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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

or

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

For the transition period from __ to __

Commission File Number: 001-40304

FRONTIER AIRLINES

Frontier Group Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-3681866**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

4545 Airport Way
Denver, CO 80239
(720) 374-4550

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☐	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. ☐

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

The registrant had 223,958,245 shares of common stock, $0.001 par value per share, outstanding as of April 26, 2024.

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Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q should be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on our current expectations and beliefs with respect to certain current and future events and anticipated financial and operating performance. Words such as "may," "might," "will," "should," "could," "would," "expect," "intends," "plan," "anticipate," "believe," "estimate," "project," "targets," "predict," "potential" and similar expressions are intended to identify forward-looking statements. Additionally, forward-looking statements include statements that do not relate solely to historical facts, such as statements which identify uncertainties or trends, discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 20, 2024 (the "2023 Annual Report"). This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations," Part II, Item 1A, "Risk Factors" and other factors set forth in other parts of this Quarterly Report on Form 10-Q, as well as those risks and uncertainties set forth from time to time under the sections captioned "Risk Factors" in our reports and other documents filed with the SEC, including our 2023 Annual Report. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FRONTIER GROUP HOLDINGS, INC.
Condensed Consolidated Balance Sheets
(unaudited, in millions, except share data)

	March 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 622	$ 609
Accounts receivable, net	98	93
Supplies, net	75	79
Other current assets	108	90
Total current assets	**903**	**871**
Property and equipment, net	330	309
Operating lease right-of-use assets	3,117	2,964
Pre-delivery deposits for flight equipment	394	407
Aircraft maintenance deposits	87	84
Intangible assets, net	27	28
Other assets	348	330
Total assets	**$ 5,206**	**$ 4,993**
Liabilities and stockholders' equity		
Accounts payable	$ 131	$ 134
Air traffic liability	328	253
Frequent flyer liability	11	10
Current maturities of long-term debt, net	265	251
Current maturities of operating leases	576	549
Other current liabilities	486	461
Total current liabilities	**1,797**	**1,658**
Long-term debt, net	201	219
Long-term operating leases	2,565	2,440
Long-term frequent flyer liability	34	35
Other long-term liabilities	125	134
Total liabilities	**4,722**	**4,486**
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, $0.001 par value per share, with 223,886,304 and 222,998,790 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	—	—
Additional paid-in capital	406	403
Retained earnings	85	111
Accumulated other comprehensive income (loss)	(7)	(7)
Total stockholders' equity	**484**	**507**
Total liabilities and stockholders' equity	**$ 5,206**	**$ 4,993**

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
	2024	**2023**
Operating revenues:		
Passenger	$ 845	$ 830
Other	20	18
Total operating revenues	**865**	**848**
Operating expenses:		
Aircraft fuel	263	292
Salaries, wages and benefits	233	203
Aircraft rent	159	131
Station operations	137	124
Maintenance, materials and repairs	49	45
Sales and marketing	40	40
Depreciation and amortization	16	11
Other operating	(1)	27
Total operating expenses	**896**	**873**
Operating income (loss)	**(31)**	**(25)**
Other income (expense):		
Interest expense	(9)	(6)
Capitalized interest	9	6
Interest income and other	7	8
Total other income (expense)	**7**	**8**
Income (loss) before income taxes	(24)	(17)
Income tax expense (benefit)	2	(4)
Net income (loss)	**$ (26)**	**$ (13)**
Earnings (loss) per share:		
Basic	$ (0.12)	$ (0.06)
Diluted	$ (0.12)	$ (0.06)

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
	2024	**2023**
Net income (loss)	**$ (26)**	**$ (13)**
Unrealized gains (losses) and amortization from cash flow hedges, net of adjustment for deferred tax benefit/(expense) of less than $(1) for the three months ended March 31, 2024 and $2 for the three months ended March 31, 2023. (Note 4)	—	(7)
Other comprehensive income (loss)	—	(7)
Comprehensive income (loss)	**$ (26)**	**$ (20)**

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
	2024	**2023**
Cash flows from operating activities:		
Net income (loss)	$ (26)	$ (13)
Deferred income taxes	2	(4)
Depreciation and amortization	16	11
Gains recognized on sale-leaseback transactions	(71)	(40)
Stock-based compensation	4	4
Changes in operating assets and liabilities:		
Accounts receivable	(4)	19
Supplies and other current assets	4	—
Aircraft maintenance deposits	(4)	(4)
Other long-term assets	(48)	(37)
Accounts payable	5	(8)
Air traffic liability	75	111
Other liabilities	25	(64)
Cash used in operating activities	**(22)**	**(25)**
Cash flows from investing activities:		
Capital expenditures	(17)	(11)
Pre-delivery deposits for flight equipment, net of refunds	13	23
Other	(3)	(2)
Cash provided by (used in) investing activities	**(7)**	**10**
Cash flows from financing activities:		
Proceeds from issuance of debt, net of issuance costs	69	36
Principal repayments on debt	(74)	(38)
Proceeds from sale-leaseback transactions	48	51
Proceeds from the exercise of stock options	1	—
Tax withholdings on share-based awards	(2)	(5)
Cash provided by financing activities	**42**	**44**
Net increase in cash, cash equivalents and restricted cash	13	29
Cash, cash equivalents and restricted cash, beginning of period	609	761
Cash, cash equivalents and restricted cash, end of period	**$ 622**	**$ 790**

See Notes to Condensed Consolidated Financial Statements

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

	Common Stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
	Shares	Amount				
Balance at December 31, 2022	**217,875,890**	**$ —**	**$ 393**	**$ 122**	**$ (6)**	**$ 509**
Net income (loss)	—	—	—	(13)	—	(13)
Shares issued in connection with vesting of restricted stock units	976,916	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(402,814)	—	(5)	—	—	(5)
Unrealized loss from cash flows hedges, net of tax	—	—	—	—	(7)	(7)
Stock option exercises	53,862	—	—	—	—	—
Stock-based compensation	—	—	4	—	—	4
Balance at March 31, 2023	**218,503,854**	**$ —**	**$ 392**	**$ 109**	**$ (13)**	**$ 488**
Balance at December 31, 2023	**222,998,790**	**$ —**	**$ 403**	**$ 111**	**$ (7)**	**$ 507**
Net income (loss)	—	—	—	(26)	—	(26)
Shares issued in connection with vesting of restricted stock units	741,546	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(252,094)	—	(2)	—	—	(2)
Stock option exercises	398,062	—	1	—	—	1
Stock-based compensation	—	—	4	—	—	4
Balance at March 31, 2024	**223,886,304**	**$ —**	**$ 406**	**$ 85**	**$ (7)**	**$ 484**

See Notes to Condensed Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

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

The Company is an ultra low-cost, low-fare airline headquartered in Denver, Colorado that offers flights throughout the United States and to select international destinations in the Americas, serving approximately 90 airports.

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

The accompanying condensed consolidated financial statements include the accounts of the Company and reflect all normal recurring adjustments which management believes are necessary to fairly present the financial position, results of operations and cash flows of the Company for the respective periods presented. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for Form 10-Q. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the SEC on February 20, 2024 (the "2023 Annual Report").

The interim results reflected in the unaudited condensed consolidated financial statements are not necessarily indicative of the results that may be expected for other interim periods or for the full year. The air transportation business is subject to significant seasonal fluctuations and is volatile and highly affected by economic cycles and trends.

Reclassifications

A reclassification of previously reported amounts has been made to conform to the current year's presentation in the Company's condensed consolidated statements of operations. The reclassification relates to the removal of transaction and merger-related costs and the reclassification of these costs into other operating expenses. This reclassification did not impact previously reported amounts on the Company's condensed consolidated balance sheets, condensed consolidated statements of comprehensive income (loss), condensed consolidated statements of cash flows or condensed consolidated statements of stockholders' equity.

Use of Estimates

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

2. Revenue Recognition

As of March 31, 2024 and December 31, 2023, the Company's air traffic liability balance was $332 million and $259 million, respectively, which includes amounts classified within other long-term liabilities on the Company's condensed consolidated balance sheets. During the three months ended March 31, 2024, 83% of the air traffic liability as of December 31, 2023 was recognized as passenger revenue within the Company's condensed consolidated statements of operations. Of the air traffic liability balances as of March 31, 2024 and December 31, 2023, $48 million and $60 million, respectively, was related to unearned membership fees.

During the three months ended March 31, 2024 and 2023, the Company recognized $8 million and $10 million of revenue related to expected and actual expiration of customer rights to book future travel, respectively, in passenger revenues within the Company's condensed consolidated statements of operations.

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

	Three Months Ended March 31,	
	2024	2023
Passenger revenues:		
Fare	$ 324	$ 303
Non-fare passenger revenues:		
Baggage	204	221
Service fees	216	217
Seat selection	64	72
Other	37	17
Total non-fare passenger revenue	521	527
Total passenger revenues	845	830
Other revenues	20	18
Total operating revenues	**$ 865**	**$ 848**

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

	Three Months Ended March 31,	
	2024	2023
Domestic	$ 802	$ 781
Latin America	63	67
Total operating revenues	**$ 865**	**$ 848**

The Company attributes operating revenues by geographic region based upon the origin and destination of each passenger flight segment. The Company's tangible assets consist primarily of flight equipment, which are mobile across geographic markets. Accordingly, assets are not allocated to specific geographic regions.

Frequent Flyer Program

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

The Company has a credit card affinity agreement with its credit card partner, Barclays Bank Delaware ("Barclays"), through 2029, which provides for joint marketing, grants certain benefits to co-branded credit cardholders ("Cardholders") and allows Barclays to market using the Company's customer database. Cardholders earn miles under the *FRONTIER Miles* program and the Company sells miles at agreed-upon rates to Barclays and earns fees from Barclays for the acquisition, retention and use of the co-branded credit card by consumers.

3. Other Current Assets

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

	March 31, 2024	December 31, 2023
Supplier incentives	$ 67	$ 50
Prepaid expenses	19	21
Forgivable loans	15	13
Income tax and other taxes receivable	4	3
Other	3	3
Total other current assets	**$ 108**	**$ 90**

4. Financial Derivative Instruments and Risk Management

The Company may be exposed to interest rate risk through aircraft and spare engine lease contracts for the time period between agreement of terms and commencement of the lease, when portions of rental payments can be adjusted and become fixed based on the swap rate. As part of its risk management program, from time to time the Company enters into contracts in order to limit the exposure to fluctuations in interest rates. During the three months ended March 31, 2024 and 2023, the Company did not enter into any swaps and, therefore, paid no upfront premiums for options. As of March 31, 2024, the Company had no interest rate hedges outstanding.

Assets associated with the Company's derivative instruments are presented on a gross basis and include upfront premiums paid. These assets are recorded as a component of other current assets on the Company's condensed consolidated balance sheets. There were no assets outstanding as of March 31, 2024 and December 31, 2023, respectively.

Amortization of cash flow hedges, net of tax was less than $1 million for the three months ended March 31, 2024 and 2023, respectively, as reflected in aircraft rent expense within the Company's condensed consolidated statements of operations.

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

	Three Months Ended March 31,	
	2024	2023
Derivatives designated as cash flow hedges		
Interest rate derivative contract gains (losses), net of tax	$ —	$ (7)

As of March 31, 2024, $7 million was included in accumulated other comprehensive income (loss) related to interest rate hedging instruments that is expected to be reclassified into aircraft rent within the Company's condensed consolidated statements of operations over the aircraft or engine lease term.

5. Other Current Liabilities

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

	March 31, 2024	December 31, 2023
Passenger and other taxes and fees payable	$ 164	$ 125
Salaries, wages and benefits	104	107
Station obligations	70	69
Aircraft maintenance	61	76
Fuel liabilities	31	35
Leased aircraft return costs	9	1
Other current liabilities	47	48
Total other current liabilities	**$ 486**	**$ 461**

6. Debt

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

	March 31, 2024	December 31, 2023
Secured debt:		
Pre-delivery credit facility[(a)]	$ 304	$ 312
Floating rate building note[(b)]	16	16
Unsecured debt:		
Affinity card advance purchase of miles[(c)]	83	80
PSP Promissory Notes[(d)]	66	66
Total debt	**469**	**474**
Less: current maturities of long-term debt, net	(265)	(251)
Less: total debt acquisition costs and other discounts, net	(3)	(4)
Long-term debt, net	**$ 201**	**$ 219**

(a) The Company, through an affiliate, entered into the pre-delivery deposit payment ("PDP") facility with Citibank, N.A., as facility agent, in December 2014 (as amended from time to time, the "PDP Financing Facility"). The PDP Financing Facility is collateralized by the Company's purchase agreement for Airbus A320neo family aircraft deliveries (see Note 9) through the term of the facility, which extends through December 2026. The total available capacity of the PDP Financing Facility is $365 million.

Interest is paid every 90 days based on the Secured Overnight Financing Rate ("SOFR") plus a margin for each individual tranche. The PDP Financing Facility consists of separate loans for each PDP aircraft. Each separate loan matures upon the earlier of (i) delivery of that aircraft to the Company by Airbus, (ii) the date one month following the last day of the scheduled delivery month of such aircraft and (iii) if there is a delay in delivery of aircraft, depending on the cause of the delivery delay, up to six months following the last day of the scheduled delivery month of such aircraft. The PDP Financing Facility will be repaid periodically according to the preceding sentence, with the PDP Financing Facility maturing in December 2026.

(b) Represents a note with a commercial bank related to the Company's headquarters building. Under the terms of the note, the Company began repaying the outstanding principal balance with quarterly payments beginning in January 2022 and continuing until the maturity date in June 2024, per the latest amendment. On the maturity date, one final balloon payment will be made to cover all unpaid principal, accrued unpaid interest and other amounts due. The interest rate of the one-month SOFR plus a margin is payable monthly.

(c) The Company entered into an agreement with Barclays in 2003 which, as amended, provides for joint marketing, grants certain benefits to Cardholders and allows Barclays to market using the Company's customer database, through 2029. Cardholders earn miles under the *FRONTIER Miles* program and the Company sells miles at agreed-upon rates to Barclays and earns fees from Barclays for the acquisition, retention and use of the co-branded credit card by Cardholders. In addition, Barclays will pre-purchase miles if the Company so requests and meets certain conditions precedent. The pre-purchased miles facility amount available to the Company is to be reset on January 15 of each calendar year through, and including, January 15, 2028, based on the aggregate amount of fees payable by Barclays to the Company on a calendar year basis and subject to certain other conditions, up to an aggregate maximum facility amount of $200 million. The Company pays interest on a monthly basis, which is based on a one-month Effective Federal Funds Rate ("EFFR") plus a margin. Beginning March 31, 2028, the facility is scheduled to be repaid in 12 equal monthly installments.

(d) As a result of the Company's participation in the payroll support programs offered by the U.S. Department of the Treasury (the "Treasury"), the Company obtained a series of 10-year, low-interest loans from the Treasury (collectively, the "PSP Promissory Notes") that are due between 2030 and 2031. The PSP Promissory Notes include an annual interest rate of 1.00% for the first five years and the SOFR plus 2.00% in the final five years, with bi-annual interest payments. The loans can be prepaid at par at any time without incurring a penalty.

In connection with the term loan facility entered into with the Treasury on September 28, 2020, which was repaid in full on February 2, 2022, and the PSP Promissory Notes, the Company issued to the Treasury warrants to purchase 3,117,940 shares of FGHI common stock at a weighted-average price of $6.95 per share. The Treasury has not exercised any warrants as of March 31, 2024.

Cash payments for interest related to debt were $9 million and $6 million for the three months ended March 31, 2024 and 2023, respectively.

The Company has caused standby letters of credit and surety bonds to be issued to various airport authorities and vendors that are collateralized by a portion of the Company's property and equipment and, as of March 31, 2024 and December 31, 2023, the Company did not have any outstanding letters of credit that were drawn upon.

As of March 31, 2024, future maturities of debt are payable as follows (in millions):

	Total
Remainder of 2024	$ 204
2025	116
2026	—
2027	—
2028	69
Thereafter	80
Total debt principal payments	**$ 469**

The Company continues to monitor covenant compliance with various parties, including, but not limited to, its lenders and credit card processors, and as of March 31, 2024, the Company was in compliance with all of its covenants.

7. Operating Leases

Aircraft

As of March 31, 2024, the Company leased 142 aircraft with remaining terms ranging from 11 months to 12 years, all of which are under operating leases and are included within operating lease right-of-use assets and operating lease liabilities on the Company's condensed consolidated balance sheets. In addition, as of March 31, 2024, the Company leased 32 spare engines which are all under operating leases, with the remaining term ranging from one month to 11 years. As of March 31, 2024, the lease rates for 11 of the engines depend on usage-based metrics which are variable and, as such, these leases are not recorded on the Company's condensed consolidated balance sheets as operating lease right-of-use assets or as operating lease liabilities.

During the three months ended March 31, 2024 and 2023, the Company executed sale-leaseback transactions with third-party lessors for six and three new Airbus A320neo family aircraft, respectively. The Company did not enter into any direct leases during the three months ended March 31, 2024 and entered into three direct leases for new Airbus A320neo family aircraft during the three months ended March 31, 2023. Additionally, the Company did not complete a sale-leaseback transaction for any engines during the three months ended March 31, 2024 and completed a sale-leaseback transaction for one engine during the three months ended March 31, 2023. All of the leases from the sale-leaseback transactions are accounted for as operating leases. The Company recognized sale-leaseback gain transactions of $71 million and $40 million during the three months ended March 31, 2024 and 2023, respectively, which are included as a component of other operating expenses within the Company's condensed consolidated statements of operations.

Aircraft Rent Expense and Maintenance Obligations

During the three months ended March 31, 2024 and 2023, aircraft rent expense was $159 million and $131 million, respectively. Aircraft rent expense includes supplemental rent, which is made up of maintenance reserves paid or to be paid that are not probable of being reimbursed and probable lease return condition obligations. Supplemental rent expense (benefit) for maintenance-related reserves that were deemed non-recoverable, and any impact from changes in those estimates, was less than $1 million for each of the three months ended March 31, 2024 and 2023. The portion of supplemental rent expense related to probable lease return condition obligations was $13 million and $2 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024 and December 31, 2023, the Company's total leased aircraft return cost liability was $33 million and $26 million, respectively, which are reflected in other current liabilities and other long-term liabilities within the Company's condensed consolidated balance sheets.

Additionally, certain of the Company's aircraft lease agreements require the Company to pay maintenance reserves to aircraft lessors to be held as collateral in advance of the Company's required performance of major maintenance activities. As of March 31, 2024 and December 31, 2023, the Company had aircraft maintenance deposits that are expected to be recoverable of $98 million and $96 million, respectively, on the Company's condensed consolidated balance sheets, of which $11 million and $12 million, respectively, are included in accounts receivable, net as of March 31, 2024 and December 31, 2023, on the Company's condensed consolidated balance sheets as the eligible maintenance has been performed. The remaining $87 million and $84 million are included within aircraft maintenance deposits on the Company's condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023, respectively.

A majority of these maintenance reserve payments are calculated based on a utilization measure, such as flight hours or cycles. Maintenance reserves collateralize the lessor for maintenance time run off the aircraft until the completion of the maintenance of the aircraft. As of March 31, 2024, fixed maintenance reserve payments for aircraft and spare engines, including estimated amounts for contractual price escalations, were expected to be $2 million for the remainder of 2024, $3 million per year for 2025 through 2026, $4 million per year for 2027 through 2028, and $1 million thereafter, before consideration of reimbursements.

In March 2023, the Company extended the term for certain aircraft operating leases that were slated to expire in the fourth quarter of 2023. As a result of two aircraft extension events, for the three months ended March 31, 2023, the Company recorded an $18 million benefit to aircraft rent in the Company's condensed consolidated statement of operations related to previously accrued lease return costs that were variable in nature and associated with the anticipated utilization and condition of the airframes and engines at the original return date. Given the extension of these aircraft operating leases, such variable return costs are no longer probable of occurring.

Airport Facilities

The Company's facility leases are primarily for space at approximately 90 airports, primarily in the United States. These leases are classified as operating leases and reflect the use of airport terminals, ticket counters, office space and maintenance facilities. Generally, this space is leased from government agencies that control the use of the airport. The majority of these leases are short-term in nature and renew on an evergreen basis. For these leases, the contractual term is used as the lease term. As of March 31, 2024, the remaining lease terms vary from one month to 10 years. At the majority of the U.S. airports, the lease rates depend on airport operating costs or use of the facilities and are reset at least annually, and because of the variable nature of the rates, these leases are not recorded on the Company's condensed consolidated balance sheets as right-of-use assets and lease liabilities.

Other Ground Property and Equipment

The Company leases certain other assets such as flight training equipment, building space, and various other equipment. Certain of the Company's leases for other assets are deemed to contain fixed rental payments and, as such, are classified as operating leases and are recorded on the Company's condensed consolidated balance sheets as a right-of-use asset and liability. The remaining lease terms ranged from one month to eight years as of March 31, 2024.

Lease Costs

The table below presents certain information related to lease costs for operating leases during the three months ended March 31, 2024 and 2023 (in millions):

	Three Months Ended March 31,	
	2024	2023
Operating lease cost[(a)]	$ 147	$ 127
Variable lease cost[(a)]	79	74
Total lease costs	**$ 226**	**$ 201**

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

During the three months ended March 31, 2024 and 2023, the Company acquired, through new or modified operating leases, operating lease assets totaling $255 million and $231 million, respectively, which are included in operating lease right-of-use assets on the Company's condensed consolidated balance sheets. During the three months ended March 31, 2024 and 2023, the Company paid cash of $147 million and $127 million, respectively, for amounts included in the measurement of lease liabilities.

8. Stock-Based Compensation

During each of the three months ended March 31, 2024 and 2023, the Company recognized $4 million in stock-based compensation expense, which is included as a component of salaries, wages and benefits within the Company's condensed consolidated statements of operations.

Stock Options and Restricted Stock Units

There were no stock options granted during the three months ended March 31, 2024. During the three months ended March 31, 2024, 398,062 vested stock options were exercised with a weighted-average exercise price of $1.72 per share. As of March 31, 2024, the weighted-average exercise price of outstanding stock options was $4.66 per share.

During the three months ended March 31, 2024, 717,326 restricted stock units were issued with a weighted-average grant date fair value of $5.31 per share. During the three months ended March 31, 2024, 741,546 restricted stock units vested, of which 252,094 restricted stock units were withheld to cover employees' tax withholding obligations, with a weighted-average grant date fair value of $12.88 and $12.91 per share, respectively.

Stockholders' Equity

As of March 31, 2024 and December 31, 2023, the Company had authorized common stock (voting), common stock (non-voting) and preferred stock of 750,000,000, 150,000,000 and 10,000,000 shares, respectively, of which only common stock (voting) were issued and outstanding. All classes of equity have a par value of $0.001 per share.

9. Commitments and Contingencies

Flight Equipment Commitments

As of March 31, 2024, the Company's firm aircraft and engine purchase orders consisted of the following:

	A320neo	A321neo	Total Aircraft[(a)]	Engines
Year Ending				
Remainder of 2024	—	17	17	2
2025	17	25	42	4
2026	19	22	41	4
2027	21	21	42	3
2028	10	30	40	2
Thereafter	—	22	22	—
Total	**67**	**137**	**204**	**15**

(a) While the schedule presented reflects the contractual delivery dates as of March 31, 2024, the Company has recently experienced delays in the deliveries of Airbus aircraft which may persist in future periods.

The Company is party to certain aircraft purchase agreements with Airbus (as amended from time to time, the "Airbus Purchase Agreements") pursuant to which, as of March 31, 2024, the Company had commitments to purchase an aggregate of 67 A320neo and 137 A321neo aircraft, with deliveries expected through 2029 per the latest delivery schedule. The Company has the option to convert 18 A320neo aircraft to A321XLR aircraft under certain terms and conditions. Since the option has not been exercised, this conversion right is not reflected in the table above.

The Airbus Purchase Agreements also provide for, among other things, varying purchase incentives for each aircraft type (e.g., A320neo versus A321neo), which are allocated proportionally by aircraft type over the remaining aircraft to be delivered so that each aircraft's capitalized cost upon induction would be equal. Therefore, as cash paid for deliveries is greater than the capitalized cost due to the allocation of these purchase incentives, a deferred purchase incentive is recognized within other assets on the Company's condensed consolidated balance sheets, which will ultimately be offset by future deliveries of aircraft with lower cash payments than their associated capitalized cost.

As of March 31, 2024, purchase commitments for these aircraft and engines, including estimated amounts for contractual price escalations and PDPs, consisted of the following (in millions):

	Total
Year Ending	
Remainder of 2024	$ 1,036
2025	2,501
2026	2,359
2027	2,448
2028	2,403
Thereafter	1,357
Total	**$ 12,104**

Litigation and Other Contingencies

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. During 2023, the DOT sent the Company a request for information to assist in its investigation into whether the Company cared for its customers as required by law during Winter Storm Elliott, which caused significant operational disruptions and spanned from December 21, 2022 to January 2, 2023, including providing adequate customer service assistance, prompt flight status notifications, and proper and timely refunds. The Company is fully cooperating with the DOT request.

The Company regularly evaluates the status of such matters to assess whether a loss is probable and reasonably estimable in determining whether an accrual is appropriate. Furthermore, in determining whether disclosure is appropriate, the Company evaluates each matter to assess if there is at least a reasonable possibility that a loss or additional losses may have been incurred and whether an estimate of possible loss or range of loss can be made.

The ultimate outcome of legal actions is unpredictable and can be subject to significant uncertainties, and it is difficult to determine whether any loss is probable or even possible. Additionally, it is also difficult to estimate the amount of loss and there may be matters for which a loss is probable or reasonably possible but not currently estimable. Thus, actual losses may be in excess of any recorded liability or the range of reasonably possible loss. The Company believes the ultimate outcome of any potential lawsuits, proceedings and reviews will likely not, individually or in the aggregate, have a material adverse effect on its consolidated financial position, liquidity or results of operations and that the Company’s current accruals cover matters where loss is deemed probable and can be reasonably estimated.

Employees

The Company has seven union-represented employee groups that together represented approximately 87% of all employees as of March 31, 2024. The table below sets forth the Company's employee groups and status of the collective bargaining agreements as of March 31, 2024:

Employee Group	Representative	Amendable Date[(a)]	Percentage of Workforce March 31, 2024
Pilots	Air Line Pilots Association (ALPA)	January 2024[(b)]	28%
Flight Attendants	Association of Flight Attendants (AFA-CWA)	May 2024[(c)]	51%
Aircraft Technicians	International Brotherhood of Teamsters (IBT)	May 2025	6%
Aircraft Appearance Agents	IBT	October 2023[(d)]	1%
Dispatchers	Transport Workers Union (TWU)	August 2028	1%
Material Specialists	IBT	March 2022[(d)]	<1%
Maintenance Controllers	IBT	October 2023[(d)]	<1%

(a) Subject to standard early opener provisions.

(b) ALPA filed for meditation through the National Mediation Board in January 2024. Mediation sessions were held in March 2024 and April 2024 and are presently scheduled to continue on a monthly basis.

(c) In November 2023, AFA-CWA exercised their contractual right to open negotiations early. Negotiations are currently ongoing.

(d) The Company's collective bargaining agreements with its aircraft appearance agents, material specialists, and maintenance controllers, each represented by IBT, were still amendable as of March 31, 2024, and negotiations are ongoing; however, the agreements are operating under their current arrangements until amendments have been reached.

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 had accrued $6 million and $5 million for health care claims estimated to be incurred but not yet paid, as of March 31, 2024 and December 31, 2023, respectively, which are included as a component of other current liabilities on the Company's condensed consolidated balance sheets.

General Indemnifications

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

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

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

Certain of these indemnities survive the length of the related financing or lease. The Company cannot reasonably estimate the potential future payments under the indemnities and related provisions described above because it cannot predict (i) when and under what circumstances these provisions may be triggered, and (ii) the amount that would be payable if the provisions were triggered because the amounts would be based on facts and circumstances existing at such time.

10. Net Earnings (Loss) per Share

Basic and diluted earnings (loss) per share are computed pursuant to the two-class method. Under the two-class method, the Company attributes net income to common stock and other participating rights (including those with vested share-based awards). Basic net earnings per share is calculated by taking net income, less earnings allocated to participating rights, divided by the basic weighted-average common stock outstanding. Net loss per share is calculated by taking net loss divided by basic weighted-average common stock outstanding as participating rights do not share in losses. In accordance with the two-class method, diluted net earnings per share is calculated using the more dilutive impact of the treasury-stock method or from reducing net income for the earnings allocated to participating rights.

The following table sets forth the computation of net earnings (loss) per share on a basic and diluted basis pursuant to the two-class method for the periods indicated (in millions, except for share and per share data):

	Three Months Ended March 31,	
	2024	**2023**
Basic:		
Net income (loss)	$ (26)	$ (13)
Less: net income attributable to participating rights	—	—
Net income (loss) attributable to common stockholders	**$ (26)**	**$ (13)**
Weighted-average common shares outstanding, basic	223,428,610	218,181,386
Net earnings (loss) per share, basic	**$ (0.12)**	**$ (0.06)**
Diluted:		
Net income (loss)	$ (26)	$ (13)
Less: net income attributable to participating rights	—	—
Net income (loss) attributable to common stockholders	**$ (26)**	**$ (13)**
Weighted-average common shares outstanding, basic	223,428,610	218,181,386
Effect of dilutive potential common shares	—	—
Weighted-average common shares outstanding, diluted	223,428,610	218,181,386
Net earnings (loss) per share, diluted	**$ (0.12)**	**$ (0.06)**

Due to the net loss for each of the three months ended March 31, 2024 and 2023, diluted weighted-average shares outstanding are equal to basic weighted-average shares outstanding because the effect of all equity awards is anti-dilutive.

11. Income Taxes

The Company's provision for income taxes during interim reporting periods has historically been calculated by applying an estimate of the annual effective tax rate for the full fiscal year to pretax income (loss) excluding unusual or infrequently occurring discrete items for the reporting period. When a reliable estimate cannot be made, the Company computes the interim provision using the discrete method based on actual results for the period. For the three months ended March 31, 2024, the Company was unable to reliably estimate the annual effective tax rate largely due to the expectation of annual taxable income and the resulting uncertainty of the impact on the valuation allowance in conjunction with the presence of a historical three-year cumulative loss position. As a result, the Company determined that using the discrete method was more appropriate than using the annual effective tax rate method. Our effective tax rate for the three months ended March 31, 2024 was an expense of 8.3% on a pre-tax loss, compared to a benefit of 23.5% on a pre-tax loss for the three months ended March 31, 2023. The effective tax rate for the three months ended March 31, 2024 was lower than the statutory rate primarily related to nonrecognition of current period tax benefits due to the valuation allowance established for U.S. federal and state net operating losses as well as the impact of non-deductibility of certain executive compensation costs and other employee benefits in addition to net shortfalls related to the vesting and exercise of the Company's share-based awards. Our effective tax rate for the three months ended March 31, 2023 was higher than the statutory rate primarily due to the non-deductibility of certain executive compensation costs and other employee benefits.

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. Quarterly, the Company assesses whether it is more likely than not that sufficient taxable income will be generated to realize deferred income tax assets, and a valuation allowance is recorded when it is more likely than not that some portion, or all, of the Company's deferred tax assets, will not be realized. The Company considers sources of taxable income from prior period carryback periods, future reversals of existing taxable temporary differences, tax planning strategies and future projected taxable income when assessing the future realization of deferred tax assets.

In assessing the sources of taxable income and the need for a valuation allowance, the Company considers all available positive and negative evidence, which includes a recent history of cumulative losses. As of March 31, 2024, the Company remains in a historical three-year cumulative loss position, which is significant objective negative evidence in considering whether deferred tax assets are realizable. Such objective negative evidence outweighs other subjective positive evidence, such as the projection of future taxable income. As a result, as of March 31, 2024, the Company has a valuation allowance of $42 million against its deferred tax assets for U.S. federal and state net operating loss carryforwards, which includes an additional $5 million valuation allowance recorded during the three months ended March 31, 2024.

12. Fair Value Measurements

Under ASC 820, *Fair Value Measurements and Disclosures*, disclosures relating to how fair value is determined for assets and liabilities are required, and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs, as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes several valuation techniques in order to assess the fair value of its financial assets and liabilities.

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash 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 and holds restricted cash to secure medical claims paid. Cash, cash equivalents and restricted cash are carried at cost, which management believes approximates fair value. As of March 31, 2024 and December 31, 2023, the Company had less than $1 million of restricted cash.

Debt

The estimated fair value of the Company's debt agreements has been determined to be Level 3 measurement, as certain inputs used to determine the fair value of these agreements are unobservable. The Company utilizes a discounted cash flow method to estimate the fair value of the Level 3 debt.

The carrying amounts and estimated fair values of the Company's debt are as follows (in millions):

	March 31, 2024		December 31, 2023	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Secured debt:				
Pre-delivery credit facility	$ 304	$ 307	$ 312	$ 316
Floating rate building note	16	16	16	16
Unsecured debt:				
Affinity card advance purchase of miles	83	81	80	76
PSP Promissory Notes	66	58	66	57
Total debt	**$ 469**	**$ 462**	**$ 474**	**$ 465**

The tables below present disclosures about the fair value of assets and liabilities measured at fair value on a recurring basis on the Company's condensed consolidated balance sheets (in millions):

		Fair Value Measurements as of March 31, 2024			
Description	**Balance Sheet Classification**	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	Cash and cash equivalents	$ 622	$ 622	$ —	$ —

		Fair Value Measurements as of December 31, 2023			
Description	**Balance Sheet Classification**	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	Cash and cash equivalents	$ 609	$ 609	$ —	$ —

The Company had no transfers of assets or liabilities between fair value hierarchy levels between December 31, 2023 and March 31, 2024.

13. Related Parties

Management Services

Indigo Partners LLC ("Indigo Partners") managed an investment fund, Indigo Frontier Holdings Company, LLC ("Indigo Frontier"), that was the controlling stockholder of the Company as of March 31, 2024. The Company is assessed a quarterly fee by Indigo Partners for management services. The Company recorded less than $1 million for each of the three months ended March 31, 2024 and 2023 for these fees, which are included as other operating expenses within the Company's condensed consolidated statements of operations.

In April 2024, Indigo Frontier distributed all of its shares held to its members on a pro rata basis, in-kind and without consideration (the "Share Distribution"). Subsequent to the Share Distribution, Indigo Partners will continue to provide management services to the Company and the Company will continue to be assessed a quarterly fee for those services.

Codeshare Arrangement

The Company entered into a codeshare agreement with Controladora Vuela Compañía de Aviación, S.A.B. de C.V. (an airline based in Mexico doing business as "Volaris") during 2018. Two of the Company's directors are members of the board of directors of Volaris and one is an honorary director. As of March 31, 2024, Indigo Partners held approximately 18% of the total outstanding common stock of Volaris.

In August 2018, the Company and Volaris began operating scheduled codeshare flights. Each party bears its own costs and expenses of performance under the codeshare agreement. The codeshare agreement is subject to automatic renewals and may be terminated by either party at any time upon the satisfaction of certain conditions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 8. "Financial Statements and Supplementary Data" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the SEC on February 20, 2024 (the "2023 Annual Report"). This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the "Risk Factors" section of our 2023 Annual Report and other factors set forth in other parts of this Quarterly Report on Form 10-Q and our other reports and documents filed with the SEC from time to time.

Overview

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

The following table provides select financial and operational information for the three months ended March 31, 2024 and 2023, respectively (in millions):

	Three Months Ended March 31,		
	2024	2023	Percent Change
Total operating revenues	$ 865	$ 848	2 %
Total operating expenses	$ 896	$ 873	3 %
Income (loss) before income taxes	$ (24)	$ (17)	41 %
Available seat miles ("ASMs")	9,446	8,775	8 %

Total operating revenues for the three months ended March 31, 2024 totaled $865 million, an increase of 2% compared to the three months ended March 31, 2023. This was primarily due to an 8% increase in capacity, as measured by ASMs, partially offset by a 5% decrease in revenue per available seat mile ("RASM"), which was driven primarily by a decrease in load factor.

Total operating expenses during the three months ended March 31, 2024 totaled $896 million, resulting in a cost per available seat mile ("CASM") of 9.49¢, compared to 9.95¢ for the three months ended March 31, 2023. Fuel expense decreased by $29 million, or 10%, during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily driven by a 15% reduction in fuel prices, partially offset by a 6% increase in fuel gallons consumed as a result of our 8% capacity increase. Our non-fuel expenses increased by 9% during the three months ended March 31, 2024, as compared to the corresponding prior year period, driven primarily by higher capacity and a larger fleet size and the resulting increase in operations during the same period, partially offset by increased sale-leaseback gains. While non-fuel expenses increased by 9%, CASM (excluding fuel), a non-GAAP measure, increased only 1% to 6.71¢ for the three months ended March 31, 2024, on 8% capacity growth. The increase in CASM (excluding fuel) was largely due to increased rent expense as a result of a larger fleet and increases in salaries wages and benefits costs and station costs due to a lower stage length on higher departures, partially offset by increased sale-leaseback gains. For the reconciliation to corresponding GAAP measures, see "Results of Operations—Reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, Adjusted CASM including net interest and CASM including net interest."

We generated a net loss of $26 million during the three months ended March 31, 2024, compared to a net loss of $13 million for the three months ended March 31, 2023.

As of March 31, 2024, our total available liquidity was $622 million, made up of cash and cash equivalents.

Results of Operations

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

Operating Revenues

	Three Months Ended March 31,		Change	
	2024	**2023**		
Operating revenues ($ in millions):				
Passenger	$ 845	$ 830	$ 15	2 %
Other	20	18	2	11 %
Total operating revenues	**$ 865**	**$ 848**	**$ 17**	2 %
Operating statistics:				
ASMs (millions)	9,446	8,775	671	8 %
Revenue passenger miles (“RPMs”) (millions)	6,869	7,262	(393)	(5)%
Average stage length (miles)	956	1,053	(97)	(9)%
Load factor	72.7%	82.8%	(10.1) pts	N/A
RASM (¢)	9.16	9.67	(0.51)	(5)%
Total ancillary revenue per passenger ($)	77.32	79.95	(2.63)	(3)%
Total revenue per passenger ($)	123.53	124.28	(0.75)	(1)%
Passengers (thousands)	7,005	6,826	179	3 %

Total operating revenue increased $17 million, or 2%, during the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily driven by 8% capacity growth, as measured by ASMs. Further, revenue was unfavorably impacted by a 5% reduction in RASM due to lower load factors, mainly due to the transition of our network to high-fare, underserved markets as well as decreased total revenue per passenger, partially offset by shorter stage length. The increase in capacity was driven by a 13% increase in average aircraft in service during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, partially offset by a 6% decrease in average daily aircraft utilization to 10.6 hours per day compared to 11.3 hours per day for the corresponding prior year period.

Operating Expenses

	Three Months Ended March 31,		Change		Cost per ASM		Change
	2024	2023			2024	2023	
Operating expenses ($ in millions):[(a)]							
Aircraft fuel	$ 263	$ 292	$ (29)	(10)%	2.78 ¢	3.33 ¢	(17)%
Salaries, wages and benefits	233	203	30	15 %	2.47	2.31	7 %
Aircraft rent	159	131	28	21 %	1.68	1.49	13 %
Station operations	137	124	13	10 %	1.45	1.41	3 %
Maintenance, materials and repairs	49	45	4	9 %	0.52	0.51	2 %
Sales and marketing	40	40	—	— %	0.42	0.46	(9)%
Depreciation and amortization	16	11	5	45 %	0.17	0.13	31 %
Other operating	(1)	27	(28)	N/M	—	0.31	N/M
Total operating expenses	**$ 896**	**$ 873**	**$ 23**	3 %	**9.49 ¢**	**9.95 ¢**	(5)%
Operating statistics:							
ASMs (millions)	9,446	8,775	671	8 %			
Average stage length (miles)	956	1,053	(97)	(9)%			
Passengers (thousands)	7,005	6,826	179	3 %			
Departures	48,666	42,712	5,954	14 %			
CASM (excluding fuel) (¢) [(b)]	6.71	6.62	0.09	1 %			
Adjusted CASM (excluding fuel) (¢) [(b)]	6.71	6.61	0.10	2 %			
Fuel cost per gallon ($)	2.93	3.45	(0.52)	(15)%			
Fuel gallons consumed (thousands)	89,657	84,587	5,070	6 %			

N/M = Not meaningful

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

(b) These metrics are not calculated in accordance with GAAP. See the reconciliation to corresponding GAAP measures provided below.

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

	Three Months Ended March 31,			
	2024		2023	
	($ in millions)	Per ASM (¢)	($ in millions)	Per ASM (¢)
Non-GAAP financial data:[(a)]				
CASM		**9.49**		**9.95**
Aircraft fuel	(263)	(2.78)	(292)	(3.33)
CASM (excluding fuel)[(b)]		**6.71**		**6.62**
Transaction and merger-related costs[(c)]	—	—	(1)	(0.01)
Adjusted CASM (excluding fuel)[(b)]		**6.71**		**6.61**
Aircraft fuel	263	2.78	292	3.33
Adjusted CASM[(d)]		**9.49**		**9.94**
Net interest expense (income)	(7)	(0.07)	(8)	(0.09)
Adjusted CASM + net interest[(e)]		**9.42**		**9.85**
CASM		**9.49**		**9.95**
Net interest expense (income)	(7)	(0.07)	(8)	(0.09)
CASM + net interest[(e)]		**9.42**		**9.86**

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

(b) CASM (excluding fuel) and Adjusted CASM (excluding fuel) are included as supplemental disclosures because we believe that excluding aircraft fuel is useful to investors as it provides an additional measure of management's performance excluding the effects of a significant cost item over which management has limited influence. The price of fuel, over which we have limited control, impacts the comparability of period-to-period financial performance, and excluding the price of fuel allows management an additional tool to understand and analyze our non-fuel costs and core operating performance, and increases comparability with other airlines that also provide a similar metric. CASM (excluding fuel) and Adjusted CASM (excluding fuel) are not determined in accordance with GAAP and should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

(c) Represents $1 million in employee retention costs incurred in connection with the terminated merger with Spirit Airlines, Inc., for the three months ended March 31, 2023.

(d) Adjusted CASM is included as supplemental disclosure because we believe it is a useful metric to properly compare our cost management and performance to other peers, as derivations of Adjusted CASM 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 the airline industry. Additionally, we believe this metric is useful because it removes certain items that may not be indicative of base operating performance or future results. Adjusted CASM is not determined in accordance with GAAP, may not be comparable across all carriers and should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

(e) Adjusted CASM including net interest and CASM including net interest are included as supplemental disclosures because we believe they are useful metrics to properly compare our cost management and performance to other peers that may have different capital structures and financing strategies, particularly as it relates to financing primary operating assets such as aircraft and engines. Additionally, we believe these metrics are useful because they remove certain items that may not be indicative of base operating performance or future results. Adjusted CASM including net interest and CASM including net interest are not determined in accordance with GAAP, may not be comparable across all carriers and should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

Aircraft Fuel. Aircraft fuel expense decreased by $29 million, or 10%, during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. The decrease was primarily due to a 15% reduction in fuel cost per gallon, partially offset by the 6% increase in gallons consumed, driven by higher capacity.

Salaries, Wages and Benefits. Salaries, wages and benefits expense increased by $30 million, or 15%, during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. The increase was primarily due to higher crew costs, driven by elevated credit hours on higher capacity, and an increased headcount of salaried support staff for the three months ended March 31, 2024, as compared to the corresponding prior year period.

Aircraft Rent. Aircraft rent expense increased by $28 million, or 21%, during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily due to a larger fleet as well as an increase in lease return costs.

Station Operations. Station operations expense increased by $13 million, or 10%, during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily due to increased airport operations and the resulting 14% increase in departures, partially offset by an increase of airport revenue sharing arrangements.

Maintenance, Materials and Repairs. Maintenance, materials and repair expense increased by $4 million, or 9%, during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. This was primarily due to a 13% increase in average aircraft in service, which resulted in higher maintenance costs, partly offset by lower contract labor costs.

Sales and Marketing. Sales and marketing expense remained consistent during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily due to a reduction in contract labor, offset by an increase in customer reservation system fees. The following table presents our distribution channel mix:

	Three Months Ended March 31,		
Distribution Channel	**2024**	**2023**	**Change**
Our website, mobile app and other direct channels	71 %	70 %	1 pt
Third-party channels	29 %	30 %	(1) pt

Depreciation and Amortization. Depreciation and amortization expense increased by $5 million, or 45%, during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily due to an increase in capitalized maintenance depreciation due to our growing fleet.

Other Operating. Other operating resulted in a net gain of $1 million during the three months ended March 31, 2024, compared to an expense of $27 million during the three months ended March 31, 2023. This movement was primarily driven by the increase in sale-leaseback gains compared to the corresponding prior year period as a result of six aircraft inductions subject to sale-leaseback transactions in the current period compared to three aircraft inductions and one engine induction subject to sale-leaseback transactions in the corresponding prior year period. This change was partially offset by increases in travel expenses relating to crew accommodations, driven by an increase in capacity.

Other Income (Expense). We recognized $7 million in other income during the three months ended March 31, 2024, as compared to $8 million in other income during the three months ended March 31, 2023. The decrease was primarily due to increased interest expense, driven mainly by higher principal balances on our debt and lower interest income, partly offset by greater capitalized interest.

Income Taxes. Our effective tax rate for the three months ended March 31, 2024 was an expense of 8.3%, compared to a benefit of 23.5% for the three months ended March 31, 2023, on a pre-tax net loss for both periods. The primary difference between the effective tax rate and the federal statutory rate is related to nonrecognition of current period tax benefits due to the valuation allowance established for U.S. federal and state net operating losses as well as the impact of non-deductibility of certain executive compensation costs and other employee benefits in addition to net shortfalls related to the vesting and exercise of our share-based awards. Please refer to “Notes to Condensed Consolidated Financial Statements—11. Income Taxes” for additional information.

Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss), Pre-Tax Income (Loss) to Adjusted Pre-Tax Income (Loss), and Net Income (Loss) to EBITDA, EBITDAR, Adjusted EBITDA, and Adjusted EBITDAR

	Three Months Ended March 31,	
	2024	**2023**
	(in millions)	
Non-GAAP financial data (unaudited):		
Adjusted pre-tax income (loss)[(a)]	$ (24)	$ (16)
Adjusted net income (loss)[(a)]	$ (21)	$ (12)
EBITDA[(a)]	$ (15)	$ (14)
EBITDAR[(b)]	$ 144	$ 117
Adjusted EBITDA[(a)]	$ (15)	$ (13)
Adjusted EBITDAR[(b)]	$ 144	$ 118

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

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

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

	Three Months Ended March 31,	
	2024	2023
	(in millions)	
Adjusted net income (loss) reconciliation (unaudited):		
Net income (loss)	$ (26)	$ (13)
Non-GAAP Adjustments[(a)]:		
Transaction and merger-related costs	—	1
Pre-tax impact	**—**	**1**
Tax benefit (expense), related to non-GAAP adjustments	—	—
Valuation allowance[(b)]	5	—
Net income (loss) impact	**$ 5**	**$ 1**
Adjusted net income (loss)	**$ (21)**	**$ (12)**
Adjusted pre-tax income (loss) reconciliation (unaudited):		
Income (loss) before income taxes	$ (24)	$ (17)
Pre-tax impact	—	1
Adjusted pre-tax income (loss)	**$ (24)**	**$ (16)**
EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR reconciliation (unaudited):		
Net income (loss)	$ (26)	$ (13)
Plus (minus):		
Interest expense	9	6
Capitalized interest	(9)	(6)
Interest income and other	(7)	(8)
Income tax expense (benefit)	2	(4)
Depreciation and amortization	16	11
EBITDA	**(15)**	**(14)**
Plus: Aircraft rent	159	131
EBITDAR	**$ 144**	**$ 117**
EBITDA	**$ (15)**	**$ (14)**
Plus (minus)[(a)]		
Transaction and merger-related costs	—	1
Adjusted EBITDA	**(15)**	**(13)**
Plus: Aircraft rent	159	131
Adjusted EBITDAR	**$ 144**	**$ 118**

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

(b) During the three months ended March 31, 2024, we recorded a $5 million non-cash valuation allowance against our U.S. federal and state net operating loss deferred tax assets, which largely do not expire, mainly as a result of being in a three-year historical cumulative pre-tax loss position and due to the current quarter loss, which has no impact on cash taxes and is not reflective of our effective tax rate for deductible net operating losses generated or actual cash tax obligations created. Please refer to "Notes to Condensed Consolidated Financial Statements—11. Income Taxes" for additional information.

Comparative Operating Statistics

The following table sets forth our operating statistics for the three months ended March 31, 2024 and 2023. These operating statistics are provided because they are commonly used in the airline industry and, as such, allow readers to compare our performance against our results for the corresponding prior year period, as well as against the performance of our peers.

	Three Months Ended March 31,		
	2024	**2023**	**Percent Change**
Operating statistics (unaudited)[(a)]			
Available seat miles ("ASMs") (millions)	9,446	8,775	8 %
Departures	48,666	42,712	14 %
Average stage length (miles)	956	1,053	(9) %
Block hours	132,057	122,970	7 %
Average aircraft in service	137	121	13 %
Aircraft – end of period	142	125	14 %
Average daily aircraft utilization (hours)	10.6	11.3	(6) %
Passengers (thousands)	7,005	6,826	3 %
Average seats per departure	202	195	4 %
Revenue passenger miles ("RPMs") (millions)	6,869	7,262	(5) %
Load Factor	72.7 %	82.8 %	(10.1) pts
Fare revenue per passenger ($)	46.21	44.33	4 %
Non-fare passenger revenue per passenger ($)	74.41	77.25	(4) %
Other revenue per passenger ($)	2.91	2.70	8 %
Total ancillary revenue per passenger ($)	77.32	79.95	(3) %
Total revenue per passenger ($)	123.53	124.28	(1) %
Total revenue per available seat mile ("RASM") (¢)	9.16	9.67	(5) %
Cost per available seat mile ("CASM") (¢)	9.49	9.95	(5) %
CASM (excluding fuel) (¢) [(b)]	6.71	6.62	1 %
CASM + net interest (¢) [(b)]	9.42	9.86	(4) %
Adjusted CASM (¢) [(b)]	9.49	9.94	(5) %
Adjusted CASM (excluding fuel) (¢) [(b)]	6.71	6.61	2 %
Adjusted CASM (excluding fuel), stage-length adjusted to 1,000 miles (¢) [(b)(c)]	6.56	6.78	(3) %
Adjusted CASM + net interest (¢) [(b)]	9.42	9.85	(4) %
Fuel cost per gallon ($)	2.93	3.45	(15) %
Fuel gallons consumed (thousands)	89,657	84,587	6 %
Full-time equivalent employees	7,675	6,587	17 %

(a) Figures may not recalculate due to rounding. See "Glossary of Airline Terms" for definitions of terms used in this table.

(b) These metrics are not calculated in accordance with GAAP. For the reconciliation to corresponding GAAP measures, see "Results of Operations—Reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, Adjusted CASM including net interest and CASM including net interest."

(c) Stage-length adjusted to 1,000 miles: Adjusted CASM (excluding fuel) * Square root (stage length / 1,000).

Liquidity, Capital Resources and Financial Position

Overview

As of March 31, 2024, we had $622 million in total available liquidity, made up of cash and cash equivalents. We had $466 million of total debt, net, of which $265 million is short-term and consists of amounts outstanding under our pre-delivery deposit payment ("PDP") facility (as amended from time to time, the "PDP Financing Facility") and secured indebtedness related to our headquarters building. Our total debt, net is comprised of $304 million outstanding under our PDP Financing Facility, $83 million outstanding under our pre-purchased miles facility with Barclays Bank Delaware ("Barclays"), $66 million in 10-year, low-interest loans from the U.S. Department of the Treasury (the "Treasury," and such loans, the "PSP Promissory Notes") and $16 million in secured indebtedness for our headquarters building, partially offset by $3 million in deferred debt acquisition costs.

In connection with the PSP Promissory Notes and the term loan facility entered into with the Treasury on September 28, 2020, which was repaid in full on February 2, 2022, we issued to the Treasury warrants to purchase 3,117,940 shares of our common stock at a weighted-average price of $6.95 per share. We have the intent and ability to settle the warrants issued to the Treasury in common shares and we have classified the warrant liability to additional paid-in-capital on our condensed consolidated balance sheet. The Treasury has not exercised any warrants as of March 31, 2024.

We continue to monitor our covenant compliance with various parties, including, but not limited to, our lenders and credit card processors. As of the date of this report, we are in compliance with all of our covenants.

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

	March 31, 2024	December 31, 2023
	($ in millions)	
Cash and cash equivalents	$ 622	$ 609
Total current assets, excluding cash and cash equivalents	$ 281	$ 262
Total current liabilities, excluding current maturities of long-term debt and operating leases	$ 956	$ 858
Current maturities of long-term debt, net	$ 265	$ 251
Long-term debt, net	$ 201	$ 219
Stockholders' equity	$ 484	$ 507
Debt to capital ratio	49 %	48 %
Debt to capital ratio, including operating lease obligations	88 %	87 %

Use of Cash and Future Obligations

We expect to meet our cash requirements for the next twelve months through use of our available cash and cash equivalents, our PDP Financing Facility and cash flows from operating activities. We expect to meet our long-term cash requirements with cash flows from operating and financing activities, including, but not limited to, potential future borrowings under the PDP Financing Facility and/or potential issuances of debt or equity. We also have unencumbered loyalty and brand related assets, which we believe could generate significant additional liquidity, if desired. Our primary uses of cash are for working capital, aircraft PDPs, debt repayments and capital expenditures.

Our single largest capital commitment relates to the acquisition of aircraft. As of March 31, 2024, we operated all of our 142 aircraft under operating leases. PDPs 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, 2024, we had $394 million of PDPs held by Airbus which have been partially financed by our PDP Financing Facility. As of March 31, 2024, our PDP Financing Facility, which allows us to draw up to an aggregate of $365 million, had $304 million outstanding. As of March 31, 2024, we had a firm obligation to purchase 204 A320neo family aircraft and 15 additional spare engines to be delivered by 2029. Of our aircraft commitments, nine had committed operating leases for 2024 deliveries, and seven were subject to non-binding letters of intent to provide operating lease financing for 2024 deliveries. We intend to evaluate financing options for the remaining aircraft.

Additionally, we are required by some of our aircraft lease agreements to pay maintenance reserves to the applicable aircraft lessors in advance of the performance of major maintenance activities; these payments act as collateral for the lessors to ensure aircraft are returned in the agreed-upon condition at the end of the lease period. Qualifying payments that are expected to be recovered from lessors are recorded as aircraft maintenance deposits on our condensed consolidated balance sheets. The amount we have deposited as maintenance reserves is, therefore, unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases. We made $4 million in maintenance deposit payments to our lessors for each of the three months ended March 31, 2024 and 2023. As of March 31, 2024, we had $98 million in recoverable aircraft maintenance deposits on our condensed consolidated balance sheet, of which $11 million was included in accounts receivable because the eligible maintenance had been performed and the remaining $87 million was included within net aircraft maintenance deposits.

The following table summarizes current and long-term material cash requirements as of March 31, 2024, which we expect to fund primarily with operating and financing cash flows (in millions):

	Material Cash Requirements						
	Remainder of 2024	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**
Debt obligations[(a)]	$ 204	$ 116	$ —	$ —	$ 69	$ 80	$ 469
Interest commitments[(b)]	17	10	10	10	8	8	63
Operating lease obligations[(c)]	445	592	531	466	384	1,641	4,059
Flight equipment purchase obligations[(d)]	1,036	2,501	2,359	2,448	2,403	1,357	12,104
Maintenance deposit obligations[(e)]	2	3	3	4	4	1	17
Total	**$ 1,704**	**$ 3,222**	**$ 2,903**	**$ 2,928**	**$ 2,868**	**$ 3,087**	**$ 16,712**

(a) Includes principal commitments only associated with our PDP Financing Facility with borrowings as of March 31, 2024 pertaining to aircraft with deliveries through 2025, our floating rate building note through June 2024, our affinity card unsecured debt due through 2029 and the PSP Promissory Notes due through 2031. See “Notes to Condensed Consolidated Financial Statements — 6. Debt”.

(b) Represents interest on debt obligations.

(c) Represents gross cash payments related to our operating lease obligations that are not subject to discount as compared to the obligations measured on our condensed consolidated balance sheets. See “Notes to Condensed Consolidated Financial Statements — 7. Operating Leases”.

(d) Represents purchase commitments for aircraft and engines. See “Notes to Condensed Consolidated Financial Statements — 9. Commitments and Contingencies”.

(e) Represents fixed maintenance reserve payments for aircraft including estimated amounts for contractual price escalations. See “Notes to Condensed Consolidated Financial Statements — 7. Operating Leases”.

Cash Flows

The following table presents information regarding our cash flows in the three months ended March 31, 2024 and 2023 (in millions):

	Three Months Ended March 31,	
	2024	**2023**
Net cash used in operating activities	$ (22)	$ (25)
Net cash provided by (used in) investing activities	(7)	10
Net cash provided by financing activities	42	44
Net increase in cash, cash equivalents and restricted cash	**13**	**29**
Cash, cash equivalents and restricted cash at beginning of period	609	761
Cash, cash equivalents and restricted cash at end of period	**$ 622**	**$ 790**

Operating Activities

During the three months ended March 31, 2024, net cash used in operating activities totaled $22 million, which was driven by a $26 million net loss, and non-cash adjustments totaling $49 million, partially offset by $53 million of inflows from changes in operating assets and liabilities.

The $53 million of inflows from changes in operating assets and liabilities included:

- $75 million in increases in our air traffic liability driven by increased bookings;
- $25 million in increases in other liabilities driven primarily by passenger taxes payable;
- $5 million in increases in accounts payable; and
- $4 million in decreases in supplies and other current assets; partially offset by
- $48 million in increases in other long-term assets driven by increases in prepaid maintenance, capitalized maintenance and deferred purchase incentives;
- $4 million in increases in accounts receivable; and
- $4 million in increases in aircraft maintenance deposits.

Our net loss of $26 million was also adjusted by the following non-cash items to arrive at cash used in operating activities:

- $71 million in gains recognized on sale-leaseback transactions; partially offset by
- $16 million in depreciation and amortization;
- $4 million in stock-based compensation expense; and
- $2 million in deferred income tax expense.

During the three months ended March 31, 2023, net cash used in operating activities totaled $25 million, which was driven by a $13 million net loss, and non-cash adjustments totaling $29 million, partially offset by $17 million of inflows from changes in operating assets and liabilities.

The $17 million of inflows from changes in operating assets and liabilities included:

- $111 million in increases in our air traffic liability as a result of increased bookings; and
- $19 million in decreases in station and credit card receivables; partially offset by
- $64 million in decreases in other liabilities driven primarily by leased aircraft return payments and decreased return costs, and other related accruals;

- $37 million in increases in other long-term assets driven by increases in prepaid maintenance and capitalized maintenance;
- $8 million in decreases in accounts payable; and
- $4 million in increases in aircraft maintenance deposits.

Our net loss of $13 million was also adjusted by the following non-cash items to arrive at cash used in operating activities:

- $40 million in gains recognized on sale-leaseback transactions; and
- $4 million in deferred income tax benefits; partially offset by
- $11 million in depreciation and amortization; and
- $4 million in stock-based compensation expense.

As of March 31, 2024, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our results of operations, financial condition or cash flows.

Investing Activities

During the three months ended March 31, 2024, net cash used in investing activities totaled $7 million, driven by:

- $17 million in cash outflows for capital expenditures; and
- $3 million in cash outflows relating to other investing activity; partially offset by
- $13 million in net proceeds for PDP activity.

During the three months ended March 31, 2023, net cash provided by investing activities totaled $10 million, driven by:

- $23 million in net proceeds for PDP activity; partially offset by
- $11 million in cash outflows for capital expenditures; and
- $2 million in cash outflows relating to other investing activity.

Financing Activities

During the three months ended March 31, 2024, net cash provided by financing activities was $42 million, driven by:

- $69 million in cash proceeds from debt issuances, consisting of $66 million drawn on our PDP Financing Facility, net of issuance costs and a $3 million draw on our Barclays facility;
- $48 million in net proceeds received from sale-leaseback transactions; and
- $1 million in proceeds from the exercise of stock options; partially offset by
- $74 million in cash outflows from principal repayments on our PDP Financing Facility; and
- $2 million in cash outflows for payments related to tax withholdings of share-based awards.

During the three months ended March 31, 2023, net cash provided by financing activities was $44 million, driven by:

- $51 million in cash inflows from sale-leaseback transactions related to A320neo family aircraft and spare engines delivered during the three months ended March 31, 2023; and
- $36 million in cash proceeds from debt issuances, consisting of $27 million draws on our PDP Financing Facility and $9 million draws on our Barclays facility; partially offset by
- $38 million in cash outflows from principal repayments on our PDP Financing Facility; and
- $5 million in cash outflows for payments related to tax withholdings of share-based awards.

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates during the three months ended March 31, 2024. For information regarding our critical accounting policies and estimates, see “Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” included in Part II, Item 7 of our 2023 Annual Report.

Recently Adopted Accounting Pronouncements

See “Notes to Consolidated Financial Statements —1. Summary of Significant Accounting Policies” included in Part II, Item 8 of our 2023 Annual Report for a discussion of recent accounting pronouncements.

GLOSSARY OF AIRLINE TERMS

Set forth below is a glossary of industry terms:

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

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

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

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

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

“Air traffic liability” means the value of tickets, unearned membership fees and other related fees sold in advance of travel.

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

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

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

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

“Average stage length” means the average number of 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.

“CASM (excluding fuel)” is a non-GAAP measure and means operating expenses less aircraft fuel expense, divided by ASMs.

“CASM including net interest” or “CASM + net interest” is a non-GAAP measure and means the sum of CASM and net interest expense (income) divided by ASMs.

“DOT” means the United States Department of Transportation.

“Fare 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.

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

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

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

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

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

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

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

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

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

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

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

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

“Total ancillary revenue per passenger” means ancillary revenue divided by passengers.

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

“Treasury” means the U.S. Department of the Treasury.

ITEM 3. 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, with respect to aircraft fuel, as well as interest rate risk, specifically with respect to our floating rate obligations and aircraft lease contracts. 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 29% and 33% of total operating expenses for the three months ended March 31, 2024 and 2023, respectively. Unexpected changes in the pricing of aircraft fuel or a shortage or disruption in the supply could have a material adverse effect on our business, results of operations and financial condition. Based on our fuel consumption for the 12 months ended March 31, 2024, a hypothetical 10% increase in the average price per gallon of aircraft fuel would have increased aircraft fuel expense by approximately $110 million.

Interest Rates. We are subject to market risk associated with changing interest rates, due to Secured Overnight Financing Rate (“SOFR”) based interest rates on our PDP Financing Facility and our floating rate building note and Effective Federal Funds Rate (“EFFR”) based interest rates on our affinity card advance purchase of miles. During the three months ended March 31, 2024, as applied to our average debt balances, a hypothetical increase of 100 basis points in average annual interest rates on our variable-rate debt would have increased the annual interest expense by $4 million.

We are also exposed to interest rate risk through aircraft lease contracts for the time period between agreement of terms and commencement of the lease, where portions of the rental payments are adjusted and become fixed based on swap rates. As part of our risk management program, we have historically entered into contracts in order to limit the exposure to fluctuations in interest rates. During the three months ended March 31, 2024, as well as the three months ended March 31, 2023, we did not enter into any swaps and, therefore, paid no upfront premiums for options. As of March 31, 2024, we had no interest rate hedges outstanding.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive officer and principal financial officer concluded that, as of March 31, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

During the three months ended March 31, 2024, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Item 1A "Risk Factors" contained in our 2023 Annual Report, except for the change to the following risk factors. Investors are urged to review all such risk factors carefully.

Risk Related to Our Business

We rely on our private equity sponsor.

Indigo Partners, LLC ("Indigo Partners") is a private equity fund with significant expertise in the ultra low-cost airline business, and this expertise has been available to us through the persons affiliated with Indigo Partners on our board of directors and through a Professional Services Agreement that was put in place in connection with the 2013 acquisition from Republic Airways Holdings, Inc. and pursuant to which we are charged a fee by Indigo Partners of approximately $375,000 per quarter, plus expenses. We also pay each director affiliated with Indigo Partners an annual director's fee as compensation. Our engagement of Indigo Partners pursuant to the Professional Services Agreement will continue until the date that Indigo Partners and its affiliates own less than approximately 19.8 million shares of our common stock. In April 2024, an investment fund affiliated with Indigo Denver Management Company, LLC ("Indigo") distributed all of the shares of our common stock held by the investment fund to its members on a pro rata basis, in-kind and without consideration (the "Share Distribution"). Approximately 99.4 million shares were distributed to William Franke, the Chair of our Board, or entities directly or indirectly controlled by him, including Indigo and Indigo Partners. Although Indigo Partners and its affiliates, including William Franke, continue to own a substantial percentage of our outstanding common stock following the Share Distribution, Indigo Partners and its affiliates may nonetheless elect to reduce their ownership in our company or reduce their involvement on our board of directors, which could reduce or eliminate the benefits we have historically achieved through our relationship with Indigo Partners, such as management expertise, industry knowledge and volume purchasing. For more information on the Share Distribution, please refer to our Current Report on Form 8-K filed on March 29, 2024.

Risk Related to Owning Our Common Stock

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 or its transferees.

Any future issuances or sales of our common stock by us will be dilutive to our existing common stockholders. We had 223.9 million shares of common stock outstanding as of March 31, 2024. An investment fund managed by Indigo, which held approximately 178.8 million shares of our common stock as of March 31, 2024, was entitled to rights with respect to registration of all such shares under the Securities Act pursuant to a registration rights agreement. Following the Share Distribution, certain of the recipients of such shares are entitled to the registration of their shares pursuant to the registration rights agreement. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur or the issuance of securities exercisable or convertible into our common stock could adversely affect the prevailing trading price of our common stock.

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

Our amended and restated certificate of incorporation and amended and restated bylaws may make it difficult to remove our board of directors and management and may discourage or delay "change of control" transactions, which could adversely affect the trading 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;
- actions to be taken by our stockholders may only be affected at an annual or special meeting of our stockholders and not by written consent;
- special meetings of our stockholders may be called only by the Chair of our board of directors or by our corporate secretary at the direction of our board of directors;
- advance notice procedures that stockholders 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;
- a majority stockholder vote is required for removal of a director only for cause (and a director may only be removed for cause), and a 66 2⁄3% stockholder vote is required for the amendment, repeal or modification of certain provisions of our certificate of incorporation and bylaws; and
- our board of directors may, without stockholder approval, issue series of preferred stock, or rights to acquire preferred stock, that could dilute the interest of, or impair the voting power of, holders of our common stock or could also be used as a method of discouraging, delaying or preventing a change of control.

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

We are no longer a "controlled company" within the meaning of the Nasdaq Stock Market rules. However, we may continue to rely on exemptions from certain corporate governance requirements during the applicable transition periods.

Following the Share Distribution, the investment fund managed by Indigo no longer controlled a majority of the voting power of our outstanding common stock, and we ceased to be a "controlled company" within the meaning of the Nasdaq Stock Market rules. As a result, the rules of the Nasdaq Stock Market require that, within 90 days of the date we no longer qualified as a "controlled company," we have a compensation committee consisting of a majority of independent directors and a director nominations process whereby directors are selected by a nominations committee consisting of a majority of independent directors or by a vote of the board of directors in which only independent directors participate, and that, within one year of the date we no longer qualified as a "controlled company," we have a majority of independent directors on our board of directors, a compensation committee consisting solely of independent directors, and a director nominations process whereby directors are selected by a nominations committee consisting solely of independent directors or by a vote of the board of directors in which only independent directors participate. During this transition period, we may continue to utilize the available exemptions from certain corporate governance requirements as permitted by the rules of the Nasdaq Stock Market, and our Compensation Committee and Nominating and Corporate Governance Committee do not presently consist solely of independent directors. Accordingly, during the transition period, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq Stock Market, which could make our common stock less attractive to some investors or otherwise adversely affect its trading price.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

We do not have a share repurchase program and no shares were repurchased during the first quarter of 2024.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the fiscal quarter ended March 31, 2024, none of our directors or officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any other “non-Rule 10b5-1 trading arrangement.”

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Date	Number	
3.1	Amended and Restated Certificate of Incorporation of Frontier Group Holdings, Inc.	8-K	001-40304	4/6/2021	3.1	
3.2	Amended and Restated Bylaws of Frontier Group Holdings, Inc.	10-K	001-40304	2/22/2023	3.2	
4.1	Form of Common Stock Certificate.	S-1	333-254004	3/8/2021	4.2	
10.1#	Employment Letter, dated as of November 30, 2023, by and between Frontier Airlines, Inc. and Alex Clerc					X
10.2#	Employment Letter, dated as of February 6, 2024, by and between Frontier Airlines, Inc. and Steven C. Schuller					X
10.3#	Employment Letter, dated as of February 6, 2024, by and between Frontier Airlines, Inc. and Howard M. Diamond					X
10.4#	Employment Letter, dated as of February 29, 2024, by and between Frontier Airlines, Inc. and Robert Schroeter					X
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).					X

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and are not deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in such filing.

# Indicates management contract or compensatory plan.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FRONTIER GROUP HOLDINGS, INC.

Date: May 2, 2024

By: /s/ Mark C. Mitchell
Mark C. Mitchell
Senior Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

FRONTIER

Frontier Airlines, Inc.
4545 Airport Way
Denver, Colorado 80239

November 30, 2023

Alex Clerc
Dallas, TX

Re: Offer Letter – SVP, Customers

Dear Alex:

Frontier Airlines, Inc. ("Frontier") is pleased to offer the position of Senior Vice President, Customers. You will have such duties as are normally associated with this position as such duties may be modified or supplemented by Barry Biffle, CEO, or any subsequent designee, to whom you will report. In the course of your employment with Frontier, you will be subject to and required to comply with all company policies and applicable laws and regulations. These include equal employment opportunity in hiring, assignments, training, promotions, compensation, employee benefits, employee discipline and discharge, and all other terms and conditions of employment.

Your employment will begin on January 8, 2024, contingent on the successful completion of our normal compliance processes, including background screening, reference check and drug testing (as needed). Beginning on that date, you will be paid a base salary at the annual rate of $400,000 (subject to required tax withholding and other authorized deductions). Your base salary will be payable in accordance with Frontier's standard payroll policies and be subject to adjustment pursuant to Frontier's policies as in effect from time to time, which policies currently include an annual review.

Short-Term Incentive: In addition to your base salary, you will be eligible to earn an annual cash performance bonus, at the discretion of Frontier's Board of Directors or one of such board's committees, based on the attainment of performance metrics for Frontier and/or individual performance objectives, in each case established and evaluated by such board or one of its committees. Your target annual bonus will be 65% of your base salary, but the actual amount of your annual bonus may range from 0% to 130% of your base salary. Any annual bonus will be contingent upon your continued employment through the applicable payment date. You hereby acknowledge and agree that nothing contained herein confers upon you any right to an annual bonus in any year, and that whether Frontier pays you an annual bonus and the amount of any such annual bonus will be determined by Frontier in its sole discretion.

***Signing Bonus*:** You will be eligible for a one-time lump sum signing bonus of $100,000 (minus applicable taxes and withholdings). This bonus will be paid to you following 90 completed days of full time employment. You agree that if you voluntarily end your employment with Frontier Airlines, Inc. or are terminated for cause within twelve (12) months of your start date, you will repay a prorated share of the signing bonus for – 1/12 of the total bonus amount per month remaining in the term. Further, by signing below, you authorize that any amount owed will be deducted from your final paycheck and that any balance due to Frontier will be repaid by you no later than thirty (30) days after your separation of employment.

Equity: Frontier is owned by Frontier Group Holdings, Inc. ("FGHI"). FGHI has adopted an equity incentive plan and related documents (the "Equity Plan") pursuant to which FGHI may grant equity awards. At its first regularly scheduled meeting after your employment start date, FGHI's Board will grant to you, pursuant to the Equity Plan, a number of restricted stock units equal to $1,000,000 divided by the per share fair market value of FGHI's common stock as determined by the Board in its sole discretion. The restricted stock units will vest as to twenty-five percent (25%) of the shares of FGHI common stock initially subject thereto on each anniversary of your employment start date, subject to your continuing employment by Frontier through the applicable vesting date. However, if you are terminated without Cause within your first twelve months of employment, you will receive the cash equivalent of the market value of your first 25% tranche of your initial equity grant calculated as of your last date of employment. Your equity award shall vest fully upon any Change in Control (as defined in the Equity Plan.) The restricted stock units shall otherwise be subject to the terms of the applicable plan and the restricted stock unit agreement evidencing the award to be entered into between you and FGHI.

Relocation: This position is based at Frontier's headquarters in Denver, Colorado. By March 31, 2024 you will be expected to permanently reside in the Denver metro area. Until that time, you will be able to commute in via Positive Space travel on Frontier airlines on a schedule determined by you and your supervisor, but at a minimum level of two days per week, and up to five days per week based on business demands. Beyond air travel, commuting costs will be your responsibility, but may be reimbursed as part of your relocation allowance. Should you fail to permanently relocate to Denver or terminate your employment with Frontier, in both cases on or before December 31, 2024, you will be expected to reimburse Frontier for any monies paid to you as part of your relocation reimbursement (see below paragraph); such expenses may be deducted from your final paycheck, among other alternatives, if not promptly reimbursed.

Frontier will reimburse you for all reasonable expenses you and your immediate family incur in relocating to Denver, Colorado, including air fare, car rental, hotels, meals, commuting expense and other temporary living expenses, as well as packing, unpacking and shipping costs for personal and household items and an automobile, and sales commission on home, up to $100,000 for all such expenses. Any relocation expenses exceeding $100,000 must be approved by Frontier's Vice President, Human Resources. Relocation expenses must be submitted no later than December 31, 2024; any unused funds will be forfeited at that time.

Travel Benefits: During the term of your employment, Frontier will provide you, your spouse, your eligible children and your parents privileges to travel positive space on Frontier Airlines with the priority code PS2B in accordance with Frontier policy to the same extent and use of such benefits by senior executives (the "Flight Benefit"). You shall also 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 you and your family and friends solely on Frontier Airlines in the amount of eight thousand two hundred and fifty dollars ($8,250) that must be used, if at all, within twelve months of the date the UTAP card is issued.

Vacation: During the term of your employment, you will be entitled to four weeks of annual paid vacation, in accordance with Frontier's vacation policy as it may be amended from time to time. Please note that vacation time at this level is not tracked, nor is unused vacation time paid out upon separation.

Benefits: You will be eligible during your employment to participate in all the employee benefits and benefit plans that Frontier generally makes available to its regular full-time employees. In addition, during your employment, you will be eligible for other standard benefits, to the extent applicable generally to other similarly situated employees of Frontier. Frontier reserves the right to terminate, modify or add to its benefits and benefit plans at any time.

If Frontier terminates your employment without Cause (as defined in the Equity Plan) and you deliver a general release of all claims against Frontier and its affiliates in a form acceptable to Frontier that becomes effective and irrevocable within 60 days following such termination of employment, then you shall be entitled to the following: (i) you shall receive a lump sum payment equal to the sum of your base salary and target bonus at the time of termination (or two times such base salary and target bonus if such termination occurs within twelve months after a Change in Control or your duties are substantially diminished within such twelve months and you resign within such twelve months), less applicable withholdings; and (ii) Frontier will continue to provide the Flight Benefit until the first anniversary of your termination date (or the second anniversary of such date if such termination occurs within twelve months after a Change in Control or your duties are substantially diminished within such twelve months and you resign within such twelve months).

No amount deemed deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), shall be payable pursuant to this letter agreement unless your termination of employment constitutes a "separation from service" with Frontier within the meaning of Section 409A and the Department of Treasury regulations and other guidance promulgated thereunder. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this letter agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment. To the extent that any reimbursements or in-kind benefits provided pursuant to this letter agreement are subject to the provisions of Section 409A of the Code, any such reimbursements payable to you pursuant to this letter agreement shall be paid to you no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed or the amount of in-kind benefits provided in one year shall not affect the amount eligible for reimbursement or the amount of in-kind benefits to which you are entitled, respectively, in any subsequent year, and your right to reimbursement or in-kind benefits under this letter agreement will not be subject to liquidation or exchange for another benefit. If Frontier determines that you are a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code at the time of your separation from service, any amount deemed deferred compensation subject to Section 409A of the Code to which you are entitled under this letter agreement in connection with such separation from service shall be delayed to the extent required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code.

Frontier requires that, as a full-time employee, you devote your full business time, attention, skill, and efforts to the tasks and duties of your position as assigned by Frontier. If you wish to request consent to provide services (for any or no form of compensation) to any other person or business entity while employed by Frontier, please discuss that with Frontier's Chief Executive Officer in advance of accepting another position.

As a condition of employment, you will be required to comply with the Additional Terms attached hereto as Exhibit A, which by this reference are incorporated in this letter agreement.

By signing below, you represent that your performance of services to Frontier will not violate any duty which you may have to any other person or entity (such as a present or former employer), including obligations concerning providing services (whether or not competitive) to others or confidentiality of proprietary information, and you agree that you will not do anything in the performance of services hereunder that would violate any such duty.

Notwithstanding any of the above, your employment with Frontier is "at will". This means that it can be terminated by you or by Frontier at any time, with or without advance notice, and for any or no particular reason or cause. It also means that your job duties, title and responsibility and reporting level, work schedule, compensation and benefits, as well as Frontier's personnel policies and procedures, may be changed with prospective effect, with or without notice, at any time in the sole discretion of Frontier.

This letter agreement shall be interpreted and construed in accordance with Colorado law without regard to any conflicts of laws principles. While other terms and conditions of your employment may change in the future, the at-will nature of your employment may not be changed, except in a subsequent written agreement, signed by you and the Chief Executive Officer of Frontier. Any prior or contemporaneous representations (whether oral or written) not contained in this letter agreement that may have been made to you will be expressly cancelled and superseded by this letter agreement.

Please sign and date this letter agreement and return it to me by email at [###] by Monday, December 4, 2023 if you wish to accept employment by Frontier under the terms described above, failing which the offer made by our submission of this letter agreement will expire at the close of business in Denver, Colorado on such date. If you accept this offer by signing a counterpart and returning it to the undersigned as thus described, this letter agreement shall constitute the complete agreement between you and Frontier with respect to the terms and conditions of your employment.

We look forward to a productive and enjoyable work relationship.

Frontier Airlines, Inc.
4545 Airport Way
Denver, Colorado 80239

Sincerely,

/s/ Steven C. Schuller
Steven C. Schuller

I agree with and accept the foregoing terms.

/s/ Alex Clerc
Alex Clerc

December 1, 2023
Date

February 6, 2024

VIA E-MAIL [###]

Mr. Steven C. Schuller

Re: Employment Terms

Dear Steve:

Frontier Airlines, Inc. ("Frontier") is pleased to promote you to the position of Senior Vice President, Human Resources effective as of February 1, 2024 (the "Effective Date"). You will have such duties as are normally associated with this position and such duties as may be modified or supplemented by Barry Biffle, Chief Executive Officer or any subsequent designee, to whom you will report. In the course of your employment with Frontier, you will continue to be subject to and required to comply with all company policies and applicable laws and regulations. These include equal employment opportunity in hiring, assignments, training, promotions, compensation, employee benefits, employee discipline and discharge, and all other terms and conditions of employment.

Beginning on the Effective Date, you will be paid a base salary at the annual rate of $335,000 (subject to required tax withholding and other authorized deductions). Your base salary will be payable in accordance with Frontier's standard payroll policies and be subject to adjustment pursuant to Frontier's policies as in effect from time to time, which policies currently include an annual review.

Short-Term Incentive: In addition to your base salary, you will continue to be eligible to earn an annual cash performance bonus, at the discretion of the Board of Directors (the "Board") of Frontier Group Holdings, Inc. ("FGHI"), parent company of Frontier, or its Compensation Committee, based on the attainment of performance metrics for Frontier and/or individual performance objectives, in each case established and evaluated by the Board or its Compensation Committee. As of the Effective Date, your target annual bonus will be increased to 65% of your base salary and will be prorated for the period beginning on the Effective Date and continuing through December 31, 2024. The actual amount of your annual bonus may range from 0% to 130% of your base salary. Any annual bonus will be contingent upon your continued employment through the applicable payment date. You hereby acknowledge and agree that nothing contained herein confers upon you any right to an annual bonus in any year, and that whether Frontier pays you an annual bonus and the amount of any such annual bonus will be determined by the Board or its Compensation Committee, in its sole discretion.

Equity: In connection with your promotion, you will receive, pursuant to the FGHI 2021 Incentive Award Plan (the "Equity Plan"), a number of restricted stock units equal to $600,000 divided by the per share fair market value of FGHI's common stock as determined by the Board in its sole discretion, which restricted stock units will vest as to one-third (1/3) of the shares of FGHI common stock initially granted thereby on each anniversary of the Effective Date, subject to your continuing employment by Frontier through the applicable vesting date. These restricted stock units shall otherwise be subject to the terms of the Equity Plan, the restricted stock unit agreement evidencing the award to be entered into between you and FGHI, and the provisions below applicable upon a Change in Control (as defined below).

Location: This position is based at Frontier's headquarters in Denver, Colorado and you will be expected to continue to permanently reside in the Denver metro area following the Effective Date.

Travel Benefits: During the term of your employment, Frontier will continue to provide you, your spouse, your eligible children and your parents privileges to travel positive space on Frontier Airlines with the priority code PS2B in accordance with Frontier policy to the same extent and use of such benefits by senior executives (the "Flight Benefit"). You will also continue 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 you and your family and friends solely on Frontier Airlines. The annual amount of the UATP card shall be $8,250 and must be used, if at all, within twelve months.

Vacation: During the term of your employment, you will be entitled to four weeks of annual paid vacation, in accordance with Frontier's vacation policy as it may be amended from time to time. Please note that vacation time at this level is not tracked, nor is unused vacation time paid out upon separation.

Benefits: You will continue to be eligible during your employment to participate in all the employee benefits and benefit plans that Frontier generally makes available to its regular full-time employees. In addition, during your employment, you will be eligible for other standard benefits, to the extent applicable generally to other similarly situated employees of Frontier. Frontier reserves the right to terminate, modify or add to its benefits and benefit plans at any time.

If Frontier terminates your employment without Cause (as defined below) and you (a) deliver a general release of all claims against Frontier and its affiliates in a form acceptable to Frontier that becomes effective and irrevocable within sixty (60) days following such termination of employment (the "Release Condition"), and (b) comply with the Additional Terms, as defined below (the "Additional Conditions," and together with the Release Condition, the "Conditions"): (i) you will receive, promptly following the date the Release Condition is satisfied, a lump sum payment equal to your base salary and target bonus at the time of termination, less applicable withholdings; and (ii) Frontier will continue to provide the Flight Benefit until the first anniversary of your termination date. If Frontier terminates your employment without Cause or you resign for Good Reason, in each case, at any time during the period within twelve months after a Change in Control and you satisfy the Conditions: (i) you will receive, promptly following the date the Release Condition is satisfied, a lump sum payment equal to two times your base salary and two times your target bonus at the time of termination, less applicable withholdings; (ii) Frontier will continue to provide the Flight Benefit until the second anniversary of your termination; and (iii) each outstanding and unvested equity award you hold will automatically become vested and, if applicable, exercisable, with respect to one hundred percent (100%) of the unvested shares.

"Cause" shall have the meaning in provided in the Equity Plan.

"Change in Control" shall have the meaning provided in the Equity Plan or, if specified in the award agreement evidencing the award, such agreement.

"Good Reason" shall mean any of the following, without your written consent: (a) a material diminution in your base salary that is not proportionately applicable to other similarly situated employees of Frontier generally; (b) a material diminution in your job responsibilities or duties inconsistent in any material respect with your duties or responsibilities in effect immediately prior to such change, provided, that any change made solely as the result of Frontier or FGHI becoming a subsidiary or business unit of a larger company in a Change in Control shall not provide for your Constructive Termination hereunder; or (c) the failure by any successor entity or corporation following a Change in Control to assume the obligations under this letter agreement. Notwithstanding the foregoing, Executive will not be deemed to have Good Reason unless the condition giving rise to such resignation continues uncured by Frontier more than thirty (30) days following your written notice of such condition provided to Frontier within sixty (60) days of the first occurrence of such condition and such resignation is effective within thirty (30) days following the end of such notice period.

No amount deemed deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), shall be payable pursuant to this letter agreement unless your termination of employment constitutes a "separation from service" with Frontier within the meaning of Section 409A and the Department of Treasury regulations and other guidance promulgated thereunder. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this letter agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment. To the extent that any reimbursements or in-kind benefits provided pursuant to this letter agreement are subject to the provisions of Section 409A of the Code, any such reimbursements payable to you pursuant to this letter agreement shall be paid to you no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed or the amount of in-kind benefits provided in one year shall not affect the amount eligible for reimbursement or the amount of in-kind benefits to which you are entitled, respectively, in any subsequent year, and your right to reimbursement or in-kind benefits under this letter agreement will not be subject to liquidation or exchange for another benefit. If Frontier determines that you are a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code at the time of your separation from service, any amount deemed deferred compensation subject to Section 409A of the Code to which you are entitled under this letter agreement in connection with such separation from service shall be delayed to the extent required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code.

Frontier requires that, as a full-time employee, you devote your full business time, attention, skill, and efforts to the tasks and duties of your position as assigned by Frontier. If you wish to request consent to provide services (for any or no form of compensation) to any other person or business entity while employed by Frontier, please discuss that with Frontier's Chief Executive Officer in advance of accepting another position.

As a condition of employment, under the terms of your prior employment letter agreement with Frontier dated as of August 27, 2018 (the "Prior Letter Agreement"), you agreed to comply with the Additional Terms attached thereto as Exhibit A (the "Additional Terms"). As a condition of your continued employment and promotion, you hereby agree to continue to comply with the Additional Terms, which by this reference are incorporated in this letter agreement.

By signing below, you represent that your performance of services to Frontier will not violate any duty which you may have to any other person or entity (such as a present or former employer), including obligations concerning providing services (whether or not competitive) to others or confidentiality of proprietary information, and you agree that you will not do anything in the performance of services hereunder that would violate any such duty.

Notwithstanding any of the above, your employment with Frontier is "at will". This means that it can be terminated by you or by Frontier at any time, with or without advance notice, and for any or no particular reason or cause. It also means that your job duties, title and responsibility and reporting level, work schedule, compensation and benefits, as well as Frontier's personnel policies and procedures, may be changed with prospective effect, with or without notice, at any time in the sole discretion of Frontier.

This letter agreement shall be interpreted and construed in accordance with Colorado law without regard to any conflicts of laws principles. While other terms and conditions of your employment may change in the future, the at-will nature of your employment may not be changed, except in a subsequent written agreement, signed by you and the Chief Executive Officer of Frontier. This letter agreement and the Additional Terms comprise the entire agreement between you and the Company with regard to the subject matter hereof and supersede, in their entirety, any other agreements between you and the Company with regard to the subject matter hereof, including the Prior Letter Agreement (but excluding the Additional Terms).

Please sign and date this letter agreement and return it to me by email at [###] by February 5, 2024 if you wish to accept this offer by Frontier under the terms described above, failing which the offer made by our submission of this letter agreement will expire at the close of business in Denver, Colorado on such date.

We look forward to a productive and enjoyable work relationship.

Sincerely,

/s/ Howard M. Diamond
Howard M. Diamond

I agree with and accept the foregoing terms.

/s/ Steven Schuller	February 6, 2024
Steven Schuller	Date

February 6, 2024

VIA E-MAIL [###]

Mr. Howard M. Diamond

Re: Employment Terms

Dear Howard:

Frontier Airlines, Inc. ("Frontier") is pleased to promote you to the position of Executive Vice President, Legal and Corporate Affairs effective as of February 1, 2024 (the "Effective Date"). You will have such duties as are normally associated with this position and such duties as may be modified or supplemented by Barry Biffle, Chief Executive Officer or any subsequent designee, to whom you will report. In the course of your employment with Frontier, you will continue to be subject to and required to comply with all company policies and applicable laws and regulations. These include equal employment opportunity in hiring, assignments, training, promotions, compensation, employee benefits, employee discipline and discharge, and all other terms and conditions of employment.

Beginning on the Effective Date, you will be paid a base salary at the annual rate of $485,000 (subject to required tax withholding and other authorized deductions). Your base salary will be payable in accordance with Frontier's standard payroll policies and be subject to adjustment pursuant to Frontier's policies as in effect from time to time, which policies currently include an annual review.

Short-Term Incentive: In addition to your base salary, you will continue to be eligible to earn an annual cash performance bonus, at the discretion of the Board of Directors (the "Board") of Frontier Group Holdings, Inc. ("FGHI"), parent company of Frontier, or its Compensation Committee, based on the attainment of performance metrics for Frontier and/or individual performance objectives, in each case established and evaluated by the Board or its Compensation Committee. As of the Effective Date, your target annual bonus will be increased to 75% of your base salary and will be prorated for the period beginning on the Effective Date and continuing through December 31, 2024. The actual amount of your annual bonus may range from 0% to 150% of your base salary. Any annual bonus will be contingent upon your continued employment through the applicable payment date. You hereby acknowledge and agree that nothing contained herein confers upon you any right to an annual bonus in any year, and that whether Frontier pays you an annual bonus and the amount of any such annual bonus will be determined by the Board or its Compensation Committee, in its sole discretion.

Equity: In connection with your promotion, you will receive, pursuant to the FGHI 2021 Incentive Award Plan (the "Equity Plan"), a number of restricted stock units equal to $725,000 divided by the per share fair market value of FGHI's common stock as determined by the Board in its sole discretion, which restricted stock units will vest as to one-third (1/3) of the shares of FGHI common stock initially granted thereby on each anniversary of the Effective Date, subject to your continuing employment by Frontier through the applicable vesting date. These restricted stock units shall otherwise be subject to the terms of the Equity Plan, the restricted stock unit agreement evidencing the award to be entered into between you and FGHI, and the provisions below applicable upon a Change in Control (as defined below).

Location: This position is based at Frontier's headquarters in Denver, Colorado and you will be expected to continue to permanently reside in the Denver metro area following the Effective Date.

Travel Benefits: During the term of your employment, Frontier will continue to provide you, your spouse, your eligible children and your parents privileges to travel positive space on Frontier Airlines with the priority code PS2B in accordance with Frontier policy to the same extent and use of such benefits by senior executives (the "Flight Benefit"). You will also continue 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 you and your family and friends solely on Frontier Airlines. The annual amount of the UATP card shall be $8,250 and must be used, if at all, within twelve months.

Vacation: During the term of your employment, you will be entitled to four weeks of annual paid vacation, in accordance with Frontier's vacation policy as it may be amended from time to time. Please note that vacation time at this level is not tracked, nor is unused vacation time paid out upon separation.

Benefits: You will continue to be eligible during your employment to participate in all the employee benefits and benefit plans that Frontier generally makes available to its regular full-time employees. In addition, during your employment, you will be eligible for other standard benefits, to the extent applicable generally to other similarly situated employees of Frontier. Frontier reserves the right to terminate, modify or add to its benefits and benefit plans at any time.

If Frontier terminates your employment without Cause (as defined below) and you (a) deliver a general release of all claims against Frontier and its affiliates in a form acceptable to Frontier that becomes effective and irrevocable within sixty (60) days following such termination of employment (the "Release Condition"), and (b) comply with the Additional Terms, as defined below (the "Additional Conditions," and together with the Release Condition, the "Conditions"): (i) you will receive, promptly following the date the Release Condition is satisfied, a lump sum payment equal to your base salary and target bonus at the time of termination, less applicable withholdings; and (ii) Frontier will continue to provide the Flight Benefit until the first anniversary of your termination date. If Frontier terminates your employment without Cause or you resign for Good Reason, in each case, at any time during the period within twelve months after a Change in Control and you satisfy the Conditions: (i) you will receive, promptly following the date the Release Condition is satisfied, a lump sum payment equal to two times your base salary and two times your target bonus at the time of termination, less applicable withholdings; (ii) Frontier will continue to provide the Flight Benefit until the second anniversary of your termination; and (iii) each outstanding and unvested equity award you hold will automatically become vested and, if applicable, exercisable, with respect to one hundred percent (100%) of the unvested shares.

“Cause” shall have the meaning in provided in the Equity Plan.

“Change in Control” shall have the meaning provided in the Equity Plan or, if specified in the award agreement evidencing the award, such agreement.

“Good Reason” shall mean any of the following, without your written consent: (a) a material diminution in your base salary that is not proportionately applicable to other similarly situated employees of Frontier generally; (b) a material diminution in your job responsibilities or duties inconsistent in any material respect with your duties or responsibilities in effect immediately prior to such change, provided, that any change made solely as the result of Frontier or FGHI becoming a subsidiary or business unit of a larger company in a Change in Control shall not provide for your Constructive Termination hereunder; or (c) the failure by any successor entity or corporation following a Change in Control to assume the obligations under this letter agreement. Notwithstanding the foregoing, Executive will not be deemed to have Good Reason unless the condition giving rise to such resignation continues uncured by Frontier more than thirty (30) days following your written notice of such condition provided to Frontier within sixty (60) days of the first occurrence of such condition and such resignation is effective within thirty (30) days following the end of such notice period.

No amount deemed deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), shall be payable pursuant to this letter agreement unless your termination of employment constitutes a “separation from service” with Frontier within the meaning of Section 409A and the Department of Treasury regulations and other guidance promulgated thereunder. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this letter agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment. To the extent that any reimbursements or in-kind benefits provided pursuant to this letter agreement are subject to the provisions of Section 409A of the Code, any such reimbursements payable to you pursuant to this letter agreement shall be paid to you no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed or the amount of in-kind benefits provided in one year shall not affect the amount eligible for reimbursement or the amount of in-kind benefits to which you are entitled, respectively, in any subsequent year, and your right to reimbursement or in-kind benefits under this letter agreement will not be subject to liquidation or exchange for another benefit. If Frontier determines that you are a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code at the time of your separation from service, any amount deemed deferred compensation subject to Section 409A of the Code to which you are entitled under this letter agreement in connection with such separation from service shall be delayed to the extent required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code.

Frontier requires that, as a full-time employee, you devote your full business time, attention, skill, and efforts to the tasks and duties of your position as assigned by Frontier. If you wish to request consent to provide services (for any or no form of compensation) to any other person or business entity while employed by Frontier, please discuss that with Frontier's Chief Executive Officer in advance of accepting another position.

As a condition of employment, under the terms of your prior employment letter agreement with Frontier dated as of June 30, 2014 (the "Prior Letter Agreement"), you agreed to comply with the Additional Terms attached thereto as Exhibit A (the "Additional Terms"). As a condition of your continued employment and promotion, you hereby agree to continue to comply with the Additional Terms, which by this reference are incorporated in this letter agreement.

By signing below, you represent that your performance of services to Frontier will not violate any duty which you may have to any other person or entity (such as a present or former employer), including obligations concerning providing services (whether or not competitive) to others or confidentiality of proprietary information, and you agree that you will not do anything in the performance of services hereunder that would violate any such duty.

Notwithstanding any of the above, your employment with Frontier is "at will". This means that it can be terminated by you or by Frontier at any time, with or without advance notice, and for any or no particular reason or cause. It also means that your job duties, title and responsibility and reporting level, work schedule, compensation and benefits, as well as Frontier's personnel policies and procedures, may be changed with prospective effect, with or without notice, at any time in the sole discretion of Frontier.

This letter agreement shall be interpreted and construed in accordance with Colorado law without regard to any conflicts of laws principles. While other terms and conditions of your employment may change in the future, the at-will nature of your employment may not be changed, except in a subsequent written agreement, signed by you and the Chief Executive Officer of Frontier. This letter agreement and the Additional Terms comprise the entire agreement between you and the Company with regard to the subject matter hereof and supersede, in their entirety, any other agreements between you and the Company with regard to the subject matter hereof, including the Prior Letter Agreement (but excluding the Additional Terms).

Please sign and date this letter agreement and return it to me by email at [###] by February 5, 2024 if you wish to accept this offer by Frontier under the terms described above, failing which the offer made by our submission of this letter agreement will expire at the close of business in Denver, Colorado on such date.

We look forward to a productive and enjoyable work relationship.

Sincerely,

/s/ Steven C. Schuller
Steven C. Schuller

I agree with and accept the foregoing terms.

/s/ Howard Dimond | February 6, 2024
Howard Diamond | Date

FRONTIER

Frontier Airlines, Inc.
4545 Airport Way
Denver, Colorado 80239

February 29, 2024

Robert Schroeter
1504 NE 4th Place
Fort Lauderdale, FL 33301

Re: Offer Letter – SVP, Chief Commercial Officer

Dear Bobby:

Frontier Airlines, Inc. ("Frontier") is pleased to offer you the position of SVP, Chief Commercial Officer. You will have such duties as are normally associated with this position as such duties may be modified or supplemented by James Dempsey, President, or any subsequent designee, to whom you will report. In the course of your employment with Frontier, you will be subject to and required to comply with all company policies and applicable laws and regulations. These include equal employment opportunity in hiring, assignments, training, promotions, compensation, employee benefits, employee discipline and discharge, and all other terms and conditions of employment.

Your employment will begin on March 25, 2024, contingent on the successful completion of our normal compliance processes, including background screening, reference checks and drug testing (as needed). Beginning on that date, you will be paid a base salary at the annual rate of $415,000 (subject to required tax withholding and other authorized deductions). Your base salary will be payable in accordance with Frontier's standard payroll policies and be subject to adjustment pursuant to Frontier's policies as in effect from time to time, which policies currently include an annual review.

Short-Term Incentive: In addition to your base salary, you will be eligible to earn an annual cash performance bonus, at the discretion of the Board of Directors (the "Board") of Frontier Group Holdings, Inc. ("FGHI"), parent company of Frontier, or its Compensation Committee, based on the attainment of performance metrics for Frontier and/or individual performance objectives, in each case established and evaluated by the Board or its Compensation Committee. Your target annual bonus will be 70% of your base salary, but the actual amount of your annual bonus may range from 0% to 140% of your base salary. Any annual bonus will be contingent upon your continued employment through the applicable payment date. You hereby acknowledge and agree that nothing contained herein confers upon you any right to an annual bonus in any year, and that whether Frontier pays you an annual bonus and the amount of any such annual bonus will be determined by the Board or its Compensation Committee, in its sole discretion. For 2024, your target and any actual annual bonus will be calculated and prorated based on the portion of the year during which you were employed by Frontier.

Equity: Frontier is owned by FGHI. FGHI has adopted the 2021 Incentive Award Plan (the "Equity Plan") pursuant to which FGHI may grant equity awards. At its first regularly scheduled meeting after your employment start date, subject to Board approval, you will be granted, pursuant to the Equity Plan, a number of restricted stock units equal to $1,700,000 divided by the per share fair market value of FGHI's common stock as determined by the Board in its sole discretion. $1,000,000 of the restricted stock units will vest as to one-fourth (1/4) of the shares granted on each anniversary of your employment start date and $700,000 of the restricted stock units with vest as to one-third (1/3) of the shares granted on each anniversary of your employment start date, in both cases subject to your continuing employment by Frontier through the applicable vesting dates. The restricted stock units shall otherwise be subject to the terms of the Equity Plan, the restricted stock unit agreement evidencing the award to be entered into between you and FGHI, and the provisions below applicable upon a Change in Control (as defined below).

Relocation: This position is based at Frontier's headquarters in Denver, Colorado. By July 1, 2024 you will be expected to permanently reside in the Denver metro area. Until that time, you will be able to commute in via Positive Space travel on Frontier on a schedule determined by you and your supervisor, but at a minimum level of three days per week, and up to five days per week based on business demands. Beyond air travel, commuting costs will be your responsibility, but may be reimbursed as part of your relocation allowance. Should you fail to permanently relocate to Denver by July 1, 2024 or terminate your employment with Frontier on or before March 31, 2025, you will be expected to reimburse Frontier for any monies paid to you as part of your relocation reimbursement (see below paragraph); such expenses may be deducted from your final paycheck, among other alternatives, if not promptly reimbursed.

Frontier will reimburse you for all reasonable expenses you and your immediate family incur in relocating to Denver, Colorado, including air fare, car rental, hotels, meals, commuting expense and other temporary living expenses, as well as packing, unpacking and shipping costs for personal and household items and an automobile, and sales commission on your home, up to $150,000 for all such expenses. Any relocation expenses exceeding $150,000 must be approved by Frontier's Senior Vice President, Human Resources. Relocation expenses must be submitted no later than December 31, 2024; any unused funds will be forfeited at that time.

Travel Benefits: During the term of your employment, Frontier will provide you, your spouse, your eligible children and your parents privileges to travel positive space on Frontier Airlines with the priority code PS2B in accordance with Frontier policy to the same extent and use of such benefits by senior executives (the "Flight Benefit"). You shall also 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 you and your family and friends solely on Frontier Airlines in the amount of $8,250 that must be used, if at all, within twelve months of the date the UTAP card is issued. Your $8,250 annual UATP benefit will be prorated for 2024.

Vacation: During the term of your employment, you will be entitled to four weeks of annual paid vacation, in accordance with Frontier's vacation policy as it may be amended from time to time. Please note that vacation time at this level is not tracked, nor is unused vacation time paid out upon separation.

Benefits: You will be eligible during your employment to participate in all the employee benefits and benefit plans that Frontier generally makes available to its regular full-time employees. In addition, during your employment, you will be eligible for other standard benefits, to the extent applicable generally to other similarly situated employees of Frontier. Frontier reserves the right to terminate, modify or add to its benefits and benefit plans at any time.

If Frontier terminates your employment without Cause (as defined below) and you (a) deliver a general release of all claims against Frontier and its affiliates in a form acceptable to Frontier that becomes effective and irrevocable within sixty (60) days following such termination of employment (the "Release Condition"), and (b) comply with the Additional Terms attached hereto as Exhibit A (the "Additional Conditions," and together with the Release Condition, the "Conditions"): (i) you will receive, promptly following the date the Release Condition is satisfied, a lump sum payment equal to your base salary and target bonus at the time of termination, less applicable withholdings; and (ii) Frontier will continue to provide the Flight Benefit until the first anniversary of your termination date. If Frontier terminates your employment without Cause or you resign for Good Reason, in each case, at any time during the period within twelve months after a Change in Control and you satisfy the Conditions: (i) you will receive, promptly following the date the Release Condition is satisfied, a lump sum payment equal to two times your base salary and two times your target bonus at the time of termination, less applicable withholdings; (ii) Frontier will continue to provide the Flight Benefit until the second anniversary of your termination; and (iii) each outstanding and unvested equity award you hold will automatically become vested and, if applicable, exercisable, with respect to one hundred percent (100%) of the unvested shares.

"Cause" shall have the meaning in provided in the Equity Plan.

"Change in Control" shall have the meaning provided in the Equity Plan or, if specified in the award agreement evidencing the award, such agreement.

"Good Reason" shall mean any of the following, without your written consent: (a) a material diminution in your base salary that is not proportionately applicable to other similarly situated employees of Frontier generally; (b) a material diminution in your job responsibilities or duties inconsistent in any material respect with your duties or responsibilities in effect immediately prior to such change, provided, that any change made solely as the result of Frontier or FGHI becoming a subsidiary or business unit of a larger company in a Change in Control shall not provide for your Constructive Termination hereunder; or (c) the failure by any successor entity or corporation following a Change in Control to assume the obligations under this letter agreement. Notwithstanding the foregoing, Executive will not be deemed to have Good Reason unless the condition giving rise to such resignation continues uncured by Frontier more than thirty (30) days following your written notice of such condition provided to Frontier within sixty (60) days of the first occurrence of such condition and such resignation is effective within thirty (30) days following the end of such notice period.

No amount deemed deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), shall be payable pursuant to this letter agreement unless your termination of employment constitutes a "separation from service" with Frontier within the meaning of Section 409A and the Department of Treasury regulations and other guidance promulgated thereunder. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this letter agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment. To the extent that any reimbursements or in-kind benefits provided pursuant to this letter agreement are subject to the provisions of Section 409A of the Code, any such reimbursements payable to you pursuant to this letter agreement shall be paid to you no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed or the amount of in-kind benefits provided in one year shall not affect the amount eligible for reimbursement or the amount of in-kind benefits to which you are entitled, respectively, in any subsequent year, and your right to reimbursement or in-kind benefits under this letter agreement will not be subject to liquidation or exchange for another benefit. If Frontier determines that you are a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code at the time of your separation from service, any amount deemed deferred compensation subject to Section 409A of the Code to which you are entitled under this letter agreement in connection with such separation from service shall be delayed to the extent required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code.

Frontier requires that, as a full-time employee, you devote your full business time, attention, skill, and efforts to the tasks and duties of your position as assigned by Frontier. If you wish to request consent to provide services (for any or no form of compensation) to any other person or business entity while employed by Frontier, please discuss that with Frontier's Chief Executive Officer in advance of accepting another position.

As a condition of employment, you will be required to comply with the Additional Terms attached hereto as Exhibit A, which by this reference are incorporated in this letter agreement.

By signing below, you represent that your performance of services to Frontier will not violate any duty which you may have to any other person or entity (such as a present or former employer), including obligations concerning providing services (whether or not competitive) to others or confidentiality of proprietary information, and you agree that you will not do anything in the performance of services hereunder that would violate any such duty.

Notwithstanding any of the above, your employment with Frontier is "at will". This means that it can be terminated by you or by Frontier at any time, with or without advance notice, and for any or no particular reason or cause. It also means that your job duties, title and responsibility and reporting level, work schedule, compensation and benefits, as well as Frontier's personnel policies and procedures, may be changed with prospective effect, with or without notice, at any time in the sole discretion of Frontier.

This letter agreement shall be interpreted and construed in accordance with Colorado law without regard to any conflicts of laws principles. While other terms and conditions of your employment may change in the future, the at-will nature of your employment may not be changed, except in a subsequent written agreement, signed by you and the Chief Executive Officer of Frontier. Any prior or contemporaneous representations (whether oral or written) not contained in this letter agreement that may have been made to you will be expressly cancelled and superseded by this letter agreement.

Please sign and date this letter agreement and return it to me by email at [###] by **Friday, March 1, 2024** if you wish to accept employment by Frontier under the terms described above, failing which the offer made by our submission of this letter agreement will expire at the close of business in Denver, Colorado on such date. If you accept this offer by signing a counterpart and returning it to the undersigned as thus described, this letter agreement shall constitute the complete agreement between you and Frontier with respect to the terms and conditions of your employment.

We look forward to a productive and enjoyable work relationship.

Sincerely,

/s/ Steven C. Schuller
Steven C. Schuller

I agree with and accept the foregoing terms.

/s/ Robert Schroeter
Robert Schroeter

March 1, 2024
Date

Exhibit 31.1

CERTIFICATION

I, Barry L. Biffle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Frontier Group Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ Barry L. Biffle
Barry L. Biffle
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Mark C. Mitchell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Frontier Group Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ Mark C. Mitchell
Mark C. Mitchell
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of Chief Executive Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Frontier Group Holdings, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2024

/s/ Barry L. Biffle
Barry L. Biffle
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification of Chief Financial Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Frontier Group Holdings, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	May 2, 2024	/s/ Mark C. Mitchell
		Mark C. Mitchell
		Senior Vice President and Chief Financial Officer
		(Principal Financial Officer)