

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

**FORM 8-K**

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

**Date of Report (Date of earliest event reported): January 29, 2025**

**Frontier Group Holdings, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-40304**  
(Commission  
File Number)

**46-3681866**  
(IRS 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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

**Item 7.01 Regulation FD Disclosure.**

On January 29, 2025, Spirit Airlines, Inc. (“Spirit”) filed a Current Report on Form 8-K disclosing, among other things, that it had received a proposal from Frontier Group Holdings, Inc. (the “Company”), parent company of Frontier Airlines, Inc., regarding a potential business combination transaction.

The Company confirms that it has had preliminary confidential discussions with Spirit and has made a proposal to combine with Spirit in a transaction that provides for, among other things, the issuance of \$400.0 million principal amount of debt by the Company and 19.0% of the Company’s common equity at the closing of the transaction, to be distributed to the Holders of Senior Secured Notes, 2025 Convertible Notes, 2026 Convertible Notes and Existing Interests (each as defined in the First Amended Joint Chapter 11 Plan of Reorganization of Spirit Airlines, Inc. and its Debtor Affiliates, as filed with the United States Bankruptcy Court for the Southern District of New York on January 15, 2025). Copies of the letters between the Company and Spirit are furnished as Exhibits 99.1, 99.2, 99.3, 99.6 and 99.8 to this Current Report on Form 8-K and are incorporated by reference herein.

Presentations provided to Spirit, which outline the terms of the Company’s proposal and the benefits of such proposal for Spirit’s stakeholders, are furnished as Exhibits 99.4 and 99.7 to this Current Report on Form 8-K and are incorporated by reference herein. A copy of the correspondence between Citigroup Global Markets Inc., financial advisor to the Company, and Evercore Group L.L.C., financial advisor to the ad hoc group of Holders of Senior Secured Notes, is furnished as Exhibit 99.5 to this Current Report on Form 8-K and is incorporated by reference herein.

No agreement has been reached between the parties in relation to the structure, value or terms of a transaction. There is no assurance that these discussions will result in a transaction. The Company does not currently intend to comment further on the potential transaction with Spirit unless and until a definitive agreement has been reached or as it determines is otherwise required by law.

The information in this Current Report on Form 8-K is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, regardless of any general incorporation language in such filing, except as expressly set forth by reference in such filing.

**Cautionary Statement Regarding Forward-Looking Statements and Information**

Certain statements in this communication should be considered forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on the Company’s current expectations and beliefs with respect to certain current and future events and anticipated financial and operating performance. Words such as “expects,” “will,” “would,” “plans,” “intends,” “anticipates,” “indicates,” “remains,” “believes,” “estimates,” “forecast,” “guidance,” “outlook,” “goals,” “targets” 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. All forward-looking statements in this communication are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as required by applicable law.

Actual results could differ materially from these forward-looking statements due to numerous risks and uncertainties related to the Company’s and Spirit’s respective businesses and the Company’s proposed transaction with Spirit including, without limitation, the following: uncertainty as to whether Spirit will further pursue, enter into or consummate the proposed transaction on the terms set forth in the proposal or on other terms; uncertainties as to the timing of the proposed transaction; adverse effects on the Company’s share price resulting from the announcement or completion of the proposed transaction or any failure to complete the proposed transaction; failure to obtain applicable regulatory or other required approvals in a timely manner;

failure to satisfy other closing conditions to the proposed transaction; failure of the parties to consummate the proposed transaction; risks that the combined companies will not realize estimated cost savings, value of certain tax assets, synergies and growth, or that such benefits may take longer to realize than expected or raise unanticipated costs; failure to realize anticipated benefits of the combined operations; risks relating to unanticipated costs of integration; demand for the combined company's services; the growth, change and competitive landscape of the markets in which the combined company participates; expected seasonality trends; diversion of managements' attention from ongoing business operations and opportunities; potential adverse reactions or changes to business, creditor or employee relationships, including those resulting from the announcement or completion of the proposed transaction or the Spirit Chapter 11 proceeding; competitive responses to the announcement or completion of the proposed transaction; risks related to investor and rating agency perceptions of each of the parties and their respective business, operations, financial condition and the industry in which they operate; risks related to the potential impact of general economic, political and market factors on the companies or the proposed transaction; the impacts of the Company's significant amount of financial leverage from fixed obligations, the possibility the Company may seek material amounts of additional financial liquidity in the short-term and the impacts of insufficient liquidity on the Company's financial condition and business; failure to comply with the covenants in the Company's financing agreements or failure to comply with financial and other covenants governing the Company's other debt; changes in, or failure to retain, the Company's senior management team or other key employees; current or future litigation and regulatory actions, including in relation to the proposed transaction, or failure to comply with the terms of any settlement, order or arrangement relating to these actions; increases in insurance costs or inadequate insurance coverage; and other risks and uncertainties set forth from time to time under the sections captioned "Risk Factors" in the Company's reports and other documents filed with the Securities and Exchange Commission (the "SEC"), including 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, and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, which was filed with the SEC on May 2, 2024.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Letter to Spirit, dated January 7, 2025.</a>
99.2	<a href="#">Letter from Spirit, dated January 11, 2025.</a>
99.3	<a href="#">Letter to Spirit, dated January 16, 2025.</a>
99.4	<a href="#">Presentation, dated January 16, 2025.</a>
99.5	<a href="#">Correspondence, dated January 24, 2025.</a>
99.6	<a href="#">Letter to Spirit, dated January 28, 2025.</a>
99.7	<a href="#">Presentation, dated January 28, 2025.</a>
99.8	<a href="#">Letter from Spirit, dated January 28, 2025.</a>
104	Cover page interactive data file (embedded within the Inline XBRL document).

**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 hereunto duly authorized.

FRONTIER GROUP HOLDINGS, INC.

Date: January 29, 2025

By: /s/ Howard M. Diamond  
Howard M. Diamond  
Executive Vice President, Legal and Corporate Affairs



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

**Confidential**

Mr. H. McIntyre Gardner  
Chairman of the Board

Mr. Edward M. Christie III  
President and Chief Executive Officer

Spirit Airlines, Inc.  
1731 Radiant Drive  
Dania Beach, FL 33004

January 7, 2025

Dear Mr. Gardner and Mr. Christie:

On behalf of Frontier Group Holdings, Inc. (“Frontier”), we are pleased to submit our proposal (our “Proposal”) to provide an alternative restructuring plan for the creditors and stockholders of Spirit Airlines, Inc. (“Spirit”) including the combination of Spirit with Frontier. Our Proposal is structured to maximize value and execution certainty for Spirit and its creditors and stockholders, and we firmly believe it would result in a transaction that is more favorable to the Spirit creditors and stockholders than the one outlined in Spirit’s current proposed Plan of Reorganization (the “Plan”). We believe our Proposal is capable of being consummated expeditiously in accordance with the terms described in this letter.

All capitalized terms not defined in this Proposal are as defined in the Plan.

**Compelling Strategic Rationale – true, low-cost alternative to the Big Four**

We strongly believe that now is the time to form the country’s first, at-scale, low-fare carrier by combining our two businesses. A Frontier / Spirit combination will bring unmatched benefits:

- Stronger competitive position due to much needed scale: the combined Frontier / Spirit will be better positioned for long-term viability as a more effective competitor in our existing and new markets. The combined company will be the fifth largest airline in the U.S., growing to 100 million passengers and over 400 aircraft within a few years.
- Value proposition: by combining our operations, we will be able to improve our loyalty and frequent flyer programs and offer a diversified product – including premium options – and thereby create a stronger platform for accelerated, long-term growth. Additionally, the combination will allow more reliable service through operational efficiencies, including airport infrastructure optimization, further enhancing the travel experience for our customers.
- Offering more low fares to more consumers: the combined business will greatly increase our presence in numerous major markets in the U.S. and offer significant network connections, creating thousands of new markets and enabling consumers to save billions compared to the prices charged by the Big Four.

### Long-term Opportunity for Spirit Team Members

We value all members of Team Frontier and we look forward to integrating the Spirit Team into our family. By enjoying a faster growth trajectory and competing more effectively with the Big Four, the combined business will create more sustainable career opportunities than either business can achieve on its own.

### Terms of Frontier Proposal

Our Proposal provides for the issuance of \$400 million principal amount of debt by Frontier and 19.0% of Frontier's common equity (the "Proposal Consideration") at closing, to be distributed to the Holders of Senior Secured Notes, Convertible Notes, and Existing Interests in amounts that enhance recoveries to each of those groups relative to the Plan. As discussed in greater detail below, the aggregate value of the Proposal Consideration is no less than \$2,162 million, before taking into account any synergies from the combination of Frontier and Spirit. We and our advisors would be pleased to discuss with you, in greater detail, potential means of allocating the Proposal Consideration consistent with those objectives.

Consistent with the Plan, our Proposal assumes the Consenting Creditors will complete a \$350 million Rights Offering prior to the Effective Date and will utilize the proceeds to retire the DIP Financing upon emergence from Chapter 11, with any excess cash going to the combined company's balance sheet on the Effective Date.

### Proposal Offers Superior Value for Spirit Stakeholders

Our Board of Directors has unanimously approved our Proposal and we are highly confident that our Proposal can be consummated on a timely basis. Using the assumptions detailed in the Plan, we believe our Proposal offers more value to Holders of the Senior Secured Notes, Convertible Notes, and Existing Interests than the Plan.

Prior to taking into account any synergies that could be created as a result of the transaction, these parties would receive \$400 million principal amount of debt plus \$1,762 million in equity under our Proposal compared to \$840 million and \$806 million under the Plan<sup>1</sup>. If we include synergies (as described below), the aggregate value to these stakeholders would increase to up to \$2,901 million under our Proposal.<sup>2</sup>

Our estimate of the value of the Proposal Consideration provided by our Proposal is based on the following:

- A valuation date of February 28, 2025 (the "Valuation Date"), consistent with the Valuation Analysis in [Exhibit C](#) of the Disclosure Statement.
- Spirit projects 2026 EBITDAR of \$1,041 million, according to the projections included in [Exhibit B](#) of the Disclosure Statement.
- The Plan includes a Plan Equity Value for Restructured Debt of \$806 million. Assuming pro forma net debt of \$5,937 million at the Valuation Date,<sup>3</sup> Spirit will have a Total Enterprise Value of \$6,743 million, implying a Total Enterprise Value to 2026 EBITDAR multiple of 6.5x.
- Based on our present internal forecast, Frontier is projected to have EBITDAR of \$1,835 in 2026, implying EBITDAR of \$2,876 million for the combined business, excluding any synergies. Applying the same 6.5x multiple implied in the Plan to the combined company's projected 2026 EBITDAR would produce a Total Enterprise Value of \$18,630 million.

<sup>1</sup> Includes \$350 million of the Equity Rights Offering.

<sup>2</sup> Assumes a minimum of \$600m in synergies; Includes value to participants in the Equity Rights Offering.

<sup>3</sup> From the Valuation Analysis in [Exhibit C](#) of the Disclosure Statement.

- Frontier is projected to have net debt of \$3,859 million at the Valuation Date based on our present internal projections. The combined business would have \$9,356 million of net debt at the Valuation Date on that basis.
- With an estimated Total Enterprise Value of \$18,630 million and a total net debt of \$9,356 million for the combined business, the forecast Equity Value of the combined business would be \$9,274 million. Based on our Proposal, Holders of the Senior Secured Notes, Convertible Notes, and Existing Interests would receive \$1,762 million of that value in equity on the Effective Date.<sup>4</sup>
- We engaged a management consultant firm with expertise in commercial aviation who has indicated that, based on recent transactions and its experience in the industry, revenue synergies could be \$500 million or more and cost synergies could be \$100 million or more. Factoring an assumed \$600 million of synergies into our Proposal would further increase the equity value to the Holders of the Senior Secured Notes, Convertible Notes, and Existing Interests to up to \$2,501 million in the aggregate.<sup>5</sup>

### **Confirmatory Due Diligence and Next Steps**

We expect that the finalization of definitive documentation and confirmatory due diligence will be completed expeditiously. This transaction is of significant interest to Frontier, and we are prepared to commit all the resources necessary to acquire Spirit. We are committed to moving quickly, including working proactively with regulators and other stakeholders in light of the benefits of this transaction and the current financial position of Spirit.

### **Advisors**

Frontier has retained Citigroup Global Markets, Inc. as its financial advisor for this transaction and Latham & Watkins LLP as its legal counsel. Our advisors are ready, willing and able to coordinate with Spirit's advisors on the content of our Proposal and next steps.

### **Other**

Our Proposal is submitted on the understanding that, except as and to the extent required by law, all information contained herein or related to the contents of this letter, including the terms of our Proposal, are confidential, and should not be disclosed to anyone other than (a) Spirit's officers and directors, and its legal and financial advisors, who need to know the information to evaluate our Proposal, and (ii) to counsel and advisors to the Consenting Stakeholders solely to the extent required by Section 6.01(i) of the Restructuring Support Agreement, in each case on a strictly confidential basis. This letter is not intended to be, and is not, a binding contract between us or an offer by us capable of acceptance, and there will be no legally binding contract or agreement between Frontier and Spirit regarding a transaction unless and until a definitive agreement is executed and delivered.

<sup>4</sup> Includes value to participants in the Equity Rights Offering.

<sup>5</sup> Includes value to participants in the Equity Rights Offering.

**Summary**

Our Proposal represents a compelling opportunity for your creditors and stockholders to receive a significant premium for their investment in Spirit, with greater value than the proposed transaction as described in the Plan. We firmly believe that our Proposal is in the best interests of your creditors and stockholders and that they will benefit from your cooperation with us to allow them to realize the benefits of our Proposal. We and our advisors are ready to engage with you immediately to reach agreement on the terms of our transaction as soon as possible.

We look forward to working together with you to achieve the optimal outcome for your creditors, stockholders, customers and Team Members, and are ready and available to discuss at your earliest convenience.

Sincerely,



W. A. Franke  
Chairman of the Board



Barry Biffle  
Chief Executive Officer



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Frontier Group Holdings, Inc.  
4545 Airport Way  
Denver, Colorado 80239  
Attn: Mr. W. Franke, Mr. B. Biffle

January 11, 2025

Gentlemen:

Thank you for your letter dated January 7, 2025.

We are of course always exploring and open to ideas and proposals that maximize value for our Company and its stakeholders, and we share your view that a combination of our two companies has logic and could create a potent competitor in the marketplace. However, as explained further below, we are concerned about the timing of your proposal, and we also believe that your economic proposal is far short of what our stakeholders would support.

In our last discussions in the Summer and Fall of 2024, we were moving forward with you based on an agreement in principle, reached after several rounds of negotiations, that would have involved Spirit stakeholders receiving 26.5% of the equity of the combined company and \$580 million of take-back debt. Assuming other acceptable terms, Spirit's Board and management were willing to push forward expeditiously with a deal along those lines, even though our preliminary discussions with our bondholders last Fall generated a negative reaction from them to the transaction on those terms.

The proposal in your letter of January 7 represents an extremely material reduction in value compared to our 2024 agreement in principle. The \$580 million in take-back debt has been reduced to \$400 million in debt, the 26.5% of equity to 19%, and notwithstanding those reductions in consideration for Spirit stakeholders, your proposal further assumes our creditors will make an incremental \$350 million equity investment, effectively requiring them to fund their own debt position in the combined company. Nor does your proposal address our now-drawn \$300M RCF facility or many other core matters. Your letter also does not address liquidity that may be needed to bridge to a potential closing.

The new Frontier proposal, in our opinion, also falls far short of the consideration to be received by Spirit stakeholders under the current Chapter 11 Plan of Reorganization. The \$400M of debt is less than half of the debt that will be provided to creditors under the Plan, and it is unclear based on our prior discussions how this new debt will be structured, whether and by what it will be secured, and whether it will be structured to trade in the

market as a par security. There is also substantial uncertainty as to the value of the equity to be received and whether Frontier's pro forma stock price will dramatically appreciate, as you imply in your letter, to a level that provides comparable or greater value to Spirit stakeholders, and we believe our creditors will look skeptically on these factors.

Please note that we have discussed the new Frontier proposal with the advisors to our bondholders as contemplated by your letter and required by our restructuring support agreement. We are told they believe your current proposal is so insufficient as not to merit a counter.

In addition to the significant improvement in the economic package that would be needed, as you will appreciate, for us to credibly advocate for a Frontier-Spirit combination to our constituents, the deal must provide closing certainty, without off-market closing conditions (of the kind you previously proposed) that give Frontier broad discretion to walk away. We would also need to understand whether your proposal would contemplate any rejection of contracts or address labor agreements, as that would likely complicate and prolong our chapter 11 proceedings. Also, given the level of diligence that you conducted in the Fall and the information available on the public docket, we expect bring-down confirmatory diligence would be de minimis and completed in a matter of days.

As we noted above, we share your view on the logic of a combination of our companies and are willing to work with you constructively to see if there is a deal that can be reached that is acceptable to all parties. Given the timing (we are about three weeks before our scheduled confirmation hearing), we would need to move very quickly in discussions with you and our stakeholders to see if there is a deal to be done here – and we are willing to commit the time and effort towards that goal but need assurances and feedback from you on the above topics. We recognize that the gap may be too large, and if we cannot reach agreement with you, we are highly confident that our extremely efficient standalone reorganization will position us well for the future.

Sincerely,



Ted Christie



Mac Gardner



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

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Mr. H. McIntyre Gardner  
Chairman of the Board

Mr. Edward M. Christie III  
President and Chief Executive Officer

Spirit Airlines, Inc.  
1731 Radiant Drive  
Dania Beach, FL 33004

January 16, 2025

Dear Mr. Gardner and Mr. Christie:

In response to your letter dated January 11, 2025, it appears the parties continue to agree there is compelling industrial logic to a combination of our two companies. However, your response suggests material differences between us on how best to move forward, if at all. Following is a response to some of the issues noted in your letter and we've attached a presentation that we believe illustrates that our proposal is financially superior for your impacted stakeholders than the plan you currently have on file with the Bankruptcy Court (the "Plan").

Regarding your comments about the deal terms we discussed in 2024, we obviously concluded not to move forward on those terms based on the diligence available to us; and our view of pursuing a transaction under those terms has not changed. Spirit has incurred substantial losses over the last few years and the most recent version of your long-term budget that we were able to review projected operating losses continuing through 2025. In addition, you will recall that we identified substantial non-operating cashflow challenges facing Spirit going forward. We have consistently advised you that we would not pursue a transaction that could potentially put Frontier at risk and, given the ongoing cash challenges we saw in the Spirit business plan, we determined it was not in our interest to move forward.

After our last discussions, Spirit filed for bankruptcy protection. It remains unclear to us how the bankruptcy has impacted your long-term budget, but we would expect a negative impact to your cash forecast assuming (i) the cash drain from the fees and expenses of a bankruptcy and (ii) the higher cost of financing the business in this interest rate environment. While we assume Spirit has benefited from recent industry yield improvements, we would want to understand if the bankruptcy has had any negative impact on your sales and / or yields as compared to your pre-bankruptcy forecast.

Though we continue to see near term risk for a Spirit transaction, we have followed your bankruptcy filings closely to see if we could identify a deal structure that would make sense for our shareholders and for your impacted stakeholders, including your creditors and stockholders.

We strongly believe the proposal we put forth in our letter dated January 7, 2025 addresses the business risks we previously identified and delivers a superior financial result to your impacted stakeholders. The attached presentation compares the two proposals and we believe clearly makes the case.

Regarding your question about additional diligence work we may require, our January 7th letter noted we just need to complete confirmatory diligence. Assuming you have detail readily available, we expect this would take no more than 5 to 10 days. We anticipate diligence would be limited to a review of your Q4 results, an update on your recent sales trends, an updated 2-year cash forecast (to include the impact of the bankruptcy), a disclosure of any material contracts or changes to the business since we last talked and a tax review of any impact resulting from the bankruptcy (such as NOLs).

Given our prior negotiations, we expect definitive documentation would also be a fairly quick process. And based on your prior discussions with the DOJ and the DOT — and the obvious, procompetitive benefits of a Frontier/Spirit merger for consumers — we also anticipate any antitrust review or regulatory review would proceed on an expedited basis.

Assuming your Board and creditors agree to the terms of our proposal, we would not require any special conditions to closing, nor do we currently see the need for bridge financing. We have assumed that the Spirit revolver would remain in place to its current maturity (which we believe is 2026) and that the \$350 million rights offering is completed. Coupled with Frontier's strong balance sheet, current cash position and cash flow production, we believe the combined company would have sufficient liquidity to solve the challenges we identified several months ago and to fund any cash outflows (dis-synergies) we would incur with the merger of the two companies. This includes an assumption that there would not be a need to address any of the Spirit labor contracts in your bankruptcy and the combined company would work post-closing with the various bargaining units to merge labor contracts.

We recommend getting on a call at your earliest convenience to review the attached presentation and to address any remaining questions or concerns you may have.

Sincerely,



W. A. Franke  
Chairman of the Board



Barry L. Biffle  
Chief Executive Officer



**FRONTIER**  
LOW FARES DONE RIGHT

## Presentation to Spirit

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January 2025



# Summary Considerations

Frontier's proposal ensures superior economics, certainty, and speed for Spirit's stakeholders relative to the Spirit standalone plan

## Stronger, More Competitive Airline

- Transaction with Frontier creates America's first low-cost carrier with [sufficient scale to compete with the Big Four](#)
- Complementary networks bring more low fares to more markets and generate [meaningful and achievable synergies](#)

## Challenges with Spirit's Standalone Plan

- Spirit's plan relies on [robust valuation assumptions](#) against a business plan with [significant execution risk](#) to generate equity value
- Even if the plan is achieved, [creditors do not realize a full recovery](#), and shareholders have zero recovery
- [Leverage remains high](#) on 2025E EBITDAR (8.9x)

## Frontier's Superior Alternative

- [Even without synergies](#), Frontier's plan provides [greater creditor recovery](#) while also providing value to shareholders
- On a combined basis, [significantly lower leverage](#) on 2025E EBITDAR (4.1x)
- On a standalone basis, Spirit would need to achieve a valuation [meaningfully higher than its plan currently contemplates](#) for its creditors to realize the economics offered in Frontier's alternative
- A combination with Frontier [de-risks Spirit's business transformation plan](#) and positions the combined airline to more effectively compete with the Big Four over the long term

**A combination with Frontier can proceed quickly, with minimal required due diligence or closing conditions**



# Frontier Proposal vs. Spirit Standalone Restructuring

(\$ in millions)

## Spirit Standalone Restructuring

## Frontier Proposal

Creditor Consideration			
Exit Secured Notes	\$840	\$400	
Coupon	11.0% Cash / 8.0% Cash + 4.0% PIK	11.0% Cash / 8.0% Cash + 4.0% PIK (specifics to be discussed)	
% Ownership	100% of Spirit	19.0% of PF Frontier + Spirit	
<b>Pro Forma Entity</b>	<b>Spirit</b>	<b>Frontier + Spirit</b>	
Revenue (FY26)	\$5,411	\$11,059	
EBITDAR (FY26)	\$1,041	\$3,476 <sup>(1)</sup>	
Net Debt (2/28/2025)	\$5,937	\$9,356	
Net Leverage <sup>(2)</sup>	8.9x	4.1x	
Run-Rate Synergies	--	\$600	
<b>Equity Value</b> (@ 6.5x EBITDAR FY26 per RSA Plan)	<b>\$806</b>	<b>\$13,161</b>	
<b>Total Value to Stakeholders</b>	<b>\$1,646</b>	<b>\$2,901</b>	
<b>Recovery</b>	<b>Recovery %<sup>(3)</sup></b>	<b>Recovery %<sup>(4)</sup> (Excl. Synergies)</b>	<b>Recovery %<sup>(4)</sup> (Incl. Synergies)</b>
Senior Secured Notes	95%	106%	141%
Convertible Notes	56%	100%	137%
Common Stock <sup>(5)</sup>	\$0.00 / share	\$0.80 / share	\$1.15 / share

Notes: Spirit RSA and Frontier Proposal reflect \$350mm equity rights offering. Recovery rates for senior secured notes and convertible notes are based on principal value and share of equity rights offering.

Recovery rates exclude impact from other secured / priority claims.

(1) Figures include \$600mm of run-rate synergies.

(2) Net leverage reflects net debt as of 02/28/2025 divided by 2025E Pro forma EBITDAR incl. 50% credit for synergies.

(3) Reflects Spirit equity ownership split of 76% senior secured noteholders, 24% convertible notes.

(4) Illustrative equity ownership split of 65% senior secured noteholders, 30% convertible notes, 5% common stock.

(5) Per share figures based on Spirit basic shares outstanding as of November 14, 2024; rounded to the nearest \$0.05.

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# Frontier + Spirit = A Winning Formula

Compelling Proposal to Acquire Spirit To Create America's First At-Scale, Low-Cost Competitor to Big Four

## Creating a Stronger Airline with Long-Term Viability to Compete More Effectively

- 5<sup>th</sup> largest U.S. airline, growing to 100M annual passengers and 400+ aircraft within a few years
- Top three carrier in more than half of the top 25 U.S. airports
- Meaningfully increases presence in numerous major U.S. markets

## Offering More Low Fares and Premium Options to Travelers

- Provides more low fares to more consumers, enabling billions in savings compared to prices charged by Big Four
- Improves frequent flyer and loyalty programs as well as a more diversified product with premium options
- Enables more reliable service through operating efficiencies
- Enhances travel experience for customers

## Delivering Value for Financial Stakeholders

- Creates compelling financial opportunity for Spirit creditors and shareholders
- Provides greater value and recovery relative to Spirit standalone restructuring plan

## Significant Synergy Potential

- Opportunity to participate in upside potential from owning a larger, more competitive airline with estimated synergies of \$600M+

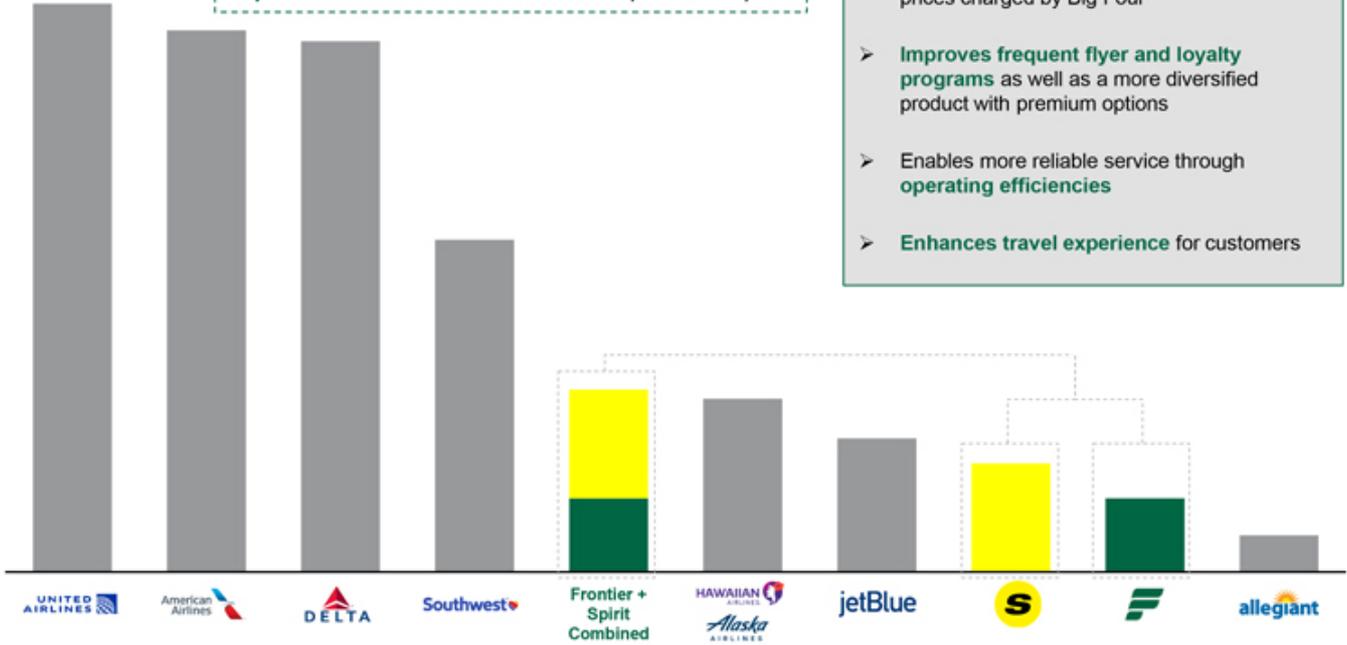


# America's First At-Scale, Low-Cost Competitor to Big Four

Stronger Airline with Long-Term Viability to Compete Against Big Four

## 2023 Available Seat Miles

5th largest U.S. airline, growing to 100M annual passengers and 400+ aircraft within a few years  
Top three carrier in more than half of the top 25 U.S. airports



## Consumers Win: Low Fares with Premium Options

- Provides more low fares to more consumers, enabling billions in savings compared to prices charged by Big Four
- Improves frequent flyer and loyalty programs as well as a more diversified product with premium options
- Enables more reliable service through operating efficiencies
- Enhances travel experience for customers

Source: Company filings.

Confidential and proprietary

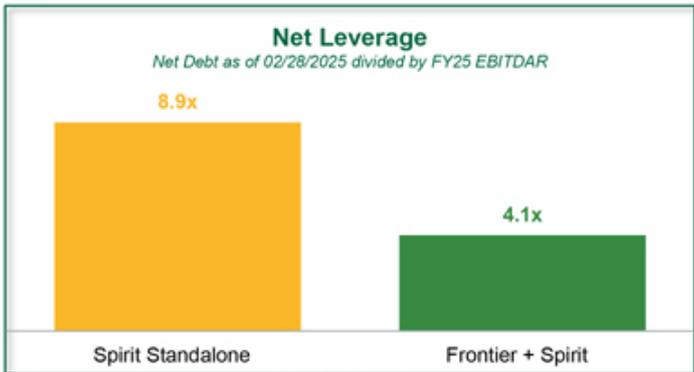
# Value to Spirit Stakeholders

Frontier Proposal creates significantly greater value than Spirit Standalone Restructuring Plan.

(\$ in millions); FY26 EBITDAR Multiples

Spirit Standalone Restructuring				
As of 02/28/2025, \$840mm Exit Secured Notes				
	Frontier	Median <sup>(1)</sup>	RSA Plan	
	Valuation Multiple			
	4.5x	5.5x	6.5x	
Equity Value	--	--	\$806	
Exit Secured Notes	--	\$539	\$700	
Equity Interest	--	--	\$613	
<b>Sr. Secured Noteholders</b>	--	<b>\$539</b>	<b>\$1,313</b>	
% Recovery	--	39%	95%	
Exit Secured Notes	--	\$89	\$140	
Equity Interest	--	--	\$194	
<b>Convertible Noteholders</b>	--	<b>\$89</b>	<b>\$334</b>	
% Recovery	--	15%	56%	

Frontier Proposal (Excluding Synergies)				
\$400mm Exit Secured Notes; 19.0% Ownership to Spirit				
	Valuation Multiple			
	4.5x	5.5x	6.5x	
Equity Value	\$3,586	\$6,462	\$9,274	
Exit Secured Notes	\$333	\$333	\$333	
Equity Interest	\$442	\$796	\$1,142	
<b>Sr. Secured Noteholders</b>	<b>\$775</b>	<b>\$1,129</b>	<b>\$1,475</b>	
% Recovery	56%	81%	106%	
Exit Secured Notes	\$67	\$67	\$67	
Equity Interest	\$206	\$371	\$532	
<b>Convertible Noteholders</b>	<b>\$272</b>	<b>\$437</b>	<b>\$599</b>	
% Recovery	45%	73%	100%	



Frontier Proposal (Incl. \$600mm of Synergies)				
\$400mm Exit Secured Notes; 19.0% Ownership to Spirit				
	Valuation Multiple			
	4.5x	5.5x	6.5x	
Equity Value	\$6,286	\$9,762	\$13,161	
Exit Secured Notes	\$333	\$333	\$333	
Equity Interest	\$774	\$1,202	\$1,620	
<b>Sr. Secured Noteholders</b>	<b>\$1,107</b>	<b>\$1,535</b>	<b>\$1,954</b>	
% Recovery	80%	111%	141%	
Exit Secured Notes	\$67	\$67	\$67	
Equity Interest	\$361	\$560	\$755	
<b>Convertible Noteholders</b>	<b>\$427</b>	<b>\$627</b>	<b>\$822</b>	
% Recovery	71%	105%	137%	

Source: Spirit Disclosure Statement (Chapter 11 Plan of Reorganization), filed as of December 18, 2024.

Notes: Spirit RSA and Frontier Proposal reflect \$350mm equity rights offering. Recovery rates for senior secured notes and convertible notes are based on principal value and share of equity rights offering. Recovery rates exclude impact from other secured / priority claims.

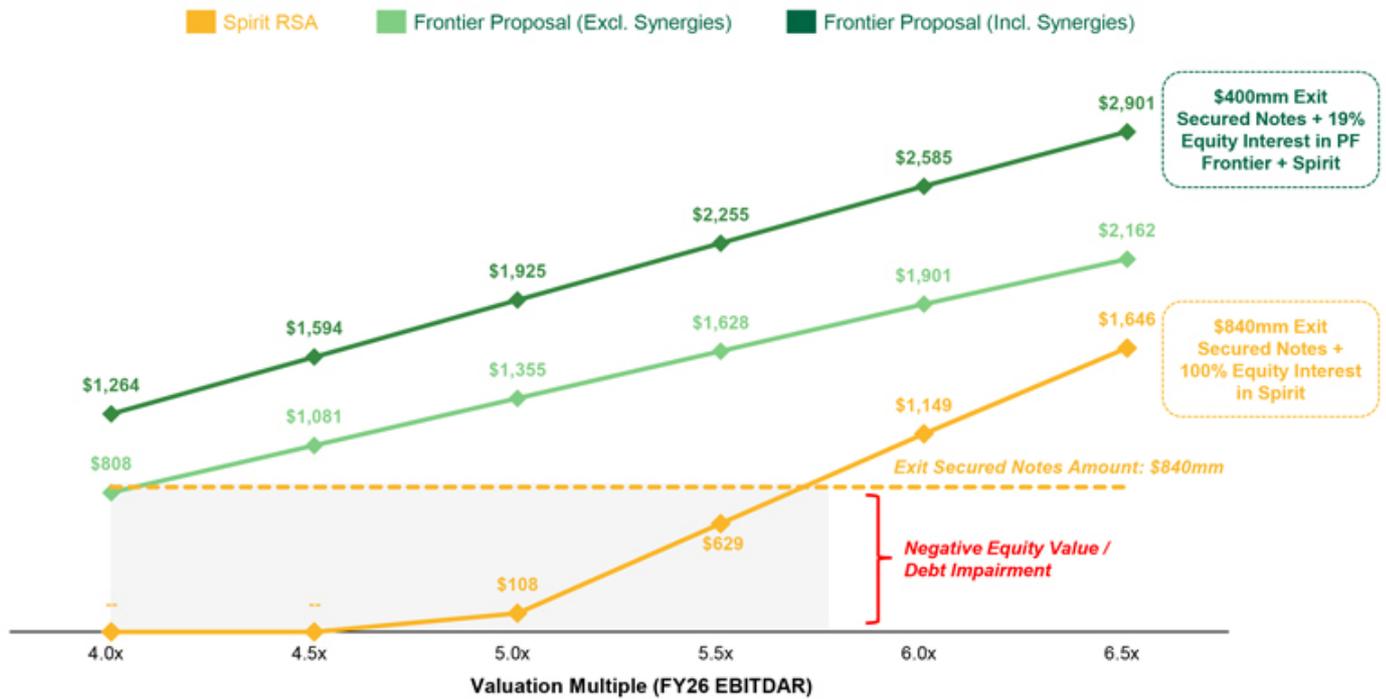
(1) Median industry multiple based on Southwest Airlines, JetBlue Airways, Frontier Airlines, Allegiant, and Sun Country Airlines. Confidential and proprietary



# Frontier Proposal Provides More Total Value to Stakeholders Under Any Valuation Multiple

(\$ in millions)

Total Value to Stakeholders (Senior Secured Notes + Convertible Notes + Common Equity)



Confidential and proprietary



# Remaining Key Diligence Items

- Given extensive diligence conducted to date, Frontier envisions an expedited due diligence process that may be completed in approximately 5-10 days
- Key diligence items include:
  - Sales performance relative to plan
  - Confirmation of latest Pratt & Whitney agreement providing compensation for 2025 AOGs
  - Updated 2-year cash flow forecast, inclusive of Chapter 11 costs
  - Disclosure of any material contract or business changes
  - Tax considerations, including any Chapter 11 impact to NOLs

**From:** Grier, John F [BKG-IB] <###>  
**Sent:** Friday, January 24, 2025 3:34 PM  
**To:** ###  
**Cc:** Adavikolanu, Rohith [BKG-IB]  
**Subject:** FW: Top Gun response to Whatley

Mark,

I asked Barry and Bill to address some of the questions you asked yesterday. Their response is below.

Roh and I are happy to follow up at your convenience.

Best,  
John

Sent with BlackBerry Work  
(www.blackberry.com)

**From:** [flyfrontier.com] Biffle, Barry <###>  
**Date:** Friday, Jan 24, 2025 at 6:20 PM  
**To:** Grier, John F [BKG-IB] <###>  
**Cc:** Bill Franke <###>, brianfranke <###>, Andrew Broderick <###>, Link, Brian [BKG-IB] <###>, Adavikolanu, Rohith [BKG-IB] <###>, Patel, Sagar1 [BKG-IB] <###>, Grasberger, Nick [BKG-IB] <###>  
**Subject:** Top Gun response to Whatley

John:

You have asked Bill and I to address several questions that Mark Whatley of Evercore raised yesterday. Please find our responses below.

Question 1. Why now? Saturn is just a few weeks from exit and we are proposing they stay in Chapter 11 for additional months. This imposes considerable costs and risks on them. Why does this need to happen now, why not wait until they exit and then engage?

There are several reasons.

First, under the current standalone plan, you will emerge highly levered, losing money at the operating level and this would not be a transaction we would pursue. Standalone, Saturn emerges over 8x levered and it takes two years to get down to 5x (still a high level). Pro forma, the companies would emerge close to 5x while we wait for the synergies to kick in. Your debt construct also encumbers all the remaining collateral at high LTVs. Secondary liquidity that we might need during the integration period would be unavailable were we to need it.

The second reason relates to that last point. If Saturn emerges standalone as per its plan, we think the company is so weak and highly levered as to attract predatory competitive attacks, and we worry that Saturn could be quickly weakened to the point that a merger is not a prudent risk. Further, we don't know what Saturn's proposed management team is, and a new team in place may struggle to find the right commercial fixes the company needs, exacerbating what could be a tough re-entry.

The sooner we can take control of the combined companies, the sooner we can stabilize Saturn. If you pursue the current standalone plan, it will be some time before we could contemplate reengaging, if at all.

Question 2. What is different now from late last year when you walked away?

Last year we saw several significant liquidity holes and uncertainties that needed to be plugged. In addition to the operating cash flow requirements, we identified substantial risk around the [ ] contract and compliance with [ ] covenants. Combining all of the above, our diligence identified a ~\$500 million gap and that assumed that Saturn was successful delivering substantial improvement to your yields over the next several quarters. The partial settlement of the [ ] contract removed some of that uncertainty, and the \$350 million creditor equity contribution less the Chapter 11 costs plus slightly lower debt helps bridge that gap. Any external shock (competitive response, higher fuel prices or the like) or a miss on your revenue forecast and the cash required to fund the Saturn operations to a successful recovery could increase materially. There has been some relief in that the revenue environment generally has improved, which mitigates some of what we saw as too large a risk.

Barry

**From:** Bill Franke  
**Sent:** Tuesday, January 28, 2025 4:39 PM  
**To:** Mac Gardner - Spirit Airlines (###) <###>; ###  
**Subject:** Confidential

Dear Mr. Gardner and Mr. Christie:

As has been confirmed in our discussions with you and your advisors, both parties agree there is compelling industrial logic to the combination of our two companies. To that end, we have proposed to you a transaction, as previously communicated and as attached herein. We believe this transaction generates meaningful value for your stakeholders in excess of that generated by the plan you currently have on file with the Bankruptcy Court.

We put forward this offer in good faith, understanding that it generates more value for all Spirit stakeholders, including common stockholders. We have not, however, received a specific counterproposal but stand ready to negotiate any and all parts of this offer after receiving a substantive response from you.

We continue to believe that under the current standalone plan, Spirit will emerge highly levered, losing money at the operating level, and this would not be a transaction we would pursue. As a result, time is of the essence.

Sincerely,

Bill and Barry



**FRONTIER**  
LOW FARES DONE RIGHT

## Presentation to Spirit

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January 2025



# Frontier's Superior Alternative

Frontier's proposal ensures superior economics, certainty, and speed for Spirit's stakeholders relative to the Spirit standalone plan

## Stronger, More Competitive Airline

- Transaction with Frontier creates America's first low-cost carrier with [sufficient scale to compete with the Big Four](#)
- Complementary networks bring more low fares to more markets and generate [meaningful and achievable synergies](#)

## Challenges with Spirit's Standalone Plan

- Spirit's plan relies on [robust valuation assumptions](#) against a business plan with [significant execution risk](#) to generate equity value
- Even if the plan is achieved, [creditors do not realize a full recovery](#), and shareholders have zero recovery
- [Leverage remains high](#) on 2025E EBITDAR (8.9x)

## Frontier's Superior Alternative

- [Even without synergies](#), Frontier's plan provides [greater creditor recovery](#) while also providing value to shareholders
- On a combined basis, [significantly lower leverage](#) on 2025E EBITDAR (4.1x)
- On a standalone basis, Spirit would need to achieve a valuation [meaningfully higher than its plan currently contemplates](#) for its creditors to realize the economics offered in Frontier's alternative
- A combination with Frontier [de-risks Spirit's business transformation plan](#) and positions the combined airline to more effectively compete with the Big Four over the long term

**A combination with Frontier can proceed quickly, with minimal required due diligence or closing conditions**

## Strategic Rationale

- Compelling *industrial logic*
- Creates the first *formidable low-cost challenger* to the Big Four
- Combination benefits *all* stakeholders





# Frontier + Spirit: Investment Highlights

Compelling Proposal to Acquire Spirit To Create America's First At-Scale, Low-Cost Competitor to Big Four

## Creating a Stronger Airline with Long-Term Viability to Compete More Effectively

- 5<sup>th</sup> largest U.S. airline, growing to 100M annual passengers and 400+ aircraft within a few years
- Top three carrier in more than half of the top 25 U.S. airports
- Meaningfully increases presence in numerous major U.S. markets

## Offering More Low Fares and Premium Options to Travelers

- Provides more low fares to more consumers, enabling billions in savings compared to prices charged by Big Four
- Improves frequent flyer and loyalty programs as well as a more diversified product with premium options
- Enables more reliable service through operating efficiencies
- Enhances travel experience for customers

## Providing More Stable Career Prospects for Team Members

- Provides better career opportunities with increasing complexity and scope
- Brings together two cohesive and customer-focused cultures

## Delivering Value for Financial Stakeholders

- Creates compelling financial opportunity for Spirit creditors and shareholders
- Provides greater value and recovery relative to Spirit standalone restructuring plan

## Significant Synergy Potential

- Opportunity to participate in upside potential from owning a larger, more competitive airline with estimated synergies of \$600M+

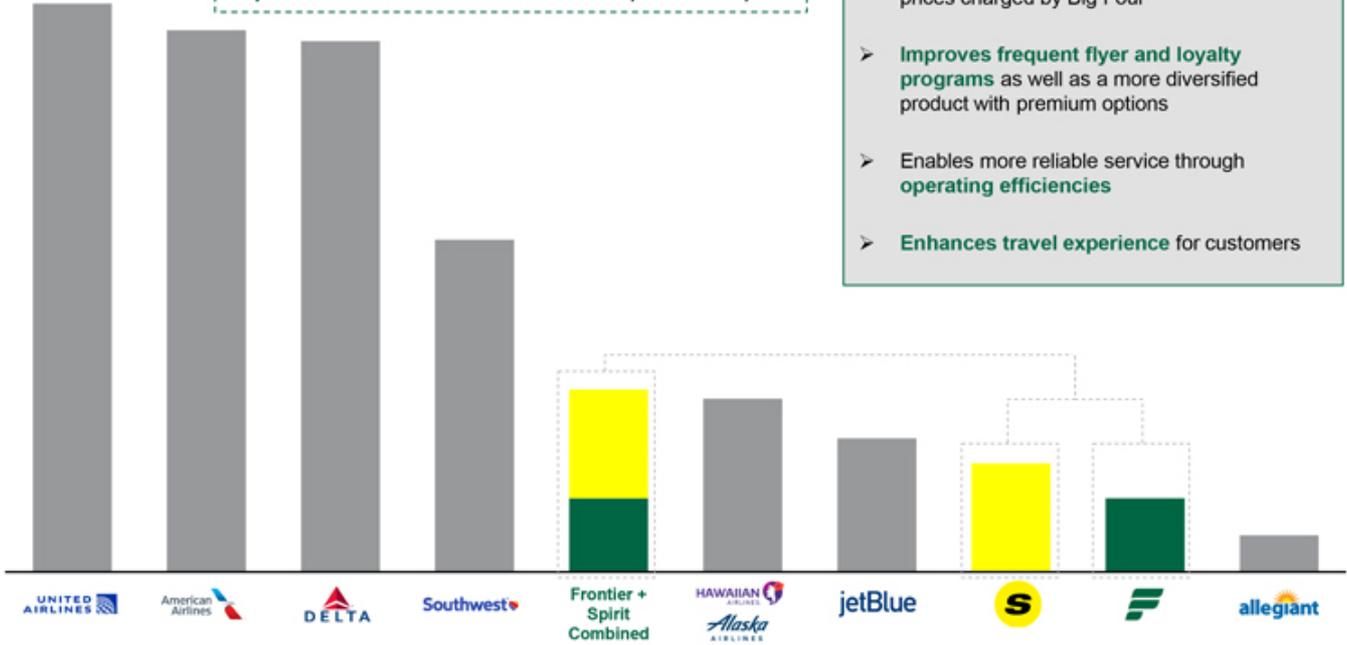


# America's First At-Scale, Low-Cost Competitor to Big Four

Stronger Airline with Long-Term Viability to Compete Against Big Four

## 2023 Available Seat Miles

5th largest U.S. airline, growing to 100M annual passengers and 400+ aircraft within a few years  
Top three carrier in more than half of the top 25 U.S. airports



## Consumers Win: Low Fares with Premium Options

- Provides more low fares to more consumers, enabling billions in savings compared to prices charged by Big Four
- Improves frequent flyer and loyalty programs as well as a more diversified product with premium options
- Enables more reliable service through operating efficiencies
- Enhances travel experience for customers

Source: Company filings.

Confidential and proprietary



# Frontier + Spirit = A Winning Formula

## Consumers & Communities

- Offers more low fares to more consumers across a meaningfully increased presence in the U.S., offering significant network connections
- Creates thousands of new markets and enables customers to save billions compared to prices charged by the Big Four
- Improves loyalty and frequent flyer programs to offer a diversified product and offer an enhanced travel experience with more reliable service
- Creates America's first low-cost carrier with sufficient scale to compete with the Big Four

## Team Members

- Creates more sustainable career opportunities for frontline team members as part of a more stable, faster growing airline
- Brings together two cohesive and customer-focused cultures

## Stakeholders

- Delivers meaningful value for financial stakeholders of both Frontier and Spirit
- Creates a compelling financial opportunity for Spirit creditors and shareholders through a transaction more favorable than the current proposed Plan of Reorganization
- Opportunity to participate in upside potential from owning a larger, more competitive airline with estimated synergies of \$600M+

## Comparing the Plans



- Across any reasonable set of assumptions, *Frontier's alternative provides more value* to Spirit's stakeholders
- Significant *chance of impairment for Spirit stakeholders under standalone plan* at more reasonable valuation assumptions
- Frontier's alternative *provides value to the common shareholders who receive zero otherwise* under the *standalone plan*
- Synergies with Frontier are *known, credible, and substantiated* by historical precedents, *helping derisk recovery values*



# Frontier Proposal vs. Spirit Standalone Restructuring

(\$ in millions)

	Spirit Standalone Restructuring	Frontier Proposal	
<b>Creditor Consideration</b>			
Exit Secured Notes	\$840	\$400	
Coupon	11.0% Cash / 8.0% Cash + 4.0% PIK	11.0% Cash / 8.0% Cash + 4.0% PIK (specifics to be discussed)	
% Ownership	100% of Spirit	19.0% of PF Frontier + Spirit	
<b>Pro Forma Entity</b>	<b>Spirit</b>	<b>Frontier + Spirit</b>	
Revenue (FY26)	\$5,411	\$11,059	
EBITDAR (FY26)	\$1,041	\$3,476 <sup>(1)</sup>	
Net Debt (2/28/2025)	\$5,937	\$9,356	
Net Leverage <sup>(2)</sup>	8.9x	4.1x	
Run-Rate Synergies	--	\$600	
<b>Equity Value</b> (@ 6.5x EBITDAR FY26 per RSA Plan)	<b>\$806</b>	Frontier's proposal uses the <u>same valuation assumptions</u> as Spirit's standalone plan	
<b>Total Value to Stakeholders</b>	<b>\$1,646</b>	<b>\$2,901</b>	
<b>Recovery</b>	<b>Recovery %<sup>(3)</sup></b>	<b>Recovery %<sup>(4)</sup> (Excl. Synergies)</b>	<b>Recovery %<sup>(4)</sup> (Incl. Synergies)</b>
Senior Secured Notes	95%	106%	141%
Convertible Notes	56%	100%	137%
Common Stock <sup>(5)</sup>	\$0.00 / share	\$0.80 / share	\$1.15 / share

Source: Spirit Disclosure Statement (Chapter 11 Plan of Reorganization), filed as of December 18, 2024.

Notes: Spirit RSA and Frontier Proposal reflect \$350mm equity rights offering. Recovery rates for senior secured notes and convertible notes are based on principal value and share of equity rights offering. Recovery rates exclude impact from other secured / priority claims.

(1) Figures include \$600mm of run-rate synergies.

(2) Net leverage reflects net debt as of 02/28/2025 divided by 2025E Pro forma EBITDAR incl. 50% credit for synergies.

(3) Reflects Spirit equity ownership split of 76% senior secured noteholders, 24% convertible notes.

(4) Illustrative equity ownership split of 65% senior secured noteholders, 30% convertible notes, 5% common stock.

(5) Per share figures based on Spirit basic shares outstanding as of November 14, 2024; rounded to the nearest \$0.05.

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# Spirit's Disclosed Valuation Analysis in the RSA

Spirit RSA plan recovery rates are based on the higher end of standalone valuation analysis as disclosed in Chapter 11 Plan of Reorganization and indicates potential debt impairment below 5.9x EBITDAR multiple

(\$ in millions)

Spirit RSA Valuation Ranges				
Based on Perella Weinberg's Fairness Opinion Disclosed in RSA				
	Valuation Range			Spirit Valuation for RSA Plan
	Low	Mid	High	
Enterprise Value	\$6,100	\$6,450	\$6,800	\$6,743
(-) Net Debt	(5,937)	(5,937)	(5,937)	(5,937)
Equity Value	\$163	\$513	\$863	\$806
Enterprise Value / 2026E EBITDAR	5.9x	6.2x	6.5x	6.5x

Source: Spirit Disclosure Statement (Chapter 11 Plan of Reorganization), filed as of December 18, 2024.

Confidential and proprietary



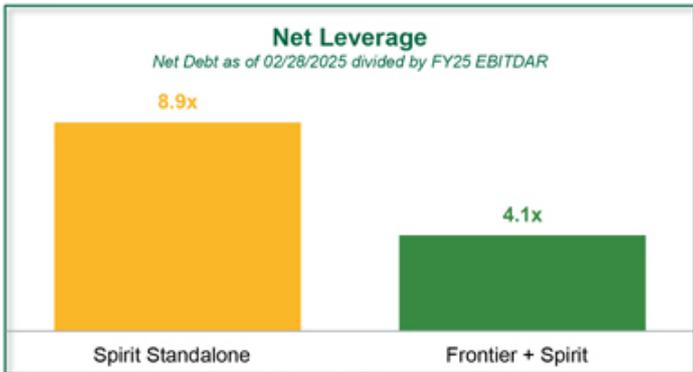
# Value to Spirit Stakeholders – Frontier Management Forecast

At the same valuation multiples as Spirit RSA analysis; Frontier Proposal creates significantly greater value than Spirit Standalone Restructuring Plan

(\$ in millions); FY26 EBITDAR Multiples

Spirit Standalone Restructuring				
As of 02/28/2025, \$840mm Exit Secured Notes				
		Valuation Multiple		
		Frontier	Median <sup>(1)</sup>	RSA Plan
		4.5x	5.5x	6.5x
	Equity Value	--	--	\$806
Sr. Secured	Exit Secured Notes	--	\$539	\$700
	Equity Interest	--	--	\$613
	<b>Sr. Secured Noteholders</b>	--	<b>\$539</b>	<b>\$1,313</b>
	% Recovery	--	39%	95%
Convert	Exit Secured Notes	--	\$89	\$140
	Equity Interest	--	--	\$194
	<b>Convertible Noteholders</b>	--	<b>\$89</b>	<b>\$334</b>
	% Recovery	--	15%	56%

Frontier Proposal (Excluding Synergies)				
\$400mm Exit Secured Notes; 19.0% Ownership to Spirit; \$1,835mm Frontier EBITDAR				
		Valuation Multiple		
		4.5x	5.5x	6.5x
	Equity Value	\$3,586	\$6,462	\$9,274
Sr. Secured	Exit Secured Notes	\$333	\$333	\$333
	Equity Interest	\$442	\$796	\$1,142
	<b>Sr. Secured Noteholders</b>	<b>\$775</b>	<b>\$1,129</b>	<b>\$1,475</b>
	% Recovery	56%	81%	106%
Convert	Exit Secured Notes	\$67	\$67	\$67
	Equity Interest	\$206	\$371	\$532
	<b>Convertible Noteholders</b>	<b>\$272</b>	<b>\$437</b>	<b>\$599</b>
	% Recovery	45%	73%	100%



Frontier Proposal (Incl. \$600mm of Synergies)				
\$400mm Exit Secured Notes; 19.0% Ownership to Spirit; \$1,835mm Frontier EBITDAR				
		Valuation Multiple		
		4.5x	5.5x	6.5x
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Sr. Secured	Exit Secured Notes	\$333	\$333	\$333
	Equity Interest	\$774	\$1,202	\$1,620
	<b>Sr. Secured Noteholders</b>	<b>\$1,107</b>	<b>\$1,535</b>	<b>\$1,954</b>
	% Recovery	80%	111%	141%
Convert	Exit Secured Notes	\$67	\$67	\$67
	Equity Interest	\$361	\$560	\$755
	<b>Convertible Noteholders</b>	<b>\$427</b>	<b>\$627</b>	<b>\$822</b>
	% Recovery	71%	105%	137%

Source: Spirit Disclosure Statement (Chapter 11 Plan of Reorganization), filed as of December 18, 2024.

Notes: Spirit RSA and Frontier Proposal reflect \$350mm equity rights offering. Recovery rates for senior secured notes and convertible notes are based on principal value and share of equity rights offering. Recovery rates exclude impact from other secured / priority claims.

(1) Median industry multiple based on Southwest Airlines, JetBlue Airways, Frontier Airlines, Allegiant, and Sun Country Airlines.

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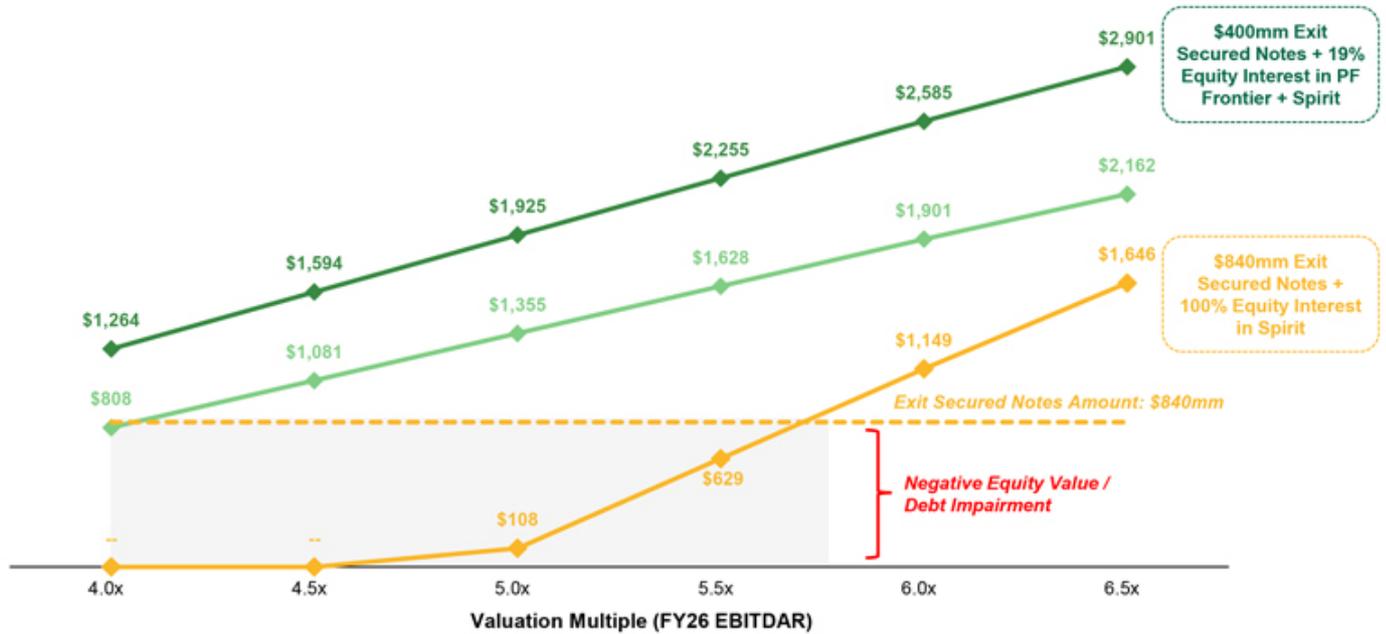
# Value to Spirit Stakeholders – Frontier Management Forecast

Frontier Proposal provides more total value to stakeholders under any valuation multiple

(\$ in millions)

## Total Value to Stakeholders (Senior Secured Notes + Convertible Notes + Common Equity)

Spirit RSA    Frontier Proposal (Excl. Synergies)    Frontier Proposal (Incl. Synergies)



## Analysis Based on Analyst Estimates



- Even using conservative estimates, the Frontier proposal provides significantly more value than the standalone plan
- Net leverage at emergence is 4.2x less for the combined company than standalone (8.9x Standalone vs. 4.7x Pro Forma)
- Noteholders have potential to recover 100% of value when factoring in synergies
- *Even at lower end of valuation range, equity holders receive positive recovery*

# Value to Spirit Stakeholders – Frontier Analyst Estimates

Even under more conservative analyst estimates, the Frontier Proposal creates significantly greater value than Spirit Standalone Restructuring Plan in almost every scenario

(\$ in millions); FY26 EBITDAR Multiples

		Frontier	Median <sup>(1)</sup>	RSA Plan
		Valuation Multiple		
		4.5x	5.5x	6.5x
<b>Spirit Standalone Restructuring</b> As of 02/28/2025, \$840mm Exit Secured Notes				
	<b>Equity Value</b>	--	--	\$806
	Exit Secured Notes	--	\$539	\$700
	Equity Interest	--	--	\$613
<b>Sr. Secured</b>	<b>Sr. Secured Noteholders</b>	--	\$539	\$1,313
	<b>% Recovery</b>	--	39%	95%
<b>Convert</b>	Exit Secured Notes	--	\$89	\$140
	Equity Interest	--	--	\$194
	<b>Convertible Noteholders</b>	--	\$89	\$334
	<b>% Recovery</b>	--	15%	56%

		Valuation Multiple		
		4.5x	5.5x	6.5x
<b>Frontier Proposal (Incl. \$600mm of Synergies)</b> \$400mm Exit Secured Notes; 19.0% Ownership to Spirit; \$1,251mm Frontier EBITDAR				
	<b>Equity Value</b>	\$3,658	\$6,550	\$9,378
	Exit Secured Notes	\$333	\$333	\$333
	Equity Interest	\$450	\$806	\$1,155
<b>Sr. Secured</b>	<b>Sr. Secured Noteholders</b>	\$784	\$1,140	\$1,488
	<b>% Recovery</b>	57%	82%	107%
<b>Convert</b>	Exit Secured Notes	\$67	\$67	\$67
	Equity Interest	\$210	\$376	\$538
	<b>Convertible Noteholders</b>	\$277	\$443	\$605
	<b>% Recovery</b>	46%	74%	101%

Source: Spirit Disclosure Statement (Chapter 11 Plan of Reorganization), filed as of December 18, 2024. Frontier analyst estimates based on FactSet consensus as of January 24, 2025.

Notes: Spirit RSA and Frontier Proposal reflect \$350mm equity rights offering. Recovery rates for senior secured notes and convertible notes are based on principal value and share of equity rights offering. Recovery rates exclude impact from other secured / priority claims.

(1) Median industry multiple based on Southwest Airlines, JetBlue Airways, Frontier Airlines, Allegiant, and Sun Country Airlines.

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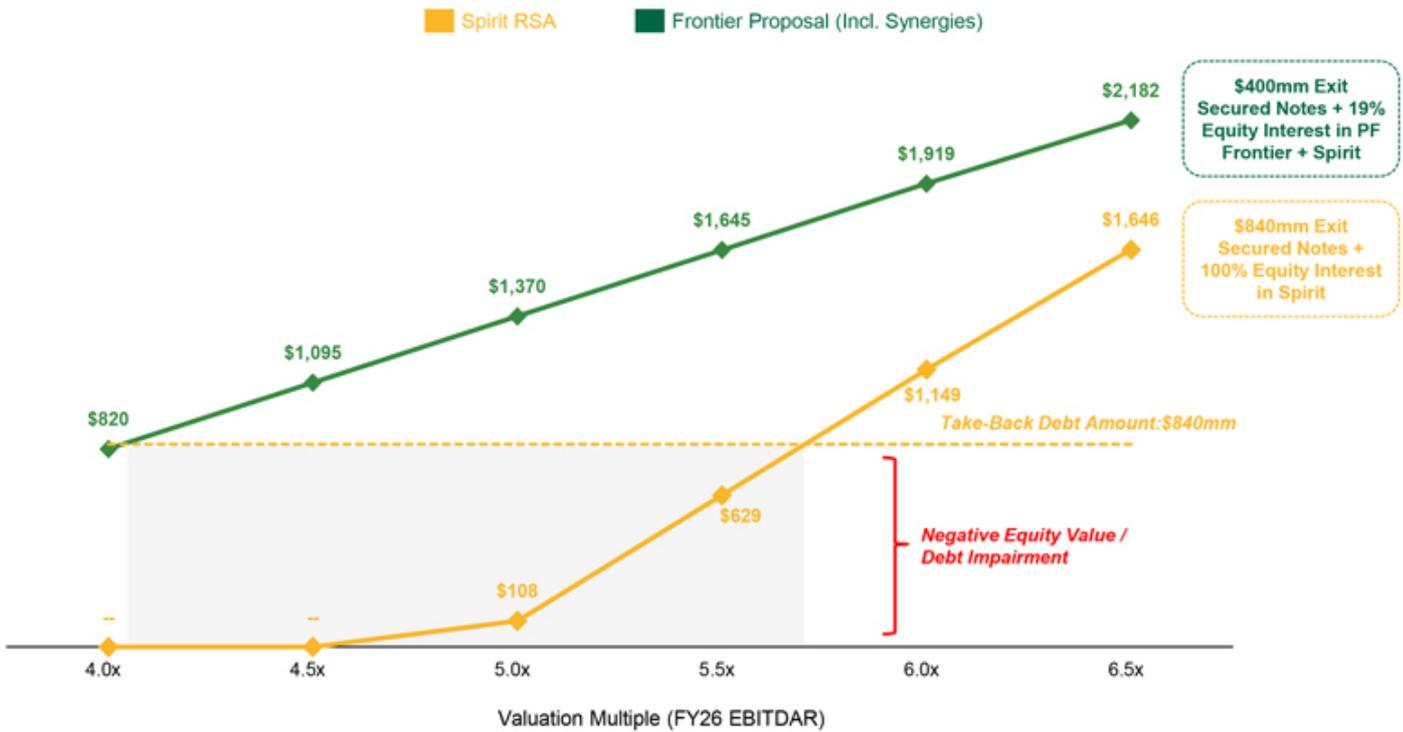


# Value to Spirit Stakeholders – Frontier Analyst Estimates

Frontier Proposal provides more total value to stakeholders except in the unlikely scenario where no synergies are realized and pro forma valuation multiple is greater than 6.1x

(\$ in millions)

## Total Value to Stakeholders (Senior Secured Notes + Convertible Notes + Common Equity)



## Significant Synergy Potential



- Assumed synergies of \$600mm is a conservative metric compared to credible industry consultants' estimates
- Net present value of synergies from combination forecast to be ~\$5.7bn based on industry consultants' assumptions



# Significant Value from Synergies Created from Combination De-Risks Recovery to Spirit Stakeholders

(\$ in millions)

## Net Present Value of Expected Synergies

Reflects Industry Consultants' Estimates, Frontier Proposal Analysis Based on Conservative Synergy Estimate of \$600mm

	2H 2025E	2026E	2027E	2028E	Terminal Year
(+) Revenue Synergies (EBIT Contribution)	\$90	\$310	\$535	\$770	\$770
(+) Cost Synergies	\$100	\$380	\$135	\$110	\$110
(-) Cost to Achieve	(100)	(150)	(100)	(50)	--
<b>EBIT</b>	<b>\$90</b>	<b>\$540</b>	<b>\$570</b>	<b>\$830</b>	<b>\$880</b>
(-) Tax Expense	(21)	(124)	(131)	(191)	(202)
<b>Cash Flow Contribution</b>	<b>\$69</b>	<b>\$416</b>	<b>\$439</b>	<b>\$639</b>	<b>\$678</b>

Net Present Value of Synergies from Combination Estimated to be ~\$6.1bn based on Industry Consultant Assumptions Compared to Capitalized Value of Synergies of \$3.9bn used in Frontier Proposal Valuation Analysis

Spirit's Share of Synergies at 19% Pro Forma Ownership Creates ~\$1.2bn of Additional Value for Spirit Stakeholders, which Alone Results in Recovery of ~55% to Secured Noteholders and Convertible Noteholders

Note: Based on 13.0% discount rate and 3% perpetuity growth rate. Assumes illustrative transaction close as of June 30, 2025. Illustrative blended tax rate of 23%.

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## Next Steps

- *Minimal* confirmatory due diligence required
- Transaction can proceed towards an *expedited announcement*





# Minimal Confirmatory Due Diligence

- Given extensive diligence conducted to date, Frontier envisions an expedited due diligence process that may be completed in approximately 5-10 days
- Key diligence items include:
  - Sales performance relative to plan
  - Confirmation of latest Pratt & Whitney agreement
  - Updated 2-year cash flow forecast, inclusive of Chapter 11 costs
  - Disclosure of any material contract or business changes
  - Tax considerations, including any Chapter 11 impact to NOLs



CONFIDENTIAL

Frontier Group Holdings, Inc.  
4545 Airport Way  
Denver, Colorado 80239  
Attn: Mr. W. Franke, Mr. B. Biffle

January 28, 2025

Gentlemen:

Thank you again for your proposal letter dated January 7, 2025 (the "Proposal"), and for engaging with us and with our stakeholders.

As we have previously told you, we are always, and remain, open to executable ideas and proposals that maximize value for our Company and its stakeholders. We also share your view that a combination of our two companies could create a potent competitor in the marketplace.

Unfortunately, despite the clear guidance we and others have provided for three weeks as to the Proposal's many deficiencies, you have addressed virtually none of them, leaving it (1) impossible for Spirit to effectuate, including because of the demand for \$350 million in new funding from our creditors, (2) risky and costly, with no certainty as to either timing or outcome and (3) woefully insufficient financially – particularly when compared to the economic agreement we reached last Summer and Fall from which Frontier unilaterally walked away. Nor does it cover our funded debt or suffice to provide a recovery for equity.

As you know, our bondholders at our urging agreed to come under NDA and be restricted from trading, and we have delayed our confirmation hearing and thus our emergence from bankruptcy, among other reasons, to give the Proposal due consideration. Our Board has been fully apprised and carefully considered the Proposal throughout this period, including your latest communication that arrived tonight — less than two hours before the previously-scheduled Board meeting we had discussed with you.

Our Board has concluded that continuing to delay our confirmation and emergence process carries too many risks for the Company and its stakeholders and would be irresponsible. Moreover, both our bondholder groups tonight advised that they will not be extending tomorrow morning's termination of the NDAs.

A few explanatory points from our exchanges since January 7:

- In addition to the Proposal being far below the terms agreed to between us in August 2024 on both debt (\$580 million) and equity (26.5% of the combined company) consideration, it also requires a \$350 million new equity investment by our bondholders, a very material funding demand they emphatically reject under the Proposal's current terms. That demand alone would be outcome determinative, as we of course have no way of extracting \$350 million of cash for you from dozens of third parties.
- With the RCF now drawn, which it was not in the Fall, the equity value of the combined company would be burdened by \$300 million more debt.
- The proposed \$400 million in take back debt does not, despite our multiple requests, specify any terms or whether it will be a par instrument—and also is far below what is in our reorganization plan (\$840m) and the \$580m agreed to last August. Will it be worth \$200m, \$300m, \$400m? We still have no way of knowing.
- While the value inadequacy of the Proposal is of paramount concern, abandoning the productive delevering path we are on in order to pursue a transaction with Frontier also carries meaningful additional risks and costs, including:
  - uncertainty of getting a deal done in light of risks to completion of your due diligence, and the need for regulatory and court approvals, which would take months;
  - the significant costs (and risks) of continuing to fund an extended chapter 11 case during this much longer and uncertain period, which you have not addressed; and
  - a \$35 million court-approved break up fee for terminating our equity <sup>o</sup> rights offering.

As noted above, we were and have been willing to work with you constructively to see if there is a deal that can be reached that is acceptable to all necessary stakeholders — despite the Proposal arriving only three weeks before our scheduled confirmation hearing, and in the middle of our solicitation of plan votes and after the launch of our ERO.

While we appreciate your continued interest and share your view of the logic of a potential transaction, your January 7 terms (which have not been improved on in the last three weeks) are both inadequate and unactionable.

In light of the above, our Board has directed management and advisors to proceed with confirmation of our extremely efficient standalone reorganization that will position us well for the future.

Should you wish to make a revised proposal that is in fact capable of closing, and addresses the material deficiencies catalogued here and in our many communications, we would be happy to consider it and again work to activate our stakeholders to do so as well.

Sincerely,

Handwritten signature of Ted Christie in black ink.

Ted Christie

Handwritten signature of Mac Gardner in black ink.

Mac Gardner