – Corporate Website Hosting**General Features – Hosted Web Services – Corporate Website Hosting**

- Corporate Website Hosting includes all General Features, Security Features, and System Monitoring Features listed under the Hosted Web Services – dotREZ Internet Reservation Framework section above. In addition, the Corporate Website Hosting environment includes a back end SQL server database.
- Customer's Corporate Website Content utilizes dynamically generated HTML and is not limited to static HTML.

The scope of Corporate Website Hosting is limited to uptime and availability of the ASP.Net web servers supporting the Corporate Website Content, and the SQL Server database; scope does not include support for any of the functionality coded by Customer within the Corporate Website Content.

6 Customer Hardware, Software, Connectivity and Network Requirements

6.1 Circuits. Customer is responsible for all data circuits and Internet connectivity not housed within the NAVITAIRE data center.

- 6.2 Third Party Software and Services.** Customer is required to purchase directly from third party providers other related third party software licenses and services necessary to support the Hosted Web Services environment, including, but not limited to, secure certificates.
- 6.3 Web Domain(s).** Customer is required to register or have the right to use the Customer's designated web domain names for web content access and delivery.

EXHIBIT G**HOSTED REVENUE ACCOUNTING SERVICES – SKYLEDGER®****1 Definitions**

In the event that there exists any conflict between a definition set forth in this Exhibit and in any definition contained within Section 1 of the Agreement, the definition set forth in this Exhibit shall control.

- 1.1 Customer Revenue Accounting Contact** means either the Customer Account Liaison or Customer Authorized Support Contact set forth in Exhibit D, Sections 2 and 4.
- 1.2 Executive Sponsors** has the meanings set forth in Exhibits C and D.

2 Scope of Services

NAVITAIRE will provide certain services and support functions during the Term of this Agreement related to the Hosted Revenue Accounting Services and related applicable products. Of the available Hosted Revenue Accounting Services, Customer has selected the products and/or services outlined in Exhibit K. The Hosted Services System infrastructure capacity will be established and configured for Customer's operations based on flight Segment volume estimates provided by Customer.

Customer will be responsible for transferring data from the Hosted Revenue Accounting Services to Customer's general ledger. Such functionality is specifically excluded from NAVITAIRE's Hosted Revenue Accounting Services.

3 Implementation Services

- 3.1 Data Center Implementation Services.** NAVITAIRE will configure, install, activate, and test the necessary data center hardware and software for providing the Hosted Revenue Accounting Services to Customer. Unless otherwise specified, these services do not include communication circuits, wireless data services, or any remote communication devices, including routers or network hardware. Client personal computers, workstations, or other Customer devices connected to the Hosted Services System are the responsibility of Customer and must meet the minimum specifications as required by NAVITAIRE. NAVITAIRE shall notify Customer of such minimum specifications in a timely manner in order for Customer to procure and implement the same prior to the Target Date.
- 3.2 Virtual Private Network (VPN) Connectivity.** If Customer desires to use a virtual Private network (VPN) for connectivity to Hosted Revenue Accounting Services, NAVITAIRE will evaluate such a request to determine the viability of the use of a VPN connection for either a primary or back-up data circuit. After review, NAVITAIRE will advise Customer if the request is approved and the additional costs that will apply.

3.3 Network Configuration and Design Services. NAVITAIRE will supply recommended technical diagrams and will advise Customer on required network hardware requirements for client portion of application, as necessary. Customer shall have internal or third party network expertise available for the installation and configuration of their required network.

3.4 System Integration Services. As Customer uses the NAVITAIRE Hosted Reservation Services, NAVITAIRE will integrate daily reservations activity XML extract files from NAVITAIRE Hosted Reservation Services into the Hosted Revenue Accounting Services.

During the implementation of the Hosted Revenue Accounting Services and before production use of such services, NAVITAIRE will assist in the assessment of the transfer of the general ledger output file from the Hosted Revenue Accounting Services application. Customer shall be responsible for the cost of modifying or replacing any third party systems including hardware and software that are not part of the Services. For future integration services, NAVITAIRE will, upon request, provide an estimate using the rates outlined in Exhibit K (as modified by Section 6.4 of the Agreement); however, any services will be provided pursuant to a Work Order.

3.5 Strategic Business Review

3.5.1 NAVITAIRE will conduct a Strategic Business Review to gather information on Customer's desired use of the Hosted Revenue Accounting Services and outline functional capabilities of the Hosted Services System. During the Strategic Business Review, NAVITAIRE will work with Customer to create a project plan and project schedule, including NAVITAIRE and Customer responsibilities, in order to achieve successful completion of the Implementation Services on or before the Target Date.

3.5.2 The Hosted Revenue Accounting Services installation process will include:

- Set up of physical and database environments
- Data import services
- Initialization of the Hosted Revenue Accounting Services software
- Import/load of reference data
- Technical and functional testing

- User Training with New Skies test data
- Conversion plan for open PNR liability data
- Load all open liability reservation data for Hosted Revenue Accounting Services
- Complete ***** accounting close

These elements will be incorporated into the project plan with input from Customer.

3.6 Customer Site Services. NAVITAIRE will assist Customer with the testing of the required telecommunications connection between the NAVITAIRE data center and the designated Customer facility. ***** Additional technical support for on-site assistance after the initial conversion for production use of the Hosted Revenue Accounting Services shall be quoted on a project basis at the request of Customer using the rates as outlined in Exhibit K, Section 1.3.

3.7 Initial Training Services. NAVITAIRE will supply the following training and Customer agrees to participate in such training for the Hosted Revenue Accounting Services:

3.7.1 System Training: Up to a maximum of ***** which may be attended by up to a maximum of ***** Customer employees at the NAVITAIRE corporate offices located in Minneapolis, Minnesota. ***** All training will be conducted in English.

Topics will include the definition of the expected daily and month-end activities required to support the Hosted Revenue Accounting Services and user and administrative features and functions. Customer must complete basic computer familiarization and Windows training for all trainees prior to the initial training. As Customer is contracting to use the NAVITAIRE Hosted Reservation Services, and the Hosted Revenue Accounting Services uses the data extracts from this system, trainees must also have completed a basic course on the features and functions of the Hosted Reservation Services.

Customer will be provided an electronic copy of the manual in Adobe Acrobat (PDF) format for download via the NAVITAIRE web site. Technical specification and technical reference manuals are for internal NAVITAIRE use only, unless otherwise specified in this Agreement or by other arrangement. All materials provided by NAVITAIRE are in the English language unless otherwise specified within this Agreement.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

3.8 *****

3.8.1 Project Reporting. During the course of Implementation Services, the NAVITAIRE Hosted Revenue Accounting Services Project Manager will coordinate status reporting with the NAVITAIRE Hosted Reservation Services Project Manager. Following completion of installation of the Hosted Reservation Services, the NAVITAIRE Hosted Revenue Accounting Services Project Manager will provide Customer with status on the remaining Implementation Services for Hosted Revenue Accounting Services as follows; (a) Weekly Project Plan Update and Status Report; (b) Weekly Updated Issues/Resolution List; and (c) Executive Summary.

- a) **Weekly Project Plan Update and Status Report.** Weekly status reports will be transmitted to Customer on a weekly basis during the provision of Implementation Services. This report will include updated status on the process and an updated project plan. A list of the following week's tasks and goals will be included in the report.
- b) **Weekly Updated Issues/Resolution List.** Weekly updated issues/resolution lists will be forwarded to Customer on the same schedule as the Weekly Project Plan Update and Status Report. The Issues/Resolution List will include specific additional items discovered in the project analysis, or critical issues that deserve heightened priority apart from the project plan. The Issues/ Resolution List will include the task, the responsible party, date, open/close status, priority, and date of closed task. Every issue will be given a priority relative to a mutually agreed priority with Customer. Priorities will be ranked 1-5, 1 being most critical. Below is a description of each priority;
- **Priority 1 – Urgent.** All issues included in this priority are deemed critical and will be given priority attention. These issues may affect a milestone or dependency related to the completion of conversion services. Issues in this category are critical to resolve prior to other project dependencies and milestones being completed.
 - **Priority 2 – High.** Issues included in this priority may affect the Target Date and require resolution prior to the completion of conversion services.
 - **Priority 3 – Medium.** Issues included in this priority are not required prior to completion of conversion services, but must be finished prior to the end of Implementation Services.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- **Priority 4 – Low.** These items are not critical to either the completion of conversion services or Implementation Services but require monitoring for subsequent follow up or entry into NAVITAIRE’s Internet based customer support tool.
 - **Priority 5 – Excluded.** These items are deemed excluded and are either unnecessary or may be addressed in a business process change or work-around.
- c) **Executive Summary.** An Executive Summary will be provided to both the NAVITAIRE and Customer Executive Sponsors upon reaching critical milestones. These milestones will be established mutually with Customer as the final project plan has been established.

3.9 Implementation Services Time Frame

3.9.1 Upon receipt of the Implementation Fees due at signing and subject to Section 4.1 of the Agreement, NAVITAIRE agrees to perform the required Implementation Services within the time frame preceding the Target Date. NAVITAIRE further agrees to initiate, mutually with Customer, project-scope-analysis and project-planning communication to establish the final schedule for Implementation Services consistent with the Target Date. The project timeline and Target Date for Implementation Services of Hosted Revenue Accounting Services is *****, provided first monthly close shall follow the first month’s processing of Hosted Reservation Services.

<u>Key Milestones & Supporting Tasks</u>	<u>Primary Responsibility</u>		<u>Duration to Complete</u>	<u>Milestone Dependency</u>
	<u>Navitaire</u>	<u>Customer</u>		
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*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

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- 3.9.2 NAVITAIRE recommends at least ***** of data included in the four XML Input files outlined as Interface Files in Section 5 below, containing Customer’s open PNR data from NAVITAIRE’s Hosted Reservation Services, prior to activation and initialization of the Hosted Revenue Accounting Services. Open PNR data will include unflown future Segments which still have a positive remaining balance.
- 3.9.3 Typical timelines for implementation average ***** for full project implementation. The Hosted Revenue Accounting Services implementation process will be conducted in parallel with the NAVITAIRE Hosted Reservation Services implementation (if applicable); however, the Hosted Reservation Services conversion to production will normally precede the conversion of the Hosted Revenue Accounting Services implementation.
- 3.9.4 The NAVITAIRE Hosted Revenue Accounting Services implementation team will have an assigned project lead and central contact point that will interface with the Customer Revenue Accounting Contact during the Implementation Services period.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- 3.9.5** If Customer is implementing Hosted Reservation Services concurrently with the Hosted Revenue Accounting Services implementation, the NAVITAIRE Revenue Accounting project lead will communicate and coordinate with the primary Hosted Reservation Services project manager during the Hosted Reservation Services implementation effort. After Hosted Reservation Services conversion, the NAVITAIRE Revenue Accounting project lead will communicate status with the Customer Project Manager.
- 3.9.6** Upon completion of the Implementation Services as described in this Exhibit G, Section 3, NAVITAIRE will provide written notification to the Customer Revenue Accounting Contact or Customer Account Liaison named in Exhibit D of this Agreement.

4 Data Circuits

- 4.1 Primary and Backup Data Circuits.** Customer shall be responsible for all telecommunication circuits used by Customer in connection with the transmission of data between the Hosted Services System and Customer's site(s), as stated in Section 4.14 of this Agreement. It is anticipated that Customer will use the same primary and back-up data circuits to transmit data for the Hosted Revenue Accounting Services as those used to support the delivery of the Hosted Reservation Services. Customer shall be responsible to ensure that the data circuits are capable of handling the additional data volume required for the Hosted Revenue Accounting Services. If Customer wishes to use any alternative arrangement to the Hosted Reservation Services data circuits, Customer must submit this request to NAVITAIRE for approval.
- 4.2 Facility Locations.** The facility locations provided for in this Agreement are as follows:
- The NAVITAIRE Hosted Revenue Accounting Services data center will be located in Minneapolis, Minnesota.
 - Customer's primary facility will be located in Denver.

5 Hosted Revenue Accounting Services Functionality

The table below itemizes the base and optional functionality and features in available as of the Effective Date of the Agreement. The actual optional functionality to be provided under this Agreement is as identified in Exhibit K. This list may be expanded or modified in the future based upon new releases.

Hosted Revenue Accounting Services – SkyLedger

Base Functionality

General Features – SkyLedger

- Captures financial events for NAVITAIRE reservation activity and relates the activity to the relevant financial accounting period,

- Maintains a historical PNR, Voucher, and Credit Shell database with a separate version whenever a financial change occurs.
- Provides periodic financial reporting with accounting period integrity.
- Provides a financial audit trail for financial activity related to the life of each PNR.
- Provides a financial audit trail for each accounting entry down to the specific transaction event detail.
- Provides data retention for PNR(s), Vouchers, Credit Shells, and accounting details,
- Includes a web based report creation tool which enables the user to create and view a set of reports.
- Provides the ability to map accounting events to airline specified general ledger accounts for reporting or electronically interfacing to the airline's general ledger system.
- Provides financial detail in the airline's designated "host" accounting currency without loss of the sales currency in the reporting data.
- Provides the ability to re-map transactions and automatically reprocess those affected by the mapping changes.
- Provides a pre-defined set of reports for critical accounting events with the flexibility of these reports being available in text, PDF, or Excel.
- Provides simple proration of fare over each leg within a given through segment.
- Provides flexibility to map account numbers to specific transactional data elements, e.g. aircraft type, tax code, or country code.

Standard Reports

Accounting Reports

- Account Center Balance Report. Displays account/center balances for each of the carrier's accounts.
- Journal Entry Detail Report. Displays account/center balances grouped by Journal Entry.
- Activity Balance Report. Summarizes daily postings by account event/account type.
- Account Mappings Report. Displays all relevant information related to an account mapping for a user-specified company code, effective period, account event and account type.
- Suspense Report. Displays account items that are currently in suspense.

Revenue Reports

- Revenue by Distance. Displays base and gross revenue by seat mile/kilometer on a specific date or within a specified date range for flights between two cities.
- Revenue by Fare Class. Displays revenue by fare class on a specific date or within a specified date range.
- Revenue by Flight. Displays revenue by average seat mile/kilometer for individual flights.
- City Pair Load Factor. Displays passenger totals, load factor, ASM, Revenue, RPM, yield, RASM, and other data by city pair as well as by individual flights serving each city pair.
- Earned/Unearned Revenue. Displays information on earned and unearned revenue for flights between a designated city pair including analysis by booking date and equipment type.
- Route Profitability Report. Displays a summary of revenue and costs by route. Costs must be entered through the Expenses User Interface before the report can be used.

Business Reports

- Credit Shell/Voucher Expiration. Lists expired credit flies, credit shells and vouchers for a specified time period.
- Fees and Discounts. Displays fees and discounts, by currency and type, entered into the system.
- Tax History. Displays information for selected tax payments.
- Payment Report. Displays information about payments made against a PNR grouped by date, agent or type based on parameters specified.
- Flight Reconciliation Report. Displays Flight Statistics and what has been received and accounted for within SkyLedger.
- Unearned Revenue Liability Report. This report displays unearned revenue, earned revenue, no-show revenue, expired revenue, and unearned revenue liability at an accounting period level. This report will provide the user with exposure to their unearned revenue liability (items sold, but not flown).
- Delta Report. Displays all transactions for which the total debit and credit amount do not balance for the account specified by the user

Operational Reports

- Extract Load Errors Report. Displays all transactions that could not be successfully loaded to the historical database.
- Reconciliation Report. Daily report that is used to ensure all transactions listed on the historical database are also posted to the accounting detail database with the appropriate amounts. Only discrepancies between the historical and accounting database are displayed.

Modules and Interfaces**Modules**

- PNR Load. Accept PNR XML from the NAVITAIRE reservation system and validate file, load to Temporary Database for further processing by Version History module,
- Voucher Load. Accept Voucher XML from the NAVITAIRE reservation system and validate file, load to Temporary Database for further processing by Version History module.
- Credit Shell Load. Accept Credit Shell XML from the NAVITAIRE reservation system and validate file, load to Temporary Database for further processing by Version History module.
- Flight Following Load. Accept Flight Following XML from the NAVITAIRE reservation system and validate file, load to Temporary Database for further processing by Version History module.
- PNR Version History. Version incoming PNR and insert a control row to trigger action by the accounting generator.
- Voucher Version History. Version incoming Voucher and insert a control row to trigger action by the accounting generator.
- Credit Shell Version History. Version incoming Credit Shell and insert a control row to trigger action by the accounting generator.
- Flight Following Version History. Version incoming Flight and insert a control row to trigger action by the accounting generator.
- Accounting Generator. Generate accounting transactions based on prior versions of PNR, Voucher and Credit Shell comparing differences to determine what financial events have changed.
- Account Mapping. Assign an account period, company code, journal entry, debit/ credit account/ center to a specific accounting transaction.
- Remap Request. Identify and process the transactions that must be reversed and remapped as a result of modifications to the account mapping table.
- Re-conversion Request. Identify and process the transactions that must be reversed and reposted as a result of modifications to the currency conversion rate table.
- Account Reversal. Update the accounting detail table to reverse all accounting related to the transaction key provided.
- Transaction Reconciliation. Ensure the accounting database is in sync with the historical transaction database.
- Monthly Close Processing. Perform a variety of actions related to the close of an accounting period.
- Simple Proration. Retrieve air miles for each leg within a given through segment and divide the fare among the constituent legs. Alternatively the square root of air miles can be used to divide the fare among the constituent legs.
- Expiration. Generate accounting to relieve liability related to unused transactions (PNR(s), Credit Shells, and Vouchers) following a user-specified expiration period.
- Purge. Delete fully-used, closed transactions from the historical and accounting databases following a user-specified retention period.
- General Ledger Creation. Extract all accounting records in local and/or host currency on a daily or monthly basis to be fed via XML interface into Customer's General Ledger system.
- Agency Billing and Commission Load. Accept Agency Billing and Commission file from the NAVITAIRE reservation system, validate file, and load to database (optional).

Interface Files

SkyLedger is populated by the XML extract files provided by the NAVITAIRE Reservation System. The main output of the SkyLedger system will be the general ledger feed, which supplies the data that can be interfaced into Customer's financial system. Please note that each of the interface files listed below has a standard file specification and all files accepted or created by the SkyLedger system must be formatted in accordance with these file specifications.

Inputs

- PNR Booking Data Extract from the NAVITAIRE Reservation System with PNR/Passenger information such as booking, flown, or payments.
- Credit Shell XML. Daily XML Extract from the NAVITAIRE Reservation System with Credit Shell information such as creation of, usage.
- Voucher XML. Daily XML Extract from the NAVITAIRE Reservation System with Voucher information such as creation of, usage.
- Flight Following XML. Daily XML Extract from the NAVITAIRE Reservation System with flight information such as origin, destination, or passenger counts.
- Agency Data XML. XML extract from the NAVITAIRE Reservation System with agent and contact information. This information is used to allow mapping by department and location for certain accounting events.

Outputs

- Standard General Ledger Feed. The NAVITAIRE standard general ledger feed, which provides SkyLedger data to Customer's general ledger system to update the journal entry/account balances, is included at no extra cost to Customer.

User Interfaces

SkyLedger provides a user interface for: a) viewing and managing accounts, b) viewing journals and account mappings to allow customization accounts, and c) viewing journal entries to track how transactions are applied to those specific accounts. The following six user interfaces will be included in SkyLedger:

- Accounts. The accounts user interface will be used to insert, update, and delete entries from the SkyLedger account table, center table, and company account center table. These tables in turn are used to validate entries to the SkyLedger account mapping table.
- Journal Maintenance. The journal maintenance user interface will be used to insert, update, and delete entries on the SkyLedger journal entry table. This table in turn will be used to validate entries to the SkyLedger account mapping table.
- Journal Approval. The journal approval user interface will be used to approve the debit/credit balance for each journal entry. Please note that this interface is intended to be used in conjunction with the SkyLedger journal entry detail report. Quality Assurance and management approval of a journal entry is required before data related to this journal entry may be bridged to the user via the automated monthly G/L feed (where the carrier has requested user-approval of the journal entry balance).
- Mappings. The mappings user interface will be used to insert, update, and delete entries from the SkyLedger account mapping table. This table in turn will be used to assign a debit account/center and credit account/center to accounting transactions based upon the type of accounting event (account event/account code) and the specific characteristics of the transaction (mapping fields). The account mapping table also enables individual accounting transactions to be classified under the proper company code and journal entry.
- Currency Maintenance. This user interface will allow the user to enter the exchange rate from each currency to the host currency at the company level with an effective date for each exchange rate.
- Service Types. This user interface will allow the carrier to identify each service type and specify whether or not the revenue related to that service will be earned at the time of booking or the time of flight.

Revenue Accounting System Data Storage and Access

- Online access for historical revenue accounting system data up to ***** and ***** from current date.
- Access to historical revenue accounting system data more than ***** prior to the current date is the responsibility of Customer.
- Accounting generated for interline activity is retained for up to ***** from the current date.

Note: It is Customer's responsibility to store and provide access to any required detailed revenue accounting system data more than thirteen (13) months old and to aggregated revenue accounting data.

Standard General Ledger Extract

- Provides a daily or monthly extract file containing account postings data.
- Allows Customer to upload the data into their financial system.

Month End Close Process

- User initiated process which is executed by NAVITAIRE operations staff.
- Provides automated closure of each accounting period.

6 Customer Hardware, Software, Connectivity and Network Requirements

6.1 Equipment Specifications. The equipment specifications below outline the required, supported hardware and software necessary for the proper function and efficient operation of the Hosted Revenue Accounting Services and applicable products. Unless otherwise specified in this Section, the equipment and software listed below are the responsibility of Customer.

6.1.1 Data Circuits. ***** NAVITAIRE may act as Customer's agent to order and facilitate installation of these circuits upon written request by Customer.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

EXHIBIT H

(INTENTIONALLY OMITTED)

Exhibit H - 114

EXHIBIT I
DATA PROTECTION PROCEDURES
(PROCEDURES FOR THE PROTECTION
OF
CUSTOMER PERSONAL DATA)

These Data Protection Procedures (“Procedures”) set forth the security protocols that Customer and NAVITAIRE will follow with respect to maintaining the security and privacy of Customer Personal Data in connection with the Agreement.

1 General

In the event of a conflict or inconsistency between the terms of these Procedures with the terms of the Agreement, the terms of the Procedures shall govern. Capitalized terms used herein, but not defined shall have the meanings ascribed to them in the Agreement.

2 Security Policy

NAVITAIRE will maintain globally applicable policies, standards, and procedures intended to protect NAVITAIRE and Customer Data. Such policies include, but are not limited to:

- System Security
- Security of Information and Acceptable Use of Systems
- Confidentiality
- Data Privacy
- Data Management

NAVITAIRE will provide summaries of these policies upon Customer’s request.

3 Global Access

NAVITAIRE may access the Customer Personal Data from anywhere within NAVITAIRE/Accenture’s Global Delivery Network, unless otherwise mutually agreed by the Parties.

4 Organizing Information Security

4.1 Accountability

The following executives from Customer and NAVITAIRE shall be responsible for confirming the implementation of and ongoing compliance with these Procedures. Any notices under these Procedures or the Agreement regarding the

Customer Personal Data obligations of each party should be as follows: communications regarding the day-to-day obligations should be communicated in writing via E-mail or other written notice to each of the Data Protection Executives and communications regarding any changes to the terms of these Procedures (including any Attachments) or the terms of each party’s Customer Personal Data obligations under the Agreement should be directed as required under the notice provisions of the Agreement with copies provided to the Data Protection Executives.

- Customer Data Protection Executive: [*****]
- NAVITAIRE Data Protection Executive: [*****]

The Data Protection Executives intend to jointly review these Procedures at a minimum on an annual basis to identify if any changes are necessary. Each party will promptly notify the other party of any suggested changes to the application of agreed upon Procedures or other general concerns about potential gaps in the information security environment.

Any material changes to these Procedures must go through the amendment process as set forth in the Agreement.

4.2 Controls

		<u>Responsible Parties</u>	
		<u>NAVITAIRE</u>	<u>Customer</u>
<u>Control</u>			
*****	*****	*****	*****
*****	*****	*****	*****
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EXHIBIT J**NAVITAIRE Support Center****1 Definitions**

As used in and for purposes of this Exhibit, the following terms shall be defined as set forth in this Exhibit. In the event that there exists any conflict between a definition set forth in this Exhibit and in any definition contained within Section 1 of the Hosted Services Agreement, the definition set forth in this Exhibit shall control.

- 1.1 Custom Enhancement Request** means a request by Customer to modify the Hosted Services System used by NAVITAIRE to provide the Hosted Services but shall not include any reporting of a System Error.
- 1.2 Emergency** means:
- **With respect to Hosted Reservation Services**, an aircraft incident experienced by Customer, an Interrupted Service, a systemic problem or error causing a material loss or corruption of production PNR data, or as otherwise described in the table in Section 2.1 of this exhibit;
 - **With respect to Hosted Web Services**, an Interrupted Service event which prevents the delivery of Customer web pages due to NAVITAIRE controlled infrastructure being inaccessible; or
 - **With respect to Hosted Revenue Accounting Services**, an event which prevents the delivery of the daily Postings Report or the general ledger output file on the last day of the accounting period.
- 1.3 System Error** means when functionality identified in this Agreement or described in the NAVITAIRE product user documentation is currently not working in Customer's account in all material respects consistent with the manner that it is described in such documentation pertaining to the release Customer is reporting the error against. No failure of any reconfiguration by Customer of a Configurable Template shall be deemed to be or can create a System Error.

2 Scope of Services

NAVITAIRE will provide Customer with (a) English-speaking assistance from the NAVITAIRE Support Center via telephone or an Internet based customer support tool (English version only), and (b) the ability to report Incidents (INC). A customized version of the NAVITAIRE Support Center Procedures Manual will be provided to Customer.

The NAVITAIRE Support Center may be contacted for assistance in the following areas:

2.1 System Errors

Customer may report a System Error by calling the NAVITAIRE Support Center at the number provided in Section 1 of Exhibit C of the Agreement ***** or by logging it via the Internet based customer support tool (English version only). Time spent by the NAVITAIRE Support Center during the reporting of the System Error is not billable to Customer. Time spent by NAVITAIRE personnel in the resolution of such System Error (including any development efforts to modify software for such resolution into the Production Version) will not be billable to Customer except in the event that the final determination of root cause of a System Error is identified as being due to events caused by third parties or Customer misuse of the Hosted Services System, in which case all time spent by NAVITAIRE personnel in the resolution of such System Error will incur Support Fees at the rate specified in Exhibit K, Section 1.3.

When Customer reports a System Error, it will be assigned an urgency by the NAVITAIRE Support Center based on: (i) whether it constitutes an Emergency as provided in the definition by product type within this Exhibit, or (ii) other classification as determined in good faith by NAVITAIRE using the following guidelines:

<u>Impact Analysis</u>	<u>Degree of Degradation of Business Functionality</u>					
	<u>No loss of business function</u>	<u>Partial loss of business function. Work-around exists.</u>	<u>Partial loss of business function. No work-around exists.</u>	<u>Complete loss of business function. Work-around exists.</u>	<u>Complete loss of business function. No work-around exists.</u>	
Immediate impact is major affecting many and/or critical users of the affected business functionality.	Low	Medium	High	High		Emergency for Hosted Reservation, Web and Check-in Services only
Immediate impact is moderate affecting only a few and/or non-critical users of the affected business functionality.	Low	Low	Medium	High		High
Immediate impact is marginal affecting only a few or no users or non-critical users of the affected business functionality.	Low	Low	Medium	Medium		Medium

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An example of an “Emergency” System Error might include:

- Hosted Services are totally unavailable due to a NAVITAIRE controlled communication line.
- Hosted Web Services are totally unavailable due to NAVITAIRE controlled web server.
- Customer did not receive the daily Postings Report

An example of a “High” System Error might include:

- Cannot change any airline schedules through Schedule Manager.
- Cannot load new fares through Fare Manager.
- Unable to generate confirmation itineraries for Internet customers.
- Hosted Web Services migration tools unavailable for web content uploads.
- Settlement files are delayed by one day in being sent to the settlement bank.
- Reporting Services are not displaying data accurately.

An example of a “Medium” System Error might include:

- Slow system response for specific tasks.

2.1.1 Emergency System Error Response

Customer should call the NAVITAIRE Support Center to report an Emergency in English, in lieu of use of the Internet based support tool. If all representatives are busy with other calls, a message may be left in English on the voicemail response system, which will page an appropriate contact. A representative of NAVITAIRE will return Customer’s call within ***** with an acknowledgement and initial response to Customer. In the event that NAVITAIRE determines that a System Error reported by Customer is not an Emergency, it shall be handled in accordance with Section 2.1.2 below.

Customer is required to provide NAVITAIRE with an after-hours emergency contact number in Exhibit D. Customer will answer calls to its after-hours emergency contact line by, or promptly respond to messages received via such number from, the NAVITAIRE support representative.

NAVITAIRE response targets for Emergency System Errors are provided in the table below, NAVITAIRE’s resolution targets are included in the NAVITAIRE Policy and Procedure Manual, available on the NAVITAIRE Customer Care website.

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Customer Communication
 Acknowledgement and Initial Response

Response Targets (Emergency System Errors)

Updates

Provided the Emergency is due to a complete outage of the Hosted Reservation Services and / or Hosted Web Services, during subsequent updates NAVITAIRE will advise Customer regarding the status of the error or problem and the anticipated period to resolution to the extent known. During normal business hours, both the NAVITAIRE Account Manager and Customer Account Liaison will be notified and briefed on the situation, with a further escalation to the Executive Sponsors for any system outage exceeding *****. The Executive Sponsors will determine whether further escalation to the CEO, President, or Managing Director level of each company is necessary.

2.1.2 Non-Emergency System Error Response

When reporting a System Error, Customer must refer to the documentation that matches the release of software they are running. If Customer wants a feature that is not currently included in their software release, but the feature is included in a later software release, Customer must upgrade their software to that release to be able to take advantage of the new features and functionality.

Non-Emergency System Errors shall be acknowledged and routed *****, excluding NAVITAIRE holidays (Christmas Eve, Christmas Day, and New Year’s Day), as provided in the targets shown in the table below. NAVITAIRE’s resolution targets are provided in the NAVITAIRE Policy and Procedure Manual, available on the NAVITAIRE Customer Care web site.

Customer Communication
 Acknowledgement and Initial Routing

**Response Targets
 (Non-Emergency System Errors)**

High	Medium	Low
*****	*****	*****

Updates

Customer will receive electronic notification whenever data is needed or the incident is resolved, status is changed, or notes are updated.

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2.1.3 Test Account System Error Response

System Errors detected during testing in Customer’s test environment should be logged through the Internet based support tool with a reference to the test account version. Notwithstanding anything contained in this Section 2.1, NAVITAIRE will respond to System Errors for the test environment within *****.

2.2 Support Service Requests

Customer may utilize the Internet based support tool to contact the NAVITAIRE Support Center electronically for the standard support service requests or questions.

The NAVITAIRE Support Center shall assign urgency (high, medium, low) to each support service request in its sole discretion. These services are subject to the Support Fees as described in Exhibit K, Section 1.3, and are undertaken at the sole discretion of NAVITAIRE. All efforts required for such support service requests are payable by Customer.

NAVITAIRE response targets for High, Medium, and Low standard support service requests are provided in the table below.

	INC Severity Classification and Response Targets		
	High	Medium	Low
<u>Customer Communication</u>			
Acknowledgement and Initial Routing	*****	*****	*****
Updates	Customer will receive electronic notification whenever data is needed or the incident is resolved, status is changed, or notes are updated.		

2.3 Other Service Requests

Customer may utilize the Internet based support tool to contact the NAVITAIRE Support Center electronically for the following types of other service requests:

- Professional Services
 - Consulting
 - Training
- Implementation of add-on functionality
- Upgrades

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These services are subject to the Support Fees and/or Other Fees as described in Exhibit K, Section 1.3 and/or 1.4, and are undertaken at the sole discretion of NAVITAIRE. All efforts required to for such service requests are payable by Customer. If the request is deemed by NAVITAIRE or Customer to require a Work Order, estimated fees and time schedule will be prepared and Customer will then decide whether to authorize the work to be performed by NAVITAIRE.

2.4 Custom Enhancement Requests

2.4.1 Custom Enhancement Process. Customer may utilize the Internet based support tool to contact the NAVITAIRE Support Center electronically to submit a Custom Enhancement Request. Such requests can be in response to:

- a) Mandates controlled by external third parties including governments, governing industry bodies such as International Air Transport Association [IATA], Société Internationale de Télécommunications Aéronautiques [SITA], or airport authorities. Examples include:
 - Taxes, fees, security issues, immigration.
 - Airport technology issues that impact airlines such as bag tag, Common Use Terminal Emulator (CUTE), or CUBE.
- b) Customer requests that are initiated through a direct request, user conference, or through Customer's NAVITAIRE Account Manager. Examples include:
 - Competitive advantage.
 - Improved passenger services.
 - Specific client requirements.
 - Improved business management.
- c) Internal requests that are initiated through the sales cycle, Technology, Development, or NAVITAIRE line of business. Examples include:
 - Cost reduction initiatives.
 - Product obsolescence.
 - Corporate business plan objective.

All efforts required to develop, implement, document, and/or train on Custom Enhancement Requests are payable by Customer. These services are subject to the Support and/or Other Fees as described in Exhibit K, Section 1.3 and/or 1.4 and are undertaken at the sole discretion of NAVITAIRE. If the request is to be undertaken by NAVITAIRE, estimated fees and time schedule will be prepared and Customer will then decide whether to authorize the work to be performed by NAVITAIRE via an update to the corresponding INC or by entering into a Work Order.

Custom Enhancement Requests will be assigned an urgency according to the criteria in the table below. If there is a disagreement as to the relative priority of the Custom Enhancement Request, it will be resolved between the NAVITAIRE Account Manager and the Customer Account Liaison. If this cannot be resolved at this level, it will be escalated to the respective Executive Sponsors for determination.

<u>Urgency</u>	<u>Description</u>
Very High (Critical)	<p>A requirement from a business critical third party or other outside influence such as an airline buyout, purchase of another airline, a new government regulation, or a requirement that cannot be completed in a manual nature without severe negative impact. Such requests are Critical only if a third party controls the requirement, it is non-discretionary to the customer, and the third party places an immediate time constraint on the customer.</p> <p>Note: Documentation from the governing entity, which clearly states the nature of the requirement, the time frame allowed for implementation, and the penalties for non-compliance may be required. Due to the nature of a Critical request, NAVITAIRE expects to receive no more than ***** such requests per year. Every attempt will be made to meet the established regulatory deadline communicated in these instances; however should the deadline be compromised NAVITAIRE will communicate specific issues that may make this deadline unattainable with an estimate of when it can be completed.</p> <p>Examples:</p> <ul style="list-style-type: none"> • Adding Security Watch – a government or industry requirement that would inflict severe financial penalties if not met and demanded a quick implementation. • Adding the EURO as a form of currency – a specific governmental requirement that was dictated to the customers and demanded a quick implementation.
High	<p>A requirement from a business critical third party or outside influence such as an airline buyout, purchase of another airline, a new government regulation, or a requirement that cannot be completed in a manual nature without severe negative impact, but DOES NOT have an immediate time constraint placed on Customer by the third party.</p> <p>Note: Such requests are classified as High to prevent them from becoming Critical. A new business requirement that cannot be completed in a manual nature without severe negative impact. Such requests are not Emergencies because the request is discretionary to the customer.</p> <p>Examples:</p> <ul style="list-style-type: none"> • Printing French Itineraries for domestic French flights – a governmental requirement that provided sufficient time to respond to the need. Changing to a new bank – a customer-driven requirement that is critical to customer daily operations.

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Supports all required Hosted Services System operations; the request is required eventually but could wait until a later release if necessary. Would enhance the product, but the product is not unacceptable if absent. More of a want than a need, but would provide benefit to the customer.

Examples:

Medium

- Adding support of seat assignment capability for Computerized Reservation System (CRS) bookings.
- Adding new Check-in commands or short-cuts that would save time and effort for the agents.
- Adding new features or functions in the Irregular Operations (IROP) program to increase efficiency of passenger handling.

A functional or quality Custom Enhancement Request that corrects an aesthetic problem or improves usability from the customer's perspective. It does not greatly affect or alter core functionality.

Examples:

Low

- Enabling a pop-up message of "Are you sure" for bags weighing > 100Kg.
- Adding the ability to alter the 'flow' of the SkySpeed booking process as a user configurable option.
- Adding support for additional languages for SkySpeed (localization).
- Adding more feeds (imports or exports) to third party packages for data sharing.
- Making minor adjustments to screen layouts or design to increase readability.
- Adjusting reports to increase readability and decrease questions to support.

3 Releases

NAVITAIRE software changes are bundled into work units called releases Customer is obligated to implement released as previously stated in Section 4.12 of the Agreement Customer will initiate upgrade projects via a service request logged with the NAVITAIRE Support Center.

3.1 Major Release Stabilization Period. For the first ***** following the implementation of a Major Release, NAVITAIRE shall be exempted from its obligations with respect to the Minimum System Availability Target For the avoidance of doubt, such exemption shall not apply following any sub-releases or fixes arising from such Major Release that are implemented after such stabilization period.

4 Included Support Hours

NAVITAIRE provides Customer with an allotment of included support hours. The allotment is for the specified period only and may not be carried forward. Allotted monthly hours of NAVITAIRE Support Center Support are not deducted for Support Center Support in connection with System Errors for which the root cause is system failure and not Customer or third party misuse. All other related hours are deducted in ***** increments with a minimum of ***** per occurrence.

Customer is allotted, at no additional charge, a maximum number of included NAVITAIRE Support Center Support hours on an on-going basis, as described in Exhibit K, Section 1.3. If Customer utilizes the NAVITAIRE Support Center more than the allotted number of hours, the Support Fees in Section 1.3 of Exhibit K will apply.

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5 Support for Third Party Applications or Connections

Except as expressly set forth in this Agreement, NAVITAIRE is not responsible for any third party interfaces or connections. Any Support Center Support time incurred by NAVITAIRE personnel for any such third party interfaces or connections is subject to the Support Fees in Section 1.3 of Exhibit K.

*****If the established Look to Booked Segment Ratio is exceeded, the Availability Request Overage Fee described in this Section will apply.

- b) **Availability Request Overage Fee** is the fee applied to each Utilized Availability Request in excess of the Maximum Availability Requests Allowed. The Availability Request Overage Fee is determined based on the Low Fare Availability Average Days per Call, and will be applied to each excess Utilized Availability Request, as follows:

- *****

The Low Fare Availability Average Days per Call is rounded to the nearest whole number to determine the fee to be applied.

Should Customer not utilize the Low Fare Finder functionality, a flat fee of ***** will apply per Utilized Availability Request in excess of the Maximum Availability Requests Allowed.

1.1.2 Monthly Recurring Service Fees – Hosted Reservation Services – New Skies Add-On Products/Services:

<u>SELECTED</u>	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Monthly Minimum Recurring Service Fee (per partner/ connection)</u>	<u>Included in Monthly Recurring Service Fee</u>	<u>Monthly Overage Fee</u>
*****	*****	*****	*****	*****	*****	*****
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<u>SELECTED</u>	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Monthly Minimum Recurring Service Fee (per partner/ connection)</u>	<u>Included in Monthly Recurring Service Fee</u>	<u>Monthly Overage Fee</u>
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*****	*****					*****

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1.1.3 Monthly Recurring Service Fees – Hosted Web Services – dotREZ – Internet Reservation Framework Add-On Products/Services:

- Corporate Web Hosting as listed in Section 1.1.1 above.

1.2 Implementation Fees

If products and/or services are not part of Customer’s initial purchase, the prices listed below will remain valid for ***** following the Target Date. Following this time period, the pricing for Services not previously selected in this Section is subject to change

Unless otherwise mutually agreed and documented via an executed Amendment or Work Order:

- Products and/or Services that are not part of Customer’s initial purchase, require ***** of the corresponding Minimum Implementation Fee be paid in full upon execution of an Amendment to the Agreement to add such products and/or services, with the remaining ***** due and payable in full upon completion of the corresponding implementation project; and
- Minimum Implementation Fees exclude any new development and travel expenses, such travel expenses shall be reimbursed in accordance with Section 6.2 of the Agreement.

<u>SELECTED</u>	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Minimum Implementation Fee (per partner / connection)</u>	<u>Maximum Number of Hours Included in Minimum Implementation Fee (additional hours provided on a time and materials basis per Section 1.3)</u>
*****	*****	*****	*****	*****	*****
*****	*****				

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<u>SELECTED</u>	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Minimum Implementation Fee (per partner / connection)</u>	<u>Maximum Number of Hours Included in Minimum Implementation Fee (additional hours provided on a time and materials basis per Section 1.3)</u>
*****	*****	*****	*****	*****	*****
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<u>SELECTED</u>	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Minimum Implementation Fee (per partner / connection)</u>	<u>Maximum Number of Hours Included in Minimum Implementation Fee (additional hours provided on a time and materials basis per Section 1.3)</u>
*****	*****	*****	*****	*****	*****
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1.3 Support and Professional Services Fees.

Any additional Support Center Support or Professional Services, including Implementation Services, requested by Customer and for which Customer has not already engaged NAVITAIRE pursuant to this Agreement, shall be performed at the pricing set forth below, unless a lower rate is set forth in a Work Order:

<u>Support Center Support</u>	<u>Fees</u>
*****	*****
*****	*****
*****	*****
*****	*****

1.4 Other Fees

<u>Other Fees</u>	<u>Fees</u>
Custom Programming/Professional Services	Quoted on a per project basis
Dedicated Account Management	Quoted on a per project basis
Business Process and Professional Services	Quoted on a per project basis

1.5 Payment of Implementation Fees. NAVITAIRE shall perform all of the Implementation Services set forth in Exhibits A, F and G in order to meet the Target Date for an estimated fee of ***** (the “Implementation Fee”), plus expenses incurred by NAVITAIRE which are to be reimbursed pursuant to Section 6.2 of the Agreement. Upon the Effective Date, NAVITAIRE shall invoice Customer for ***** of all Implementation Fee. NAVITAIRE shall invoice USD ***** on the Effective Date as an initial payment of the Implementation Fee. The remaining balances of all Implementation Fees are due and payable in equal monthly installments during the term of the implementation period of USD ***** ; provided that not more than ***** of the Implementation Fees shall be invoiced until the remaining implementation fees are due as set forth in Section 1.6. Work on the Implementation Services will commence once the Implementation Fees due at signing are paid in full.

1.6 Fee Commencement after Implementation. The following four (4) scenarios will determine the commencement schedule for the monthly recurring Service Fees as outlined in this Exhibit and the due date for the remaining balances of the implementation fees:

1.6.1 Implementation by Target Date. Upon availability of the Hosted Services for use by Customer, effective on the Target Dates as detailed in Exhibits A, B, F, and G, all remaining implementation fees are due and applicable monthly recurring Service Fees will commence. These fees will commence regardless of actual use of Hosted Service(s) or subsequent delay by Customer.

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- 1.6.2 Requested Delay by NAVITAIRE.** In the event that NAVITAIRE requests a delay in order to complete remaining Implementation Services, and Customer agrees to such delay, the remaining implementation fees will be due and applicable monthly recurring Service Fees will commence only on the earlier of the actual date of completion of Implementation Services or the new Target Date. NAVITAIRE will provide written notice of the new Target Date and outline remaining Implementation Services.
- 1.6.3 Requested Delay by Customer.** Customer may unilaterally extend the Target Dates (as detailed in Exhibits A, B, F, and G) one time for up to ***** by written notice to NAVITAIRE. In the event Customer requests a delay in the completion of Implementation Services in excess of ***** past the initial Target Dates, remaining implementation fees will be due and any monthly recurring Service Fees will begin to accrue on the Target Dates as extended under the first sentence of this Section 1.6.3, if the Implementation Services are completed as of such extended Target Dates. Such requested delay in excess of ***** from the initial Target Dates may result in rescheduling portions or all of the remaining Implementation Services to the next available timeframe as evaluated by NAVITAIRE, unless mutually agreed in writing otherwise. Customer will provide written notice of the new requested Target Dates.
- NAVITAIRE reserves the right to apply additional implementation fees as are necessary when rescheduling the Implementation Services due to Customer request to extend the initial Target Dates by more than ***** . All fees as described in the Agreement and this Exhibit K are to be applied based on the scheduled Target Dates.
- 1.6.4 Mutual Agreement for Delay.** In the event that both NAVITAIRE and Customer agree to delay in order to complete the required Implementation Services, the remaining implementation fees will be due and the applicable monthly recurring Service Fees will commence on the newly agreed Target Dates for the Implementation Services. NAVITAIRE will document the new planned Target Dates and provide written notice to Customer.

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EXHIBIT L**WORK ORDER TERMS AND FORM**

The purpose of this Exhibit L is to define additional Terms exclusively applicable to Professional Services and provide the Work Order form under which such Professional Services will be provided, in each case unless the parties agree otherwise in modified version of this Work Order.

1 Additional Terms**1.1 Acceptance: Customer's Operation and Use of Deliverables**

- 1.1.1** Unless otherwise set forth in a Work Order, all Professional Services and Deliverables will be deemed accepted if Customer does not reject the Professional Services and Deliverables by providing written notice within ***** after delivery specifically identifying the manner in which the Professional Services or Deliverables fail to materially comply with their applicable specifications; Customer is responsible for its operation and use of the Deliverables and for ensuring that the Deliverables meet Customer's requirements.

1.2 Liability and Limited Warranties and Remedies

- 1.2.1** Notwithstanding anything contained in this Agreement, the following sections will apply to the Professional Services and Deliverables, in lieu of Section 10.1 of the Agreement.

THE AGGREGATE LIABILITY OF NAVITAIRE UNDER OR IN CONNECTION WITH ANY WORK ORDER FOR PROFESSIONAL SERVICES REGARDLESS OF THE FORM OF ACTION GIVING RISE TO SUCH LIABILITY (WHETHER IN CONTRACT, TORT, OR OTHERWISE), SHALL NOT EXCEED THE FEES RECEIVED BY NAVITAIRE WITH RESPECT TO THE PROFESSIONAL SERVICES AND DELIVERABLES UNDER THE APPLICABLE WORK ORDER.

For the avoidance of doubt, Section 10.4 of the Agreement shall apply to all Work Orders.

- 1.2.2** Notwithstanding anything contained in this Agreement, the following sections will apply to the Professional Services and Deliverables, in lieu of Section 10.2 of the Agreement:

- 1.2.3** NAVITAIRE warrants that its Services will be performed in a good and workmanlike manner. NAVITAIRE agrees to re-perform any Professional Services not in compliance with this warranty brought to its attention in writing within ***** after those Professional Services are performed. Additionally, NAVITAIRE warrants that its Deliverables which are

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original content shall materially conform to their relevant specifications, for a period of ***** from delivery to Customer. NAVITAIRE agrees to correct any such Deliverable not in compliance with this warranty brought to its attention in writing within 30 days after delivery of such Deliverable to Customer. THIS SECTION IS NAVITAIRE'S ONLY EXPRESS WARRANTY CONCERNING THE PROFESSIONAL SERVICES, ANY DELIVERABLES AND ANY WORK PRODUCT, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, CONDITIONS AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, INFORMATIONAL CONTENT, SYSTEMS INTEGRATION, NON-INFRINGEMENT, INTERFERENCE WITH ***** .

- 1.2.4 Exclusions.** The NAVITAIRE warranties under Section 1.3.2 of this Exhibit do not apply to any noncompliance resulting from any: (a) items furnished by Customer; (b) use not in accordance with this Agreement or any applicable Work Orders; (c) modification, damage, misuse or other action of Customer or any third party; (d) combination with any goods, services or other items provided by Customer or any third party to the extent that the noncompliance arises out of such combination with the Deliverables provided under this work order, or (e) any failure of Customer to comply with this Agreement or any applicable Work Order to the extent that the failure to comply by the Customer causes NAVITAIRE's noncompliance. Further, NAVITAIRE does not warrant that the Deliverables or any other items furnished by NAVITAIRE under this Agreement or any Work Order are free from bugs, errors, defects or deficiencies.
- 1.2.5 Customer-Furnished Items.** NAVITAIRE MAKES NO WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY CUSTOMER-FURNISHED ITEMS.
- 1.2.6 Remedy.** Customer's sole and exclusive remedy for any claim arising out of the Professional Services and Deliverables shall be for NAVITAIRE, upon receipt of written notice, to use commercially reasonable efforts to re-perform the Professional Services or correct the Deliverables as stated above, or failing that, NAVITAIRE will return the fees paid to NAVITAIRE for the portion of the work related to the breach.

1.3 License

- 1.3.1** Notwithstanding anything contained in this Agreement, the following section will apply to the Professional Services and Deliverables, in lieu of Section 7.1 of the Agreement.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- 1.3.2** After acceptance of a Deliverable by the Customer, and pending final payment, NAVITAIRE hereby grants to Customer a revocable, nontransferable, nonexclusive unpaid right and license to ***** Deliverable for purposes of Customer's internal business only. Upon final payment, NAVITAIRE shall grant to Customer a perpetual, nontransferable, non-exclusive, paid-up right and license to ***** Deliverables, for purposes of Customer's internal business only. All licenses granted will be subject to any restrictions applicable to any third party materials embodied in the Deliverables. To the extent any Deliverable contains NAVITAIRE Confidential Information it shall be subject to Section 9 of the Agreement. All other intellectual property rights in the Deliverables shall consist of NAVITAIRE Property, as defined in Section 7.2 of the Agreement.
- 1.3.3** The License does not include the right to, and Customer will not directly or indirectly: (a) grant any sublicense or other rights to any Deliverables; (b) authorize any other party to grant any sublicense with respect to any Deliverables; (c) reverse engineer, disassemble or decompile any of the Deliverables or attempt to discover or recreate the source code to any Deliverables; or (d) remove, obscure, or alter any notice of copyright, trademark, trade secret, or other proprietary right related to the Deliverables.

1.4 Termination

- 1.4.1** Unless otherwise set forth in a Work Order, either party may, upon giving ***** written notice identifying specifically the basis for such notice, terminate a Work Order for breach of a material term unless the party receiving the notice cures such breach within the ***** period. In the event a Work Order is terminated, Customer will pay NAVITAIRE for all Services rendered and expenses incurred prior to the date of termination. All provisions of this Work Order which are by their nature intended to survive the expiration or termination of this Work Order will survive such expiration or termination.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

2 Form of Work Order

FRONTIER AIRLINES, INC.
WORK ORDER
INC#####
PROJECT NAME: Project Name

Professional Services
NAVITAIRE POINT OF CONTACT: [SAM, CAM, or IPM]

This Work Order is effective as of Month Day, 20XX (engagement start date) and is entered pursuant to the “Agreement”) by and between Navitaire LLC, a Delaware limited liability company (“NAVITAIRE”), and _____, a _____, as amended, (the “Customer”), dated as of Month Day, 20XX.

1. Scope of Work: NAVITAIRE will perform the following activities (on and/or off-site):

- Plan
- Analyze
- Design
- Build
- Test
 - Assist Customer in resolving issues identified during QA and/or user acceptance testing results.
- Deploy
- Manage Project
 - Status reports will be sent to the Customer on a weekly basis.

Out of Scope: Customer is responsible for the following:

- [Add out of scope here if needed]
- Performing project management duties as required by Customer’s business needs.
- Creating and executing QA test cases and performing user acceptance testing on the solution.

2. Assumptions: The following assumptions are made:

- [Add assumptions here if needed]
- Customer shall perform those tasks and fulfill those responsibilities specified in this Work Order (“Customer Responsibilities”) so that the Service Provider can perform NPS Services and provide Deliverables. Customer understands that Service Provider’s performance is dependent on Customer’s timely and effective performance of Customer Responsibilities under this Work Order and timely decisions and approvals by Customer.

- Service Provider shall be entitled to rely on all decisions and approvals of the Customer in connection with the NPS Services or Deliverables.
- NPS project management will be limited to monitoring the overall health of the engagement and is not intended to replace a project manager to manage the engagement in accordance with Customer's needs.
- Any changes required to the Scope of Work outlined above will be addressed as follows:
 - The party requesting the change(s) will submit a Change Request Form (attached hereto as Appendix A to this Work Order) and complete the details found in 1, Description of Change.
 - Both parties will review the Change Request Form and Service Provider will complete the details found in Section 2, Scope of Change.
 - If the Change Request is approved and signed by both parties, the Change Request Form will be incorporated as an attachment to this Work Order.
 - If the change request is disputed by either party, the following will occur:
 - The dispute will be brought to the attention of the Project Managers.
 - If the Project Managers are unable to resolve the dispute they will escalate to the Customer Account Manager.
 - If, after ten (10) business days, the dispute remains unresolved, either party may request that the issue be raised to an appropriate senior executive.
- Changes to the Scope of Work may be initiated at any time, prior to the completion of this Work Order, by either party if there is reasonable good faith belief that such change is required.

3. NPS Services and Deliverables: The following NPS Services and/or Deliverables will be provided to Customer:

- Services and/or Deliverables as described in Section 1, Scope of Services above.
- [Add deliverables here if needed]

4. Payment: Customer agrees to pay NAVITAIRE for the total actual work performed under this Work Order and for NAVITAIRE's expenses outlined in Section 6 below. The actual fees and expenses for this Work Order will be invoiced to Customer on a monthly basis, subject to the payment terms specified in the Agreement.

5. Estimated Dates of Performance: [Project Duration – Month Day, Year – Month Day, Year]

The total effort estimated for this project by component:

<u>Project Component</u>	<u>Hours</u>	<u>% of Total</u>
Plan	0	0%
Analyze	0	0%
Design	0	0%
Build	0	0%
Test	0	0%
Deploy	0	0%
Admin	0	0%
ESTIMATED TOTAL	0	0%

The date(s) listed are provided as an estimate only and will be modified if necessary to reflect the expected dates of performance upon execution of this Work Order. If modified, the new dates will be communicated to Customer via the Remedy INC. Work may progress up to ***** beyond the estimated completion date without any further action required by either party.

6. Estimated Total Dollar Amount: \$x,xxx USD:

<u>Expense Component</u>	<u>Cost</u>
Resources*	\$ 0
Travel and other related expenses**	\$ 0
ESTIMATED TOTAL	\$ 0

This is a **time and materials** based Work Order. The hours and dollar amounts represent a good faith **estimate** based on information provided by Customer to the Service Provider. As such, the actual hours required to complete the NFS Services and Deliverables and/or the actual Travel and other related expenses may be more or less than the total estimated above.

* Resources are applied at the rate of \$XXX.XX per hour as provided for in Section 1.3 of Exhibit K of the Agreement.

** Travel and other related expenses are applied as provided under Section 6.2 of the Agreement.

7. Planned Hosting Solution

- Customer Hosted
- NAVITAIRE Hosted (Agreement between Customer and NAVITAIRE must be reached prior to deployment of the solution)
- N/A or covered in existing Hosted Reservation Services Agreement

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

If the proposed solution is to be hosted by NAVITAIRE and is not already included within the scope of the Agreement, an Amendment for the hosting services will be required.

- 8. For the avoidance of doubt, the terms and conditions of Section 1 of Exhibit L of the Agreement shall apply to this Work Order, except as the parties may otherwise agree in this Work Order.

IN WITNESS WHEREOF, the parties hereto have executed this Work Order as of the date set forth below.

Signed for and on behalf of

Signed for and on behalf of

Frontier Airlines, Inc.

NAVITAIRE LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

* Please indicate your agreement by signing and sending a scanned copy to the NAVITAIRE Commercial Account Manager. A fully-executed copy will be returned for your records.

Appendix A

Change Request Form

Customer Name: _____ Change Request Number: _____
 Requested By: Customer NAVITAIRE Work Order INC Number: INC
 Date Submitted: _____ Project Name: _____

This Change Request is effective as of Month Day, 20xx and unless it is fully-executed by both parties: (a) the estimated dates of performance and total dollar amount will expire five (5) days after the effective date shown above; and (b) the work outlined herein will not commence.

1. Description of Change:

Provide a brief description of the change being requested. Include the reason for the change and why it should be incorporated into the current Work Order and not submitted as its own Work Order.

2. Scope of Change

Outline the impact of the change, the scope of the change, and any assumptions. List specific exclusions if they have not been addressed in the initial Work Order.

The Estimated Completion Date of Performance is Month Day, 20xx. The hours and cost are adjusted as follows:

<u>Component</u>	<u>Hours</u>	<u>Cost</u>
Original Work Order		\$
Previously Approved Change Requests	+/-	\$
Current Change Request	+/-	\$
NEW ESTIMATED TOTAL	+/-	\$

IN WITNESS WHEREOF, the parties hereto have executed this Change Request as of the date set forth below.

Signed for and on behalf of

Signed for and on behalf of

Frontier Airlines, Inc.

SERVICE PROVIDER

By: _____

By: _____

Name: _____

Name: Gordon P. Evans

Title: _____

Title: Vice President

Company: _____

Date: _____

Date: _____

* Please indicate your agreement by signing and sending a scanned copy to the NAVITAIRE Commercial Account Manager. A fully executed copy will be returned for your records.

**AMENDMENT NO. 1 TO
NAVITAIRE HOSTED SERVICES AGREEMENT**

This Amendment No. 1 to the NAVITAIRE Hosted Services Agreement (this “Amendment”), effective as of March 1, 2015 (“Amendment Effective Date”) is entered into by and between Navitaire LLC, a Delaware limited liability company (“NAVITAIRE”) and Frontier Airlines, Inc., a Colorado corporation, (“Customer”). Initially capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Agreement (as defined below).

- A. NAVITAIRE and Customer are parties to that certain NAVITAIRE Hosted Services Agreement dated as of June 20, 2014 (the “Agreement”) pursuant to which NAVITAIRE performs Hosted Services for Customer.
- B. Section 17.1 of the Agreement permits the parties to amend the terms and conditions of the Agreement provided such amendment is made in writing signed by the parties.
- C. NAVITAIRE and Customer desire to amend the Agreement as provided below.

Accordingly, and in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. **Amendment to Section 17.8 Exhibits, Exhibit M: Hosting Services for Custom Solutions**, attached hereto as Attachment 1, is hereby added to the Agreement.
2. **Amendment to Exhibit A, Section 5, the Base Functionality section entitled dotREZ – Internet Reservation Framework** is hereby modified to add the following bullet point under Limitations and Exclusions:

dotREZ – Internet Reservation Framework

Limitations and Exclusions

- Customer has created a custom solution to interface with Customer’s third-party credit card partner using dotREZ In order to send certain Customer Personal Data to such partner. Customer is responsible for: i) the technical connection to the third party used to send such data; and ii) any changes or ongoing maintenance of Customer’s custom solution. Responsibility for the use and treatment of Customer Personal Data sent via this custom solution and technical connection is solely between Customer and Customer’s third party credit card partner.
3. **Amendment to Exhibit A, Section 5, Hosted Reservation Services – New Skies Add-On Functionality**, the following is hereby added to the table.

Type B/Teletype Connectivity for AVS Messages

General Features – Type B/Teletype Connectivity for AVS Messages

- Deliver Type B/Teletype Availability Status (AVS) Messages to the router of Customer's selected partner, where such router is located in the NAVITAIRE data center.

Note: Customer is responsible for negotiating and maintaining the appropriate agreements for message delivery and use of the data with Customer's selected partner and for any message delivery and costs associated with other host provider(s) for this connectivity.

MQSeries Connectivity for Movement (MVT) Messages

General Features – MQSeries Connectivity for Movement (MVT) Messages

- NAVITAIRE will host in the primary data center an ***** MQ server for a Customer-specific connection to receive inbound MVT messages with a Type B/Teletype header from and deliver outbound MVT messages to Customer via the MQ link.
- Outbound messages utilize the same formats and data structures as outlined in the New Skies Type B/Teletype Messaging Reference Guide.

Limitations and Restrictions

- Available only for hosted Customers that have their own ***** MQ Server to send and receive messages, with connectivity via Customer's dedicated line to the primary data center.
- Standard Schedule Messages (SSM) and/or Ad-hoc Schedule Messages (ASM) are not supported.
- In the event that the MQSeries Connectivity causes severe performance issues or downtime to the Hosted Reservation Services System, NAVITAIRE reserves the right to temporarily disable the offending connection. Customer will be notified if such actions become necessary. NAVITAIRE will reestablish the connection once Customer has resolved the issue.
- Agreement on the processing, connectivity, and any licensing related to the MQ Series connectivity for the MQ server hosted by Customer are the responsibility of Customer.

4. **Amendment to Exhibit G, Section 5, Hosted Revenue Accounting Services Functionality**, the following is hereby added.

Hosted Revenue Accounting Services – *****

Add-on Functionality

Credit Card Settlement Data

General Features – Credit Card Settlement Data

- Accepts credit card settlement data at the PNR level provided by Customer's Payment Service Provider (PSP).

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- Generates accounting transactions for settled and chargeback amounts.
- Stores ***** of historical settlement data.
- Must be enabled for each credit card payment service provider or bank.

Note: Test data must be provided to NAVITAIRE from the payment service provider or bank, for an integration test of the data prior to use in production.

5. **Amendment to Exhibit K (Price and Payment), Section 1.1.2 Monthly Recurring Service Fees – Hosted Reservation Services – New Skies Add-On Products/Services**, the following is hereby added to the table.

SELECTED	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Monthly Minimum Recurring Service Fee (per partner/connection)</u>	<u>Included in Monthly Recurring Service Fee</u>	<u>Monthly Overage Fee</u>
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****

6. **Amendment to Exhibit K, Section 1**, the following is hereby added as Section 1.1.4

1.1.4 **Monthly Recurring Service Fees – Hosted Revenue Accounting Services SkyLedger Add-On Products/Services:**

SELECTED	<u>Products and/or Services</u>	<u>Description</u>	<u>Monthly Minimum Recurring Service Fee (per partner/connection)</u>	<u>Included in Monthly Recurring Service Fee</u>	<u>Monthly Overage Fee</u>
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

7. Amendment to Exhibit K, Section 1, the following is hereby added as Section 1.1.5

1.1.5 Monthly Recurring Service Fees – Hosting Services for NPS Custom Solutions Add-On Products/Services:

SELECTED

	<u>Products and/or Services</u>	<u>Description</u>	<u>Monthly Minimum Recurring Service Fee (per partner/connection)</u>	<u>Included in Monthly Recurring Service Fee</u>	<u>Monthly Overage Fee</u>

*****	*****	*****	*****	*****	*****

8. Amendment to Exhibit K (Price and Payment), Section 1.2 Implementation Fees – Hosted Reservation Services – New Skies Add-On Products/Services, the following is hereby added to the table.

SELECTED

	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Minimum Implementation Fee (per partner/connection)</u>	<u>Maximum Number of Hours Included in Minimum Implementation Fee (additional hours provided on a time and materials basis per Section 1.3)</u>

*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****

*****	*****	*****	*****	*****	*****

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

9. **No Other Changes.** Except as specifically amended by this Amendment, all other provisions of the Agreement remain in full force and effect. This Amendment shall not constitute or operate as a waiver of, or estoppel with respect to, any provisions of the Agreement by any party hereto.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

10. **Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
11. **Successors and Assigns.** This Amendment shall inure to the benefit of and be binding upon Supplier and Jetstar and their respective successors, heirs and assigns.
12. **Conflict of Provisions.** In the event that there exists a conflict between any term, condition, or provision contained within this Amendment, and in any term, condition, or provision contained within the Agreement, the term, condition, or provision contained within this Amendment shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date set forth below:

FRONTIER AIRLINES, INC.

Signature: /s/ Holly L. Nelson
Printed Name: Holly L. Nelson
Title: Chief Accounting Officer
Date: March 27, 2015

NAVITAIRE LLC

Signature: /s/ Gordon Evans
Printed Name: Gordon Evans
Title: V.P.
Date: March 31, 2015

EXHIBIT M

HOSTING SERVICES FOR NPS CUSTOM SOLUTIONS

Conflict and Exhaustion of Provisions

In the event that there exists any conflict between any term, condition or provision contained within this Exhibit and in any term, condition, or provision contained within the Agreement, the term, condition, or provision contained within this Exhibit shall control. Further, the rights, obligations, and privileges of the parties shall be determined first by reference to this Exhibit, as opposed to the Agreement. For purposes of clarification, the rights, obligations, and privileges contained within this Exhibit shall control and govern any dispute between the parties until all such rights, obligations, and privileges have been exhausted in their entirety; and only after such time shall the rights, obligations, and privileges of the parties be determined by reference to the Agreement.

1. Definitions

As used in and for purposes of this Exhibit, the following terms shall be defined as set forth in this Exhibit. In the event that there exists any conflict between a definition set forth in this Exhibit and in any definition contained within Section 1 of the Hosted Services Agreement (the "Agreement"), the definition set forth in this Exhibit shall control.

- 1.1 NPS Custom Solutions means software developed for Customer by NAVITAIRE Professional Services (NPS) pursuant to a separate mutually agreed and executed Work Order, which is subject to the terms and conditions of Exhibit L, Work Order Terms and Form.
- 1.2 NPS Stack means the physical servers and associated hardware and software components used by NAVITAIRE to host NPS Custom Solutions.

2. Scope of Services

NAVITAIRE will provide certain services and support functions during the term of the Agreement to support the Hosting Services for NPS Custom Solutions, leveraging the NPS Stack.

'X' or 'N/A'	Hosting Services for NPS Custom Solutions
*****	*****
•	*****

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

3. Included Features

The table below outlines the features included in NAVITAIRE's Hosting Services for NPS Custom Solutions for the NPS Custom Solutions created at the request of Customer and hosted by NAVITAIRE on the NPS Stack.

Hosting Services for NPS Custom Solutions (NPS Stack)	

Customer is responsible for ensuring that NPS Custom Solutions are compatible with future versions of the Hosted Services System. NPS can be engaged for additional services related to NPS Custom Solutions and to assist Customer with any compatibility issues.

4. Operations Environment Services

4.1 Primary and Backup Data Circuits. Customer shall be responsible for all telecommunication used by Customer in connection with the transmission of data between the Hosted Services System and Customer's site(s), as stated in Section 4.10 of this Agreement. It is anticipated that Customer will use the same primary and back-up data circuits to transmit data for the Hosted Services for NPS Custom Solutions as those used to support the delivery of the Hosted Reservation Services. Customer shall be responsible to ensure that the data circuits are capable of handling the additional data volume required for the Hosting Services for NPS Custom Solutions. If Customer wishes to use any alternative arrangement to the Hosted Reservation Services data circuits, Customer must submit this request to NAVITAIRE for approval.

***** Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

4.2 Facility Locations. The facility locations provided for in this Agreement are as follows;

- NAVITAIRE's Hosting Services for NPS Custom Solutions data center will be located in Minneapolis (USA).
- Customer's primary facility will be located in Denver (USA).

5. Support Services

There is no allotment of hours for included support for Hosting Services for NPS Custom Solutions.

Customer may request changes to the NPS Custom Solutions through the Work Order process. If accepted by NAVITAIRE via a mutually agreed and executed Work Order, changes will include NPS development fees, Implementation Fees for installation of the solutions on the NPS Stack, and monthly recurring service fees for hosting the solutions on the NPS Stack.

Additional support services are subject to the Support and Professional Services Fees and/or Other Fees as described in Exhibit K. Section 1.3 and/or 1.4, and are accepted at the sole discretion of NAVITAIRE. If the request is accepted by NAVITAIRE, a price quote and time schedule will be generated. Customer will then decide whether to authorize the work to be performed by NAVITAIRE.

6. Scheduled Maintenance

The Hosting Services for NPS Custom Solutions will be unavailable for normal application operations during limited scheduled downtime periods as mutually agreed by NAVITAIRE and Customer. Scheduled downtime will be used for software installation, database backup, database maintenance, operating system patches, third party software upgrades, hardware maintenance, and hardware upgrades. NAVITAIRE will make a concerted effort to minimize impacts of scheduled downtime during Customer's peak business hours.

AMENDMENT NO. 2 TO

NAVITAIRE HOSTED SERVICES AGREEMENT

This Amendment No. 2 to the NAVITAIRE Hosted Services Agreement (this “Amendment”), effective as of April 10, 2015 (“Amendment Effective Date”) is entered into by and between Navitaire LLC, a Delaware limited liability company (“NAVITAIRE”) and Frontier Airlines, Inc., a Colorado corporation, (“Customer”). Initially capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Agreement (as defined below).

- A. NAVITAIRE and Customer are parties to that certain NAVITAIRE Hosted Services Agreement dated as of June 20, 2014 (the “Agreement”) pursuant to which NAVITAIRE performs Hosted Services for Customer.
- B. Section 17.1 of the Agreement permits the parties to amend the terms and conditions of the Agreement provided such amendment is made in writing signed by the parties.
- C. NAVITAIRE and Customer desire to amend the Agreement as provided below.

Accordingly, and in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. **Amendment to Exhibit K – Price and Payment** as follows:

- a) ***** **Recurring Service Fees (Added)**. The following ***** Recurring Service Fees are hereby added to Section 1.1.2 of Exhibit K within the API Suites section:

SELECTED	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>***** Minimum Recurring Service Fee (per partner/connection)</u>	<u>Included in ***** Recurring Service Fee</u>	<u>***** Overage Fee</u>
		Hosted Reservation Services – New Skies Add-On Products/Services				
*	*****	*****	*****	*****	*****	*****
*						
*						
*						
*						

- Customer is required to obtain a valid NAVITAIRE API NDA with each API partner prior to initiating API development efforts.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

b) **Implementation Fees (Added).** The following Implementation Fees are hereby added to Section 1.2 of Exhibit K within the API Suites section:

SELECTED	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Minimum Implementation Fee (per partner/connection)</u>	<u>Maximum Number of ***** Included in Minimum Implementation Fee (additional ***** provided on a time and materials basis per Section 1.3)</u>
	*****	*****	*****	*****	*****
*					
*					
*					
*					
*					

- No Other Changes.** Except as specifically amended by this Amendment, all other provisions of the Agreement remain in full force and effect. This Amendment shall not constitute or operate as a waiver of, or estoppel with respect to, any provisions of the Agreement by any party hereto.
- Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
- Successors and Assigns.** This Amendment shall inure to the benefit of and be binding upon Supplier and Jetstar and their respective successors, heirs and assigns.
- Conflict of Provisions.** In the event that there exists a conflict between any term, condition, or provision contained within this Amendment, and in any term, condition, or provision contained within the Agreement, the term, condition, or provision contained within this Amendment shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date set forth below:

FRONTIER AIRLINES, INC.

NAVITAIRE LLC

Signature: /s/ Holly L. Nelson
 Printed Name: Holly L. Nelson
 Title: Chief Accounting Officer
 Date: May 20, 2015

Signature: /s/ Gordon Evans
 Printed Name: Gordon Evans
 Title: V.P.
 Date: July 13, 2016

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

**AMENDMENT NO. 3 TO
NAVITAIRE HOSTED SERVICES AGREEMENT**

This Amendment No. 3 to the NAVITAIRE Hosted Services Agreement (this “Amendment”), effective as of January 1, 2016 (“Amendment Effective Date”) is entered into by and between Navitaire LLC, a Delaware limited liability company (“NAVITAIRE”) and Frontier Airlines, Inc., a Colorado corporation (“Customer”). Initially capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Agreement (as defined below).

- A. NAVITAIRE and Customer are parties to that certain NAVITAIRE Hosted Services Agreement dated as of June 20, 2014, as amended (the “Agreement”), pursuant to which NAVITAIRE performs Hosted Services for Customer.
- B. Section 17.1 of the Agreement permits the parties to amend the terms and conditions of the Agreement provided such amendment is made in writing signed by the parties.
- C. NAVITAIRE and Customer desire to amend the Agreement as provided below.

Accordingly, and in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. **Termination of Corporate Website Hosting.** The parties agree that Corporate Website Hosting shall be excluded from the scope of Hosted Web Services effective as of *****, provided that Customer has logged a request to decommission the production environment via an INC prior to that date. Upon the receipt of the INC request, NAVITAIRE shall decommission the Customer production and testing environments created or used for Corporate Website Hosting and disable them for any further use by Customer. The parties further agree that (i) notwithstanding such removal from the scope of Hosted Web Services, Customer shall continue to pay the same monthly Corporate Website Commitment Fees for the remainder of the Term; and (ii), starting the month following the request for decommission, such monthly service fees for Corporate Website Hosting may be applied to other Services desired by Customer, in accordance with the conditions outlined below.
 - (a) **Amendment to Exhibit K – Pricing and Payment – Monthly Recurring Service Fees – Core Services (Updated).** The column for Corporate Website Hosting in Section 1.1.1 of Exhibit K is hereby deleted and replaced in its entirety to exclude Corporate Website Hosting from scope, as follows:

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

(b) Amendment to Exhibit K – Pricing and Payment – Monthly Recurring Service Fees – Hosted Web Services – dotREZ – Internet Reservation Framework Add-On Products/Services (Updated).

Section 1.1.3 of Exhibit K is hereby deleted in its entirety and replaced as follows:

1.1.3 Monthly Recurring Service Fees – Hosted Web Services – dotREZ – Internet Reservation Framework Add-On Products/Services.

- Corporate Website Hosting as listed in Section 1, above.

Conditions for Use of Corporate Website Commitment Fees. The parties agree that the fees that were committed as of the Effective Date for Corporate Web Hosting may be used by Customer for other Services, in accordance with the following conditions:

- (i) NAVITAIRE shall continue to invoice Customer on a ***** basis for the Corporate Website Hosting fees outlined in Section 1.1.1 of this Exhibit K (“Corporate Website Commitment Fees”) notwithstanding that the parties have agreed that the provision of Corporate Website Hosting Services are no longer in scope of the Hosted Web Services. The Corporate Website Commitment Fees shall be accrued during each applicable Contract Year as a credit (“Corporate Website Commitment Fee Credit”), which may be used by Customer, as follows:

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

- a. Customer may apply the Corporate Website Commitment Fee Credit to Support Service Requests, Custom Enhancement Requests, or Professional Services invoiced by NAVITAIRE during the Contract Year corresponding to the Corporate Website Commitment Fee Credit; and/or
 - b. Customer may alternatively utilize the Corporate Website Commitment Fee Credit to increase the scope for services for Add-On Products/Services new to the Agreement. In the event that new Add-On Products/Services are added to the Agreement, the available Corporate Website Commitment Fee Credit shall be reduced by the Monthly Recurring Service Fees applicable to the new Add-On Products/Services.
- (ii) When planning for usage of the Corporate Website Commitment Fee Credit to Support Service Requests, Custom Enhancement Requests, or Professional Services, Customer shall endeavor to utilize approximately ***** of the Corporate Website Commitment Fee Credit each month to allow NAVITAIRE to have sufficient capacity to deliver.
 - (iii) Customer may utilize the Corporate Website Commitment Fee Credit for significant projects related to Support Service Requests, Custom Enhancement Requests, or Professional Services, provided that NAVITAIRE has sufficient capacity to deliver.
 - (iv) The Corporate Website Commitment Fee Credit must be applied by Customer to the Contract Year that the Corporate Website Commitment Fees are invoiced, provided that Customer may carry over up to two months' worth of Corporate Website Commitment Fees to the next Contract Year. A status of the used / available Corporate Website Commitment Fee Credit shall be included on Customer's monthly invoice.
 - (v) The Corporate Website Commitment Fees shall not be impacted by any changes to the Monthly Minimum Segment Guarantee agreed by the parties and documented via an amendment subsequent to this Amendment No. 3. Calculated Corporate Website Commitment Fees are as follows:

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2. **No Other Changes.** Except as specifically amended by this Amendment, all other provisions of the Agreement remain in full force and effect. This Amendment shall not constitute or operate as a waiver of, or estoppel with respect to, any provisions of the Agreement by any party hereto.
3. **Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
4. **Successors and Assigns.** This Amendment shall inure to the benefit of and be binding upon Customer and NAVITAIRE and their respective successors, heirs and assigns.
5. **Conflict of Provisions.** In the event that there exists a conflict between any term, condition, or provision contained within this Amendment, and in any term, condition, or provision contained within the Agreement, the term, condition, or provision contained within this Amendment shall control.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date set forth below:

FRONTIER AIRLINES, INC.

Signature: /s/ Howard Diamond

Printed Name: Howard Diamond

Title: SVP & General Counsel

Date: January 8, 2016

NAVITAIRE LLC

Signature: /s/ Gordon Evans

Printed Name: Gordon Evans

Title: Vice President

Date: January 11, 2016

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated March 31, 2017, in Amendment No. 1 to the Registration Statement (Form S-1 No. 333-217078) and related Prospectus of Frontier Group Holdings, Inc.

/s/ Ernst & Young LLP

Denver, Colorado

May 9, 2017