

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

**FORM S-1  
REGISTRATION STATEMENT**

*Under  
The Securities Act of 1933*

**Frontier Group Holdings, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

4512  
(Primary Standard Industrial  
Classification Code Number)

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

4545 Airport Way  
Denver, CO 80239  
(720) 374-4200  
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Barry L. Biffle  
President and Chief Executive Officer  
Frontier Group Holdings, Inc.  
4545 Airport Way  
Denver, CO 80239  
(720) 374-4200  
(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

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

Howard M. Diamond  
Senior Vice President, General Counsel & Secretary  
Frontier Group Holdings, Inc.  
4545 Airport Way  
Denver, CO 80239  
Telephone: (720) 374-4200

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

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

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

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

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

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

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  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 7(a)(2)(B) of the Securities Act.

**CALCULATION OF REGISTRATION FEE**

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE(2)(3)
Common Stock, \$0.001 par value per share	\$100,000,000	\$10,910

- (1) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended. Includes the aggregate offering price of additional shares that the underwriters have the option to purchase.
- (2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.
- (3) On March 31, 2017, the Registrant filed a registration statement on Form S-1 (File No. 333-217078), as amended (the "Prior Registration Statement"), and paid a registration fee of \$11,590. The Prior Registration Statement was withdrawn by filing a Form RW on July 24, 2020. In accordance with Rule 457(p) under the Securities Act, the Registrant is offsetting the registration fee for this registration statement against the fees previously paid in connection with the Prior Registration Statement.

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

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

SUBJECT TO COMPLETION, DATED MARCH 8, 2021.

## Shares



# Frontier Group Holdings, Inc.

## Common Stock

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

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

Investing in our common stock involves risks that are described in the "[Risk Factors](#)" section beginning on page 23.

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

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

(1) See the "Underwriting" section beginning on page 189 for additional information regarding underwriting compensation.

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

The underwriters expect to deliver the shares to purchasers on or about \_\_\_\_\_, 2021.

Citigroup	Barclays	Deutsche Bank Securities	Morgan Stanley	Evercore ISI
BofA Securities	Goldman Sachs & Co. LLC	J.P. Morgan	Nomura	UBS Investment Bank
	Cowen		Raymond James	

, 2021

# LOW FARES DONE RIGHT<sup>®</sup>



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



## CONTENTS

	<u>Page</u>
<a href="#">SUMMARY</a>	2
<a href="#">THE OFFERING</a>	12
<a href="#">SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA</a>	14
<a href="#">OPERATING STATISTICS</a>	19
<a href="#">GLOSSARY OF AIRLINE TERMS</a>	20
<a href="#">RISK FACTORS</a>	23
<a href="#">SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</a>	59
<a href="#">USE OF PROCEEDS</a>	61
<a href="#">DIVIDEND POLICY</a>	62
<a href="#">CAPITALIZATION</a>	63
<a href="#">DILUTION</a>	65
<a href="#">SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA</a>	67
<a href="#">OPERATING STATISTICS</a>	71
<a href="#">MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</a>	72
<a href="#">INDUSTRY BACKGROUND</a>	101
<a href="#">BUSINESS</a>	104
<a href="#">MANAGEMENT</a>	129
<a href="#">EXECUTIVE COMPENSATION</a>	138
<a href="#">DIRECTOR COMPENSATION</a>	162
<a href="#">CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</a>	164
<a href="#">PRINCIPAL AND SELLING STOCKHOLDER</a>	166
<a href="#">DESCRIPTION OF PRINCIPAL INDEBTEDNESS</a>	168
<a href="#">DESCRIPTION OF CAPITAL STOCK</a>	174
<a href="#">SHARES ELIGIBLE FOR FUTURE SALE</a>	181
<a href="#">MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS</a>	184
<a href="#">UNDERWRITING</a>	188
<a href="#">LEGAL MATTERS</a>	196
<a href="#">EXPERTS</a>	196
<a href="#">WHERE YOU CAN FIND MORE INFORMATION</a>	196
<a href="#">INDEX TO FINANCIAL STATEMENTS</a>	F-1

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

**Until \_\_\_\_\_, 2021 (25 days after the date of this prospectus), all dealers that buy, sell, or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealer's obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.**

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



## **TRADEMARKS, TRADE NAMES, AND SERVICE MARKS**

We use various trademarks, trade names and service marks in our business, including “Frontier Airlines,” “Frontier,” “Low Fares Done Right,” “LFDR,” “FlyFrontier.com,” “EarlyReturns,” “Frontier Miles,” “Discount Den,” “Stretch,” “The Works” and “The Perks,” as well as the Frontier Flying F logo. This prospectus contains references to our trademarks, trade names and service marks. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies’ trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

## **INDUSTRY AND MARKET DATA**

We include in this prospectus statements regarding our industry, our competitors and factors that have impacted our and our customers’ industries. Such statements are statements of belief and are based on industry data and forecasts that we have obtained from industry publications and surveys, including those published by the United States Department of Transportation, as well as internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. In addition, while we believe that the industry information included herein is generally reliable, such information is inherently imprecise. Certain statements regarding our competitors are based on publicly available information, including filings with the Securities and Exchange Commission and United States Department of Transportation by such competitors, published industry sources and management estimates. While we are not aware of any misstatements regarding the industry, competitor and market data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the caption “Risk Factors” in this prospectus.

## SUMMARY

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

### Overview

Frontier Airlines is an ultra low-cost carrier whose business strategy is focused on *Low Fares Done Right*<sup>®</sup>. We offer flights throughout the United States and to select near international destinations in the Americas. Our unique strategy is underpinned by our low-cost structure and superior low-fare brand. As of December 31, 2020, we had a fleet of 104 narrow-body Airbus A320 family aircraft, and a commitment to purchase 156 A320neo (New Engine Option) family aircraft by the end of 2028. During the years ended December 31, 2019 and 2020, we served approximately 23 million and 11 million passengers, respectively, across a network of approximately 110 airports.

In December 2013, we were acquired by an investment fund managed by Indigo Denver Management Company, LLC, (“Indigo”), an affiliate of Indigo Partners, LLC, (“Indigo Partners”), an experienced and successful global investor in ultra low-cost carriers, (“ULCCs”). Following the acquisition, Indigo reshaped our management team to include experienced veterans of the airline industry with a significant history operating ULCCs. Working with Indigo and supported by a highly productive workforce, our management team developed and implemented our unique *Low Fares Done Right* strategy, which significantly reduced our unit costs, introduced low fares, provided the choice of optional services to our customers, enhanced our operational performance and improved the customer experience. Through the implementation of our new operating model, we have positioned our brand as a leading low-fare airline and had seen a dramatic improvement to our profitability prior to the coronavirus, (“COVID-19”), pandemic.

The implementation of *Low Fares Done Right* has significantly reduced our cost base by increasing aircraft utilization (prior to the COVID-19 pandemic), transitioning our fleet to larger aircraft, maximizing seat density, renegotiating the majority of our distribution agreements, realigning our network, replacing our reservation system, enhancing our website, boosting employee productivity and contracting with third-party specialists to provide us with select operating and other services. As a result of these and other initiatives, we were able to reduce our CASM (excluding fuel) from 7.89¢ for the year ended December 31, 2013 to 5.55¢ for the year ended December 31, 2019, and our Adjusted CASM (excluding fuel) from 7.89¢ for the year ended December 31, 2013 to 5.44¢ for the year ended December 31, 2019, an improvement of 30% and 31%, respectively. For the year ended December 31, 2020, our CASM (excluding fuel) was 7.53¢ and our Adjusted CASM (excluding fuel) was 8.63¢, which was principally a result of reduced aircraft utilization as a result of the COVID-19 pandemic. For a discussion and reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest, please see “Glossary of Airline Terms” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

The COVID-19 pandemic has presented significant challenges to the global airline industry since February 2020. We have experienced a significant decline in demand related to the COVID-pandemic, which has caused a material decline in our revenues and negatively impacted our business, operating results, financial condition and liquidity, with approximately \$2 million per day on average of cash burn during the year ended December 31, 2020. We have worked diligently to navigate such challenges by implementing disciplined capacity deployment and taking steps to protect liquidity and cash flow and towards being an industry leader with respect to the implementation of new health and safety initiatives. Due to such efforts, we believe we are

well positioned to take advantage of the anticipated demand recovery as vaccine distribution continues. As an example, throughout the pandemic, the U.S. airline industry has seen stronger domestic demand than international demand, and the segments of domestic travel that have recovered fastest have been VFR (visiting friends or relatives) and vacation travel (which together we refer to as leisure travel) in contrast to business travel, both of which are trends that we believe position us to outperform the airline industry as a whole. According to the Airlines Reporting Corporation, for the week ended February 21, 2021, the number of tickets purchased as a percentage of the same time period in 2019 was 54% for online travel agencies with a primary focus on leisure travel, 32% for traditional leisure/other agencies with a primary focus on leisure travel, and 15% for corporate agencies whose primary business model is managed corporate or government travel. We design our route network to capture low fare demand among leisure travelers and our three largest bases are Denver, Orlando and Las Vegas, which draw a significant proportion of leisure travelers. In the seven months ending February 29, 2020, according to a post-travel survey we conducted, 89% of our customers were leisure travelers. We believe the restrictions and health concerns that have depressed demand during the pandemic are also likely to lead to increased levels of pent-up demand for leisure travel once the effects of the pandemic decrease. As a result, we expect to see a significant recovery in our performance as the U.S. market recovers. Within our current network of approximately 110 airports served, we plan to strategically deploy our capacity where demand is highest during the recovery in order to more quickly return to normal capacity levels. More broadly, after being restricted from travel, we believe many customers will take advantage of the opportunity to travel more in the coming years. We also believe new working patterns and the increasing growth of work from home will lead to increasing numbers of employees choosing to live remotely from their office location. We believe this trend will lead to an increased number of shorter leisure trips by Americans. We believe our low fares, supported by our low cost structure, will enable us to grow our network and take advantage of new demand patterns as they arise. We also believe that we will expand our relative unit cost advantage as compared to those airlines which borrowed more heavily through the pandemic. As a result of COVID-19, we incurred approximately one dollar per passenger of debt related costs as compared to an average of seventeen dollars per passenger for other U.S. airlines of significant size for debt issued since the start of the pandemic through September 30, 2020, based on publicly available data. Furthermore, we believe that low-cost airlines have historically recovered more quickly than the airline industry overall following past crises, including the 1991 Gulf War, the 2001 Terrorist Attacks and the late-2000s Financial Crisis. In the wake of these crises, low-cost airlines further expanded the magnitude of their superior margin profile and profitability relative to the airline industry as a whole.

In addition to low unit costs and our focus on leisure travel, a key component of our *Low Fares Done Right* model has been to attract customers with low fares and garner repeat business by delivering a high value, family-friendly customer experience with a more upscale look and feel than historically experienced on ULCCs globally. For instance, we currently offer flexible optional services through both unbundled and bundled service options. Our bundled options include *The Works*, a hassle-free option that includes a guaranteed seat assignment, carry-on and checked baggage, ticket refundability and changes, and priority boarding, all at an attractive low price and available only on our website, and *The Perks*, which enables customers to book the same amenities included in *The Works*, excluding refundability and ticket changes. We operate a customer-friendly digital platform that includes our website and mobile app, which makes booking and travel easier for our customers. We also promote and sell products in-flight to enhance the customer experience. Our brand and product are family-friendly, featuring popular animals on our aircraft tails, novelty cards for children and we provide certain offers tailored for families, including our Kids Fly Free program. We reward our repeat customers through our *Frontier Miles* (formerly *EarlyReturns*) frequent flyer program, and we also offer our *Discount Den* membership program, which provides subscribers with exclusive access to some of our lowest fares. In addition to enhancing the customer experience, these offerings have helped us to increase our ancillary revenues from \$12.80 per passenger in 2013 to \$57.11 per passenger in 2019 and \$62.45 per passenger in 2020.

*Low Fares Done Right* differentiates Frontier from the historical ULCC model by providing a more dependable and higher quality customer service experience than traditionally offered by such carriers. We

pioneered this concept in the United States through our disciplined approach to operational integrity and by using a modern fleet with comfortable cabin seating and other amenities, including extra seat padding and our *Stretch* extra space seating option on all of our flights. Our commitment to operational integrity is reflected in our approach to recruiting, workforce training and employee engagement, which we believe enables us to offer a standardized and predictable travel experience. We believe the association of our brand with our ability to achieve a high level of operational performance will continue to differentiate us from the other U.S. ULCCs and enable us to generate greater customer loyalty.

The combination of low unit costs, high quality service and dependability that makes *Low Fares Done Right* successful has enabled us to successfully diversify our network across a wide range of leisure destinations as well as implement a network strategy that primarily targets markets where our low fares stimulate demand. Our current network is geographically diversified across the United States and our top five cities for the year ended December 31, 2020 were Denver (20% of departures), Orlando (11%), Las Vegas (8%), Philadelphia (4%), and Phoenix (3%). As a leisure focused airline, the preferences of our customers allow us to fly a low average frequency to and from individual destinations, as our customers are generally not focused on frequency but instead on getting the best value for travel. Our schedule of flights available for sale as of February 2021 included 335 nonstop routes across a network of approximately 110 airports, at an average frequency of 0.6 flights per day, as compared to an average frequency of 1.8 flights per day for all U.S. carriers of significant size based on publicly available information, with each route, on average, representing less than 0.3% of our total capacity.

We believe that using low fares to stimulate demand positions us to benefit from significant growth opportunities, including as the U.S. market recovers from the COVID-19 pandemic. On the 111 routes where we began nonstop service during the second or third quarter of 2017 or the second or third quarter of 2018, and continued to serve for at least three of the six months preceding September in the year following our market entry, DOT data indicates passenger volume grew by approximately 41% in total, as measured by comparing passenger volume in the six months ending September 30th in the year prior to our entry (2016 or 2017, respectively) compared to passenger volume in the six months ending September 30th in the year after our entry (2018 or 2019, respectively). At the end of those periods, our market share of passenger volumes on such routes was approximately 24%, which represented approximately 34% of passenger volumes on such routes during the six month period prior to our entry into the market. We believe our entry into new markets stimulates substantial passenger volume growth because of our ability to offer significantly lower fares than other airlines. On the same 111 routes noted above, DOT data indicates our average gross fare, including most taxes and fees, was approximately \$67, as compared to an average gross fare of approximately \$148 on all other U.S. airlines of significant size, for the six months ending September 30th of the year following our entry.

Based upon our analysis of the most recently available annual DOT data, during the year ended December 31, 2019, passengers on over 273 million U.S. domestic routes paid a fare that was at least 30% above our cost basis per passenger during the same period for the stage length associated with such fares. Such domestic routes were operated by non-ULCCs, are within the range of A320 family aircraft and exclude routes arriving or departing from federally slot-controlled airports, routes operating entirely within the state of Hawaii and routes with a market size of less than 100 passengers per day each way. As a result, and assuming the continued recovery of the U.S. market from the COVID-19 pandemic, we believe that there are a significant number of markets in which we could operate profitably with our low fares, and we believe our entry into such markets could drive substantial passenger growth in those markets.

We believe we are also in a better position than the other U.S. ULCCs to capitalize on this market stimulation opportunity because of our strong presence in high-demand markets and underserved markets, including mid-sized cities. We believe we have an opportunity to provide service on approximately 518 additional domestic routes between airports within our existing network that are not currently served by a ULCC, while Spirit Airlines (“Spirit”) has the opportunity to serve up to approximately 214 additional domestic routes,

and Allegiant Travel Company (“Allegiant”) has the opportunity to serve up to approximately 152 additional domestic routes using the same criteria. Average industry-wide daily passenger volumes on these opportunity routes for the year ended December 31, 2019 were approximately 308,000, 149,000 and 84,000, respectively, based on the most recent available annual DOT data. Such domestic routes are currently not operated by ULCCs, are within the range of A320 family aircraft, and exclude routes arriving or departing from federally slot-controlled airports, and routes with a market size of less than 100 passengers per day each way.

According to the DOT, there were approximately 590 million domestic passenger journeys in the United States during the year ended December 31, 2019, and the five-year (year ended December 31, 2014 to December 31, 2019) compound annual growth rate for domestic passenger journeys was approximately 5.5%. Based upon the foregoing, and subject to the U.S. market fully recovering from the COVID-19 pandemic, we believe that over the next 10 years there is an opportunity for U.S. ULCCs to stimulate demand of approximately 159 million incremental annual domestic passengers, as compared to the year ended December 31, 2019, when U.S. ULCCs flew approximately 69 million passengers. For the year ended December 31, 2019, 96% of our passengers traveled on domestic flights.

The ULCC operating strategy is more mature in Europe than it is in the United States. For example, at the time that Spirit adopted a ULCC model in 2007, three European ULCCs, EasyJet, Ryanair and Wizz Air, already had more than 4.5 times the number of aircraft in operation as domestic competitors Allegiant and Spirit. The size of the European ULCCs’ operations is evidence of the substantial increases in passenger volumes they have been able to drive since their adoption of ULCC operating models, which first started in the mid-1990s. Over the 15-year period from the end of 2004 to 2019, according to World Bank and public filings of other carriers, total passenger volume in Europe had a compound annual growth rate of approximately 4.8%, of which approximately 76% was attributable to ULCC growth and market stimulation. During the same 15-year period, Europe’s three largest consolidated airline groups (International Consolidated Airlines Group (“IAG”), Lufthansa Group and Air France-KLM) and the three European ULCCs grew passengers at a compound annual growth rate of approximately 4.7% and 12.4%, respectively. Prior to the COVID-19 pandemic, over the last ten years, this passenger growth has coincided with a period of stability and expanding profitability margins for both the consolidated groups and the ULCCs. According to historic schedule data, the three European ULCCs grew their intra-Europe, excluding Turkey and Russia, market share as measured by seat capacity from approximately 15% in the year ended December 31, 2007 to 24% in the year ended December 31, 2014 and to 30% in the year ended December 31, 2019. In the United States, at the time of Spirit’s conversion to the ULCC model in 2007, ULCCs held an approximately 1% domestic United States market share as measured by seat capacity for the year ended December 31, 2007, which, including the conversion of Frontier to the ULCC model in 2014, grew to approximately 4% for the year ended December 31, 2014 and to approximately 8% for the year ended December 31, 2019, which remains significantly below the level of European ULCCs. In addition, according to each airline’s most recent fiscal year public filings, European ULCCs, including Ryanair, EasyJet and Wizz Air, had 938 aircraft in operation in 2020, and have had a 9.2% compound annual growth rate in the number of aircraft since 2007. By comparison, U.S. ULCCs had 356 aircraft in 2020 and have had a compound annual growth rate in the number of aircraft of 7.9% since 2007 on a fleet that is less than 40% the size of the European ULCC fleet.

#### **Our Competitive Strengths**

Our competitive strengths include:

**Our Low-Cost Structure.** Our low-cost structure, built around low aircraft ownership cost, fuel efficiency and low operational costs, is our key strategic advantage. Our unit costs, measured by Adjusted CASM including net interest, were among the lowest in the industry for the year ended December 31, 2020. For a discussion and reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest, please see “Glossary of Airline Terms” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.” Our Adjusted CASM including net interest, stage length adjusted



to 1,000 miles, for the year ended December 31, 2020 was 10.30¢, compared to an average of 16.52¢ for the airlines we refer to as the “Big Four” carriers (American Airlines, Delta Air Lines, Southwest Airlines and United Airlines), an average of 16.25¢ for the airlines we refer to as the “Middle Three” carriers (Alaska Airlines, Hawaiian Airlines and JetBlue Airways), 8.35¢ for Allegiant and 10.00¢ for Spirit, respectively. Comparatively, for the year ended December 31, 2019 prior to the impacts of the pandemic, our Adjusted CASM including net interest, stage length adjusted to 1,000 miles was 7.84¢, compared to an average of 11.70¢ for the Big Four carriers, an average of 11.70¢ for the Middle Three carriers, 8.79¢ for Allegiant and 8.09¢ for Spirit, respectively. Our low-cost structure is driven by several factors:

- *High Aircraft Utilization.* Prior to the COVID-19 pandemic, we operated with high aircraft utilization, averaging 12.2 hours per day during the year ended December 31, 2019. This compares to the domestic mainline utilization average of 10.4 hours per day for the Big Four carriers, an average of 10.6 hours per day for Middle Three carriers, and an average of 12.3 and 8.0 hours per day for Spirit and Allegiant, respectively, in each case, as measured for the year ended December 31, 2019. For the year ended December 31, 2020, our aircraft utilization decreased to 8.0 hours per day due to the impacts of the COVID-19 pandemic including significantly reduced capacity and the related grounding of many of our aircraft.
- *Modern Fleet and Attractive Order Book.* We operate a modern fleet comprised solely of Airbus A320 family aircraft, which are recognized as having high reliability and low operating costs. Operating a single family of aircraft provides us with several operational and cost advantages, including the ability to optimize crew scheduling, training and maintenance. Since 2013, we have steadily reduced the number of A319ceo aircraft (150 seats) in our fleet, replacing them with larger and more fuel-efficient A320ceo aircraft, A320neo aircraft (180 to 186 seats) and A321ceo aircraft (230 seats) and, commencing in 2022, A321neo aircraft (up to 240 seats). As of December 31, 2020, the average age of our fleet was approximately four years and we have taken delivery of 87 new aircraft since the start of 2015. In addition, we have an attractive order book of 156 new, fuel-efficient A320neo family aircraft. As of December 31, 2019, we maintained the youngest average fleet age of any U.S. airline of significant size based on the latest public reports of each carrier and our present fleet plan contemplates maintaining an average fleet age of approximately four years through December 31, 2024. As of December 31, 2019, we believe we had the highest adoption rate of new engine technology aircraft (consisting of the A220, A320neo family, A330neo, A350 and similar aircraft from other manufacturers) (as a percentage of total fleet) among U.S. airlines. Based on currently announced fleet plans, we expect to maintain the highest adoption rate of new engine technology aircraft of any U.S. ULCC in the near term.
- *Fuel-Efficient Fleet.* In 2019, we had the most fuel-efficient fleet of all U.S. carriers of significant size when measured by ASMs per fuel gallon consumed. For the year ended December 31, 2019, our ASMs per fuel gallon consumed were 97.5 as compared to the weighted industry average of 68.1 based on public reports of each carrier. The A320neo family aircraft that we continue to place in service are expected to continue delivering approximately 15% improved fuel efficiency compared to the prior generation of A320ceo family aircraft. Additionally, as of December 31, 2019, 52% of our fleet is powered by new engine technology and by 2025, 87% of the fleet is planned to be powered by new engine technology. For the year ended December 31, 2020, our ASMs per fuel gallon consumed increased to 104.5, as a result of grounding our least fuel-efficient aircraft due to the COVID-19 pandemic.
- *High Capacity Fleet.* We increased the seat density on our A319ceo aircraft from 138 seats to 150 seats and the seat density on our prior generation of A320ceo aircraft from 168 seats to 180 seats during 2015. Across our entire fleet, we have increased our average seats per departure from 145 seats in 2013 to 191 seats during the year ended December 31, 2020, a 32% increase. Our entire fleet features new and lightweight slim-line seats, which eliminate excess weight and reduce fuel consumption per seat. As of January 2021, we had the highest seat density per A320ceo/neo and A321ceo aircraft operated by any U.S. airline.

- *Low-Cost Distribution Model.* For the years ended December 31, 2018, 2019 and 2020, approximately 71%, 73% and 76%, respectively, of our tickets were sold directly to customers through our direct distribution channels, including our website and mobile app, our low cost distribution channels. We also reduced our distribution costs per passenger following the renegotiation of the majority of our distribution agreements in 2020.
- *Highly Productive Workforce and Third Party Specialist Providers.* Prior to the COVID-19 pandemic, we had a highly productive workforce which delivered and maintained a high quality of service to our customers, with 4,625 passengers supported per full time equivalent employee for the year ended December 31, 2019. In 2019, we also entered into new collective bargaining agreements with several of our union-represented employee groups. For the year ended December 31, 2020, we had 2,259 passengers supported per full time equivalent employee.
- *Outsourcing Model.* We outsource our non-core functions, including customer call centers, lost bag services, ground handling services and catering services. The outsourcing model not only enables us to provide high quality services at low costs, but also provides flexibility for us to align our costs with capacity and demand.

**Our Brand.** We believe establishing our brand as a leading low-fare airline enhances our ability to generate customer loyalty. The strength of our brand is demonstrated by our significant number of repeat customers. According to a January 2019 survey we conducted with respect to recent customers who had flown with us at least once, 91% of survey respondents were repeat customers and 69% had flown with us two or more times during the previous 12 months. The key features of our brand include:

- Significant customer value delivered through low fares with the choice of reasonably priced unbundled and bundled options, including *The Works* and *The Perks*.
- Family-friendly elements that appeal to a large audience, such as an attentive staff, popular animals on our aircraft tails, novelty cards for children and certain offers tailored for families including our Kids Fly Free program.
- A commitment to sustainability and environmental responsibility, including our position as “America’s Greenest Airline” as measured by fuel efficiency in 2019. Our 2019 fuel savings of 125 million gallons, as compared to the average of other U.S. airlines, per information included in the public reports of each carrier, is equivalent to flying the distance of 130 missions to the moon and back at our 2019 average fuel burn rate, or in carbon savings, equivalent to eliminating 18.6 billion plastic bottles, eliminating 438 billion plastic straws, or the benefiting of growing 18 million trees for a decade. In 2017, we moved our headquarters to a LEED Certified building, which was designed to achieve energy savings, water efficiency and lower CO2 emissions.
- Industry leading healthy travel initiatives, including being the only U.S. airline conducting temperature screenings for all passengers and crew prior to boarding.
- A carefully curated aesthetic for our livery, our website and mobile app, uniforms, seat design and on-board products, which are designed to look and feel more upscale than traditional ULCCs.
- A strong online presence with a customer-friendly digital platform that includes our passenger reservation system, improved website and mobile app.
- Our modern fleet with amenities such as extra seat padding and our *Stretch* seating option, which provides a comfortable 33-inch seat pitch.
- An enhanced frequent flyer program, *Frontier Miles*, and *Discount Den* membership program.

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

- A broad geographic footprint, which enables us to service a wide range of VFR and vacation destinations.
- A strong presence in high-demand markets and underserved markets, including mid-sized cities.
- A disciplined and methodical approach to both route selection and the removal of underperforming routes.
- An operational platform that includes nationwide crew and maintenance bases, creating access to lower-risk growth opportunities while maintaining high operational standards and enabling high utilization.
- A codeshare arrangement with Volaris, a ULCC based in Mexico and an affiliate of Indigo Partners, which enables both carriers to sell tickets and connecting itineraries on select routes within the airlines' combined networks. We believe this is the world's first ULCC codeshare arrangement.

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

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

#### **Low Fares Done Right—Our Business Strategy**

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

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

- Maintaining high utilization levels once the U.S. market recovers from the COVID-19 pandemic.
- Utilizing new generation, fuel-efficient aircraft that deliver lower operating costs compared to prior generation aircraft.
- Increasing the average size and seat capacity of the aircraft in our fleet through the continued introduction and operation of new 186-seat A320neo and up to 240-seat A321neo aircraft, and the exit of A319ceo aircraft.

- Taking a disciplined approach to our operational performance in order to reduce disruption.

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

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

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

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

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

Our largest sources of liquidity as of December 31, 2020 totaled \$963 million and were comprised of:

- Our cash, cash equivalents and restricted cash, of which we had a balance of \$378 million as of December 31, 2020.
- \$424 million available to borrow under the loan we received from the United States Department of the Treasury (the “Treasury Loan”) as of December 31, 2020. The Treasury Loan has a five-year term ending September 28, 2025, is collateralized by our co-branded credit card arrangement and bears an annual interest rate based on adjusted LIBOR plus 2.5%. We may borrow additional amounts in up to two subsequent borrowings until May 28, 2021, subject to satisfaction of certain conditions precedent in the Treasury Loan Agreement, including maintenance of a collateral coverage ratio of 2.0 to 1.0 and compliance with the relevant provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). See “Description of Principal Indebtedness—Treasury Loan Agreement.”

- \$161 million of income tax receivables expected to be collected in 2021, primarily resulting from the net operating losses generated in 2020 and permitted under the CARES Act to be carried back to 2015 and 2016 tax years (pre-Tax Cuts and Jobs Act) in which a federal 35% tax rate applied.

Additionally, subsequent to December 31, 2020, we entered into the Payroll Support Program Extension Agreement (the “PSP2 Agreement”), which provided us with at least an incremental \$140 million in liquidity. We received the first installment in the amount of \$70 million on January 15, 2021.

As of December 31, 2020, our capital structure was comprised of the following (please refer to “Notes to Consolidated Financial Statements - 9. Debt”):

- \$141 million of the available \$150 million under the secured, revolving line of credit from our PDP Financing Facility.
- \$15 million from our pre-purchased miles facility. The facility cannot be extended above \$15 million until full extinguishment of the Treasury Loan pursuant to the CARES Act. Upon full extinguishment of the Treasury Loan, the pre-purchased miles facility amount is to be reset annually based on the aggregate amount of fees payable to us by Barclays on a calendar year basis, up to an aggregate maximum facility amount of \$200 million.
- \$183 million in loans from the CARES Act, comprised of \$150 million under the Treasury Loan, and \$33 million under the PSP Promissory Note.
- \$18 million under the floating rate building note.

### **Our Relationship with Indigo Partners**

Indigo Partners, our principal stockholder, is an established and successful investor in ULCCs around the world. Indigo Partners has previously invested in several ULCC airlines, including Spirit, Tigerair (formerly Tiger Airways), Volaris and Wizz Air, each of which completed initial public offerings following the successful implementation of a ULCC strategy under the guidance of Indigo Partners and while Indigo Partners was a significant investor. In addition, Indigo Partners has current investments in other ULCC airlines, including JetSMART based in Chile.

### **Risk Factors**

Our business is subject to numerous risks and uncertainties, including those highlighted in the section entitled “Risk Factors” following this prospectus summary, that represent challenges we face in connection with the successful implementation of our strategy and the growth of our business. We expect a number of factors to cause our operating results to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance. Such factors include:

- the impact the COVID-19 pandemic and measures to reduce its spread continue to have on our business, results of operations and financial condition and the timing and nature of the related recovery of the airline industry;
- certain restrictions on our business in connection with accepting financing under the CARES Act and related legislation;
- the ability to operate in an exceedingly competitive industry against legacy network airlines, low-cost carriers and other ultra low-cost carriers;
- the price and availability of aircraft fuel;
- any restrictions on or increased taxes applicable to charges for non-fare products and services paid by airline passengers and burdensome consumer protection regulations or laws;



- changes in economic conditions;
- competition from air travel substitutes;
- threatened or actual terrorist attacks or security concerns;
- factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, government shutdowns, aircraft and engine defects, adverse weather conditions, increased security measures, new travel-related taxes or outbreak of disease;
- our presence in international emerging markets that may experience political or economic instability;
- increase in insurance costs or inability to secure adequate insurance coverage;
- decline or suspension in funding or operations of the U.S. federal government or its agencies;
- our failure to implement our business strategy successfully;
- our ability to control our costs;
- our ability to grow or maintain our unit revenues or maintain our non-fare revenues;
- any increased labor costs, union disputes and other labor-related disruptions;
- our inability to expand or operate reliably and efficiently out of airports where we maintain a large presence;
- our reputation and business being adversely affected in the event of an emergency, accident, or similar public incident involving our aircraft or personnel;
- any negative publicity regarding our customer service;
- our inability to maintain a high daily aircraft utilization rate;
- any changes in governmental regulation;
- our ability to obtain financing or access capital markets;
- the long-term nature of our fleet order book and the unproven new engine technology utilized by the aircraft in our order book;
- our maintenance obligations;
- aircraft-related fixed obligations that could impair our liquidity; or
- our reliance on third-party specialists and other commercial partners to perform functions integral to our operations.

#### **Our History**

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

#### **Corporate Information**

Our principal executive offices are located at 4545 Airport Way, Denver, Colorado 80239. Our general telephone number is (720) 374-4200 and our website address is [www.FlyFrontier.com](http://www.FlyFrontier.com). We have not incorporated by reference into this prospectus any of the information on our website and you should not consider our website to be a part of this document. Our website address is included in this document for reference only.

**THE OFFERING**

Common stock offered by us	shares
Common stock offered by the selling stockholder	shares
Common stock to be outstanding after the offering	shares
Underwriters' option to purchase additional shares	The selling stockholder may sell up to                      additional shares if the underwriters exercise their option to purchase additional shares.
Use of proceeds	<p>We estimate that we will receive net proceeds from this offering of approximately \$                      million based on an assumed initial public offering price of \$                      per share (the mid-point of the price range set forth on the cover page of this prospectus) and after deducting estimated underwriting discounts and estimated expenses of this offering payable by us.</p> <p>We intend to use the net proceeds to be received by us from this offering for general corporate purposes, including cash reserves, working capital, capital expenditures, including flight equipment acquisitions, sales and marketing activities and general and administrative matters and for possible debt repayment. Please see "Use of Proceeds."</p> <p>An investment fund managed by Indigo is our controlling stockholder and the selling stockholder in this offering. We will not receive any of the proceeds from the sale of any shares by the selling</p>
Risk factors	Please see "Risk Factors" beginning on page 23 and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Proposed Nasdaq Global Select Market symbol	"FRNT"

The number of shares of our common stock outstanding after this offering is based on 5,248,371 shares outstanding as of December 31, 2020, and excludes:

- an aggregate of 259,980 shares of common stock issuable upon the exercise of outstanding stock options as of December 31, 2020, having a weighted average exercise price of \$73.42 per share;
- an aggregate of 50,559 shares of common stock issuable upon the vesting of outstanding restricted stock units ("RSUs") as of December 31, 2020;
- an aggregate of 13,752 shares of common stock issuable upon the exercise of warrants issued pursuant to the Payroll Support Program Agreement with the United States Department of the Treasury (the

“Treasury”), with respect to the Payroll Support Program (“PSP”) established under Subtitle B of Title IV of Division A of the CARES Act (the “PSP Warrants”), having an exercise price of \$241.72 per share;

- an aggregate of 62,055 shares of common stock issuable upon the exercise of warrants issued pursuant to the Treasury Warrant Agreement (the “Treasury Warrant Agreement”) with the Treasury related to the Treasury Loan (the “Treasury Warrants”) having an exercise price of \$241.72 per share;
- an aggregate of 2,711 shares of common stock issuable upon the exercise of warrants to be issued pursuant to the PSP2 Agreement with the Treasury, based on the \$140 million of funding, with respect to the Payroll Support Program (“PSP2”) established under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (the “PSP2 Warrants”), having an exercise price of \$442.69 per share;
- an aggregate of 641,090 shares of common stock reserved for issuance pursuant to future awards under our 2014 Equity Incentive Plan as of December 31, 2020, which will become available for issuance under our 2021 Equity Incentive Award Plan after consummation of this offering; and
- an aggregate of shares of common stock reserved for issuance pursuant to future awards under our 2021 Equity Incentive Award Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan, which will become effective immediately prior to the consummation of this offering.

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

- a -for- split of our outstanding common stock, which will occur prior to the effectiveness of the registration statement of which this prospectus is a part;
- the filing and effectiveness of our amended and restated certificate of incorporation in Delaware and the adoption of our amended and restated bylaws, each of which will occur immediately prior to the consummation of this offering;
- no exercise of outstanding stock options or warrants and no vesting RSUs subsequent to December 31, 2020; and
- no exercise of the underwriters’ option to purchase up to additional shares of our common stock from the selling stockholder.

## SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

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

We derived the summary consolidated statements of operations data for the years ended December 31, 2018, 2019 and 2020 and the selected consolidated balance sheet data as of December 31, 2020 from our audited consolidated financial statements included in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future, and our results for the year ended December 31, 2020 have been materially affected by the COVID-19 pandemic.

	Year Ended December 31,		
	2018	2019	2020
(in millions, except share and per share data)			
<b>Consolidated Statements of Operations Data:</b>			
Operating revenues:			
Passenger	\$ 2,102	\$ 2,445	\$ 1,207
Other	54	63	43
<b>Total operating revenues</b>	<b>2,156</b>	<b>2,508</b>	<b>1,250</b>
Operating expenses:			
Aircraft fuel	589	640	338
Salaries, wages and benefits	441	529	533
Aircraft rent(1)	277	368	396
Station operations	323	336	257
Sales and marketing	110	130	78
Maintenance materials and repairs	75	86	83
Depreciation and amortization	78	46	33
CARES Act credits	—	—	(193)
Other operating expenses(1)	171	64	90
<b>Total operating expenses</b>	<b>2,064</b>	<b>2,199</b>	<b>1,615</b>
<b>Operating income (loss)</b>	<b>92</b>	<b>309</b>	<b>(365)</b>
Other income (expense):			
Interest expense	(13)	(11)	(18)
Capitalized interest	9	11	6
Interest income and other	17	16	5
<b>Total other income (expense)</b>	<b>13</b>	<b>16</b>	<b>(7)</b>
Income (loss) before income taxes	105	325	(372)
Income tax expense (benefit)	25	74	(147)
<b>Net income (loss)</b>	<b>\$ 80</b>	<b>\$ 251</b>	<b>\$ (225)</b>

	Year Ended December 31,		
	2018	2019	2020
<b>Earnings (loss) per share:</b>			
Basic	13.95	45.21	(42.91)
Diluted	13.83	45.10	(42.91)
Weighted average shares outstanding:			
Basic	5,238,618	5,240,555	5,243,695
Diluted	5,287,484	5,252,450	5,243,695
<b>Unaudited Pro Forma Data:</b>			
Pro forma earnings (loss) per share:			
Basic			
Diluted			
Pro forma weighted average shares outstanding:			
Basic			
Diluted			

- (1) Prior to January 1, 2019 and our adoption of ASU 2016-02, Leases (“ASU 2016-02”), any gains on completed sale-leaseback transactions were deferred and recognized as a reduction to aircraft rent expense over the lease term for each aircraft or engine. Due to the adoption of ASU 2016-02 on January 1, 2019, gains from sale-leaseback transactions are now recognized in full immediately upon sale as a reduction to other operating expense within the consolidated statements of operations, and are therefore no longer amortized over the life of the lease. During the year ended December 31, 2019 and 2020, the gain on sale-leaseback transactions, net was \$107 million and \$48 million, respectively.

	Year Ended December 31,		
	2018	2019	2020
<b>Non-GAAP financial data (unaudited):</b>			
Adjusted net income (loss)(1)(1)	\$ 183	\$ 276	\$ (301)
EBITDA(1)	170	355	(332)
Adjusted EBITDA(1)	305	387	(466)
Adjusted EBITDAR(2)	582	755	(70)

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

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



derivations of Net income and EBITDA, including Adjusted Net Income and Adjusted EBITDA, as presented may not be directly comparable to similarly titled measures presented by other companies.

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

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

The following table presents the reconciliation of Net income (loss) to Adjusted net income, EBITDA, Adjusted EBITDA, and Adjusted EBITDAR for the periods presented below.

	Year Ended December 31,		
	2018	2019	2020
	(in millions)		
<b>Adjusted net income (loss) reconciliation (unaudited):</b>			
Net income (loss)	\$ 80	\$ 251	\$ (225)
Derivative de-designation and mark to market adjustment <sup>(a)</sup>	—	—	52
Pilot phantom equity <sup>(b)</sup>	22	5	—
Collective bargaining contract ratification <sup>(c)</sup>	88	22	—
Loss on sale of owned aircraft <sup>(d)</sup>	25	—	—
Flight attendant early out program <sup>(e)</sup>	—	5	—
CARES Act – grant recognition and employee retention credits <sup>(f)</sup>	—	—	(193)
Write-off of deferred registration statement costs due to significant market uncertainty <sup>(g)</sup>	—	—	7
CARES Act – mark to market impact for warrants <sup>(h)</sup>	—	—	9
<b>Adjusted net income (loss) before income taxes</b>	<b>215</b>	<b>283</b>	<b>(350)</b>
Tax benefit (expense) related to underlying adjustments	(32)	(7)	49
<b>Adjusted net income (loss)</b>	<b>\$ 183</b>	<b>\$ 276</b>	<b>\$ (301)</b>
<b>EBITDA, Adjusted EBITDA and Adjusted EBITDAR reconciliation (unaudited):</b>			
Net income (loss)	\$ 80	\$ 251	\$ (225)
Plus (minus):			
Interest expense	13	11	18
Capitalized interest	(9)	(11)	(6)
Interest income and other	(17)	(16)	(5)
Income tax expense	25	74	(147)
Depreciation and amortization	78	46	33
<b>EBITDA</b>	<b>170</b>	<b>355</b>	<b>(332)</b>
Plus (minus):			
Derivative de-designation and mark to market adjustment <sup>(a)</sup>	—	—	52
Pilot phantom equity <sup>(b)</sup>	22	5	—
Collective bargaining contract ratification <sup>(c)</sup>	88	22	—
Loss on sale of owned aircraft <sup>(d)</sup>	25	—	—
Flight attendant early out program <sup>(e)</sup>	—	5	—
CARES Act – grant recognition and employee retention credits <sup>(f)</sup>	—	—	(193)
Write-off of deferred registration statement costs due to significant market uncertainty <sup>(g)</sup>	—	—	7
<b>Adjusted EBITDA</b>	<b>305</b>	<b>387</b>	<b>(466)</b>
Plus: Aircraft rent <sup>(i)</sup>	277	368	396
<b>Adjusted EBITDAR</b>	<b>\$ 582</b>	<b>\$ 755</b>	<b>\$ (70)</b>

- (a) Due to the significant reduction in demand resulting from the COVID-19 pandemic, our future anticipated consumption of fuel dropped significantly and we therefore de-designated hedge accounting in March 2020 on the derivative positions where the future consumption was not deemed probable, which primarily related to our written put options on our costless collars. The \$52 million charge is the result of the de-designation and the resulting mark to market impact on the quantities where fuel consumption was not deemed probable.
- (b) Represents the impact of the change in value of phantom equity units pursuant to the Pilot Phantom Equity Plan. In accordance with the amended and restated phantom equity agreement, the remaining phantom equity obligation became fixed as of December 31, 2019 and is no longer subject to valuation adjustments. See “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”

- (c) Represents (i) \$75 million of costs related to a one-time contract ratification incentive, plus payroll-related taxes and certain other compensation and benefits-related accruals earned through December 31, 2018 and committed to by us as part of a tentative agreement with the union representing our pilots that was reached in December 2018 and was ratified by the pilots in January 2019 and (ii) \$15 million of costs related to a one-time contract ratification incentive, plus payroll-related taxes and certain other compensation and benefits-related accruals earned through March 31, 2019 and committed to by us as part of a tentative agreement with the union representing our flight attendants that was reached in March 2019 for a contract that was ratified and became effective in May 2019, in addition to \$4 million in pilot vacation accrual adjustments during the fourth quarter of 2019 as a result of the ratified agreement with the union representing our pilots specifically tied to the implementation of a preferred bidding system.
- (d) Represents losses incurred on the sale of our six owned aircraft in December 2018, which enabled us to accelerate a critical part of our fleet plan by shortening our time with certain of our older less fuel-efficient aircraft. The loss was measured as the excess of the net book value of the aircraft over the sale price at the date of sale and was recognized within other operating expenses in the consolidated statements of operations. All aircraft were held for use through the date of sale.
- (e) Represents expenses associated with an early out program agreed to in 2019 with our flight attendants, payable throughout 2019, 2020 and 2021.
- (f) Represents the recognition of the \$178 million grant received from the U.S. government for payroll support from April 2020 through September 2020 as part of the PSP under the CARES Act net of \$1 million of deferred financing costs, along with \$16 million of employee retention credits we qualified for under the CARES Act.
- (g) Represents the write-off of our deferred initial public offering preparation costs during the first quarter of 2020 due to the impact of the COVID-19 pandemic and the resulting uncertainty in our ability to access the capital markets.
- (h) Represents the mark to market adjustment to the value of the warrants issued as part of the funding provided by the U.S. Treasury under the CARES Act. This amount is a component of interest expense.
- (i) Represents aircraft rent expense included in Adjusted EBITDA. See footnote (1) above under the caption “Summary Historical Consolidated Financial and Operating Data” with respect to the effect of our adoption of ASU 2016-02 on January 1, 2019.

The following table presents our historical consolidated balance sheet data as of December 31, 2020, and on a pro forma as adjusted basis to give effect to this offering and the application of the net proceeds received by us.

	<u>As of December 31, 2020</u>	
	<u>Actual</u>	<u>Pro forma As Adjusted<sup>(1)</sup> (2) unaudited</u>
	(in millions)	
<b>Consolidated Balance Sheet Data:</b>		
Cash and cash equivalents	\$ 378	
Total assets	3,554	
Long-term debt, including current portion	348	
Stockholders' equity	310	

- (1) The unaudited adjusted pro forma consolidated balance sheet gives effect to the receipt of the estimated net proceeds by us from the sale of shares of our common stock offered by us (based on an assumed initial public offering price of \$            per share, the midpoint of the price range set forth on the cover of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, and the application of the net proceeds received by us.
- (2) Each \$1.00 increase or decrease in the assumed initial public offering price of \$            per share would increase or decrease, respectively, the amount of pro forma as adjusted cash, cash equivalents and restricted cash, total assets and stockholders' equity by \$            million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 in the number of shares we are offering would increase or decrease, respectively, the amount of pro forma as adjusted cash, cash equivalents and restricted cash, assets and stockholders' equity by approximately \$            million (based on an assumed initial public offering price of \$            per share, the midpoint of the price range as set forth on the cover of this prospectus). The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

**OPERATING STATISTICS**

	Year Ended December 31,		
	2018	2019	2020
<b>Operating statistics (unaudited)<sup>(a)</sup></b>			
Available seat miles (ASMs) (millions)	24,629	28,120	16,955
Departures	122,784	138,570	88,642
Average stage length (statute miles)	1,052	1,051	999
Block hours	341,528	389,476	235,974
Average aircraft in service	76	88	81
Aircraft - end of period	84	98	104
Average daily aircraft utilization (hours)	12.3	12.2	8.0
Passengers (thousands)	19,843	22,823	11,238
Average seats per departure	190	192	191
Revenue passenger miles (RPMs) (millions)	20,920	24,203	11,443
Load factor (%)	84.9%	86.1%	67.5%
Fare revenue per passenger (\$)	54.72	52.80	48.78
Non-fare passenger revenue per passenger (\$)	51.20	54.33	58.66
Other revenue per passenger (\$)	2.73	2.78	3.79
Total revenue per passenger (\$)	108.65	109.91	111.23
Total revenue per available seat mile (RASM) (¢)	8.75	8.92	7.37
Cost per available seat mile (CASM) (¢)	8.38	7.82	9.53
CASM (excluding fuel) (¢)	5.99	5.55	7.53
CASM + net interest (¢) (b)	8.33	7.76	9.57
Adjusted CASM (¢)(b)	7.83	7.71	10.32
Adjusted CASM (excluding fuel) (¢) (b)	5.44	5.44	8.63
Adjusted CASM + net interest (¢) (b)	7.78	7.65	10.31
Fuel cost per gallon (\$)	2.25	2.22	2.08
Fuel gallons consumed (thousands)	261,179	288,510	162,241
Employees (FTE)	3,978	4,935	4,974

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

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

## GLOSSARY OF AIRLINE TERMS

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

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

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

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

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

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

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

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

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

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

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

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

“Cash burn” means change in cash and cash equivalents during the period (\$390 million decrease during 2020) adjusted to exclude (i) cash from CARES Act related debt (\$183 million in 2020), payroll support grant (\$178 million in 2020) and employee retention credit funding (\$6 million in 2020), (ii) cash paid for ineffective derivatives (\$52 million in 2020) caused by the pandemic, and (iii) pilot phantom equity settlement (\$111 million in 2020) divided by days in the period. We believe that cash burn is a useful measure of liquidity consumed by our business. Our definition of cash burn may not be calculated in the same manner as similarly labeled statistics used by other airlines.

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



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

“CBA” means a collective bargaining agreement.

“DOT” means the United States Department of Transportation.

“EPA” means the United States Environmental Protection Agency.

“FAA” means the United States Federal Aviation Administration.

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

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

“FTE” means full-time equivalent employee.

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

“LCC” means low-cost carrier.

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

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

“NMB” means the National Mediation Board.

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

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

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

“Other revenue” consists primarily of services not directly related to providing transportation, such as the advertising, marketing and brand elements of the *Frontier Miles* (formerly *EarlyReturns*) 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” means total revenue divided by ASMs.

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

“RLA” means the United States Railway Labor Act.

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

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

“TSA” means the United States Transportation Security Administration.

“Treasury” means the United States Department of the Treasury.

“ULCC” means ultra low-cost carrier.

“VFR” means visiting friends and relatives.

## RISK FACTORS

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

### Risks Related to Our Industry

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

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. COVID-19 has since spread to almost every country in the world, including the United States. The World Health Organization has declared COVID-19 a pandemic. The outbreak of COVID-19 and the implementation of measures to reduce its spread have adversely impacted our business and continue to adversely impact our business in a number of ways. Multiple governments in countries we serve, principally the United States, have responded to the virus with air travel restrictions and closures or recommendations against air travel, the implementation of mandatory quarantine periods after travel, and certain countries we serve have required airlines to limit or completely stop operations. In response to the COVID-19 pandemic, we have significantly reduced capacity from our original plan and will continue to evaluate the need for further flight schedule adjustments. While we experienced a modest uptick in demand during the latter half of the second quarter and continuing into the third and fourth quarters of 2020, demand was negatively impacted by a resurgence of COVID-19 cases in certain domestic markets. The length and severity of the decline in demand due to the impacts of the COVID-19 pandemic is uncertain and, as such, we expect the adverse impact to persist in 2021. Although we have seen early signs of recovery in airline travel, there is no assurance that it will continue or the pace at which it will recover, and the recovery we anticipate may not materialize in a timely manner or at all.

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

- reducing planned headcount increases;
- reducing employee related costs, including:
  - salary reductions and/or deferrals for our officers and board members;
  - suspension of merit salary increases for 2020; and
  - voluntary paid and unpaid leave of absence programs for employees not covered under labor arrangements, as well as certain employees covered under such arrangements, including pilots and flight attendants, that range from one month to six months;
- deferring aircraft deliveries;
- reducing discretionary expenses;
- reaching agreements with major vendors, which are primarily related to many of our aircraft and engine leases as well as airports, for deferral of payments and deliveries until later in 2020 and into 2021;

## Table of Contents

- delaying non-essential maintenance projects and reducing or suspending other discretionary spending;
- reducing non-essential capital projects;
- securing current funding and future liquidity from the CARES Act, PSP, PSP2 and other financing sources; and
- amending certain debt covenant metrics to align with current and expected demand.

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

The extent of the impact of the COVID-19 pandemic on our business, results of operations and financial condition will depend on future developments, including the currently unknowable duration of the COVID-19 pandemic; the efficacy of COVID-19 vaccines; impact of existing and future governmental regulations, travel advisories, testing regimes, and restrictions that are imposed in response to the COVID-19 pandemic; additional reductions to our flight capacity, or a voluntary temporary cessation of all flights, that we implement in response to the COVID-19 pandemic; and the impact of the COVID-19 pandemic on consumer behavior, such as a reduction in the demand for air travel, especially in our destination cities. The potential economic impact brought on by the COVID-19 pandemic is difficult to assess or predict, and it has already caused, and is likely to result in further, significant disruptions of global economies and financial markets, which may reduce our ability to access capital on favorable terms or at all, and increase the cost of capital. In addition, a recession, depression or other sustained adverse economic event resulting from the spread of COVID-19 would materially adversely impact our business and the value of our common stock. The COVID-19 pandemic makes it more challenging for management to estimate future performance of our business, particularly over the near to medium term. A further significant decline in demand for our flights could have a materially adverse impact on our business, results of operations and financial condition.

We are depending upon a successful COVID-19 vaccine, including an efficient distribution and sufficient supply, and significant uptake by the general public in order to normalize economic conditions, the airline industry and our business operations and to realize our growth plans and business strategy. The potential efficacy and availability of a COVID-19 vaccine and the extent to which a vaccine is widely accepted is highly uncertain, and we cannot predict if or when we will be able to resume full normal operations. The failure of a vaccine, including to the extent it is not effective against any COVID-19 variants, significant unplanned adverse reactions to the vaccine, politicization of the vaccine or general public distrust of the vaccine could have an adverse effect on our business, results of operations and financial condition.

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

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

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

On March 27, 2020, the CARES Act was signed into law. The CARES Act provided liquidity in the form of loans, loan guarantees, and other investments to air carriers, such as us, that incurred, or are expected to incur, covered losses such that the continued operations of the business are jeopardized, as determined by the Treasury.

On April 30, 2020, we reached an agreement with the U.S. government under which we would receive \$205 million of installment funding comprised of a \$174 million grant (“PSP Grant”) for payroll support for the period from April 2020 through September 30, 2020, and a \$31 million unsecured 10-year, low interest loan (“PSP Promissory Note”). In addition, on September 30, 2020, the Treasury provided us with an additional disbursement under the PSP of \$6 million, comprised of an additional \$4 million toward the PSP Grant, and \$2 million toward the PSP Promissory Note. In connection with our participation in the PSP, we also issued to the Treasury warrants pursuant to a warrant agreement to purchase up to 13,752 shares of our common stock, par value \$0.001 per share, with an exercise price of \$241.72 per share (the value of a share of common stock on April 9, 2020 as determined by a third-party valuation).

On September 28, 2020, we entered into a \$574 million secured term loan facility with the Treasury, of which we borrowed \$150 million. As of December 31, 2020, we have issued 62,055 Treasury Warrants in conjunction with the first draw on the loan. The Treasury Warrants expire in five years from the date of issuance, are transferable, have no voting rights and contain customary terms regarding anti-dilution. If the Treasury or any subsequent warrant holder exercises the Treasury Warrants, the interest of our holders of common stock would be diluted and we would be partially owned by the U.S. government, which could have a negative impact on our common stock price, and which could require increased resources and attention by our management.

On January 15, 2021, we entered into the PSP2 Agreement with the Treasury for at least an additional \$140 million of payroll support funding (of which \$70 million was paid on that date).

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

- Restrictions on repurchases of equity securities listed on a national securities exchange or payment of dividends until the later of March 31, 2022 or one year after the Treasury Loan facility is repaid;
- Requirements to maintain certain levels of scheduled services (including to destinations where there may currently be significantly reduced or no demand);
- A prohibition on involuntary terminations or furloughs of employees (except for health, disability, cause, or certain disciplinary reasons) through March 31, 2021 and the requirements to recall employees involuntarily terminated or furloughed after September 30, 2020;
- A prohibition on reducing the salary, wages, or benefits of our employees (other than our executive officers or independent contractors, or as otherwise permitted under the terms of the PSP and PSP2) through March 31, 2021;
- Limits on certain executive compensation including limiting pay increases and severance pay or other benefits upon terminations, until the later of October 1, 2022 or one year after the Treasury Loan facility is repaid;
- Limitations on the use of the grant funds exclusively for the continuation of payment of employee wages, salaries and benefits; and
- Additional reporting and recordkeeping requirements relating to the PSP and PSP2 funds.

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

We cannot predict whether the assistance from the Treasury through the PSP and PSP2 will be adequate to continue to pay our employees for the duration of the COVID-19 pandemic or whether additional assistance will be required or available in the future. There can be no assurance that loans or other assistance will be available through the CARES Act or any future legislation, or whether we will be eligible to receive any additional assistance, if needed.

Further, the Treasury Loan Agreement includes affirmative and negative covenants that restrict our ability to, among other things, dispose of certain assets, merge, consolidate or sell assets, incur certain additional indebtedness or pay certain dividends. In addition, we are required to maintain unrestricted cash and cash equivalents and unused commitments available under all revolving credit facilities aggregating not less than \$250 million and to maintain a minimum ratio of the borrowing base of the collateral. If we do not meet the minimum collateral coverage ratio, we must either provide additional collateral to secure our obligations under the Treasury Loan Agreement or repay the loans by an amount necessary to maintain compliance with the collateral coverage ratio.

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

We face significant competition with respect to routes, fares and services. Within the airline industry, we compete with legacy network carriers, low-cost carriers (“LCCs”), and ULCCs. There are presently three very large legacy network carriers in the United States, American Airlines, Delta Air Lines and United Airlines, which together with Southwest Airlines, which classifies itself as an LCC, are commonly referred to as the “Big Four” carriers. There are presently two additional legacy network carriers in the United States, Alaska Airlines and Hawaiian Airlines, which together with JetBlue Airways, which classifies itself as an LCC, are commonly referred to as the “Middle Three” carriers. Finally, there are presently three ULCCs in the United States, Frontier, Allegiant and Spirit. Competition on most of the routes we presently serve is intense, due to the large number of carriers in those markets. Furthermore, other airlines may begin service or increase existing service on routes where we currently face no or little competition. In almost all instances, our competitors are larger than us and possess significantly greater financial and other resources than we do.

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

In addition, airlines increase or decrease capacity in markets based on perceived profitability. If our competitors increase overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route that we serve, it could have a material adverse impact on our business. For instance, in 2017

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

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

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

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

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

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

The cost of aircraft fuel is highly volatile and in recent years has generally been one of our largest individual operating expenses, accounting for 29%, 29% and 21% of our operating expenses for the years ended December 31, 2018, 2019 and 2020, respectively. High fuel prices or increases in fuel costs (or in the price of crude oil) could result in increased levels of expense, and we may not be able to increase ticket prices sufficiently

to cover such increased fuel costs, particularly when fuel prices rise quickly. We also sell a significant number of tickets to passengers well in advance of travel, and, as a result, fares sold for future travel may not reflect such increased fuel costs. In addition, our ability to increase ticket prices to offset an increase in fuel costs is limited by the competitive nature of the airline industry and the price sensitivity associated with air travel, particularly leisure travel, and any increases in fares may reduce the general demand. Conversely, prolonged low fuel prices could limit our ability to differentiate our product and low fares from those of the legacy network airlines and LCCs, as prolonged low fuel prices could enable such carriers to, among other things, substantially decrease their costs, fly longer stages or utilize older aircraft. In addition, prolonged low fuel prices could also reduce the benefit we expect to receive from the new technology, more fuel-efficient A320neo family aircraft we operate and have on order. See also “Risks Related to Our Business—We may be subject to competitive risks due to the long-term nature of our fleet order book and the unproven new engine technology utilized by the aircraft in our order book.” Aircraft fuel expense per gallon decreased 6% in the year ended December 31, 2020 to 2.08 compared to 2019, resulting from lower demand as a result of the COVID-19 pandemic partly offset by losses on fuel hedges during 2020. Any future fluctuations in aircraft fuel prices or sustained high or low prices could have a material adverse effect on our business, results of operations and financial condition.

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

As of December 31, 2020, we had no fuel cash flow hedges for future fuel consumption. Our results for the year ended December 31, 2020 include operating expenses of \$52 million relating to the de-designation of fuel hedges resulting from the COVID-19 pandemic on the quantities where consumption was not deemed probable. During 2020 our hedges consisted of call options and collar structures, although we have in the past and may in the future use other instruments such as swaps on jet fuel or highly correlated commodities and fixed forward price contracts (“FFPs”) which allow us to lock in the price of jet fuel for specified quantities and at specified locations in future periods. We cannot assure you our fuel hedging program will be effective or that we will maintain a fuel hedging program. Even if we are able to hedge portions of our future fuel requirements, we cannot guarantee that our hedge contracts will provide an adequate level of protection against increased fuel costs or that the counterparties to our hedge contracts will be able to perform. Our fuel hedge contracts may contain margin funding requirements that could require us to post collateral to counterparties in the event of a significant drop in fuel prices in the future. Additionally, our ability to realize the benefit of declining fuel prices may be delayed by the impact of any fuel hedges in place, and we may record significant losses on fuel hedges during periods of declining prices. A failure of our fuel hedging strategy, significant margin funding requirements, overpaying for fuel through the use of hedging arrangements or our failure to maintain a fuel hedging program could prevent us from adequately mitigating the risk of fuel price increases and could have a material adverse effect on our business, results of operations and financial condition.

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

For the years ended December 31, 2018, 2019 and 2020, we generated non-fare passenger revenues of \$1,016 million, \$1,240 million and \$659 million, respectively. Our non-fare passenger revenue consists primarily of revenue generated from air travel-related services such as baggage fees, service fees, seat selection fees and other passenger-related revenue and are a component of our passenger revenue within the consolidated statements of operations. The Department of Transportation (“DOT”) has rules governing many facets of the



airline-consumer relationship, including, for instance, consumer notice requirements, handling of consumer complaints, price advertising, lengthy tarmac delays, oversales and denied boarding process/compensation, ticket refunds, liability for loss, delay or damage to baggage, customer service commitments, contracts of carriage, consumer disclosures and the transportation of passengers with disabilities. The DOT periodically audits airlines to determine whether such airlines have violated any of the DOT rules. The DOT has conducted audits of our business and routine post-audit investigations of our business are ongoing. If the DOT determines that we are not, or have not been, in compliance with these rules or if we are unable to remain compliant, the DOT may subject us to fines or other enforcement action. For instance, in 2017 we were fined \$0.4 million by the DOT for certain infractions relating to oversales, passengers with disabilities, and customer service plan rules, \$40,000 for certain infractions relating to oversales disclosure and notice requirements, the domestic baggage liability limit rule, and customer service plan rules; and \$1.5 million by the DOT relating to lengthy tarmac delays, which was offset by a \$0.9 million credit for compensation provided to passengers on the affected flights and other delayed flights.

The DOT may also impose additional consumer protection requirements, including adding requirements to modify our websites and computer reservations system, which could have a material adverse effect on our business, results of operations and financial condition. The FAA Reauthorization Act of 2018 provided for several new requirements and rulemakings related to airlines, including but not limited to: (i) prohibition on voice communication cell phone use during certain flights, (ii) insecticide use disclosures, (iii) new training policy best practices for training regarding racial, ethnic, and religious non-discrimination, (iv) training on human trafficking for certain staff, (v) departure gate stroller check-in, (vi) the protection of pets on airplanes and service animal standards, (vii) requirements to refund promptly to passengers any ancillary fees paid for services not received, (viii) consumer complaint process improvements, (ix) pregnant passenger assistance, (x) restrictions on the ability to deny a revenue passenger permission to board or involuntarily remove such passenger from the aircraft, (xi) minimum customer service standards for large ticket agents, (xii) information publishing requirements for widespread disruptions and passenger rights, (xiii) submission of plans pertaining to employee and contractor training consistent with the Airline Passengers with Disabilities Bill of Rights, (xiv) ensuring assistance for passengers with disabilities, (xv) flight attendant duty period limitations and rest requirements, including submission of a fatigue risk management plan, (xvi) submission of policy concerning passenger sexual misconduct, (xvii) development of Employee Assault Prevention and Response Plan related to the customer service agents, (xviii) increased penalties available related to harm to passengers with disabilities or damage to wheelchairs or other mobility aids and (xix) minimum dimensions for passenger seats. The DOT also published a Notice of Proposed Rulemaking in January 2020 regarding the accessibility features of lavatories and onboard wheelchair requirements on certain single-aisle aircraft with an FAA certificated maximum capacity of 125 seats or more, training flight attendants to proficiency on an annual basis to provide assistance in transporting qualified individuals with disabilities to and from the lavatory from the aircraft seat, and providing certain information on request to qualified individuals with a disability or persons inquiring on their behalf, on the carrier's website, and in printed or electronic form on the aircraft concerning the accessibility of aircraft lavatories. The DOT also recently published Final Rules regarding traveling by air with service animals and defining unfair or deceptive practices. The DOT also recently published a Final Rule clarifying that the maximum amount of denied boarding compensation that a carrier may provide to a passenger denied boarding involuntarily is not limited, prohibiting airlines from involuntarily denying boarding to a passenger after the passenger's boarding pass has been collected or scanned and the passenger has boarded (subject to safety and security exceptions), raising the liability limits for denied boarding compensation, and raising the liability limit for mishandled baggage in domestic air transportation. The U.S. Congress and the DOT have examined the increasingly common airline industry practice of unbundling the pricing of certain products and ancillary services, a practice that is a core component of our business strategy. If new laws or regulations are adopted that make unbundling of airline products and services impermissible, or more cumbersome or expensive, or if new taxes are imposed on non-fare passenger revenues, our business, results of operations and financial condition could be harmed. Congressional, Federal agency and other government scrutiny may also change industry practice or the public's willingness to pay for non-fare ancillary services. See also "—We are subject to extensive and increasing regulation by the Federal Aviation Administration, the Department of Transportation, the Transportation Security Administration, U.S. Customs and Border Protection and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business and financial results."

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

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

***We face competition from air travel substitutes.***

In addition to airline competition from legacy network airlines, LCCs and other ULCCs, we also face competition from air travel substitutes, partially as a result of the COVID-19 pandemic. On our domestic routes, particularly those with shorter stage lengths, we face competition from some other transportation alternatives, such as bus, train or automobile. In addition, technology advancements may limit the demand for air travel. For example, video conferencing, virtual and augmented reality and other methods of electronic communication may reduce the need for in-person communication and add a new dimension of competition to the industry as travelers seek lower-cost substitutes for air travel. If we are unable to stimulate demand for air travel with our low base fares or if we are unable to adjust rapidly in the event the basis of competition in our markets changes, it could have a material adverse effect on our business, results of operations and financial condition.

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

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

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

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

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

Adverse weather conditions and natural disasters, such as hurricanes, thunderstorms, blizzards, snowstorms or earthquakes, can cause flight cancellations or significant delays. Cancellations or delays due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security or other factors may affect us to a greater degree than other larger airlines that may be able to recover more quickly from these events, and therefore could have a material adverse effect on our business, results of operations and financial condition to a greater degree than other air carriers. Because of our high utilization, point-to-point network, operational disruptions can have a disproportionate impact on our ability to recover. In addition, many airlines re-accommodate their disrupted passengers on other airlines at prearranged rates under flight interruption manifest agreements. We have been unsuccessful in procuring any of these agreements with our peers, which makes our recovery from disruption more challenging than for larger airlines that have these agreements in place. Similarly, outbreaks of contagious diseases, such as COVID-19, ebola, measles, avian flu, severe acute respiratory syndrome (SARS), H1N1 (swine) flu, pertussis (whooping cough) and zika virus, have in the past and may in the future result in significant decreases in passenger traffic and the imposition of government restrictions in service, resulting in a material adverse impact on the airline industry. New identification requirements, such as the implementation of rules under the REAL ID Act of 2005, and increased travel taxes, such as those provided in the Travel Promotion Act, enacted in March 2010, which charges visitors from certain countries a \$10 fee every two years to travel into the United States to subsidize certain travel promotion efforts, could also result in decreases in passenger traffic. Any general reduction in airline passenger traffic could have a material adverse effect on our business, results of operations and financial condition.

***Risks associated with our presence in international emerging markets, including political or economic instability, and failure to adequately comply with existing legal requirements, may materially adversely affect us.***

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

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

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

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

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

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

The success of our operations and our future growth is dependent on a number of federal agencies, specifically the FAA, DOT and TSA. In the event of a slowdown or shutdown of the federal government, such as those experienced in October 2013 and December 2018 through January 2019, certain functions of these and other federal agencies may be significantly diminished or completely suspended for an indefinite period of time, the conclusion of which is outside of our control. During such periods, it may not be possible for us to obtain the operational approvals and certifications required for events that are critical to the successful execution of our operational strategy, such as the delivery of new aircraft or the implementation of new routes. Additionally, there may be an impact to critical airport operations, particularly security, air traffic control and other functions that could cause airport delays, flight cancellations and negatively impact consumer demand for air travel.

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

### **Risks Related to Our Business**

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

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

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

In addition, in order to successfully implement our growth strategy, which includes the planned growth of our fleet from 104 aircraft as of December 31, 2020 to a fleet of 165 by the end of 2025, we will require access to a large number of gates and other services at airports we currently serve or may seek to serve. We believe there are currently significant restraints on gates and related ground facilities at many of the most heavily utilized airports in the United States, in addition to the fact that three major domestic airports (JFK and LaGuardia in New York and Reagan National in Washington, D.C.) require government-controlled take-off or landing “slots” to operate at those airports. As a result, if we are unable to obtain access to a sufficient number of slots, gates or related ground facilities at desirable airports to accommodate our growing fleet, we may be unable to compete in those markets, our aircraft utilization rate could decrease, and we could suffer a material adverse effect on our business, results of operations and financial condition.

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

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

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

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

Our low-cost structure is one of our primary competitive advantages. However, we have limited control over some of our costs. For example, we have limited control over the price and availability of aircraft fuel, aviation insurance, the acquisition and cost of aircraft, airport and related infrastructure costs, taxes, the cost of meeting changing regulatory requirements and our cost to access capital or financing. In addition, the compensation and benefit costs applicable to a significant portion of our employees are established by the terms of collective bargaining agreements, which could result in increased labor costs. See “— Increased labor costs, union disputes, employee strikes and other labor-related disruption may adversely affect our business, results of operations and financial condition.” We cannot guarantee we will be able to maintain our relatively low costs. If our costs increase and we are no longer able to maintain a competitive cost structure, it could have a material adverse effect on our business, results of operations and financial condition.

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

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

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

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

Our business is labor intensive, with labor costs representing approximately 21%, 24% and 33% of our total operating costs for the years ended December 31, 2018, 2019 and 2020, respectively. As of December 31, 2020, approximately 88% of our workforce was represented by labor unions. We have recently ratified labor agreements with several of the labor unions representing our employees and in March 2019 we reached a tentative agreement with the union representing our flight attendants, which was ratified on May 15, 2019. See

“Business—Employees.” We cannot assure you that our labor costs going forward will remain competitive or that any new agreements into which we enter will not have terms with higher labor costs or that the negotiations of such labor agreements will not result in any work stoppages.

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

From June to November 2018, we experienced disruptions to our flight operations during our labor negotiations with the union representing our pilots, Air Line Pilots Association (“ALPA”), which materially impacted our business and results of operations for the period. Upon reaching a tentative agreement with ALPA in December 2018, our flight operations returned to normal. However, we are unable to determine the extent to which this period of prolonged disruption may have harmed our reputation or the length of time it may take for our business to recover from such harm, if ever. In addition, the agreement, which became effective in January 2019, included a significant increase in the annual compensation of our pilots as well as a one-time ratification incentive payment to our pilots of \$75 million, plus payroll related taxes. We can provide no assurance that we will not experience another operational disruption resulting from any future negotiations or disagreements with our pilots, nor can we provide assurance that we will not experience an operational disruption as a result of negotiations or disagreements with any of our other union-represented employee groups. In addition, we cannot provide any estimate with regard to the amount or probability of future compensation increases, ratification incentives or other costs that may come as a result of future negotiations with our pilots or our other union represented groups. Future operational disruptions or other costs related to labor negotiations, including reputational harm that may come as a result of such disruptions, if any, may have a material adverse impact on our business, results of operations and financial condition.

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

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

We are highly dependent on markets served from airports that are significant to our business, including Denver, Orlando and Las Vegas, as well as high-traffic locations, such as Philadelphia, Cleveland, Tampa, Chicago, Fort Myers and Atlanta. Our results of operations may be affected by actions taken by governmental or other agencies or authorities having jurisdiction over our operations at these and other airports, including, but not limited to:

- increases in airport rates and charges;
- limitations on take-off and landing slots, airport gate capacity or other use of airport facilities;
- termination of our airport use agreements, some of which can be terminated by airport authorities with little notice to us;

## Table of Contents

- increases in airport capacity that could facilitate increased competition;
- international travel regulations such as customs and immigration;
- increases in taxes;
- changes in the law that affect the services that can be offered by airlines, in general and in particular markets or at particular airports;
- restrictions on competitive practices;
- the adoption of statutes or regulations that impact or impose additional customer service standards and requirements, including security standards and requirements; and
- the adoption of more restrictive locally imposed noise regulations or curfews.

Our existing lease at Denver International Airport expires in December 2021 with an option to extend for two additional one-year periods. We cannot assure you that renewal of the lease will occur on acceptable terms or at all, or that the new lease will not include additional or increased fees. In general, any changes in airport operations could have a material adverse effect on our business, results of operations and financial condition.

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

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

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

Our business strategy includes the differentiation of our brand and product from the other U.S. airlines, including other ULCCs, in order to increase customer loyalty and drive future ticket sales. We intend to accomplish this by continuing to offer passengers dependable customer service. However, in the past, we have experienced a relatively high number of customer complaints related to, among other things, our customer service and reservations and ticketing systems, including related to our COVID-19 related refund policy. Passenger complaints, together with reports of lost baggage, delayed and cancelled flights, and other service issues, are reported to the public by the DOT. In addition, we could become subject to complaints about our booking practices. For instance, in 2017 we were fined \$0.4 million by the DOT for certain infractions relating to oversales, rules related to passengers with disabilities, customer service plan rules, \$40,000 for certain infractions relating to oversales disclosure and notice requirements, domestic baggage liability limit rule, and customer service plan rules; and \$1.5 million by the DOT relating to length tarmac delays, which was offset by a \$0.9 million credit for compensation provided to passengers on the affected flights and other delayed flights. If we do not meet our customers' expectations with respect to reliability and service, our brand and product could be negatively impacted, which could result in customers deciding not to fly with us and adversely affect our business and reputation.



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

We have maintained a high daily aircraft utilization rate prior to the COVID pandemic and expect our utilization rate to increase as the U.S. market begins to recover from the pandemic. Our average daily aircraft utilization was 12.3 hours, 12.2 hours and 8.0 hours for the years ended December 31, 2018, 2019, and 2020, respectively. Aircraft utilization is the average amount of time per day that our aircraft spend carrying passengers. Part of our business strategy is to maximize revenue per aircraft through high daily aircraft utilization, which is achieved, in part, by quick turnaround times at airports so we can fly more hours on average in a day. Aircraft utilization is reduced by delays and cancellations caused by various factors, many of which are beyond our control, including air traffic congestion at airports or other air traffic control problems or outages, labor availability, adverse weather conditions, increased security measures or breaches in security, international or domestic conflicts, terrorist activity, or other changes in business conditions. A significant portion of our operations are concentrated in markets such as Denver, the Northeast and northern Midwest regions of the United States, which are particularly vulnerable to weather, airport traffic constraints and other delays, particularly in the winter months. In addition, pulling aircraft out of service for unscheduled and scheduled maintenance may materially reduce our average fleet utilization and require that we re-accommodate passengers or seek short-term substitute capacity at increased costs. Further, an unplanned reduction in demand such as has been caused by the COVID-19 pandemic reduces the utilization of our fleet and result in a related increase in unit costs, which may be material. Due to the relatively small size of our fleet, our point-to-point network and high daily aircraft utilization rate, the unexpected unavailability of one or more aircraft and resulting reduced capacity or even a modest decrease in demand could have a material adverse effect on our business, results of operations and financial condition.

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

Following our acquisition by an investment fund managed by Indigo, an affiliate of Indigo Partners, in 2013 and the implementation of our current business and operating strategy in 2014, we recorded net income of \$80 million and \$251 million for the years ended December 31, 2018 and 2019, and net loss of \$225 million for the year ended December 31, 2020, respectively, which, with respect to 2018 and 2019, are higher levels of net income than we had achieved prior to our acquisition. While we recorded an annual profit for the years ended December 31, 2018 and 2019, we recorded a net loss for the year ended December 31, 2020 and we cannot assure you that we will be able to sustain or increase profitability on a quarterly or an annual basis in future periods. In turn, this may cause the trading price of our common stock to decline and may materially adversely affect our business.

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

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

Similarly, we are subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation

costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of wastes directly attributable to us.

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

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

***We are subject to risks associated with climate change, including increased regulation of our CO<sub>2</sub> emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure.***

Efforts to transition to a low-carbon future have increased the focus by global, regional and national regulators on climate change and greenhouse gas (“GHG”) emissions, including CO<sub>2</sub> emissions. In particular, ICAO has adopted rules to implement the Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”) which will require us to address the growth in CO<sub>2</sub> emissions of a significant majority of our international flights. For more information on CORSIA, see “Business—Government Regulation—Environmental Regulation.”

At this time, the costs of complying with our future obligations under CORSIA are uncertain, primarily because it is difficult to estimate the return of demand for international air travel during and in the recovery from the COVID-19 pandemic. There is also significant uncertainty with respect to the future supply and price of carbon offset credits and sustainable or lower carbon aircraft fuels that could allow us to reduce our emissions of CO<sub>2</sub>. In addition, we will not directly control our CORSIA compliance costs through 2029 because those obligations are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for individual airline operator emissions growth beginning in 2030. Due to the competitive nature of the airline industry and unpredictability of the market for air travel, we can offer no assurance that we may be able to increase our fares, impose surcharges or otherwise increase revenues or decrease other operating costs sufficiently to offset our costs of meeting obligations under CORSIA.

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

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

In addition, in January 2021, the EPA finalized GHG emission standards for new aircraft engines designed to implement the ICAO standards on the same timeframe contemplated by ICAO. Like the ICAO standards, the final EPA standards would not apply to engines on in-service aircraft. The final standards have been challenged by several states and environmental groups, and the Biden administration has announced plans to review these final standards along with others issued by the prior administration. The outcome of the legal challenge and administrative review cannot be predicted at this time.

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

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

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

As of December 31, 2020, we had \$963 million of total available liquidity, including \$378 million of cash and cash equivalents, \$424 million available to borrow under the Treasury Loan facility, and a \$161 million income tax receivable, primarily resulting from our net operating losses generated in 2020 and expected to be collected in 2021. Furthermore, we have access to a facility to finance a portion of certain aircraft PDPs from which we had drawn \$141 million as of December 31, 2020. As of December 31, 2020, our PDP Financing Facility enables us to borrow up to an aggregate of \$150 million under a secured, revolving line of credit. In addition, we have a pre-purchased miles facility from which we had drawn \$15 million on as of December 31, 2020 and, based on our agreement under the Treasury Loan facility, we are restricted from accessing additional amounts until full repayment and cancellation of the Treasury Loan. Following such date, the amount available under the pre-purchased miles facility will be based on the aggregate amount of fees payable by Barclays to us for pre-purchased miles on a calendar year basis, up to an aggregate maximum amount of \$200 million. These facilities are not adequate to finance our operations, and thus we will continue to be dependent on our operating cash flows (if any) and cash balances to fund our operations, provide capital reserves and to make scheduled payments on our aircraft-related fixed obligations, including substantial PDPs related to the aircraft we have on order. In addition, we have sought, and may continue to seek, financing from other available sources to fund our operations in order to mitigate the impact of the COVID-19 pandemic on our financial position and operations, including through the payroll support program or loan program with the Treasury.

Subsequent to December 31, 2020, we entered into the PSP2 Agreement, which is expected to provide us with an incremental \$140 million in liquidity. We received the first installment in the amount of \$70 million on January 15, 2021.

During the fourth quarter of 2020, we amended our pre-delivery credit facility to provide for a deferral of the fixed charge coverage ratio requirement (the “FCCR Test”) until the first quarter of 2022. If the FCCR Test is not maintained, we are required to test the loan to collateral ratio for the underlying aircraft in the credit facility that are subject to financing (the “LTV Test”) and make any pre-payments or post additional collateral required in order to reduce the loan to value on each aircraft in the credit facility that are subject to financing below a ratio threshold. The LTV Test is largely dependent on the appraised fair value of the underlying aircraft subject to financing. If the LTV Test was required to be performed, we do not expect that there would be any material required pre-payment of the pre delivery credit facility or posting of additional collateral. Additionally, we have also obtained a waiver of relief for the covenant provisions through the first quarter of 2021 related to one of our credit card processors that represents less than 10% of total revenues, which may require future waivers or an amendment to existing covenants to reflect the downturn due to the COVID-19 pandemic. We expect to seek an amendment or waiver, refinance the indebtedness subject to covenants or take other mitigating actions prior to any potential breaches that are not expected to have a material impact to our liquidity and financial position.

As of December 31, 2020, we were not subject to any credit card holdbacks, although if we fail to maintain certain liquidity and other financial covenants, our credit card processors have the right to hold back credit card remittances to cover our obligations to them, which would result in a reduction of unrestricted cash that could be material. In addition, while we recently have been able to arrange aircraft lease financing that does not require that we maintain a maintenance reserve account, we are required by some of our aircraft leases, and could in the future be required, to fund reserves in cash in advance for scheduled maintenance to act as collateral for the benefit of lessors. In those circumstances, a portion of our cash is therefore unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases. Based on the age of our fleet and our growth strategy, we expect these maintenance deposits to decrease as we enter into operating leases for newly-acquired aircraft that do not require reserves. If we fail to generate sufficient funds from operations to meet our operating cash requirements or do not obtain a line of credit, other borrowing facility or equity financing, we could default on our operating lease and fixed obligations. Our inability to meet our obligations as they become due would have a material adverse effect on our business, results of operations and financial condition.

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

We have significant obligations to purchase aircraft and spare engines that we have on order from Airbus, CFM International, an affiliate of General Electric Company, and Pratt & Whitney. As of December 31, 2020, we had an obligation to purchase 156 A320neo family aircraft by the end of 2028, one of which had a committed operating lease. We intend to evaluate financing options for the remaining aircraft. There are a number of factors that may affect our ability to raise financing or access the capital markets in the future, including our liquidity and credit status, our operating cash flows, market conditions in the airline industry, U.S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of commercial aircraft financing. We cannot assure you that we will be able to source external financing for our planned aircraft acquisitions or for other significant capital needs, and if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. To the extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations.

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

At present, we have existing aircraft purchase commitments through 2028, all of which are for Airbus A320neo family aircraft. In response to the COVID-19 pandemic, we came to an agreement with Airbus to defer four deliveries into 2021 and took nine less deliveries during the year ended December 31, 2020 as compared to the prior year period. In addition, of the 156 A320neo family aircraft we have committed to purchase by 2028, 22 will be equipped with the LEAP engine manufactured by CFM International, an affiliate of General Electric Company. The remaining 134 aircraft on our order book will be equipped with Pratt & Whitney GTF engines.

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

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

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

As of December 31, 2020, the operating leases for seven, four, six, four and eight aircraft in our fleet were scheduled to terminate during the remainder of 2021, 2022, 2023, 2024 and 2025, respectively. In certain circumstances, such operating leases may be extended. Prior to such aircraft being returned, we will incur costs to restore these aircraft to the condition required by the terms of the underlying operating leases. The amount and timing of these so-called "return conditions" costs can prove unpredictable due to uncertainty regarding the maintenance status of each particular aircraft at the time it is to be returned and it is not unusual for disagreements to ensue between the airline and the leasing company as to the required maintenance on a given aircraft or engine.

In addition, we currently have an obligation to purchase 156 A320neo family aircraft by the end of 2028. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a "maintenance holiday") because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are first required. Following these new initial maintenance holiday periods, the new aircraft we have an obligation to acquire will require more maintenance as they age and our maintenance and repair expenses for each newly purchased aircraft will be incurred at approximately the same intervals. Moreover, because a large portion of our future fleet will be acquired over a relatively short period, significant maintenance to be scheduled on each of these planes may occur concurrently with other aircraft acquired around the same time, meaning we may incur our heavy maintenance obligations across large portions of our fleet around the same time. These more significant maintenance activities result in out-of-service periods during which our aircraft are dedicated to maintenance activities and unavailable to fly revenue service.

Outside of scheduled maintenance, we incur from time to time unscheduled maintenance which is not forecast in our operating plan or financial forecasts, and which can impose material unplanned costs and the loss

of flight equipment from revenue service for a significant period of time. For example, a single unplanned engine event can require a shop visit costing several million dollars and cause the engine to be out of service for a number of months.

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

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

The airline business is capital intensive and, as a result, many airline companies are highly leveraged. As of December 31, 2020, all 104 aircraft in our fleet were financed under operating leases. For the years ended December 31, 2018, 2019 and 2020, we incurred aircraft rent of \$277 million, \$368 million and \$396 million, respectively, and paid maintenance deposits of \$28 million, \$18 million and \$15 million, respectively. For the year ended December 31, 2020, aircraft rent of \$396 million did not include \$31 million of aircraft rent related to 2020 that was deferred to 2021 as a result of deferral arrangements agreed to with our lessors due to the COVID-19 pandemic. As of December 31, 2020, we had future operating lease obligations of approximately \$2,264 million and future principal debt obligations of \$357 million. For the years ended December 31, 2018, 2019 and 2020, we made cash payments for interest related to debt of \$11 million, \$10 million and \$7 million, respectively. In addition, we have significant obligations for aircraft and spare engines that we have ordered from Airbus and CFM International for delivery over the next several years. Also, in April 2020, we entered into an agreement with the Treasury for which we received \$211 million in funding through the payroll support program, in the form of a grant and a low-interest 10-year note, and in September 2020 we entered into a \$574 million secured term loan facility with the Treasury, of which we borrowed \$150 million as of December 31, 2020. In January, we entered into an agreement with the Treasury for at least another \$140 million in payroll support funding under the PSP2 Agreement. We received the first installment in the amount of \$70 million on January 15, 2021. The funding from the Treasury subjected us to certain restrictions and limitations. Our ability to pay the fixed costs associated with our contractual obligations will depend on our operating performance, cash flow and our ability to secure adequate financing, which will in turn depend on, among other things, the success of our current business strategy, fuel price volatility, any significant weakening or improving in the U.S. economy, availability and cost of financing, as well as general economic and political conditions and other factors that are, to some extent, beyond our control. The amount of our aircraft related fixed obligations and our obligations under our other debt arrangements could have a material adverse effect on our business, results of operations and financial condition and could:

- require a substantial portion of cash flow from operations be used for operating lease and maintenance deposit payments, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to make required PDPs, including those payable to our aircraft and engine manufacturers for our aircraft and spare engines on order;
- limit our ability to obtain additional financing to support our expansion plans and for working capital and other purposes on acceptable terms or at all;
- make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues could cause us to not have sufficient cash flows from operations to make our scheduled payments;

- reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with lower fixed payment obligations; and
- cause us to lose access to one or more aircraft and forfeit our maintenance and other deposits if we are unable to make our required aircraft lease rental payments and our lessors exercise their remedies under the lease agreement including cross default provisions in certain of our leases.

A failure to pay our operating lease, debt, fixed cost, and other obligations or a breach of our contractual obligations could result in a variety of adverse consequences, including the exercise of remedies by our creditors and lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease payments or otherwise cover our fixed costs, which would have a material adverse effect on our business, results of operations and financial condition.

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

We have historically entered into agreements with third-party specialists to furnish certain facilities and services required for our operations, including ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities as well as administrative and support services. In response to the COVID-19 pandemic, we have increased our reliance on such third-parties. In addition, as the U.S. market begins to recover from the pandemic, we are likely to enter into similar service agreements in new markets we decide to enter, and we cannot assure you that we will be able to obtain the necessary services at acceptable rates.

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

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

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

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

We are highly dependent on technology and computer systems and networks to operate our business. These technologies and systems include our computerized airline reservation system provided by Navitaire, now a unit of Amadeus, flight operations systems, telecommunications systems, mobile app, airline website, maintenance systems and check-in kiosks. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information. The Navitaire reservations system, which is hosted and maintained under a long-term contract by a third-party specialist, is critical to our ability to issue, track and accept tickets, conduct check-in, board and manage our passengers through the airports we serve and provide us with access to global distribution systems, which enlarge our pool of potential passengers. There are many instances in the past where a reservations system malfunctioned, whether due to the fault of the system provider or the airline, with a highly adverse effect on the airline's operations, and such a malfunction has in the past and could in the future occur on our system, or in connection with any system upgrade or migration in the future. We also rely on third-party specialists to maintain our flight operations systems, and if those systems are not functioning, we could experience service disruptions, which could result in the loss of important data, increase our expenses, decrease our operational performance and temporarily stall our operations.

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

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

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

A significant cybersecurity incident could result in a range of potentially material negative consequences for us, including lost revenue; unauthorized access to, disclosure, modification, misuse, loss or destruction of company systems or data; theft of sensitive, regulated or confidential data, such as personal identifying information or our intellectual property; the loss of functionality of critical systems through ransomware, denial of service or other attacks; and business delays, service or system disruptions, damage to equipment and injury to persons or property. The costs and operational consequences of defending against, preparing for, responding to



and remediating an incident may be substantial. Further, we could be exposed to litigation, regulatory enforcement or other legal action as a result of an incident, carrying the potential for damages, fines, sanctions or other penalties, as well injunctive relief requiring costly compliance measures. A cybersecurity incident could also impact our brand, harm our reputation and adversely impact our relationship with our customers, employees and stockholders. Additionally, any material failure by us or our third-party specialists to maintain compliance with the Payment Card Industry security requirements or to rectify a data security issue may result in fines and restrictions on our ability to accept credit and debit cards as a form of payment. While we have taken precautions to avoid an unauthorized incursion of our computer systems, we cannot assure you that our precautions are either adequate or implemented properly to prevent and detect a data breach or other cybersecurity incident and its adverse financial and reputational consequences to our business. We are also subject to increasing legislative, regulatory and customer focus on privacy issues and data security in the United States and abroad. The compromise of our technology systems resulting in the loss, disclosure, misappropriation of or access to the personally identifiable information of our passengers, prospective passengers or personnel could result in governmental investigation, civil liability or regulatory penalties under laws protecting the privacy of personal information, any or all of which could disrupt our operations and have a material adverse effect on our business, results of operations and financial condition.

In addition, a number of our commercial partners, including credit card companies, have imposed data security standards on us, and these standards continue to evolve. We will continue our efforts to meet our privacy and data security obligations; however, it is possible that certain new obligations may be difficult to meet and could increase our costs.

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

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

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

We are highly dependent on the Denver market where we maintain a large presence, with 41% of our flights during the year ended December 31, 2020 having Denver International Airport as either their origin or destination. We primarily operate out of Concourse A at Denver International Airport under an operating lease that expires in December 2021 with two one year extension options. We have experienced an increase in flight delays and cancellations at this airport due to airport congestion which has adversely affected our operating performance and results of operations. We have also experienced increased competition since 2017 from carriers

adding flights to and from Denver. Also, flight operations in Denver can face extreme weather challenges in the winter, which, at times, has resulted in severe disruptions in our operation and the occurrence of material costs as a consequence of such disruptions. Our business could be further harmed by an increase in the amount of direct competition we face in the Denver market or by continued or increased congestion, delays or cancellations. Our business would also be harmed by any circumstances causing a reduction in demand for air transportation in the Denver area, such as adverse changes in local economic conditions, health concerns, adverse weather conditions, negative public perception of Denver, terrorist attacks or significant price or tax increases linked to increases in airport access costs and fees imposed on passengers.

***We are subject to extensive regulation by the Federal Aviation Administration, the Department of Transportation, Transportation Security Administration, U.S. Customs and Border Protection and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition.***

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

lavatories. The DOT also recently published Final Rules regarding traveling by air with service animals and defining unfair or deceptive practices. The DOT also recently published a Final Rule clarifying that the maximum amount of denied boarding compensation that a carrier may provide to a passenger denied boarding involuntarily is not limited, prohibiting airlines from involuntarily denying boarding to a passenger after the passenger's boarding pass has been collected or scanned and the passenger has boarded (subject to safety and security exceptions), raising the liability limits for denied boarding compensation, and raising the liability limit for mishandled baggage in domestic air transportation. In addition, the FAA issued its final regulations governing pilot rest periods and work hours for all passenger airlines certificated under Part 121 of the Federal Aviation Regulations. The rule known as FAR Part 117, which became effective January 4, 2014, impacts the required amount and timing of rest periods for pilots between work assignments and modifies duty and rest requirements based on the time of day, number of scheduled segments, time zones and other factors. In addition, Congress enacted a law and the FAA issued regulations requiring U.S. airline pilots to have a minimum number of hours as a pilot in order to qualify for an Air Transport Pilot certificate, which all pilots on U.S. airlines must obtain. Compliance with these rules may increase our costs, while failure to remain in full compliance with these rules may subject us to fines or other enforcement action. FAR Part 117 and the minimum pilot hour requirements may also reduce our ability to meet flight crew staffing requirements. We cannot assure you that compliance with these and other laws, regulations, orders, rulings and guidance will not have a material adverse effect on our business, results of operations and financial condition.

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

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

International routes are regulated by air transport agreements and related agreements between the United States and foreign governments. Our ability to operate international routes is subject to change, as the applicable agreements between the United States and foreign governments may be amended from time to time. Our access to new international markets may be limited by the applicable air transport agreements between the U.S. and foreign governments and our ability to obtain the necessary authority from the U.S. and foreign governments to fly the international routes. In addition, our operations in foreign countries are subject to regulation by foreign

governments and our business may be affected by changes in law and future actions taken by such governments, including granting or withdrawal of government approvals, airport slots and restrictions on competitive practices. We are subject to numerous foreign regulations in the countries outside the United States where we currently provide service. If we are not able to comply with this complex regulatory regime, our business could be significantly harmed. Please see “Business—Government Regulation.”

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

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

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

Certain of the products and services that we purchase, including our aircraft and related parts, are sourced from suppliers located in foreign countries, and the imposition of new tariffs, or any increase in existing tariffs, by the U.S. government on the importation of such products or services could materially increase the amounts we pay for them. In early October 2019, the World Trade Organization ruled that the United States could impose \$7.5 billion in retaliatory tariffs in response to illegal European Union subsidies to Airbus. On October 18, 2019, the United States imposed these tariffs on certain imports from the European Union, including a 10% tariff on new commercial aircraft. In February 2020, the United States announced an increase to this tariff from 10% to 15%. These tariffs apply to aircraft that we are already contractually obligated to purchase. These tariffs are under continuing review and at any time could be increased, decreased, eliminated or applied to a broader range of products we use. While we have recently accepted deliveries of Airbus aircraft principally from the Airbus Mobile, Alabama facility, which has enabled us to avoid the imposition of tariffs on such aircraft, there can be no assurance that we will continue to be able to do so. Any imposition of these tariffs could substantially increase the cost of, among other things, imported new Airbus aircraft and parts required to service our Airbus fleet, which in turn could have a material adverse effect on our business, financial condition and/or results of operations. We may also seek to postpone or cancel delivery of certain aircraft currently scheduled for delivery, and we may choose not to purchase as many aircraft as we intended in the future. Any such action could have a material adverse effect on the size of our fleet, business, results of operations and financial condition.

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

Our business is labor intensive. We require large numbers of pilots, flight attendants, maintenance technicians and other personnel. We compete against other U.S. airlines for pilots, mechanics and other skilled labor and certain U.S. airlines offer wage and benefit packages exceeding ours. The airline industry has from time to time experienced a shortage of qualified personnel. In particular, as more pilots in the industry approach mandatory retirement age, the U.S. airline industry is being affected by a pilot shortage. As is common with most of our competitors, we have faced considerable turnover of our employees. As a result of the foregoing, there can be no assurance that we will be able to attract or retain qualified personnel or may be required to increase wages

and/or benefits in order to do so. In addition, we may lose personnel due to the impact of the COVID-19 pandemic on air travel and we may lose executives as a result of compensation restrictions imposed under the CARES Act. Such restrictions may present retention challenges in the case of executives presented with alternative, non-airline opportunities or with opportunities from airlines that are not subject to such restrictions because they never entered into such Treasury loans or have repaid their Treasury loans prior to us. If we are unable to hire, train and retain qualified employees, our business could be harmed and we may be unable to implement our growth plans.

In addition, as we hire more people and grow, we believe it may be increasingly challenging to continue to hire people who will maintain our company culture. Our company culture, which we believe is one of our competitive strengths, is important to providing dependable customer service and having a productive, accountable workforce that helps keep our costs low. As we continue to grow, we may be unable to identify, hire or retain enough people who meet the above criteria, including those in management or other key positions. Our company culture could otherwise be adversely affected by our growing operations and geographic diversity. If we fail to maintain the strength of our company culture, our competitive ability and our business, results of operations and financial condition could be harmed.

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

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

***We rely on our private equity sponsor.***

Our majority stockholder is presently an investment fund managed by Indigo, an affiliate of Indigo Partners, a private equity fund with significant expertise in the ultra low-cost airline space. This expertise has been available to us through the representatives Indigo has on our board of directors and through a Professional Services Agreement that was put in place in connection with the 2013 acquisition from Republic and pursuant to which we pay Indigo Partners a fee of approximately \$375,000 per quarter, plus expenses. Several members of our board of directors are also affiliated with Indigo Partners and we pay each of them an annual fee as compensation. Our engagement of Indigo Partners pursuant to the Professional Services Agreement will continue until the date that Indigo Partners and its affiliates own less than 10% of the 5.2 million shares of our common stock acquired by an affiliate of Indigo Partners in December 2013. After this offering, Indigo Partners may nonetheless elect to reduce its ownership in our company or reduce its involvement on our board of directors, which could reduce or eliminate the benefits we have historically achieved through our relationship with Indigo Partners such as management expertise, industry knowledge and volume purchasing. For a further description of our Professional Services Agreement, please see “Certain Relationships and Related Party Transactions—Management Services.” See also “—Risks Related to Owning Our Common Stock—Indigo’s current control of the Company severely limits the ability of our stockholders to influence matters requiring stockholder approval and could adversely affect our other stockholders and the interests of Indigo could conflict with the interests of other stockholders.”

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

We expect our quarterly results of operations to continue to fluctuate due to a number of factors, including actions by our competitors, price changes in aircraft fuel and the timing and amount of maintenance expenses, as

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

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

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

**Risks Related to Owning Our Common Stock**

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

Prior to this offering, there has been no public market for shares of our common stock, and an active public market for these shares may not develop or be sustained after this offering. We and the representatives of the underwriters determined the initial public offering price of our common stock through negotiation. This price does not necessarily reflect the price at which investors in the market will be willing to buy and sell our shares following this offering. In addition, the market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including:

- announcements concerning our competitors, the airline industry or the economy in general;
- developments with respect to the COVID-19 pandemic, and government restrictions related thereto;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- media reports and publications about the safety of our aircraft or the aircraft type we operate;
- new regulatory pronouncements and changes in regulatory guidelines;
- changes in the price of aircraft fuel;
- announcements concerning the availability of the type of aircraft we use;
- general and industry-specific economic conditions;
- changes in financial estimates or recommendations by securities analysts or failure to meet analysts' performance expectations;

## [Table of Contents](#)

- sales of our common stock or other actions by investors with significant shareholdings, including sales by our principal stockholders;
- trading strategies related to changes in fuel or oil prices; and
- general market, political and other economic conditions.

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

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

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

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

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

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our common stock immediately after this offering. Therefore, if you purchase our common stock in this offering, you will incur an immediate dilution of \$            in net tangible book value per share from the price you paid. In addition, as of December 31, 2020, we had outstanding options to purchase 259,980 shares of our common stock, 50,559 shares of common stock issuable upon the vesting of outstanding restricted stock units, an aggregate of 641,090 shares of common stock reserved for issuance pursuant to future awards under our 2014 Equity Incentive Plan, an aggregate of            shares of common stock reserved for issuance pursuant to future awards under our 2021 Equity Incentive Award Plan. The exercise of these outstanding options or the issuance of such reserved shares will result in further dilution. For a further description of the dilution that you will experience immediately after this offering, see "Dilution" elsewhere in this prospectus.

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

We may conduct future offerings of our common stock, preferred stock or other securities that are convertible into or exercisable for our common stock to finance our operations or fund acquisitions, or for other purposes. In connection with our participation in the PSP, we issued warrants to the Treasury, which are exercisable for up to approximately 13,752 shares of our common stock. Furthermore, in the first quarter of 2021 we will issue an additional 2,711 warrants in connection with our participation in the PSP2 based on the \$140 million of funding. In connection with the initial \$150 million borrowing the secured loan provided under the Loan and Guarantee Agreement the "Treasury Loan Agreement") we entered into with the Treasury pursuant to the CARES Act, we issued warrants to the Treasury which are exercisable for up to approximately 62,055 shares of our common stock. Moreover, we may issue additional warrants to the Treasury exercisable for up to

175,410 shares of our common stock, assuming we draw the full \$424 million remaining under the Treasury Loan Agreement. See “—We have agreed to certain restrictions on our business by accepting financing under the CARES Act.” Further, we reserve shares of our common stock for future issuance under our equity incentive plans, which shares are eligible for sale in the public market to the extent permitted by the provisions of various agreements and, to the extent held by affiliates, the volume and manner of sale restrictions of Rule 144. If these additional shares are sold, or if it is perceived that they will be sold, into the public market, the price of our common stock could decline substantially. If we issue additional shares of our common stock or rights to acquire shares of our common stock, if any of our existing stockholders sells a substantial amount of our common stock, or if the market perceives that such issuances or sales may occur, then the trading price of our common stock may significantly decline. In addition, our issuance of additional shares of common stock will dilute the ownership interests of our existing common stockholders.

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

Any future issuances or sales of our common stock by us will be dilutive to our existing common stockholders. We had 5,248,371 shares of common stock outstanding as of December 31, 2020. All of the shares of common stock sold in this offering will be freely tradable without restrictions or further registration under the Securities Act. The holders of substantially all of the outstanding shares of our common stock have signed lock-up agreements with the underwriters of this offering, under which they have agreed, subject to certain exceptions, not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, enter into a transaction which would have the same effect, without the prior written consent of certain of the underwriters, for a period of 180 days after the date of this prospectus. After this offering, an investment fund managed by Indigo, the holder of approximately 5.2 million shares of our common stock as of December 31, 2020, will be entitled to rights with respect to registration of such shares under the Securities Act pursuant to a registration rights agreement. Please see “Certain Relationships and Related Transactions—Registration Rights” elsewhere in this prospectus. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur, or the issuance of securities exercisable or convertible into our common stock, could adversely affect the prevailing price of our common stock.

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

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

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

Until such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, Indigo will have the ability to take stockholder action by written consent without calling a stockholder meeting and to approve amendments to our amended and restated certificate of incorporation and amended and restated bylaws and to take other actions without the vote of any other stockholder. Investors in this offering will not be able to affect the outcome of any stockholder vote during such time. As a result, Indigo will have the ability to control all such matters affecting us, including:

- the composition of our board of directors and, through our board of directors, any determination with respect to our business plans and policies;



## [Table of Contents](#)

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

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

In addition, the interests of Indigo could conflict with the interests of other stockholders. According to a Schedule 13D filed with the SEC in February 2021, investment funds managed by Indigo Partners holds approximately 18% of the total outstanding Common Stock shares of Volaris, and two of our directors, William A. Franke and Brian H. Franke, are members of the board of directors of Volaris, with Brian H. Franke serving as chair since April 2020. We entered into a codeshare arrangement with Volaris in January 2018. As of December 31, 2020, we did not compete directly with Volaris on any of our routes other than one route that we currently operate during different months of the year. However, there can be no assurances that we will not compete directly with Volaris in the future. Furthermore, neither Indigo Partners, its portfolio companies, funds or other affiliates, nor any of their officers, directors, agents, stockholders, members or current or future partners will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. See “—Our certificate of incorporation will contain a provision renouncing our interest and expectancy in certain corporate opportunities.”

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

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

Our amended and restated certificate of incorporation and amended and restated bylaws to be in effect immediately prior to the consummation of this offering contain provisions that may make it difficult to remove our board of directors and management and may discourage or delay “change of control” transactions, which could adversely affect the price of our common stock. These provisions include, among others:

- our board of directors is divided into three classes, with each class serving for a staggered three-year term, which prevents stockholders from electing an entirely new board of directors at an annual meeting;

- no cumulative voting in the election of directors, which prevents the minority stockholders from electing director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- from and after such time as Indigo and its affiliates no longer hold a majority of the voting rights of our common stock, actions to be taken by our stockholders may only be effected at an annual or special meeting of our stockholders and not by written consent;
- from and after such time as Indigo and its affiliates no longer hold a majority of the voting rights of our common stock, special meetings of our stockholders can be called only by the Chairman of the Board or by our corporate secretary at the direction of our board of directors;
- advance notice procedures that stockholders, other than Indigo for so long as it and its affiliates hold a majority of the voting rights of our common stock, must comply with in order to nominate candidates to our board of directors and propose matters to be brought before an annual meeting of our stockholders may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company;
- from and after such time as Indigo and its affiliates hold less than a majority of the voting rights of our common stock, a majority stockholder vote is required for removal of a director only for cause (and a director may only be removed for cause), and a 66 $\frac{2}{3}$ % stockholder vote is required for the amendment, repeal or modification of certain provisions of our certificate of incorporation and bylaws; and
- our board of directors may, without stockholder approval, issue series of preferred stock, or rights to acquire preferred stock, that could dilute the interest of, or impair the voting power of, holders of our common stock or could also be used as a method of discouraging, delaying or preventing a change of control.

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

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

Our certificate of incorporation and bylaws currently provide, and our amended and restated certificate of incorporation and amended and restated bylaws, which will become effective immediately prior to the completion of this offering, will provide, that: (i) unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for: (A) any derivative action or proceeding brought on behalf of the company, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former director, officer, other employee, agent or stockholder to the company or our stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a

claim against the company or any of our current or former director, officer, employee, agent or stockholder arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware, or (D) any action asserting a claim related to or involving the company that is governed by the internal affairs doctrine; (ii) unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act of 1933, as amended (the “Securities Act”), and the rules and regulations promulgated thereunder, including all causes of action asserted against any defendant to such complaint; (iii) any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the company will be deemed to have notice of and consented to these provisions; and (iv) failure to enforce the foregoing provisions would cause us irreparable harm, and we will be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. This exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Nothing in our current certificate of incorporation or bylaws or our amended and restated certificate of incorporation or amended and restated bylaws precludes stockholders that assert claims under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

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

The choice of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our current or former director, officer, other employee, agent, or stockholder to the company, which may discourage such claims against us or any of our current or former director, officer, other employee, agent, or stockholder to the company and result in increased costs for investors to bring a claim.

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

Our certificate of incorporation will provide for the allocation of certain corporate opportunities between us and Indigo. Under these provisions, neither Indigo, its portfolio companies, funds or other affiliates, nor any of their agents, stockholders, members, partners, officers, directors and employees will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. For instance, a director of our company who also serves as a stockholder, member, partner, officer, director or employee of Indigo or any of its portfolio companies, funds or other affiliates may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisitions or other opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, results of operations or financial condition, if attractive corporate opportunities are allocated by Indigo to itself or its portfolio companies, funds or other affiliates instead of to us. The terms of our certificate of incorporation are more fully described in “Description of Capital Stock.”

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

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

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

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

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

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

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

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

In connection with our receipt of payroll support under the PSP and PSP2 and acceptance of the Treasury Loan Agreement, we agreed not to repurchase shares of our common stock until the later of March 31, 2022 or one year after the Treasury Loan facility loan is repaid. In addition, we are prohibited from paying dividends on common stock until the later of March 31, 2022 or one year after the Treasury Loan facility loan is repaid. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our results of operations, financial condition, capital requirements, restrictions contained in current or future financing instruments, business prospects and such other factors as our board of directors deems relevant.

### **General Risk Factors**

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

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

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

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

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

From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including patent, commercial, product liability, employment, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. In particular, in recent years, there has been significant litigation in the United States and abroad involving patents and other intellectual property rights. We have in the past faced, and may face in the future, claims by third parties that we infringe upon their intellectual property rights. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability and/or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, results of operations and financial condition.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- the impact of the continuing COVID-19 pandemic;
- the competitive environment in our industry and on the routes and cities we serve;
- changes in our fuel cost;
- changes in restrictions on, or increased taxes applicable to charges for, non-fare products and services;
- the impact of U.S. and global economic conditions;
- air travel substitutes;
- threatened or actual terrorist attacks, global instability and potential U.S. military actions or activities;
- factors beyond our control, including air traffic congestion, aircraft and engine defects, adverse weather, federal government shutdowns, security measures, travel-related identification requirements and taxes and outbreak of disease such as the COVID-19 pandemic;
- our presence in international emerging markets;
- insurance costs;
- temporary suspensions of the funding or operations of the U.S. federal government;
- our ability to implement our business strategy successfully;
- our ability to keep costs low;
- our ability to grow or maintain our unit revenues or maintain our non-fare revenues;
- increased labor costs, union disputes, employee strikes and other labor-related disruptions;
- our inability to expand or operate reliably and efficiently out of airports where we maintain a large presence;
- negative publicity regarding our customer service;
- our inability to maintain a high daily aircraft utilization rate;
- environmental and noise laws and regulations;
- our reputation and business being adversely affected in the event of an emergency, accident or similar public incident involving our aircraft or personnel;
- our liquidity and dependence on cash balances and operating cash flows;
- our ability to obtain financing or access capital markets;
- the long-term nature of our fleet order book and the unproven new engine technology utilized by the aircraft in our order book;
- our maintenance and lease return obligations;

## [Table of Contents](#)

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

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

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



## USE OF PROCEEDS

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

We currently expect to use the net proceeds from this offering for general corporate purposes, including cash reserves, working capital, capital expenditures, including flight equipment acquisitions, sales and marketing activities, general and administrative matters and for possible debt repayment.

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

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

## **DIVIDEND POLICY**

In September 2018 and February 2019, we declared cash dividends with respect to our common stock in the amounts of \$38.47 and \$28.85 per share, respectively (representing aggregate obligations of \$221 million and \$166 million, respectively, after giving effect to related adjustments for the benefit of holders of stock options and phantom equity units).

In connection with our receipt of financial assistance under the PSP and PSP2 and acceptance of the Treasury Loan Agreement, we agreed not to make dividend payments in respect of our common stock until the later of March 31, 2022 or one year after the Treasury Loan facility loan is repaid. We also entered into the Treasury Loan Agreement and, as a result, we are prohibited from paying dividends on our common stock through the date that is one year after the secured loan provided under the Treasury Loan Agreement is fully repaid. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

As a holding company, our ability to pay dividends also depends on our receipt of cash dividends, distributions or other payments from our subsidiaries. Our ability to pay dividends will therefore be restricted as a result of restrictions on its ability to pay dividends to us under the CARES Act and may be restricted under future indebtedness that we or they may incur. See “Risk Factors—Risks Related to Owning Our Common Stock.”

**CAPITALIZATION**

The following table sets forth our cash, cash equivalents and restricted cash, current maturities of long-term debt, net and capitalization as of December 31, 2020:

- on an actual basis; and
- on an as adjusted basis to give effect to this offering and the application of the net proceeds to be received by us.

Also, as of December 31, 2020, we had \$424 million available to borrow from our Treasury Loan.

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

	As of December 31, 2020	
	Actual (in millions)	As Adjusted(1) (2) (unaudited)
Cash, cash equivalents and restricted cash	\$ 378	
Current maturities of long-term debt, net	\$ 101	
Long-term debt, less current maturities	\$ 247	
Stockholders’ equity:		
Common stock (voting), \$0.001 par value, 12,000,000 shares of common stock (voting) authorized, 5,248,371 shares issued and outstanding as of December 31, 2020; shares authorized, as adjusted	\$ —	
Common stock (non-voting), \$0.001 par value, 2,000,000 shares of common stock (non-voting) authorized, no shares issued and outstanding; shares authorized, issued and outstanding as adjusted	—	
Preferred stock, \$0.001 par value, 1,000,000 shares of preferred stock authorized, no shares issued and outstanding; shares authorized, no shares issued and as adjusted	—	
Additional paid-in capital	60	
Retained earnings	261	
Accumulated other comprehensive loss	(11)	
<b>Total stockholders’ equity</b>	<b>\$ 310</b>	
<b>Total capitalization</b>	<b>\$ 658</b>	

- (1) The unaudited adjusted pro forma capitalization table gives effect to the receipt of the estimated net proceeds by us from the sale of shares of our common stock offered by us (based on an assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, and the application of the net proceeds received by us.
- (2) Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share would increase or decrease, respectively, the amount of cash, cash equivalents and restricted cash, additional paid-in capital, total stockholders’ equity and total capitalization by \$ million (assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 in the number of shares we are offering would increase or decrease, respectively, the amount of cash, cash equivalents and restricted cash, stockholders’ equity and total capitalization by approximately \$ million (based on an assumed initial public offering price of \$ per share, the midpoint of the price range as set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and commissions and

## [Table of Contents](#)

estimated offering expenses payable by us. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

The number of shares of our common stock outstanding after this offering is based on 5,248,371 shares outstanding as of December 31, 2020, and excludes:

- an aggregate of 259,980 shares of common stock issuable upon the exercise of outstanding stock options as of December 31, 2020, having a weighted average exercise price of \$73.42 per share;
- an aggregate of 50,559 shares of common stock issuable upon the vesting of outstanding RSUs as of December 31, 2020;
- an aggregate of 13,752 shares of common stock issuable upon the exercise of warrants issued pursuant to the PSP Agreement with the Treasury, with respect to PSP established under Subtitle B of Title IV of Division A of the CARES Act (the “PSP Warrants”), having an exercise price of \$241.72 per share;
- an aggregate of 62,055 shares of common stock issuable upon the exercise of warrants issued pursuant to the Treasury Warrant Agreement with the Treasury related to the Treasury Loan (the “Treasury Warrants”) having an exercise price of \$241.72 per share;
- an aggregate of 2,711 shares of common stock issuable upon the exercise of warrants to be issued pursuant to the PSP2 Agreement with the Treasury, based on the \$140 million of funding, with respect to PSP2 established under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (the “PSP2 Warrants”), having an exercise price of \$442.69 per share;
- an aggregate of 641,090 shares of common stock reserved for issuance pursuant to future awards under our 2014 Equity Incentive Plan as of December 31, 2020, which will become available for issuance under our 2021 Equity Incentive Award Plan after consummation of this offering; and
- an aggregate of    shares of common stock reserved for issuance pursuant to future awards under our 2021 Equity Incentive Award Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan, which will become effective immediately prior to the consummation of this offering.

## DILUTION

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

The historical net tangible book value of our common stock as of December 31, 2020 was \$ million, or \$ per share. Historical net tangible book value per share is determined by dividing the net tangible book value by the number of shares of outstanding common stock. If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per share of our common stock.

After giving effect to our issuance of shares of common stock at an assumed initial public offering price of \$ per share of common stock, the mid-point of the range of the estimated initial offering price of between \$ and \$ as set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and estimated offering expenses payable by us, our pro forma net tangible book value as adjusted as of December 31, 2020 would have been approximately \$ million, or approximately \$ per pro forma share of common stock. This represents an immediate increase in pro forma net tangible book value of \$ per share to our existing stockholders and an immediate dilution of \$ per share to new investors in this offering.

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

Assumed initial public offering price	\$
Historical net tangible book value per share as of December 31, 2020	\$
Pro forma decrease in net tangible book value per share	_____
Pro forma net tangible book value per share as of December 31, 2020	_____
Increase in pro forma net tangible book value per share attributable to this offering	_____
Pro forma net tangible book value per share, as adjusted <sup>(1)</sup>	_____
Dilution in pro forma net tangible book value per share to new investors in this offering	\$ _____

(1) Pro forma net tangible book value per share, as adjusted, gives effect to this offering (based on the assumed initial public offering price of \$ per share, the mid-point of the price range set forth on the cover page of this prospectus).

Each \$1.00 increase or decrease in the assumed public offering price of \$ per share, the mid-point of the price range set forth on the cover page of this prospectus, would increase or decrease, respectively, our pro forma net tangible book value, as adjusted to give effect to this offering, by \$ million, or \$ per share, and the dilution per share to investors participating in this offering by \$ per share (assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same), after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. At the assumed public offering price per share, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, an increase of 1,000,000 in the number of shares we are offering would increase our pro forma net tangible book value, as adjusted to give effect to this offering, by approximately \$ million, or \$ per share, and decrease the dilution per share to investors participating in this offering by \$ per share, and a decrease of 1,000,000 in the number of shares we are offering would decrease our pro forma net tangible book value, as adjusted to give effect to this offering, by approximately \$ million, or \$ per share, and increase the dilution per share to investors participating in this offering by \$ per share. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing. We will not receive any of the proceeds from any sale of shares of our common stock in this offering by the selling stockholder, including if the underwriters exercise their option to purchase

## [Table of Contents](#)

additional shares of our common stock from the selling stockholder; accordingly, there is no dilutive impact as a result of these sales.

The table below summarizes as of December 31, 2020, on a pro forma as adjusted basis described above, the number of shares of our common stock, the total consideration and the average price per share (i) paid to us by existing stockholders, and (ii) to be paid by new investors purchasing our common stock in this offering at an assumed initial public offering price of \$ per share (in thousands except per share and percentage data).

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

The number of shares of our common stock outstanding after this offering is based on 5,248,371 shares outstanding as of December 31, 2020, and excludes:

- an aggregate of 259,980 shares of common stock issuable upon the exercise of outstanding stock options as of December 31, 2020, having a weighted average exercise price of \$73.42 per share;
- an aggregate of 50,559 shares of common stock issuable upon the vesting of outstanding RSUs as of December 31, 2020;
- an aggregate of 13,752 shares of common stock issuable upon the exercise warrants issued pursuant to the PSP Agreement with the Treasury, with respect to PSP established under Subtitle B of Title IV of Division A of the CARES Act (the "PSP Warrants"), having an exercise price of \$241.72 per share;
- an aggregate of 62,055 shares of common stock issuable upon the exercise of warrants issued pursuant to the Treasury Warrant Agreement (the "Treasury Warrant Agreement") with the Treasury related to the Treasury Loan (the "Treasury Warrants") having an exercise price of \$241.72 per share;
- an aggregate of 2,711 shares of common stock issuable upon the exercise of warrants to be issued pursuant to the PSP2 Agreement with the Treasury, based on the \$140 million of funding, with respect to the Payroll Support Program ("PSP2") established under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (the "PSP2 Warrants"), having an exercise price of \$442.69 per share;
- an aggregate of 641,090 shares of common stock reserved for issuance pursuant to future awards under our 2014 Equity Incentive Plan as of December 31, 2020, which will become available for issuance under our 2021 Equity Incentive Award Plan after consummation of this offering; and
- an aggregate of shares of common stock reserved for issuance pursuant to future awards under our 2021 Equity Incentive Award Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan, which will become effective immediately prior to the consummation of this offering.

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

## SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

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

We derived the selected consolidated statements of operations data for the years ended December 31, 2018, 2019 and 2020 and the selected consolidated balance sheet data as of December 31, 2019 and 2020 from our audited consolidated financial statements included in this prospectus. We derived the selected consolidated statements of operations data for the years ended December 31, 2016 and 2017 and the selected consolidated balance sheet data as of December 31, 2016, 2017 and 2018 from our audited consolidated financial statements not included in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future, and our results for the year ended December 31, 2020 have been materially affected by the COVID-19 pandemic.

	Year Ended December 31,				
	2016	2017	2018	2019	2020
(in millions, except for share and per share data)					
<b>Consolidated Statements of Operations Data:</b>					
Operating revenues:					
Passenger	\$1,678	\$1,880	\$2,102	\$2,445	\$1,207
Other	36	38	54	63	43
Total operating revenues	<u>1,714</u>	<u>1,918</u>	<u>2,156</u>	<u>2,508</u>	<u>1,250</u>
Operating expenses:					
Aircraft fuel	343	456	589	640	338
Salaries, wages and benefits	287	362	441	529	533
Aircraft rent <sup>(1)</sup>	209	257	277	368	396
Station operations	233	237	323	336	257
Sales and marketing	83	94	110	130	78
Maintenance materials and repairs	59	79	75	86	83
Depreciation and amortization	75	65	78	46	33
CARES Act credits	—	—	—	—	(193)
Other operating expenses <sup>(1)</sup>	108	123	171	64	90
Total operating expenses	<u>1,397</u>	<u>1,673</u>	<u>2,064</u>	<u>2,199</u>	<u>1,615</u>
<b>Operating income (loss)</b>	<u>317</u>	<u>245</u>	<u>92</u>	<u>309</u>	<u>(365)</u>
Other income (expense):					
Interest expense	(9)	(10)	(13)	(11)	(18)
Capitalized interest	6	6	9	11	6
Interest income and other	2	7	17	16	5
Total other income (expense)	<u>(1)</u>	<u>3</u>	<u>13</u>	<u>16</u>	<u>(7)</u>
Income (loss) before income taxes	316	248	105	325	(372)
Income tax expense (benefit)	116	86	25	74	(147)
<b>Net income (loss)</b>	<u>\$ 200</u>	<u>\$ 162</u>	<u>\$ 80</u>	<u>\$ 251</u>	<u>\$ (225)</u>

	Year Ended December 31,				
	2016	2017	2018	2019	2020
(in millions, except for share and per share data)					
<b>Earnings (loss) per share:</b>					
Basic	\$ 36.66	\$ 30.32	\$ 13.95	\$ 45.21	\$ (42.91)
Diluted	\$ 36.14	\$ 29.64	\$ 13.83	\$ 45.10	\$ (42.91)
<b>Weighted-average shares outstanding:</b>					
Basic	5,236,978	5,237,034	5,238,618	5,240,555	5,243,695
Diluted	5,315,653	5,450,945	5,287,484	5,252,450	5,243,695

- (1) Prior to January 1, 2019 and our adoption of ASU 2016-02, Leases, (“ASU 2016-02”) any gains on completed sale-leaseback transactions were deferred and recognized as a reduction to aircraft rent expense over the lease term for each aircraft or engine. Due to the adoption of ASU 2016-02 on January 1, 2019, gains from sale-leaseback transactions are now recognized in full immediately upon sale as a reduction to other operating expense within the consolidated statements of operations, and are therefore no longer amortized over the life of the lease. During the year ended December 31, 2019 and 2020, the gain on sale-leaseback transactions, net was \$107 million and \$48 million, respectively.

	Year Ended December 31,						
	2016	2017	2018	2019	2020		
(in millions)							
<b>Non-GAAP financial data (unaudited):</b>							
Adjusted net income (loss) <sup>(1)</sup>			\$236	\$206	\$183	\$276	\$(301)
EBITDA <sup>(1)</sup>			392	310	170	355	(332)
Adjusted EBITDA <sup>(1)</sup>			436	376	305	387	(466)
Adjusted EBITDAR <sup>(2)</sup>			641	635	582	755	(70)

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

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

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

- (2) Adjusted EBITDAR is included as a supplemental disclosure because we believe it is useful solely as a valuation metric for airlines as its calculation isolates the effects of financing in general, the accounting effects of capital spending and acquisitions (primarily aircraft, which may be acquired directly, directly subject to acquisition debt, by capital lease or by



## Table of Contents

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, Adjusted EBITDAR is not determined in accordance with GAAP, is susceptible to varying calculations and not all companies calculate the measure in the same manner. As a result, Adjusted EBITDAR, as presented, may not be directly comparable to similarly titled measures presented by other companies. In addition, Adjusted EBITDAR should not be viewed as a measure of overall performance since it excludes aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. Accordingly, you are cautioned not to place undue reliance on this information.

The following table presents the reconciliation of Net income (loss) to Adjusted net income, EBITDA, Adjusted EBITDA and Adjusted EBITDAR for the periods presented below.

	Year Ended December 31,				
	2016	2017	2018	2019	2020
	(in millions)				
<b>Adjusted net income (loss) reconciliation (unaudited):</b>					
Net income (loss)	\$200	\$162	\$ 80	\$251	\$(225)
Derivative de-designation and mark to market adjustment <sup>(a)</sup>	—	—	—	—	52
Lease Modification Program <sup>(b)</sup>	16	(2)	—	—	—
Pilot phantom equity <sup>(c)</sup>	40	19	22	5	—
Collective bargaining contract ratification <sup>(d)</sup>	—	—	88	22	—
Loss on sale of owned aircraft <sup>(e)</sup>	—	—	25	—	—
Flight attendant settlement and early out program <sup>(f)</sup>	—	49	—	5	—
CARES Act – grant recognition and employee retention credits <sup>(g)</sup>	—	—	—	—	(193)
Write-off of deferred registration statement costs due to significant market uncertainty <sup>(h)</sup>	—	—	—	—	7
CARES Act – mark to market impact for warrants <sup>(i)</sup>	—	—	—	—	9
<b>Adjusted net income (loss) before income taxes</b>	<b>256</b>	<b>228</b>	<b>215</b>	<b>283</b>	<b>(350)</b>
Tax benefit (expense) related to underlying adjustments	(20)	(22)	(32)	(7)	49
<b>Adjusted net income (loss)</b>	<b>\$236</b>	<b>\$206</b>	<b>\$183</b>	<b>\$276</b>	<b>\$(301)</b>
<b>EBITDA, Adjusted EBITDA and Adjusted EBITDAR reconciliation (unaudited):</b>					
Net income (loss)	\$200	\$162	\$ 80	\$251	\$(225)
Plus (minus):					
Interest expense	9	10	13	11	18
Capitalized interest	(6)	(6)	(9)	(11)	(6)
Interest income and other	(2)	(7)	(17)	(16)	(5)
Income tax expense	116	86	25	74	(147)
Depreciation and amortization	75	65	78	46	33
<b>EBITDA</b>	<b>392</b>	<b>310</b>	<b>170</b>	<b>355</b>	<b>(332)</b>
Plus (minus):					
Derivative de-designation and mark to market adjustment <sup>(a)</sup>	—	—	—	—	52
Lease Modification Program <sup>(b)</sup>	4	(2)	—	—	—
Pilot phantom equity <sup>(c)</sup>	40	19	22	5	—
Collective bargaining contract ratification <sup>(d)</sup>	—	—	88	22	—
Loss on sale of owned aircraft <sup>(e)</sup>	—	—	25	—	—
Flight attendant settlement and early out program <sup>(f)</sup>	—	49	—	5	—
CARES Act – grant recognition and employee retention credits <sup>(g)</sup>	—	—	—	—	(193)
Write-off of deferred registration statement costs due to significant market uncertainty <sup>(h)</sup>	—	—	—	—	7
<b>Adjusted EBITDA</b>	<b>436</b>	<b>376</b>	<b>305</b>	<b>387</b>	<b>(466)</b>
Plus: Aircraft Rent <sup>(j)</sup>	205	259	277	368	396
<b>Adjusted EBITDAR</b>	<b>\$641</b>	<b>\$635</b>	<b>\$582</b>	<b>\$755</b>	<b>\$ (70)</b>

(a) Due to the significant reduction in demand resulting from the COVID-19 pandemic, our future anticipated consumption of fuel dropped significantly and we therefore de-designated hedge accounting in March 2020 on the derivative positions

## [Table of Contents](#)

and quantities where the future consumption was not deemed probable, which primarily related to our written put options on our costless collars. The \$52 million charge is the result of the de-designation and the resulting mark to market impact on the quantities where fuel consumption was not deemed probable.

- (b) Represents accelerated depreciation of \$12 million and aircraft rent of \$4 million for the year ended December 31, 2016 as a result of significantly shortened lease terms for ten of our A319ceo aircraft. During 2017, a \$2 million benefit was recognized as a result of costs associated with returning the aircraft to the lessor being lower than previously estimated.
- (c) Represents the impact of the change in value of phantom equity units pursuant to the Pilot Phantom Equity Plan. In accordance with the amended and restated phantom equity agreement, the remaining phantom equity obligation became fixed as of December 31, 2019 and is no longer subject to valuation adjustments. See “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”
- (d) Represents (i) \$75 million of costs related to a one-time contract ratification incentive, plus payroll-related taxes and certain other compensation and benefits-related accruals earned through December 31, 2018 and committed to by us as part of a tentative agreement with the union representing our pilots that was reached in December 2018 and was ratified by the pilots in January 2019 and (ii) \$15 million of costs related to a one-time contract ratification incentive, plus payroll-related taxes and certain other compensation and benefits-related accruals earned through March 31, 2019 and committed to by us as part of a tentative agreement with the union representing our flight attendants that was reached in March 2019 for a contract that was ratified and became effective in May 2019, in addition to \$4 million in pilot vacation accrual adjustments during the fourth quarter of 2019 as a result of the ratified agreement with the union representing our pilots specifically tied to the implementation of a preferred bidding system.
- (e) Represents losses incurred on the sale of our six owned aircraft in December 2018, which enabled us to accelerate a critical part of our fleet plan by shortening our time with certain of our older less fuel-efficient aircraft. The loss was measured as the excess of the net book value of the aircraft over the sale price at the date of sale and was recognized within other operating expenses in the consolidated statements of operations. All aircraft were held for use through the date of sale.
- (f) Represents the \$40 million settlement and \$3 million of payroll taxes relating to the Letter of Agreement entered into with the union representing our flight attendants (AFA-CWA) on March 15, 2017. Additionally, includes expenses associated with an early out program for our flight attendants during 2017 and 2019 and ratification of our aircraft technicians and material specialists collective bargaining agreements during 2017.
- (g) Represents the recognition of the \$178 million grant received from the U.S. government for payroll support from April 2020 through September 2020 as part of the PSP under the CARES Act net of \$1 million of deferred financing costs along with \$16 million of employee retention credits we qualified for under the CARES Act.
- (h) Represents the write-off of our deferred initial public offering preparation costs during the first quarter of 2020 due to the impact of the COVID-19 pandemic and the resulting uncertainty in our ability to access the capital markets.
- (i) Represents the mark to market adjustment to the value of the warrants issued as part of the funding provided by the U.S. Treasury under the CARES Act. This amount is a component of interest expense.
- (j) Represents aircraft rent expense included in Adjusted EBITDA. Excludes aircraft rent expense (benefit) of \$4 million and \$(2) million for the years ended 2016 and 2017, respectively, included in Lease Modification Program (excluding depreciation). See footnote (1) above under the caption “Selected Consolidated Financial and Operating Data” with respect to the effect of our adoption of ASU 2016-02 on January 1, 2019.

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

	As of December 31,				
	2016	2017	2018 (in millions)	2019	2020
<b>Consolidated Balance Sheet Data:</b>					
Cash, cash equivalents and restricted cash	\$ 618	\$ 717	\$ 698	\$ 768	\$ 378
Total assets	1,341	1,569	1,514	3,864	3,554
Long-term debt, including current portion	237	303	214	245	348
Stockholders’ equity	423	429	280	542	310

**OPERATING STATISTICS**

	Year Ended December 31,				
	2016	2017	2018	2019	2020
Operating statistics (unaudited) <sup>(a)</sup>					
Available seat miles (ASMs) (millions)	18,366	22,049	24,629	28,120	16,955
Departures	99,369	107,387	122,784	138,570	88,642
Average stage length (statute miles)	1,060	1,104	1,052	1,051	999
Block hours	279,347	308,860	341,528	389,476	235,974
Average aircraft in service	61	68	76	88	81
Aircraft - end of period	66	78	84	98	104
Average daily aircraft utilization (hours)	12.6	12.4	12.3	12.2	8.0
Passengers (thousands)	14,937	17,008	19,843	22,823	11,238
Average seats per departure	173	184	190	192	191
Revenue passenger miles (RPMs) (millions)	16,015	18,907	20,920	24,203	11,443
Load factor (%)	87.2%	85.8%	84.9%	86.1%	67.5%
Fare revenue per passenger (\$)	66.15	59.88	54.72	52.80	48.78
Non-fare passenger revenue per passenger (\$)	46.22	50.67	51.20	54.33	58.66
Other revenue per passenger (\$)	2.33	2.19	2.73	2.78	3.79
Total revenue per passenger (\$)	114.70	112.74	108.65	109.91	111.23
Total revenue per available seat mile (RASM) (¢)	9.33	8.70	8.75	8.92	7.37
Cost per available seat mile (CASM) (¢)	7.61	7.59	8.38	7.82	9.53
CASM (excluding fuel) (¢)	5.74	5.52	5.99	5.55	7.53
CASM + net interest (¢) <sup>(b)</sup>	7.62	7.57	8.33	7.76	9.57
Adjusted CASM (¢) <sup>(b)</sup>	7.30	7.29	7.83	7.71	10.32
Adjusted CASM (excluding fuel) (¢) <sup>(b)</sup>	5.43	5.22	5.44	5.44	8.63
Adjusted CASM + net interest (¢) <sup>(b)</sup>	7.31	7.27	7.78	7.65	10.31
Fuel cost per gallon (\$)	1.59	1.88	2.25	2.22	2.08
Fuel gallons consumed (thousands)	215,830	241,879	261,179	288,510	162,241
Employees (FTE)	3,163	3,584	3,978	4,935	4,974

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

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

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

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

### Overview

Frontier Airlines is an ultra low-cost carrier whose business strategy is focused on *Low Fares Done Right*<sup>®</sup>. We offer flights throughout the United States and to select near international destinations in the Americas. Our unique strategy is underpinned by our low-cost structure and superior low-fare brand. As of December 31, 2020, we had a fleet of 104 narrow-body Airbus A320 family aircraft, and a commitment to purchase 156 A320neo (New Engine Option) family aircraft by the end of 2028. During the years ended December 31, 2019 and 2020, we served approximately 23 million and 11 million passengers, respectively, across a network of approximately 110 airports.

In December 2013, we were acquired by an investment fund managed by Indigo, an affiliate of Indigo Partners, an experienced and successful global investor in ULCCs. Following the acquisition, Indigo reshaped our management team to include experienced veterans of the airline industry with a significant history operating ULCCs. Working with Indigo and supported by a highly productive workforce, our management team developed and implemented our unique *Low Fares Done Right* strategy, which significantly reduced our unit costs, introduced low fares, provided the choice of optional services to our customers, enhanced our operational performance and improved the customer experience. Through the implementation of our new operating model, we have positioned our brand as a leading low-fare airline and had seen a dramatic improvement to our profitability prior to COVID-19.

The implementation of *Low Fares Done Right* has significantly reduced our cost base by increasing aircraft utilization (prior to the COVID-19 pandemic), transitioning our fleet to larger aircraft, maximizing seat density, renegotiating the majority of our distribution agreements, realigning our network, replacing our reservation system, enhancing our website, boosting employee productivity and contracting with third-party specialists to provide us with select operating and other services. As a result of these and other initiatives, we were able to reduce our CASM (excluding fuel) from 7.89¢ for the year ended December 31, 2013 to 5.55¢ for the year ended December 31, 2019, and our Adjusted CASM (excluding fuel) from 7.89¢ for the year ended December 31, 2013 to 5.44¢ for the year ended December 31, 2019, an improvement of 30% and 31%, respectively. For the year ended December 31, 2020, our CASM (excluding fuel) was 7.53¢ and our Adjusted CASM (excluding fuel) was 8.63¢, which was principally a result of a reduced aircraft utilization as a result of the COVID-19 pandemic. For a discussion and reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest, please see "Glossary of Airline Terms" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations."

The COVID-19 pandemic has presented significant challenges to the global airline industry since February 2020. We have experienced a significant decline in demand related to the COVID-pandemic, which has caused a material decline in our revenues and negatively impacted our business, operating results, financial condition and liquidity, with approximately \$2 million per day on average of cash burn during the year ended December 31, 2020. We have worked diligently to navigate such challenges by implementing disciplined capacity deployment and taking steps to protect liquidity and cash flow, and towards being an industry leader with respect to the implementation of new health and safety initiatives. Due to such efforts, we believe we are well positioned to take advantage of the anticipated demand recovery as vaccine distribution continues. As an example, throughout

the pandemic, the U.S. airline industry has seen stronger domestic demand than international demand, and the segments of domestic travel that have recovered fastest have been VFR (visiting friends or relatives) and vacation travel (which together we refer to as leisure travel) in contrast to business travel, both of which are trends that we believe position us to outperform the airline industry as a whole. According to the Airlines Reporting Corporation, for the week ended February 21, 2021, the number of tickets purchased as a percentage of the same time period in 2019 was 54% for online travel agencies with a primary focus on leisure travel, 32% for traditional leisure/other agencies with a primary focus on leisure travel, and 15% for corporate agencies whose primary business model is managed corporate or government travel. We design our route network to capture low fare demand among leisure travelers and our three largest bases are Denver, Orlando and Las Vegas, which draw a significant proportion of leisure travelers. In the seven months ending February 29, 2020, according to a post-travel survey we conducted, 89% of our customers were leisure travelers. We believe the restrictions and health concerns that have depressed demand during the pandemic are also likely to lead to increased levels of pent-up demand for leisure travel once the effects of the pandemic decrease. As a result, we expect to see a significant recovery in our performance as the U.S. market recovers. Within our current network of approximately 110 airports served, we plan to strategically deploy our capacity where demand is highest during the recovery in order to more quickly return to normal capacity levels. More broadly, after being restricted from travel, we believe many customers will take advantage of the opportunity to travel more in the coming years. We also believe new working patterns and the increasing growth of work from home will lead to increasing numbers of employees choosing to live remotely from their office location. We believe this trend will lead to an increased number of shorter leisure trips by Americans. We believe our low fares, supported by our low cost structure, will enable us to grow our network and take advantage of new demand patterns as they arise. We also believe that we will expand our relative unit cost advantage as compared to those airlines which borrowed more heavily through the pandemic. Furthermore, we believe that low-cost airlines have historically recovered more quickly than the airline industry overall following past crises, including the 1991 Gulf War, the 2001 Terrorist Attacks, and the late-2000s Financial Crisis. In the wake of these crises, low-cost airlines further expanded the magnitude of their superior margin profile and profitability relative to the airline industry as a whole.

### **Impact of the COVID-19 Pandemic**

In December 2019, a novel strain of coronavirus was reported in Wuhan, China, and on March 11, 2020, the World Health Organization classified the virus as a pandemic. The rapid spread of this pandemic, or fear of such an event, along with government mandated restrictions on travel, required stay-in-place orders, and other social distancing measures resulted in a drastic decline in near-term air travel demand beginning in the United States in March 2020, causing sharp reductions in revenues and income levels as compared to prior period performance. The decline in demand for air travel has and will continue to have a material adverse effect on our business and results of operations in 2020 and during 2021.

While we experienced a modest uptick in demand during the latter half of the second quarter and continuing into the third and fourth quarters of 2020, demand was negatively impacted by a resurgence of COVID-19 cases in certain domestic markets. The length and severity of the decline in demand due to the impacts of the COVID-19 pandemic is uncertain given the impact of the pandemic on the overall U.S. and global economy. Additionally, we are unable to predict the future spread of COVID-19 and resulting measures that may be introduced by governments or other parties and what impact they may have on the demand for air travel. As such, we expect the adverse impact to persist during 2021.

In December 2020, the FDA issued emergency use authorizations for the Pfizer and BioNTech vaccine and for the Moderna vaccine for the prevention of COVID-19. On February 4, 2021, Johnson & Johnson submitted a request for an emergency use authorization for its vaccine for the prevention of COVID-19. While it will take time for vaccines to be widely distributed, we expect confidence in travel to increase as vaccine distribution occurs, particularly in the domestic leisure market on which our business is focused.

## [Table of Contents](#)

In response to the impact of the COVID-19 pandemic, in March 2020 we began taking measures to address the significant cash outflows resulting from the sharp decline in demand and we continue to evaluate options should the lack of demand for air travel continue beyond the near term. Also during 2020, we reduced our flight schedule to match demand levels and implemented various other initiatives to reduce costs and manage liquidity, including, but not limited to:

- reducing planned headcount increases;
- reducing employee related costs, including:
  - salary reductions and/or deferrals for our officers and board members;
  - suspension of merit salary increases for 2020; and
  - voluntary paid and unpaid leave of absence programs for employees not covered under labor arrangements, as well as certain employees covered under such arrangements, including pilots and flight attendants, that range from one month to six months;
- deferring aircraft deliveries;
- reducing discretionary expenses;
- reaching agreements with major vendors, which are primarily related to many of our aircraft and engine leases as well as airports, for deferral of payments and deliveries until late in 2020 and into 2021;
- delaying non-essential maintenance projects and reducing or suspending other discretionary spending
- reducing non-essential capital projects;
- securing current funding and future liquidity from the CARES Act, PSP, PSP2 and other financing sources; and
- amending certain debt covenant metrics to align with current and expected demand.

As a result of the measures to reduce costs and manage liquidity as outlined above, we believe our financial position and available liquidity as of the date of this prospectus, after giving effect to this offering, will allow us to continue to navigate through any short-term demand declines and that we are well positioned to recover once the demand for air travel increases. As of December 31, 2020, we had \$963 million of total available liquidity, including \$378 million of cash and cash equivalents, \$424 million available to borrow under the Treasury Loan facility, and a \$161 million income tax receivable, primarily resulting from our net operating losses generated in 2020 and expected to be collected in 2021. Additionally, subsequent to December 31, 2020, we entered into the PSP2 Agreement, which provided us with at least an incremental \$140 million in liquidity. We received the first installment in the amount of \$70 million on January 15, 2021. During the year ended December 31, 2020, our cash burn was approximately \$2 million per day on average. We continue to monitor the impacts of the pandemic on our operations and financial condition and believe that our plans intended to mitigate these conditions and events will help alleviate liquidity risks presented.

### **Fleet Plan**

As of December 31, 2020, we had a fleet of 104 narrow-body Airbus A320 family aircraft, and a commitment to purchase 156 A320neo (New Engine Option) family aircraft by the end of 2028. We began operating the A320neo family aircraft in October 2016. For the year ended December 31, 2019, we had the most fuel-efficient fleet of all U.S. carriers of significant size when measured by ASMs per fuel gallon consumed. The A320neo family aircraft that we continue to place in service are expected to continue delivering approximately 15% improved fuel efficiency compared to the prior generation of A320ceo family aircraft. As of December 31, 2020, we had an obligation to purchase 156 A320neo family aircraft by the end of 2028, one of which had a

committed operating lease. We are evaluating financing options for the remaining aircraft. All of the aircraft in our fleet are financed with operating leases, the last of which is scheduled to expire by the end of 2032. As of December 31, 2020, the operating leases for seven aircraft in our fleet are scheduled to expire during 2021. As of December 31, 2020 leases for eight of our aircraft could generally be renewed at rates based on fair market value at the end of the lease term for four years. Our fleet plan will result in the retirement of all remaining A319ceo aircraft (150 seats), which we expect to replace with larger new A320neo aircraft (186 seats) and A321neo aircraft (up to 240 seats). In December 2018, we accelerated a component of this plan by completing the sale-leaseback of our six owned aircraft, which included four A319ceo aircraft and two A320ceo aircraft. Once the four A319ceo leases expire in December 2021, we expect that we will no longer operate any A319ceo aircraft and will exclusively operate A320ceo, A320neo, A321ceo and, commencing in 2022, A321neo aircraft moving forward.

During 2018, 2019 and 2020, we executed sale-leaseback transactions with third-party lessors for deliveries of new Airbus A320 family aircraft, with 16 delivered in 2018, 18 delivered in 2019 and nine delivered in 2020. We also completed sale-leaseback transactions on two engines in both 2018 and 2019, and one engine in 2020. Prior to January 1, 2019 and our adoption of the Financial Accounting Standards Board (the "FASB") Accounting Standards Update ("ASU") 2016-02, Leases, ("ASU 2016-02"), any gains on completed sale-leaseback transactions were deferred and recognized as a reduction to aircraft rent expense over the lease term for each aircraft or engine. Due to the adoption of ASU 2016-02 on January 1, 2019, gains from sale-leaseback transactions are now recognized in full immediately upon sale as a reduction to other operating expense within the consolidated statements of operations, and are therefore no longer amortized over the life of the lease. As such, commencing in 2019 our earnings in a particular year became significantly more sensitive to the number of aircraft delivered and the terms of the related sale-leaseback financing than under the prior method which deferred any gains over the lease term.

## Operating Revenues

Our operating revenue consists of passenger and other revenues.

*Passenger Revenues.* Passenger revenue consists of base fares for air travel, including mileage credits redeemed under our frequent flyer program, unused and expired passenger credits, and other redeemed or expired travel credits. In addition, passenger revenue also includes non-fare revenues generated from air travel-related services such as baggage fees, itinerary service fees, seat selection fees, change and cancellation fees, booking fees and other passenger related revenue.

As a result of the reduction in demand resulting from the COVID-19 pandemic which has persisted into 2021, beginning in March 2020, we extended the expiration dates of mileage credits issued under our frequent flyer program, waived cancellation and change fees for customers for most of 2020 after the start of the pandemic and extended the expiration of credits for future travel to 12 months in the fourth quarter of 2020. Our decision to waive cancellation and change fees may reduce future revenues and the extension of expiration of mileage credits and credits for future travel may delay the recognition of future revenues. Additionally, the CARES Act, which became law on March 27, 2020 and includes various provisions to protect the U.S. airline industry, its employees, and many other stakeholders, provided a tax holiday through December 31, 2020 for excise taxes related to airline fares which favorably impacted our results and is not expected to extend into future years.

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

## Operating Expenses

Our operating expenses consist of the following items:

*Aircraft Fuel.* Aircraft fuel expense is one of our largest operating expenses. It includes jet fuel and associated into-plane costs, federal and state taxes, and gains and losses associated with fuel hedge contracts. During the year ended December 31, 2020, aircraft fuel included \$82 million in losses associated with fuel hedges primarily as a result of the precipitous decline in jet fuel prices caused by the COVID-19 pandemic, which created a significant liability position at the settlement of our collar trades. The CARES Act, which became law on March 27, 2020, provided a tax holiday through December 31, 2020 for excise taxes on jet fuel purchases which favorably impacted our results of operations during the year ended December 31, 2020 and is not expected to extend into future years.

*Salaries, Wages and Benefits.* Salaries, wages and benefits expense includes salaries, hourly wages, bonuses, equity-based compensation and profit sharing paid to employees for their services, as well as related expenses associated with employee benefit plans, including health care costs, employer payroll taxes and other employee-related costs. During the first and second quarters of 2019, we entered into new collective bargaining agreements with our pilot and flight attendant labor unions, which become amendable in 2024 and which provide for increases in salaries, wages and benefits during the five-year contract term. As a result of COVID-19, we received installment funding under the PSP, which is part of the CARES Act, including a \$178 million grant (“PSP Grant”) for payroll support for the period from April 2020 through September 30, 2020. The PSP contained certain conditions impacting salaries, wages and benefits including, among others, that there were to be no involuntary furloughs or pay and benefit reductions through September 30, 2020. We expect to receive further funding during the first quarter of 2021 under a second Payroll Support Program, including a \$128 million grant (“PSP2 Grant”) for the continuation of payroll support through March 31, 2021. The PSP and PSP2 funding is and will continue to be recognized net of deferred financing costs over the periods intended to support payroll, within CARES Act credits in our consolidated statements of operations. See the “CARES Act Credits” discussion below for more details. Similar to the PSP, PSP2 requires that there are to be no involuntary furloughs or pay and benefit reductions through March 31, 2021. The CARES Act also provides for deferred payment of the employer portion of social security taxes through the end of 2020, which have been accrued as of December 31, 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. We offered voluntary leave of absence programs to pilots and flight attendants in increments of one or three-month time frames through March 31, 2021 in anticipation of the lapse of the original PSP to help defray costs in the low demand environment. As a result of the subsequent PSP2 Agreement, we increased the minimum pay provided under these programs, while maintaining no requirement to work.

*Aircraft Rent.* Aircraft rent expense consists of monthly lease charges for aircraft and spare engines under the terms of the related operating leases and is recognized on a straight-line basis. Aircraft rent expense also includes that portion of maintenance reserves, also referred to as supplemental rent, which is paid monthly to aircraft lessors for the cost of future heavy maintenance events and which is not probable of being reimbursed to us by the lessor during the lease term, as well as lease return costs, which consist of all costs that would be incurred at the return of the aircraft, including costs incurred to return the airframe and engines to the condition required by the lease. Prior to January 1, 2019 and our adoption of ASU 2016-02, aircraft rent expense was generally recognized net of any amortization of deferred gains on sale-leaseback transactions on our flight equipment. Due to the adoption of ASU 2016-02 on January 1, 2019, gains from sale-leaseback transactions are now recognized in full immediately upon sale as a reduction to other operating expense within the consolidated statements of operations and are therefore no longer amortized over the life of the lease. As of December 31, 2020, all of our 104 aircraft and 16 spare engines were financed under operating leases.

In response to the COVID-19 pandemic, beginning in March 2020, we were granted payment deferrals on leases included in our right-of-use assets for certain aircraft and engines from lessors along with airport facilities and other vendors that are not included in our right-of-use assets, which generally span two to seven months. On March 10, 2020, the FASB released *Topic 842 and 840: Accounting for Lease Concessions Related to the Effects of the COVID-19 Pandemic* (“FASB Q&A”) and we elected to account for lease concessions as though



enforceable rights and obligations for those concessions existed at lease inception and to account for the concessions as if no changes to the lease contract were made as all deferrals resulted in substantially the same total payments as required by the original contract. We have elected to account for deferred payments as variable lease payments where the deferral payments are not recognized in our consolidated statements of operations until the payment is made. As such, \$33 million of rent related to 2020 was deferred to 2021, favorably impacting our cash flows and results of operations for the year ended December 31, 2020, with \$31 million and \$2 million relating to aircraft rent expense and station operations expense, respectively.

*Station Operations.* Station operations expense includes the fixed and variable fees charged by airports for the use or lease of airport facilities and fees charged by third-party vendors for ground handling, interrupted trip expenses and other related services. Station operations expense also includes the impact of the payment deferrals on certain leases associated with our airport facilities, with a favorable impact of \$2 million reflected for the year ended December 31, 2020, in rent payments related to 2020 being deferred to 2021.

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

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

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

*CARES Act Credits.* The CARES Act became law on March 27, 2020 and includes various provisions to protect the U.S. airline industry, its employees, and many other stakeholders. On April 30, 2020, we entered into an agreement with the Treasury under which we received \$211 million of installment funding comprised of a \$178 million PSP Grant for payroll support for the period from April 2020 through September 30, 2020, and a \$33 million unsecured 10-year, low interest loan (“PSP Promissory Note”) and we granted the Treasury warrants to purchase 13,752 shares of our common stock, which have a five-year term and are settled in cash, or shares upon an IPO at our option, upon notice from the Treasury. On January 15, 2021, the Company entered into an agreement with the Treasury for a minimum of \$140 million of additional installment funding under the PSP2 Agreement, comprised of a \$128 million PSP2 Grant for the continuation of payroll support through March 31, 2021, and a \$12 million unsecured 10-year low interest loan (“PSP2 Promissory Note”) and expect to issue 2,711 additional warrants.

The PSP and PSP2 funding contains certain conditions, that if not met, may require payroll assistance funds to be paid back to the U.S. government. The primary conditions include, but are not limited to:

- no involuntary furloughs or pay and benefit reductions through March 31, 2021;
- no repurchases of equity securities listed on a national securities exchange or payment of dividends are permitted through March 31, 2022;
- maintain a certain level of scheduled air transportation as deemed necessary by the Department of Transportation to ensure that all routes we had scheduled air travel to before the downturn due to the COVID-19 pandemic are still served between May and September 2020, and between January and March 2021; and

- put in place certain limits on the compensation and termination benefits of all non-union employees who made in excess of \$425,000 in 2019, through October 1, 2022

As of December 31, 2020, we had received the full \$178 million under the PSP, which was recognized net of \$1 million in deferred financing costs over the periods it was intended to support payroll within CARES Act Credits in our consolidated statements of operations.

The CARES Act also provides an employee retention credit (“CARES Employee Retention Credit”), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through year end. We qualified for the credit beginning on April 1, 2020 and received credits for qualified wages through December 31, 2020. During the year ended December 31, 2020, we recognized \$16 million related to the CARES Employee Retention Credit within CARES Act Credits in our consolidated statements of operations and other current assets in our consolidated balance sheet.

As a result of the extension of the CARES Act benefits in December 2020, the CARES Employee Retention Credit program was extended and enhanced. The updated program, effective as of January 1, 2021, was extended through June 30, 2021 and increased the credit to be equal to 70% of qualified wages paid to employees during a quarter and increased the cap from \$10,000 of qualified wages for the entire period to \$10,000 per quarter. However, we also expect headwinds in our financial results related to the December 31, 2020 expiration of certain tax holidays created by the CARES Act.

*Other Operating Expenses.* Other operating expenses include crew and other employee travel, information technology, outside services, property taxes and all insurance, including hull liability insurance, supplies, legal and other professional fees, facilities and all other administrative and operational overhead expenses. In addition, other operating expenses includes the quarterly fee of \$375,000 as well as other expenses that we pay to Indigo Partners on a quarterly basis pursuant to the Professional Services Agreement. Beginning in 2019, as a result of the adoption of ASU 2016-02, other operating expenses also includes gains recognized in full immediately upon the completion of sale-leaseback transactions.

#### **Other Income (Expense)**

*Interest Expense.* Interest expense is related to our PDP Financing Facility, our floating rate building note, our unsecured debt and the PSP Promissory Note and Treasury Loan. As part of the PSP Promissory Note and the Treasury Loan, we issued to the Treasury warrants to acquire shares of our common stock, which have a five-year term and are settled in cash, or shares upon an IPO at our option, upon notice from the Treasury. The warrants issued in conjunction with the CARES Act financing have been classified as liability-based awards within other current liabilities within the consolidated balance sheet. Given the liability-based classification, at the end of each period the warrant liability is adjusted to its fair market value, calculated utilizing the Black Scholes option pricing model, with the corresponding fair market value adjustment classified as interest expense.

*Capitalized Interest.* We capitalize interest attributable to pre-delivery payments as an additional cost of the related asset beginning when activities necessary to get the asset ready for its intended use commence. We capitalize interest at our weighted average interest rate on long-term debt or, where applicable, the interest rate related to specific borrowings.

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

#### **Trends and Uncertainties Affecting Our Business**

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

*Competition.* The airline industry is highly competitive. The principal competitive factors in the airline industry are the fare and total price, flight schedules, number of routes served from a city, frequent flyer programs, product and passenger amenities, customer service, fleet type and reputation. The airline industry is particularly susceptible to price discounting as, once a flight is scheduled, airlines incur only nominal incremental costs to provide service to passengers occupying otherwise unsold seats. Price competition occurs on a market-by-market basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flyer initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to maximize RASM. The prevalence of discount fares can be particularly acute when a competitor has excess capacity that it is under financial pressure to sell. A key element of our competitive strategy is to maintain very low unit costs in order to permit us to compete successfully in price-sensitive markets. In addition, some of the legacy network carriers match low-cost carrier and ULCC pricing on portions of their network. We believe that fare discounts have and will continue to stimulate demand for Frontier due to our *Low Fares Done Right* strategy.

Our *Low Fares Done Right* strategy is underpinned by our low-cost structure, and has significantly reduced our cost base by increasing aircraft utilization (prior to the COVID-19 pandemic), transitioning to larger and more fuel-efficient aircraft, maximizing seat density, renegotiating the majority of our distribution agreements, realigning our network, replacing our call center, enhancing our website and mobile app, boosting employee productivity and contracting with leading specialists to provide us with select operating and other services. As a result of these and other initiatives, prior to the impact of the COVID-19 pandemic, our unit operating costs, as measured by our CASM (excluding fuel), declined 30% from 7.89¢ for the year ended December 31, 2013 to 5.55¢ for the year ended December 31, 2019, and our Adjusted CASM (excluding fuel) declined 31% from 7.89¢ for the year ended December 31, 2013 to 5.44¢ for the year ended December 31, 2019. For a reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest, see “Glossary of Airline Terms” and “—Results of Operations.”

During 2019, we had the lowest Adjusted CASM including net interest of any airline of significant size in the United States. Due to the impact of the COVID-19 pandemic, for the year ended December 31, 2020, our Adjusted CASM including net interest was 10.31¢ as compared to 7.65¢ for the year ended December 31, 2019. The increase in Adjusted CASM including net interest versus the levels achieved during 2019 was driven by the decrease in capacity as measured by available seat miles (ASMs) due to the impact of the COVID-19 pandemic combined with the fixed nature of aircraft rent net of the impact of any related lease deferrals achieved to manage liquidity. For a discussion and reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest, please see “Glossary of Airline Terms” and “—Results of Operations.”

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

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

We have historically hedged our exposure to jet fuel prices using call options and collar structures, although we have in the past and may in the future utilize other instruments such as swaps on jet fuel or highly

correlated commodities and FFPs, which allow us to lock in the price of jet fuel for specific quantities and at specified locations in future periods.

Although the use of collar structures and swap agreements can reduce the overall cost of hedging, these instruments carry more risk than call options in that we could end up in a liability position when the collar structure or swap agreement settles. Our fuel hedging policy considers many factors, including our assessment of market conditions for fuel, competitor hedging activity, our access to the capital necessary to purchase coverage and support margin requirements, the pricing of hedges and other derivative products in the market and applicable regulatory policies. As of December 31, 2020, we had no fuel cash flow hedges for future fuel consumption.

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

*Seasonality.* Our results of operations for any interim period are not necessarily indicative of those for the entire year because the air transportation business and our route network are subject to seasonal fluctuations. We generally expect demand to be greater in the calendar second and third quarters compared to the rest of the year. While we have, over recent years, reduced our concentration in Denver to decrease the impact of seasonality in our business, 41% of our flights during the year ended December 31, 2020 had Denver International Airport as either their origin or destination.

*Labor.* The airline industry is heavily unionized. The wages, benefits and work rules of unionized airline industry employees are determined by CBAs. Relations between air carriers and labor unions in the United States are governed by the RLA. Under the RLA, CBAs generally contain “amendable dates” rather than expiration dates and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the NMB. This process continues until either the parties have reached agreement on a new CBA or the parties have been released to “self-help” by the NMB. In most circumstances, the RLA prohibits strikes. However, after release by the NMB, carriers and unions are free to engage in self-help measures such as lockouts and strikes. From June until November 2018, we experienced disruption to our flight operations during our labor negotiations with ALPA, which materially impacted on our business and results of operations for the period.

We have seven union-represented employee groups comprising approximately 88% of our employees as of December 31, 2020. Our pilots are represented by ALPA; our flight attendants are represented by the Association of Flight Attendants (“AFA-CWA”); our aircraft technicians, aircraft appearance agents, material specialists and maintenance control employees are all represented by the International Brotherhood of Teamsters (“IBT”); and our dispatchers are represented by the Transport Workers Union, (“TWU”). Conflicts between airlines and their unions can lead to work stoppages. During the fourth quarter of 2016, a new five-year collective bargaining agreement was reached with the dispatchers. In February 2017 and March 2017, the aircraft technicians and material specialists contracts were ratified to include new amendable dates of February 2022 and March 2022, respectively. In October 2018, new five-year collective bargaining agreements were reached with the aircraft appearance agents and maintenance controllers. In March 2016 and July 2015, our collective bargaining agreements with our pilots, represented by ALPA, and our flight attendants, represented by AFA, respectively, became amendable. In December 2018, we and the pilots, represented by ALPA, reached a tentative agreement, which was approved by the pilots and became effective in January 2019. The agreement has a term of five years and includes a significant increase in the annual compensation for the pilots as well as a one-time ratification incentive payment to our pilots of \$75 million plus payroll related taxes. The one-time ratification incentive and related taxes were recognized as an expense in the fourth quarter of 2018 as the obligation committed to as part of the tentative agreement was probable as of December 31, 2018 and was substantially paid during the first

quarter of 2019. In March 2019, a new five-year collective bargaining agreement was reached with our aircraft technicians.

We reached a tentative agreement with the union representing our flight attendants, AFA-CWA, in March 2019, which was ratified by the flight attendants and became effective in May 2019. The new agreement provides for a one-time ratification incentive payment to our flight attendants of \$15 million, plus payroll-related taxes. The one-time ratification incentive and related taxes were recognized as an expense in the first quarter of 2019 as the obligation committed to as part of the tentative agreement was probable as of March 31, 2019. The one-time ratification incentive was substantially paid during the second quarter of 2019.

During 2019, we entered into an agreement with the flight attendants which outlined terms of an early out program offered to flight attendants meeting certain employment status and seniority requirements, payable to participating flight attendants throughout the fourth quarter of 2019, 2020 and 2021. The \$5 million to be paid under the program, including related payroll taxes, is reflected within salaries, wages and benefits in the consolidated statements of operations for the year ended December 31, 2019. During the year ended December 31, 2020, \$2 million was paid to participating flight attendants, and the remaining \$3 million to be paid under the program is accrued for within other current liabilities in the consolidated balance sheet as of December 31, 2020. The remaining obligation is expected to be settled during the year ending December 31, 2021.

During September 2020, and in anticipation of the lapse of the provisions set forth in the PSP under the CARES Act as described below, we reached agreement with the labor unions for our pilots and flight attendants to provide for voluntary paid leave of absence programs. Under the arrangements, the pilots and flight attendants were granted paid leave of absence periods of either one, three or six-month time frames. In exchange for accepting a voluntary leave of absence, the pilots and flight attendants receive minimum monthly pay and continue to accrue certain benefits with no requirement to work. We can require pilots and flight attendants to return to service and forego any remaining leave of absence if demand increases. These temporary programs have helped to defray our employee costs during the downturn caused by the pandemic, but should enable us to scale operations back up quickly as demand returns. As employees covered under such paid voluntary programs are still considered active employees, the costs of such programs are recognized as period expenses.

As a result of the PSP2 Agreement, the Company altered its voluntary leave of absence programs with pilots and flight attendants, which are offered in increments of one or three-month time frames through March 31, 2021. While the Company continues to offer these programs to help defray costs as a result of the downturn caused by the pandemic, the Company increased the minimum pay provided while maintaining no requirement to work.

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

As of December 31, 2020, the average age of our aircraft was approximately four years and we had taken delivery of 87 new aircraft since the start of 2015. All of the aircraft in our fleet are financed with operating leases, the last of which is scheduled to expire by the end of 2032. As of December 31, 2020, the operating leases for seven aircraft in our fleet were scheduled to expire during 2021. In certain circumstances, such operating leases may be extended. We currently have an obligation to purchase 156 aircraft by the end of 2028. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a “maintenance holiday”) because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are required. Once these maintenance holidays expire, these aircraft will require more maintenance as they age and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. When these more significant maintenance activities

occur, this will result in out-of-service periods during which our aircraft are dedicated to maintenance activities and unavailable to generate revenue.

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

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

### **Critical Accounting Estimates**

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

### **Frequent Flyer Program**

Our *Frontier Miles* (formerly *EarlyReturns*) frequent flyer program provides frequent flyer travel awards to program members based on accumulated mileage credits. Mileage credits are accumulated as a result of travel, purchases using the co-branded credit card and purchases from other participating partners.

The contract to sell mileage credits under the co-branded credit card partnership has multiple performance obligations. The agreement provides for joint marketing and we account for this agreement consistently with the accounting method that allocates the consideration received to the individual products and services delivered. Total consideration is allocated to each performance obligation, which generally consists of (i) mileage credits to be awarded, (ii) brand licensing and (iii) access to member lists and advertising and marketing efforts based on each relative standalone selling price and are recognized over time as mileage credits are delivered. We determined the best estimate of the selling prices by considering discounted cash flow analysis using multiple inputs and assumptions, including: (1) the expected number of miles awarded and number of miles redeemed, (2) equivalent ticket value (“ETV”) for the award travel obligation, (3) licensing of brand and access to member lists and (4) advertising and marketing efforts.

We defer the amount for mileage credits under the co-branded credit card partnership as part of the frequent flyer liability on the balance sheet and recognize loyalty travel awards in passenger revenue as the mileage credits are used for travel. Revenue allocated to the remaining performance obligations, primarily marketing components, is recorded in other revenue as miles are delivered. We estimate breakage (mileage credits not utilized) based on statistical models derived from historical redemption patterns. Breakage assumptions, including the period over which mileage credits are expected to be redeemed, the actual redemption activity for mileage credits, the impact of the COVID-19 pandemic, or the estimated fair value of mileage credits expected to be redeemed, could have an impact on revenues in the year in which the change occurs and in future years.

### ***Aircraft Maintenance***

Under our aircraft operating lease agreements and FAA regulations, we are obligated to perform all required maintenance activities on our fleet, including component repairs, scheduled air frame checks and major engine restoration events. We account for heavy maintenance and major overhauls under the deferral method, whereby the cost of heavy maintenance and major overhauls is deferred and recorded as a component of property and equipment, net and depreciated over the lesser of the remaining lease term or the period until the next scheduled heavy maintenance event.

### ***Maintenance Reserves***

Certain of our aircraft and spare engine lease agreements provide that we pay maintenance reserves to aircraft lessors to be held as collateral in advance of our required performance of heavy maintenance events. Maintenance reserve payments are reflected as aircraft maintenance deposits in the accompanying balance sheets.

We make certain assumptions at the inception of the lease and at each balance sheet date to determine the recoverability of maintenance deposits, including estimated time between the maintenance events, the cost of such maintenance events, the date the aircraft is due to be returned to the lessor and the number of flight hours and cycles the aircraft is estimated to be utilized before it is returned to the lessor. Changes in estimates are accounted for on a cumulative catch-up basis. On a regular basis, the credit worthiness of our lessors is assessed to ensure deposits are collectible. We continue to evaluate the creditworthiness of our lessors as a result of COVID-19 downturns and specifically whether any credit losses existed for aircraft maintenance deposits and determined no allowance was necessary as of December 31, 2020.

Certain of our lease agreements also provide that some or all of the maintenance reserves held by the lessor at the expiration of the lease are nonrefundable to us and will be retained by the lessor. Consequently, we have determined that any usage-based maintenance reserve payments after the last major maintenance event are not substantively related to the maintenance of the leased asset and, therefore, are accounted for as supplemental rent.

### ***Leased Aircraft Return Costs***

Our aircraft lease agreements often require us to return aircraft airframes and engines to the lessor in a certain condition or pay an amount to the lessor based on the airframe and engine's actual return condition. Lease return costs are recognized beginning when it is probable that such costs will be incurred and they can be estimated. When costs become both probable and estimable, they are accrued as a component of supplemental rent through the remaining lease term.

When determining the need to accrue lease return costs, there are various factors which need to be considered such as the contractual terms of the lease agreement, current condition of the aircraft, the age of the aircraft at lease expiration, projected number of hours run on the engine at the time of return, and the number of projected cycles run on the airframe at the time of return, among others.

### ***Income Tax Valuation Allowance***

We periodically assess whether it is more likely than not that sufficient taxable income will be generated to realize deferred income tax assets, and a valuation allowance is established if it is not likely that deferred income tax assets will be realized. All available positive and negative evidence is evaluated and certain assumptions are applied to make this determination. Projected future taxable income, scheduled reversals of deferred tax liabilities, the general business environment, historical financial results and tax planning strategies are considered. Significant factors that are considered include 1) our recent history of profitability, 2) growth in the U.S. and global economies, 3) forecast of airline revenue trends, and 4) future impact of taxable temporary differences.

At December 31, 2020 our net deferred tax liability balance was \$9 million, including \$9 million of deferred tax assets related to state net operating losses. Although we are not currently in a three-year cumulative loss position as of December 31, 2020, we may be in a three-year cumulative loss position during the 2021 tax year. We have a recent history of significant earnings prior to the onset of the COVID-19 pandemic. We expect to return to profitability as the effects of the pandemic subside and to generate sufficient taxable income to utilize our federal net operating loss carryforwards before any expire. Under current tax law, federal net operating losses generated in 2020 do not expire and most state net operating losses can also be carried forward indefinitely or at a minimum expire after five years.

Therefore, we have not recorded a valuation allowance on our deferred tax assets as we expect they will be fully utilized within the expiration periods. There can be no assurance that an additional valuation allowance on our net deferred tax assets will not be required. Such valuation allowance could be material.

#### ***CARES Act Warrants***

As a result of the funding received under the Treasury Loan and the PSP Promissory Note, we issued 75,807 of warrants to the US Treasury, which are outstanding as of December 31, 2020. The warrants issued have a five-year term and are settled upon notice from the Treasury in cash, or shares (at our option) if we become publicly traded. The warrants issued in conjunction with the CARES Act financing have been classified as liability-based awards within other current liabilities. Given the liability-based classification, at the end of each reporting period the warrant liability is adjusted to its fair market value, calculated utilizing the Black-Scholes option pricing model, with the corresponding fair market value adjustment classified as interest expense within our consolidated statement of operations. The subsequent fair value measurement of the warrants and the resulting impact to interest expense are largely driven by several key assumptions, namely our determination of the fair value of our common stock, expected share price volatility and the estimated term that the warrants are expected to be outstanding.

The value of our common stock was determined by our board of directors based, in part, on the most recent third-party valuation report obtained by our board of directors as of December 31, 2020. There are significant judgments and estimates inherent in these valuations, which include assumptions regarding our future operating performance, the time to complete an initial public offering or other liquidity event and the determinations of the appropriate valuation methods. Our valuation methods include using market multiples and a discounted cash flow analysis based on plans and estimates used by management to manage the business and included evaluation of comparable publicly-traded companies in the airline industry. Additionally, our determination of the expected volatility of our share price is based primarily on the historical volatility of a group of peer entities within the same industry. The estimated term that our warrants are expected to be outstanding is based on a simplified method, which is the midpoint between the date the warrants were issued, as there are no vesting periods, and the contractual term.

The determination of the fair value of our non-public common stock is based on estimates and forecasts described above that may not reflect actual market results. The determination of our common stock fair value, share price volatility and estimated time the warrants will be outstanding utilize estimates and forecasts that require us to make judgments that are highly complex and subjective. Additionally, these valuations rely on reference to other companies for the determination of certain inputs.

#### **Results of Operations**

##### ***Year ended December 31, 2020 Compared to Year ended December 31, 2019***

Our capacity, as measured by ASMs, decreased by 40% during the year ended December 31, 2020, as compared to the corresponding prior year period, due to the COVID-19 pandemic. As a result, our total operating revenue decreased by \$1,258 million, or 50%, during the year ended December 31, 2020 as compared to the



corresponding prior year period, and our total revenue per available seat mile decreased by 17% from 8.92¢ to 7.37¢ over the same period. Fuel expense was 47% lower during the year ended December 31, 2020 as compared to the corresponding prior year period, as fuel consumption decreased 44% as a result of lower capacity, and fuel cost per gallon decreased 6% due to reduced fuel rates which were offset by losses from fuel hedging. Although our non-fuel expenses decreased by 18%, our CASM (excluding fuel) increased from 5.55¢ to 7.53¢ from the year ended December 31, 2019 to the year ended December 31, 2020 driven by lower aircraft utilization and the fixed nature of aircraft rent coupled with additional aircraft and related crew costs, noting that as part of our participation in the PSP there were no involuntary furloughs or pay and benefit reductions through September 30, 2020, which cost was partly offset by the benefit from the CARES Act credits from our PSP and employee retention credits, as well as the favorable impact of lease deferrals agreed to with our vendors to manage our liquidity, resulting in \$33 million of aircraft and station rent related to 2020 being deferred to 2021. Our Adjusted CASM (excluding fuel), which excludes the impact of the CARES Act credits, increased from 5.44¢ to 8.63¢ from the year ended December 31, 2019 to the year ended December 31, 2020.

We generated a net loss of \$225 million during the year ended December 31, 2020 as compared to net income of \$251 million during the year ended December 31, 2019, as a result of the significant reduction in demand caused by the COVID-19 pandemic. Our results for the year ended December 31, 2019 include certain charges that increased our operating expenses by \$32 million and include \$22 million of contract ratification costs primarily related to the new collective bargaining agreement ratified with our flight attendants during the year ended December 31, 2019, \$5 million in expenses associated with an early out program agreed to in 2019 with our flight attendants, and \$5 million in operating expenses associated with the mark to market of our pilot phantom equity obligation, which became fixed as of December 31, 2019 and is no longer subject to valuation adjustments in accordance with the amended and restated phantom equity agreement. Our results for the year ended December 31, 2020 include certain items that reduced our operating expenses by \$134 million and include \$193 million related to PSP Grant credits and employee retention credits partly offset by \$52 million in expenses resulting from the de-designation of certain derivative contracts as a result of the estimated future fuel consumption for gallons subjected to fuel hedges no longer deemed probable due to the decline in demand from the impact of the COVID-19 pandemic and the subsequent mark to market adjustments, and \$7 million relating to a one-time write-off of deferred registration statement costs due to the uncertainty in the capital markets caused by the pandemic. Additionally, our total other expense for the year ended December 31, 2020 was negatively impacted by \$9 million of mark to market adjustments due to the warrants issued as part of the CARES Loan and PSP Promissory Note. Excluding these credits and charges, our adjusted net loss was \$301 million for the year ended December 31, 2020 as compared to adjusted net income of \$276 million for the comparable prior year period.

#### Operating Revenues

	Year Ended December 31,		Change	
	2019	2020		
<b>Operating revenues (\$ in millions):</b>				
Passenger	\$ 2,445	\$ 1,207	\$ (1,238)	(51)%
Other	63	43	(20)	(32)%
<b>Total operating revenues</b>	<b><u>\$ 2,508</u></b>	<b><u>\$ 1,250</u></b>	<b><u>\$ (1,258)</u></b>	<b><u>(50)%</u></b>
<b>Operating statistics:</b>				
Available seat miles (ASMs) (millions)	28,120	16,955	(11,165)	(40)%
Revenue passenger miles (millions)	24,203	11,443	(12,760)	(53)%
Average stage length (statute miles)	1,051	999	(52)	(5)%
Load factor (%)	86.1%	67.5%	(18.6) pts	N/A
Total revenue per available seat mile (RASM) (¢)	8.92¢	7.37¢	(1.55)¢	(17)%
Total revenue per passenger (\$)	\$109.91	\$111.23	\$ 1.32	1%
Passengers (thousands)	22,823	11,238	(11,585)	(51)%

[Table of Contents](#)

Total operating revenue decreased \$1,258 million, or 50%, during the year ended December 31, 2020 as compared to the corresponding prior year period due to the impact of the COVID-19 pandemic, including a 40% decline in ASMs as well as a 17% decrease in our RASM to 7.37¢ for the year ended December 31, 2020 primarily due to a 18.6 point reduction in our load factor to 67.5%, which was partly offset by a slight increase in our total revenue per passenger of 1%.

*Operating Expenses*

	Year Ended December 31,		Change		Cost per ASM		Change
	2019	2020			2019	2020	
<b>Operating expenses (\$ in millions):</b>							
Aircraft fuel	\$ 640	\$ 338	\$ (302)	(47)%	2.27¢	2.00¢	(12)%
Salaries, wages and benefits	529	533	4	1%	1.88	3.14	67%
Aircraft rent	368	396	28	8%	1.31	2.34	79%
Station operations	336	257	(79)	(24)%	1.19	1.52	28%
Sales and marketing	130	78	(52)	(40)%	0.46	0.46	— %
Maintenance materials and repairs	86	83	(3)	(3)%	0.31	0.49	58%
Depreciation and amortization	46	33	(13)	(28)%	0.16	0.19	19%
CARES Act credits	—	(193)	(193)	N/A	—	(1.14)	N/A
Other operating expenses	64	90	26	41%	0.24	0.53	121%
<b>Total operating expenses</b>	<b>\$ 2,199</b>	<b>\$ 1,615</b>	<b>\$ (584)</b>	<b>(27)%</b>	<b>7.82¢</b>	<b>9.53¢</b>	<b>22%</b>

**Operating statistics:**

Available seat miles (ASMs) (millions)	28,120	16,955	(11,165)	(40)%
Average stage length (statute miles)	1,051	999	(52)	(5)%
Departures	138,570	88,642	(49,928)	(36)%
CASM (excluding fuel)	5.55¢	7.53¢	1.98¢	36%
Adjusted CASM (excluding fuel)	5.44¢	8.63¢	3.19¢	59%
Fuel cost per gallon	\$ 2.22	\$ 2.08	\$ (0.14)	(6)%
Fuel gallons consumed (thousands)	288,510	162,241	(126,269)	(44)%

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

	Year Ended December 31,			
	2019		2020	
	(in millions)	Per ASM	(in millions)	Per ASM
<b>CASM</b>		7.82¢		9.53¢
Aircraft fuel	\$ (640)	(2.27)	\$ (338)	(2.00)
<b>CASM (excluding fuel)</b>		<b>5.55¢</b>		<b>7.53¢</b>
Pilot phantom equity <sup>(a)</sup>	(5)	(0.02)	—	—
Collective bargaining contract ratification <sup>(b)</sup>	(22)	(0.07)	—	—
Flight attendant early out program <sup>(c)</sup>	(5)	(0.02)	—	—
CARES Act - grant amortization and employee credits <sup>(d)</sup>	—	—	193	1.14
Write-off of deferred registration statement costs due to significant market uncertainty <sup>(e)</sup>	—	—	(7)	(0.04)
<b>Adjusted CASM (excluding fuel)</b>		<b>5.44¢</b>		<b>8.63¢</b>

	Year Ended December 31,			
	2019		2020	
	(in millions)	Per ASM	(in millions)	Per ASM
<b>Adjusted CASM (excluding fuel)</b>		<b>5.44¢</b>		<b>8.63¢</b>
Aircraft fuel	640	2.27	338	2.00
Derivative de-designation and mark to market adjustment <sup>(f)</sup>	—	—	(52)	(0.31)
<b>Adjusted CASM</b>		<b>7.71¢</b>		<b>10.32¢</b>
Net interest expense (income)	(16)	(0.06)	7	0.04
CARES Act – mark to market impact for warrants <sup>(g)</sup>	—	—	(9)	(0.05)
<b>Adjusted CASM + net interest<sup>(h)</sup></b>		<b>7.65¢</b>		<b>10.31¢</b>
<b>CASM</b>		<b>7.82</b>		<b>9.53</b>
Net interest expense (income)	(16)	(0.06)	7	0.04
<b>CASM + net interest</b>		<b>7.76¢</b>		<b>9.57¢</b>

- (a) Represents the impact of the change in value of phantom equity units pursuant to the Pilot Phantom Equity Plan. In accordance with the amended and restated phantom equity agreement, the remaining phantom equity obligation became fixed as of December 31, 2019 and is no longer subject to valuation adjustments. See “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”
- (b) Represents \$15 million of costs related to a one-time contract ratification incentive, plus payroll-related taxes and certain other compensation and benefits-related accruals earned through March 31, 2019 and committed to by us as part of a tentative agreement with the union representing our flight attendants that was reached in March 2019 for a contract that was ratified and became effective in May 2019, in addition to \$4 million in pilot vacation accrual adjustments during the fourth quarter of 2019 as a result of the ratified agreement with the union representing our pilots specifically tied to the implementation of a preferred bidding system.
- (c) Represents expenses associated with an early out program agreed to in 2019 with our flight attendants, payable throughout 2019, 2020 and 2021.
- (d) Represents the recognition of the \$178 million grant received from the U.S. government for payroll support from April 2020 through September 2020 as part of the PSP under the CARES Act net of \$1 million of deferred financing costs along with \$16 million of employee retention credits we qualified for under the CARES Act.
- (e) Represents the write-off of our deferred initial public offering preparation costs during the first quarter of 2020 due to the impact of the COVID-19 pandemic and the resulting uncertainty on our ability to access the capital markets.
- (f) Due to the significant reduction in demand resulting from the COVID-19 pandemic, our future anticipated consumption of fuel dropped significantly and we therefore de-designated hedge accounting in March 2020 on the derivative positions where the future consumption was not deemed probable, which primarily related to our written put options on our costless collars. The \$52 million charge is the result of the de-designation and the resulting mark to market impact on the quantities where consumption was not deemed probable.
- (g) Represents the mark to market adjustment to the value of the warrants issued as part of the funding provided under the CARES Act. This amount is a component of interest expense.
- (h) Adjusted CASM including net interest reflects the sum of Adjusted CASM and Net interest expense (income) excluding special items per ASM. Adjusted CASM including net interest is included as a supplemental disclosure because we believe it is a useful metric 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 this metric is a useful comparator because it removes certain items that may not be indicative of base operating performance or future results. Adjusted CASM including net interest 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.

*Aircraft Fuel.* Aircraft fuel expense decreased by \$302 million, or 47%, during the year ended December 31, 2020, as compared to the corresponding prior year period. The decrease was primarily due to the 44% decrease in fuel gallons consumed due to the lower capacity as a result of COVID-19. In addition fuel rates decreased by 6%, offset by \$52 million of expenses during the year ended December 31, 2020 resulting from the de-designation of certain derivative contracts as a result of the estimated consumption for gallons subjected to fuel hedges no longer deemed probable due to the decline in demand from the impact of the COVID-19 pandemic and the subsequent mark to market adjustments.

*Salaries, Wages and Benefits.* Salaries, wages and benefits expense increased by \$4 million, or 1%, during the year ended December 31, 2020, as compared to the corresponding prior year period driven primarily by the growth in our crew base to support our increased fleet size and the impact of the pilot and flight attendant contracts ratified in 2019, partly offset by employee participation in voluntary leave of absence programs, which primarily were implemented in the fourth quarter of 2020 after the lapse of provisions under the PSP and the impact of \$32 million in costs incurred in 2019 which did not repeat in 2020. These included \$22 million of contract ratification costs primarily related to the new collective bargaining agreement ratified with our flight attendants during the year ended December 31, 2019, \$5 million in expenses associated with an early out program agreed to in 2019 with our flight attendants, and \$5 million in non-cash compensation expense related to the increased value of our pilot phantom equity obligation, which became fixed as of December 31, 2019 and is no longer subject to valuation adjustments in accordance with the amended and restated phantom equity agreement. As part of our participation in the PSP under the CARES Act, we agreed to not involuntarily terminate or reduce pay or benefits of our employee base from enactment of the CARES Act through September 30, 2020 and are prohibited from doing so as a result of the PSP2 Agreement reached and effective from January 2021 until March 31, 2021.

*Aircraft Rent.* Aircraft rent expense increased by \$28 million, or 8%, during the year ended December 31, 2020, as compared to the corresponding prior period primarily due to the full year 2020 rent impact of the 18 aircraft delivered throughout 2019, an increase of six aircraft in our fleet from December 31, 2019 to December 31, 2020 and due to higher costs associated with anticipated lease returns, partly offset by the favorable impact of lease deferrals negotiated with our vendors to manage liquidity during the COVID-19 pandemic, resulting in \$31 million of aircraft rent related to 2020 being deferred to 2021. Our fleet is comprised of 60 A320neos, 19 A320ceos, 21 A321ceos, and four A319ceos as of December 31, 2020.

*Station Operations.* Station operations expense decreased by \$79 million or 24% during the year ended December 31, 2020, as compared to the corresponding prior year period, due to a 36% decrease in departures as a result of the COVID-19 pandemic, partly offset by the fixed nature of certain rent and other station related costs paid under our airport lease arrangements.

*Sales and Marketing.* Sales and marketing expense decreased by \$52 million, or 40%, during the year ended December 31, 2020, as compared to the corresponding prior year period due to lower credit card fees resulting from the 50% reduction in revenue, lower distribution fees due to lower bookings from a reduction in demand resulting from the COVID-19 pandemic and lower distribution fees due to a focus on our internal distribution channels, and lower paid media advertising to manage liquidity during the pandemic. The following table presents our distribution channel mix:

Distribution Channel	Year Ended December 31,		Change
	2019	2020	
Our website, mobile app and other direct channels	73%	76%	3pt
Third-party channels	27%	24%	(3)pt

*Maintenance Materials and Repairs.* Maintenance materials and repair costs decreased \$3 million, or 3%, during the year ended December 31, 2020, as compared to the corresponding prior year period, primarily due to lower operating volumes and the grounding of a large portion of our fleet due to the COVID-19 pandemic, partially offset by increases relating to the timing and mix of maintenance events.

*Depreciation and Amortization.* Depreciation and amortization expense decreased by \$13 million, or 28%, during the year ended December 31, 2020, as compared to the corresponding prior year period. The decrease was primarily due to reduced heavy maintenance activity as a result of the decrease of capacity and the replacement of older aircraft in our fleet with new aircraft, which do not require as much heavy maintenance early in their life cycles.

*CARES Act Credits.* The \$193 million of CARES Act Credits relates to both (i) the recognition of the \$177 million payroll support grant received from the U.S. government for payroll support for the period from April 2020 through September 30, 2020 as part of the Payroll Support Program under the CARES Act, which is net of \$1 million in deferred financing costs associated with the program, and (ii) \$16 million in Employee Retention Credits we qualified for under the CARES Act. The PSP and PSP2 funding contains certain conditions that must be met, including, among other things, no involuntary furloughs or pay and benefit reductions to March 31, 2021 and the requirement to recall, effective December 1, 2020, any employees involuntarily terminated or furloughed after September 30, 2020.

*Other Operating Expenses.* Other operating expenses increased by \$26 million, or 41%, during the year ended December 31, 2020, as compared to the prior year period. The increase was driven primarily by a \$59 million decrease in the gains from sale-leaseback transactions as we took fewer deliveries during the year ended December 31, 2020 as compared to the prior year period as a result of our agreement with Airbus to defer four deliveries into 2021. Additionally, other operating expenses increased during the year ended December 31, 2020 due to the \$7 million write off of our deferred registration costs partly offset by a \$32 million decrease in travel expenses relating to less crew accommodations resulting from the decrease in flight activity due to the COVID-19 pandemic and declines in other operating expenses due to lower capacity in 2020.

*Other Income (Expense).* Other income decreased by \$23 million, from \$16 million of income during the year ended December 31, 2019 to a \$7 million expense during the year ended December 31, 2020 primarily due to \$12 million of lower interest income from a lower average cash balance and lower interest rates due to the COVID-19 pandemic, in addition to \$9 million in interest expenses due to the issuance and subsequent mark to market adjustments of warrants issued in conjunction with the CARES Act Grant and Treasury Loan.

*Income Taxes.* Our effective tax rate reflected a 39.5% income tax benefit during the year ended December 31, 2020, as compared to 22.8% of income tax expense during the corresponding prior year period. The favorability in the effective tax rate was driven by our ability under the CARES Act to carry the current year net operating losses back five years and obtain the benefit of a 14% higher federal rate on the losses generated. The effective tax rate for the year ended December 31, 2020 was also favorably impacted by the current year tax deduction for payments made in March 2020 to substantially settle our pilot phantom equity obligation, as described further in Note 11 to our consolidated financial statements.

#### ***Year ended December 31, 2019 Compared to Year ended December 31, 2018***

Our capacity, as measured by ASMs, increased by 14% during the year ended December 31, 2019, as compared to the prior year, as a result of our continued shift toward larger and more fuel-efficient aircraft in our fleet, with an increase in the average number of aircraft in service from 76 during the year ended December 31, 2018 to 88 during the year ended December 31, 2019. We increased our total revenue by \$352 million, or 16%, during the year ended December 31, 2019 as compared to the prior year, with our total revenue per available seat mile increasing from 8.75¢ to 8.92¢. Fuel costs increased by \$51 million, or 9%, during the year ended December 31, 2019, as compared to the prior year primarily due to a 10% increase in fuel gallons consumed, which was less than our 14% increase in ASMs, due to the benefit of our newer and more fuel-efficient aircraft. Our CASM (excluding fuel) decreased from 5.99¢ to 5.55¢ and our Adjusted CASM (excluding fuel) of 5.44¢ from the year ended December 31, 2019 was in line with the 5.44¢ from the comparable prior year period.

We generated net income of \$251 million during the year ended December 31, 2019 as compared to \$80 million for the year ended December 31, 2018. Our results for the years ended December 31, 2018 and 2019 included \$22 million and \$5 million, respectively, in non-cash compensation expense related to the increased value of our pilot phantom equity obligation. In addition, during the year ended December 31, 2018, we incurred \$88 million of costs related to a one-time contract ratification incentive and payroll-related taxes, plus certain other compensation and benefits-related accruals earned through December 31, 2018 and committed to by us as part of a tentative agreement with ALPA that was reached in December 2018 and was ratified by the pilots in January 2019. We incurred \$22 million of contract ratification costs primarily related to the new collective bargaining agreement

## [Table of Contents](#)

ratified with our flight attendants during the year ended December 31, 2019, and \$5 million in expenses associated with an early out program agreed to in 2019 with our flight attendants, payable throughout 2019, 2020 and 2021. In addition, we completed the sale-leaseback of our six owned aircraft in December 2018, which enabled us to accelerate the elimination of the A319ceo aircraft in our fleet to ultimately replace them with larger, more efficient A320neo family aircraft, resulting in a loss of \$25 million for the year ended December 31, 2018. Our adjusted net income was \$183 million and \$276 million for the year ended December 31, 2018 and 2019, respectively.

### Operating Revenues

	Year Ended December 31,		Change	
	2018	2019		
<b>Operating revenues (\$ in millions):</b>				
Passenger	\$ 2,102	\$ 2,445	\$ 343	16%
Other	54	63	9	17%
<b>Total operating revenues</b>	<b>\$ 2,156</b>	<b>\$ 2,508</b>	<b>\$ 352</b>	<b>16%</b>
<b>Operating statistics:</b>				
Available seat miles (ASMs) (millions)	24,629	28,120	3,491	14%
Revenue passenger miles (RPMs) (millions)	20,920	24,203	3,283	16%
Average stage length (statute miles)	1,052	1,051	(1)	— %
Load factor (%)	84.9%	86.1%	(12) pts	N/A
Total revenue per available seat mile (RASM) (¢)	8.75¢	8.92¢	0.17¢	2%
Total revenue per passenger (\$)	\$108.65	\$109.91	\$ 1.26	1%
Passengers (thousands)	19,843	22,823	2,980	15%

Total revenue increased \$352 million, or 16%, for the year ended December 31, 2019 as compared to the prior year. This increase was due to a \$343 million, or 16%, increase in passenger revenue and a \$9 million, or 17%, increase in other revenue for the year ended December 31, 2019 as compared to the prior year. Total revenue per available seat mile increased 2% as a result of revenue growth slightly exceeding capacity growth. Our fare passenger revenues increased by 11% and our non-fare passenger revenues increased by 22% during the period.

### Operating Expenses

	Year Ended December 31,		Change		Cost per ASM		Change
	2018	2019			2018	2019	
<b>Operating expenses (\$ in millions):</b>							
Aircraft fuel	\$ 589	\$ 640	\$ 51	9%	2.39¢	2.27¢	(5)%
Salaries, wages and benefits	441	529	88	20%	1.79	1.88	5%
Aircraft rent	277	368	91	33%	1.12	1.31	17%
Station operations	323	336	13	4%	1.31	1.19	(9)%
Sales and marketing	110	130	20	18%	0.45	0.46	2%
Maintenance materials and repairs	75	86	11	15%	0.30	0.31	3%
Depreciation and amortization	78	46	(32)	(41)%	0.32	0.16	(50)%
Other operating expenses	171	64	(107)	(63)%	0.70	0.24	(66)%
<b>Total operating expenses</b>	<b>\$ 2,064</b>	<b>\$ 2,199</b>	<b>\$ 135</b>	<b>7%</b>	<b>8.38¢</b>	<b>7.82¢</b>	<b>(7)%</b>
<b>Operating statistics:</b>							
Available seat miles (ASMs) (millions)	24,629	28,120	3,491	14%			
Average stage length (statute miles)	1,052	1,051	(1)	— %			
Departures	122,784	138,570	15,786	13%			
CASM (excluding fuel)	5.99¢	5.55¢	(0.44)¢	(7)%			
Adjusted CASM (excluding fuel)	5.44¢	5.44¢	— ¢	— %			
Fuel cost per gallon	\$ 2.25	\$ 2.22	\$ (0.03)	(1)%			
Fuel gallons consumed (thousands)	261,179	288,510	27,331	10%			

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

	Year Ended December 31,			
	2018		2019	
	(in millions)	Per ASM	(in millions)	Per ASM
<b>CASM</b>		<b>8.38¢</b>		<b>7.82¢</b>
Aircraft fuel	\$ (589)	(2.39)	\$ (640)	(2.27)
<b>CASM (excluding fuel)</b>		<b>5.99¢</b>		<b>5.55¢</b>
Pilot phantom equity <sup>(a)</sup>	(22)	(0.09)	(5)	(0.02)
Collective bargaining contract ratification <sup>(b)</sup>	(88)	(0.36)	(22)	(0.07)
Flight attendant early out program <sup>(c)</sup>	—	—	(5)	(0.02)
Loss on sale of aircraft <sup>(d)</sup>	(25)	(0.10)	—	—
<b>Adjusted CASM (excluding fuel)</b>		<b>5.44¢</b>		<b>5.44¢</b>
Aircraft fuel	589	2.39	640	2.27
<b>Adjusted CASM</b>		<b>7.83¢</b>		<b>7.71¢</b>
Net interest expense (income)	(13)	(0.05)	(16)	(0.06)
<b>Adjusted CASM + net interest</b>		<b>7.78¢</b>		<b>7.65¢</b>
<b>CASM</b>		<b>8.38¢</b>		<b>7.82¢</b>
Net interest expense (income)	(13)	\$ (0.05)	(16)	(0.06)
<b>CASM + net interest</b>		<b>8.33¢</b>		<b>7.76¢</b>

- (a) Represents the impact of the change in value of phantom equity units pursuant to the Pilot Phantom Equity Plan. In accordance with the amended and restated phantom equity agreement, the remaining phantom equity obligation became fixed as of December 31, 2019 and is no longer subject to valuation adjustments. See “Executive Compensation—Equity Compensation Plans—Pilot Phantom Equity Plan.”
- (b) Represents costs related to a one-time contract ratification incentive plus payroll-related taxes and certain other compensation and benefits-related accruals committed to by us as part of (i) a tentative agreement with the union representing our pilots that was reached in December 2018 and was ratified by the pilots in January 2019 and (ii) a tentative agreement with the union representing our flight attendants that was reached in March 2019 and ratified in May 2019.
- (c) Represents amounts expected to be paid under the terms of an early out program with our flight attendants meeting certain employment status and seniority requirements, payable throughout 2019, 2020 and 2021.
- (d) Represents losses incurred on the sale of our six owned aircraft in December 2018, which enabled us to accelerate a critical part of our fleet plan by shortening our time with certain of our older less fuel-efficient aircraft. The loss was measured as the excess of the net book value of the aircraft over the sale price at the date of sale and was recognized within other operating expenses on the consolidated statements of operations. All aircraft were held for use through the date of sale. See “Business—Fleet Plan”.

## [Table of Contents](#)

*Aircraft Fuel.* Aircraft fuel expense increased by \$51 million, or 9%, during the year ended December 31, 2019, as compared to the prior year. The increase was driven by the 14% increase in capacity partly offset by a slightly lower fuel cost per gallon and the continued shift to larger and more fuel-efficient aircraft.

*Salaries, Wages and Benefits.* Salaries, wages and benefits expense increased by \$88 million, or 20%, during the year ended December 31, 2019, as compared to the prior year. The increase was driven by higher crew levels to support the capacity growth plus the higher pay rates from our new collective bargaining agreements with our pilots and flight attendants ratified in January 2019 and May 2019, respectively, partly offset by the \$88 million of costs accrued in 2018 relating to a one-time contract ratification incentive plus payroll related taxes and certain other compensation and benefits-related accruals committed to by us as part of a tentative agreement with the union representing our pilots that was reached in December 2018 and was ratified by the pilots in January 2019.

*Aircraft Rent.* Aircraft rent expense increased by \$91 million, or 33%, during the year ended December 31, 2019, as compared to the prior year, primarily as a result of the net addition of 14 new, larger aircraft during 2019. We had 98 aircraft as of December 31, 2019, comprised of 51 A320neos, 20 A320ceos, 21 A321ceos, and six A319ceos, as compared to 84 aircraft as of December 31, 2018 comprised of 21 A320ceos, 21 A321ceos, nine A319ceos, and 33 A320neos. Aircraft rent expense also increased during 2019 due to the adoption of ASU 2016-02 on January 1, 2019. As a result of the adoption of the new standard, gains from sale-leaseback transactions are now recognized in full immediately upon sale as a reduction to other operating expense within the consolidated statements of operations, and are therefore no longer amortized over the life of the lease. Aircraft rent expense in 2018 includes \$18 million of amortization of gains on sale leaseback transactions.

*Station Operations.* Station operations expense increased by \$13 million, or 4%, during the year ended December 31, 2019, as compared to the prior year, due to the addition of new stations and a 13% increase in departures, partly offset by lower interrupted trip expenses subsequent to the ratification of our pilot contract in January 2019. As a result, station operations expense per ASM decreased by 9% during the year ended December 31, 2019, as compared to the prior year.

*Sales and Marketing.* Sales and marketing expense increased by \$20 million, or 18%, and increased 2% on a per ASM basis during the year ended December 31, 2019, as compared to the prior year, with a continued focus on our internal distribution channels. The following table presents our distribution channel mix:

<b>Distribution Channel</b>	<b>Year Ended December 31,</b>		<b>Change</b>
	<b>2018</b>	<b>2019</b>	
Our website, mobile app and other direct channels	71%	73%	2pt
Third-party channels	29%	27%	(2)pt

*Maintenance Materials and Repairs.* Maintenance materials and repair costs increased by \$11 million, or 15%, during the year ended December 31, 2019, as compared to the prior year. The increase in maintenance, materials, and repairs was primarily driven by an increase in maintenance labor related to the growing fleet. These costs remained relatively consistent on a per ASM basis.

*Depreciation and Amortization.* Depreciation and amortization expense decreased by \$32 million, or 41%, during the year ended December 31, 2019, as compared to the prior year primarily due to reduced heavy maintenance activity related to aircraft returns with our lessors and the sale of our six owned aircraft in the fourth quarter of 2018.

*Other Operating Expenses.* Other operating expenses decreased by \$107 million, or 63%, driven by the adoption of ASU 2016-02 on January 1, 2019. Under ASU 2016-02, gains from sale-leaseback transactions are now recognized in full immediately upon sale. In the year ended December 31, 2019, the gain on sale-leaseback transactions totaled \$107 million. We also had a \$25 million loss on the sale of our six owned aircraft in 2018. These factors were partially offset by the impact of increased capacity in our business as compared to the prior year.



*Other Income (Expense).* The \$3 million increase in other income was driven by higher interest rates as compared to the prior year period.

*Income Taxes.* During the year ended December 31, 2019, our effective tax rate was 22.8% as compared to 23.7% during the year ended December 31, 2018. Our effective tax rate will vary depending on the amount of income we earn in each state and the state tax rate applicable to such income.

### **Liquidity, Capital Resources and Financial Position**

As of December 31, 2020, we had \$963 million of total available liquidity, including \$378 million of cash and cash equivalents, \$424 million available to borrow under the Treasury Loan facility, and a \$161 million income tax receivable, primarily resulting from our net operating losses generated in 2020 and expected to be collected in 2021. As of December 31, 2020, we had \$101 million of short-term debt and \$247 million of long-term debt. The \$348 million of total debt is comprised of our \$150 million Treasury Loan, \$141 million PDP Financing Facility, \$33 million PSP Promissory Note, \$18 million in secured indebtedness for our headquarters building, and a \$15 million pre-purchased miles facility with Barclays, partly offset by \$9 million in deferred debt acquisition costs and other discounts. Our primary uses of liquidity are for working capital, capital expenditures, aircraft pre-delivery payments, maintenance reserve deposits and debt repayments. During the year ended December 31, 2020, our cash burn was approximately \$2 million per day on average. We continue to monitor the impacts of the pandemic on our operations and financial condition and believe it is probable that the plans intended to mitigate these conditions and events will alleviate liquidity risks presented.

Subsequent to December 31, 2020, we entered into the PSP2 Agreement, which provided us with at least an incremental \$140 million in liquidity. We received the first installment in the amount of \$70 million on January 15, 2021.

Our single largest capital commitment relates to the acquisition of aircraft. As of December 31, 2020, we operated all of our 104 aircraft under operating leases. Pre-delivery payments relating to future deliveries under our agreement with Airbus are required at various times prior to each aircraft's delivery date. As of December 31, 2020, we had \$224 million of pre-delivery payments held by Airbus, \$141 million of which was outstanding under our PDP Financing Facility, which as of December 31, 2020 allowed us to draw up to an aggregate of \$150 million. The PDP Financing Facility also provides us flexibility to potentially obtain commitments from other lenders in an amount not to exceed \$200 million. No commitments have been secured from other lenders as of December 31, 2020. As of December 31, 2020, we had an obligation to purchase 156 A320neo family aircraft by 2028, one of which had a committed operating lease. We are evaluating financing options for the remaining aircraft.

We are required by some of our aircraft lessors to fund cash reserves in advance for required scheduled maintenance; these payments act as collateral for 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 in our consolidated balance sheets. A portion of our cash is, therefore, unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases. During the years ended December 31, 2018, 2019 and 2020, we made \$28 million, \$18 million and \$15 million, respectively, in maintenance deposit payments to our lessors. As of December 31, 2020, we had \$82 million in recoverable aircraft maintenance deposits on our consolidated balance sheets, of which less than \$1 million was included in accounts receivable because the eligible maintenance had been performed.

In December 2013, an agreement was reached to amend and restate a phantom equity agreement that was previously in place prior to the acquisition. Under the terms of this agreement, pilots received phantom equity units which became fully vested in 2016. Each unit constituted the right to receive the cash value of a share of our common stock or, in certain circumstances, a share of common stock in connection with certain events. As of December 31, 2019, the final associated liability agreed to by FAPAInvest, LLC and us was \$137 million, with

\$111 million included in other current liabilities and \$26 million included within other long-term liabilities. In accordance with the amended and restated phantom equity agreement, the obligation became fixed as of December 31, 2019 and is no longer subject to valuation adjustments. In March 2020, we paid \$111 million, included in other current liabilities as of December 31, 2019, to the Participating Pilots. As of December 31, 2020, the remaining FAPAInvest LLC liability of \$26 million, which is payable in 2022, was included within other long-term liabilities.

In March 2016 and July 2015, our collective bargaining agreements with our pilots, represented by ALPA, and our flight attendants, represented by AFA, respectively, became amendable. In December 2018, we and the pilots, represented by ALPA, reached a tentative agreement, which was approved by the pilots and became effective in January 2019. The agreement has a term of five years and includes a significant increase in the annual compensation for the pilots as well as a one-time ratification incentive payment to our pilots of \$75 million plus payroll-related taxes. The one-time ratification incentive and related taxes were recognized as an expense in the fourth quarter of 2018 as the obligation committed to as part of the tentative agreement was probable as of December 31, 2018 and was substantially paid during the first quarter of 2019.

In March 2019, we and the flight attendants, represented by AFA, reached a tentative collective bargaining agreement, which became effective in the second quarter of 2019. The agreement has a term of five years and includes a significant increase in the annual compensation of our flight attendants, as well as a one-time ratification incentive payment to our flight attendants of \$15 million, plus applicable payroll taxes. Substantially all of the one-time contract ratification incentive and payroll related taxes was paid in May 2019.

During September 2020, and in anticipation of the lapse of the provisions set forth in the PSP under the CARES Act, we reached an agreement with our pilot and flight attendant labor unions that provides for voluntary paid leave of absence programs. Under the arrangements, the participating pilots and flight attendants will be granted paid leave of absence periods of either one, three or six month time frames. In exchange for accepting a voluntary leave of absence, the pilots and flight attendants will receive minimum monthly pay and continue to accrue certain benefits with no requirement to work. We can require pilots and flight attendants to return to service and forego any remaining leave of absence if demand increases. These temporary programs will help to defray our employee costs during the downturn caused by the pandemic, but also allow us to scale operations back up quickly as demand returns. As employees covered under such paid voluntary programs are still considered active employees, the costs of such programs are recognized as period expenses.

As a result of the PSP2 Agreement, the Company altered its voluntary leave of absence programs with pilots and flight attendants, which are offered in increments of one or three-month time frames through March 31, 2021. While the Company continues to offer these programs to help defray costs as a result of the downturn caused by the pandemic, the Company increased the minimum pay provided while maintaining no requirement to work.

We continue to monitor our covenant compliance with various parties, including, but not limited to, our lenders and credit card processors, as any noncompliance could have a material impact on our financial position, cash flows and results of operations. As of December 31, 2020, we are in compliance with all of our covenants, except we have obtained a waiver of relief for the covenant provisions through the first quarter of 2021 related to one of our credit card processors that represents less than 10% of total revenues, which may require future waivers or an amendment to existing covenants to reflect the downturn due to the COVID-19 pandemic. Additionally, during the fourth quarter of 2020, we amended our pre-delivery credit facility to provide for a deferral of the FCCR Test until the first quarter of 2022. If the FCCR test is not maintained, we are required to test the loan to collateral ratio for the underlying aircraft in the credit facility that are subject to financing (the "LTV Test") and make any pre-payments or post additional collateral required in order to reduce the loan to value on each aircraft in the credit facility that are subject to financing below a ratio threshold. The LTV Test is largely dependent on the appraised fair value of the underlying aircraft subject to financing. If the LTV Test was required to be performed, we do not expect that there would be any material

## [Table of Contents](#)

required pre-payment of the pre-delivery credit facility or posting of additional collateral. We expect to obtain an amendment or waiver, refinance the indebtedness subject to covenants or take other mitigating actions prior to any potential breaches that are not expected to have a material impact to our liquidity and financial position.

As a result of the measures to reduce costs and manage liquidity as outlined above, we believe our financial position and available liquidity as of the date of the financial statements will allow us to continue to navigate through any short-term demand declines and that we are well positioned to recover if and when the demand for air travel increases. During the year ended December 31, 2020, our cash burn was approximately \$2 million per day on average. We continue to monitor the impacts of the pandemic on our operations and financial condition and believe it is probable that the plans intended to mitigate these conditions and events will alleviate liquidity risks presented.

### **Cash Flows**

The following table presents information regarding our cash flows in the years ended December 31, 2018, 2019 and 2020:

	Year Ended December 31,		
	2018	2019	2020
	(in millions)		
Net cash provided by (used in) operating activities	\$ 189	\$ 171	\$ (557)
Net cash provided by (used in) investing activities	(59)	(62)	11
Net cash provided by (used in) financing activities	(149)	(39)	156
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>(19)</b>	<b>70</b>	<b>(390)</b>
Cash, cash equivalents and restricted cash at beginning of period	717	698	768
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 698</b>	<b>\$ 768</b>	<b>\$ 378</b>

### *Operating Activities*

During the year ended December 31, 2020, net cash used in operating activities totaled \$557 million, which was primarily driven by the detrimental impact of the COVID-19 pandemic on our operations and the resulting \$225 million net loss. Our net loss of \$225 million includes \$82 million in cash outflows related to fuel hedges and the following significant non-cash items: \$48 million of gains recognized on sale-leaseback transactions, deferred tax benefit of \$14 million, depreciation and amortization of \$33 million, stock-based compensation expense of \$8 million and an unrealized loss of \$9 million on the mark to market of our warrant liability primarily associated with the Treasury Loan. We also had net cash outflows for aircraft interest rate swaptions of \$4 million and cash inflows from operating leases of \$17 million from the return of previously unrecoverable maintenance reserves for two aircraft. In addition, we had net outflows within other net operating assets and liabilities of \$333 million, which was largely driven by \$161 million of current income tax receivables due primarily to the current period operating losses, \$111 million phantom equity payment to our pilots in March 2020 and an \$114 million decrease in our air traffic liability resulting from the impact of COVID-19 on demand, the total of which was partly offset by decreases in accounts receivable.

During 2019, net cash provided by operating activities totaled \$171 million. We generated net income of \$251 million, which included the following significant non-cash items: a deferred tax expense of \$52 million, depreciation and amortization of \$46 million and stock-based compensation expense of \$8 million. During the period, we also had \$107 million in gains recognized on sale-leaseback transactions and \$1 million of net cash outflows related to hedging. In addition, during the period we had net outflows of \$78 million within other net operating assets and liabilities, which was largely driven by the timing of payments, the most significant of which related to the \$88 million of costs related to a one-time contract ratification incentive payment and payroll-

related taxes and other compensation and benefits-related accruals committed to by us as part of a tentative agreement with ALPA that was reached in December 2018 and approved by the pilots in January 2019, substantially all of which was paid during the first quarter of 2019.

During 2018, net cash provided by operating activities totaled \$189 million. We had net income of \$80 million, which included the following significant non-cash items: depreciation and amortization of \$78 million, stock-based compensation expense of \$26 million, a loss on the sale of our six owned aircraft of \$25 million, a deferred tax benefit of \$72 million and amortization of deferred gains on sale-leaseback transaction of \$18 million. During the period, we had cash outflows from fuel hedging primarily related to premiums paid for new call options for our fuel hedging program, which were offset by proceeds from the settlement of hedges during 2018. In addition, during the period we had net inflows of \$70 million within other net operating assets and liabilities, which was largely driven by the timing of payments, most significant of which was the accrual of approximately \$88 million of costs related to the one-time contract ratification incentive payment and payroll-related taxes and other compensation and benefits-related accruals committed to by us as part of a tentative agreement with ALPA that was reached in December 2018 and approved by the pilots in January 2019, substantially all of which was paid during the first quarter of 2019. This increase, along with the \$15 million increase in our air traffic liability due to our continued growth, was partly offset by heavy maintenance events during the year and the timing of payments.

#### *Investing Activities*

During the year ended December 31, 2020, net cash provided by investing activities totaled \$11 million, driven by net refunds for pre-delivery deposit activity of \$28 million. Additionally, due to the COVID-19 pandemic, we minimized our investments in property and equipment and reduced capital expenditures to \$16 million, along with other investing activity of \$1 million.

During 2019, net cash used in investing activities totaled \$62 million. During the period, we made \$45 million of investments in property and equipment, and made \$17 million of net pre-delivery payments for future aircraft deliveries.

During 2018, net cash used in investing activities totaled \$59 million. During the period, we made net pre-delivery payments of \$35 million for future aircraft deliveries and approximately \$24 million of investments in property and equipment.

#### *Financing Activities*

During the year ended December 31, 2020, net cash provided by financing activities was \$156 million, primarily driven by \$110 million in proceeds from the issuance of long-term debt, net of principal repayments and \$47 million in net proceeds received from sale-leaseback transactions related to A320 family aircraft delivered during 2020. The proceeds from the issuance of long-term debt primarily related to the \$150 million drawn under the Treasury Loan, \$33 million issued under the PSP Promissory Note, partly offset by \$38 million paydown of our pre-paid miles facility with Barclays as a condition precedent to closing on the Treasury Loan facility and \$35 million in repayments of the PDP Financing Facility for aircraft delivered in 2020.

During 2019, net cash used in financing activities was \$39 million. We made distributions of \$159 million to common stockholders and others with participating rights. These outflows were partially offset primarily by \$92 million in net proceeds received from sale-leaseback transactions related to A320 family aircraft delivered during 2019 and \$31 million in net proceeds received from the issuance of long-term debt net of principal repayments.

## [Table of Contents](#)

During 2018, net cash used in financing activities was \$149 million. We made distributions of \$211 million to common stockholders and others with participating rights. We also made \$186 million in principal repayments on long-term debt primarily related to (i) our PDP Financing Facility, and (ii) our floating- and fixed-rate equipment notes related to the six owned aircraft that were sold during the year. We also repaid a \$50 million note payable during the period. These outflows were partially offset by \$152 million in net proceeds received from sale-leaseback transactions related to A320 family aircraft delivered during 2018 and the sale and lease-back of the six owned aircraft during December 2018 and \$146 million in proceeds received from the issuance of long-term debt.

### **Commitments and Contractual Obligations**

Our contractual purchase commitments as of December 31, 2020 include future aircraft and engine acquisitions. Except to the extent set forth in the applicable accompanying footnotes, the table does not include commitments that are contingent on events or other factors that are uncertain or unknown at this time. Due to uncertainty surrounding the timing of delivery of certain aircraft, the amounts in this and the following tables represent our current best estimate; however, the actual delivery schedule may differ from the tables below, potentially materially.

<b>Year Ending</b>	<b>A320neo</b>	<b>A321neo</b>	<b>Total Aircraft</b>	<b>Engines</b>
2021	13	—	13	3
2022	9	5	14	4
2023	—	19	19	2
2024	—	19	19	2
2025	17	8	25	3
Thereafter	50	16	66	9
<b>Total</b>	<b>89</b>	<b>67</b>	<b>156</b>	<b>23</b>

During December 2017, we entered into an amendment to our previously existing master purchase agreement with Airbus. Pursuant to the amendment, we have a commitment to purchase an incremental 100 A320neo and 34 A321neo aircraft which were scheduled to be delivered through 2026. During July 2019, we entered into an amendment to the previously existing master purchase agreement that included the conversion of 15 A320neo aircraft to A321neo aircraft and in December 2020, we entered into an amendment to convert an additional 18 A320neo aircraft to A321neo aircraft, which both also updated the timing of original scheduled delivery dates as reflected in the table above. Additionally, we entered into subsequent amendments that allow us to convert 18 A320neo aircraft to A321XLR aircraft and, therefore, the conversion is not reflected in the table above. The existing and incremental purchase commitments were amended during the fourth quarter of 2020 and are reflected in the table above, with deliveries to occur through 2028.

During April 2020, we entered into an agreement with Pratt & Whitney for a purchase commitment to supply all engines and the related maintenance services for the incremental order book. These deliveries will begin in 2022 and are expected to occur through 2027. In addition, Pratt & Whitney will supply a certain number of spare engines from 2022 through 2029. These commitments are reflected within the table above and in the future commitments below.

## [Table of Contents](#)

The following table includes our contractual obligations as of December 31, 2020, for the periods in which payments are due:

	<u>2021</u>	<u>2022-2023</u>	<u>2024-2025</u>	<u>Thereafter</u>	<u>Total</u>
Long-term debt(1)	\$ 101	\$ 58	\$ 150	\$ 48	\$ 357
Interest commitments(2)	6	10	8	4	28
Operating lease obligations	427	784	704	829	2,744
Flight equipment purchase obligations	683	1,847	2,561	3,898	8,989
Maintenance deposit obligations(3)	3	6	6	12	27
<b>Total</b>	<b><u>\$1,220</u></b>	<b><u>\$ 2,705</u></b>	<b><u>\$ 3,429</u></b>	<b><u>\$ 4,791</u></b>	<b><u>\$12,145</u></b>

(1) Includes principal only associated with our PDP Financing Facility due through 2022, our floating rate building note through 2023, the Treasury Loan through 2025, our affinity card unsecured debt due through 2029, the PSP Promissory Note through 2030. See Note 9 to our consolidated financial statements.

(2) Represents interest on long-term debt.

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

As of December 31, 2020, all 104 aircraft in our fleet were subject to operating leases. These leases expire between 2021 and the end of 2032. Leases for eight of our aircraft could generally be renewed at rates based on fair market value at the end of a lease term for a four-year extension. Prior to our adoption of ASU 2016-02 on January 1, 2019, aircraft leases were classified as operating leases and therefore the obligations associated with those leases were not reflected in our consolidated balance sheets. As of January 1, 2019, all lease liabilities with corresponding right-of-use assets for operating leases have been recognized in the consolidated balance sheets.

### Off-Balance Sheet Arrangements

We have significant obligations for aircraft that are classified as operating leases, which are not reflected in our consolidated balance sheets for periods prior to our adoption of ASU 2016-02 on January 1, 2019. Aircraft rent expense related to operating leases was \$277 million for the year ended December 31, 2018 including supplemental rent expense of \$5 million for maintenance related reserves as required by our lessors that were deemed non-recoverable and \$15 million related to probable lease return condition obligations. As of December 31, 2020, in response to the COVID-19 pandemic, the Company was granted \$33 million in rent payment deferrals which are not included within aircraft rent expense for the year ended December 31, 2020. These payment deferrals will be recognized in 2021 as aircraft and station rent expense as such amounts are paid.

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

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

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

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

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

We have no other off-balance sheet arrangements.

### **Quantitative and Qualitative Disclosure About Market Risk**

We are subject to market risks in the ordinary course of our business. These risks include commodity price risk, specifically with respect to aircraft fuel, as well as interest and foreign exchange rate risk. The adverse effects of changes in these markets could pose a potential loss as discussed below. The sensitivity analysis provided does not consider the effects that such adverse changes may have on overall economic activity, nor does it consider additional actions we may take to mitigate our exposure to such changes. Actual results may differ.

*Aircraft Fuel.* Our results of operations can vary materially due to changes in the price and availability of aircraft fuel and are also impacted by the number of aircraft in use and the number of flights we operate. Aircraft fuel represented approximately 29% of total operating expenses for the years ended December 31, 2018 and 2019 and 21% for the year ended December 31, 2020. 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. Our strategy has been primarily to purchase out-of-the-money call options which are intended to provide protection against a large upward movement in fuel prices, while also allowing us to participate in any material fall in fuel prices. While this has been our strategy, we entered into collars during 2019 that resulted in significant payment in 2020 when the price of fuel went below the put. The fair value of our fuel derivative contracts as of December 31, 2018 and 2019 was a net asset of \$7 million and \$5 million, respectively. As of December 31, 2020, we had no fuel cash flow hedges for future fuel consumption. We had no collateral posted against fuel-related derivatives as of December 31, 2018, 2019, or 2020.

We measure our fuel derivative instruments at fair value, which is determined using standard option valuation models that use observable market inputs including contractual terms, market prices, yield curves, fuel price curves and measures of volatility. Changes in the related commodity derivative instrument cash flows may change by more or less than the fair value based on further fluctuations in futures prices. Outstanding financial derivative instruments expose us to credit loss in the event of non-performance by the counterparties to the agreements. As of December 31, 2020, no assets and liabilities were associated with a fuel and interest rate derivative instruments.

*Interest Rates.* We are subject to market risk associated with changing interest rates, due to LIBOR-based interest rates on our PDP credit facility, floating rate building note, PSP Promissory Note, Treasury Loan and our affinity card advance purchase of mileage credits. With respect to the PDP credit facility, we are 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 the seven or nine year swap rate. As part of our risk management program, we enter into contracts in order to limit the exposure to fluctuations in interest rates. During the year ended December 31, 2019 and 2020, the Company paid upfront premiums of \$10 million and \$4 million, respectively, for the option to enter into and exercise cash settled swaps with a forward starting effective date. As of December 31, 2020, the Company has hedged \$440 million in aircraft rent payments for 11 aircraft to be delivered by the end of the next year.

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

#### **Recent Accounting Pronouncements**

In June 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting* (“ASU 2018-07”). ASU 2018-07 expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 also clarifies that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Revenue from Contracts with Customers (Topic 606). ASU 2018-07 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We adopted the new standard as of January 1, 2019. The adoption of ASU 2018-07 did not have a material impact on our consolidated financial statements during the year ended December 31, 2019 or the year ended December 31, 2020.

In February 2016, the FASB issued ASU 2016-02, *Leases* (“ASU 2016-02”). This ASU and subsequently issued amendments requiring most leases with durations greater than 12 months to be recognized on the balance sheet. The standard is effective for interim and annual reporting periods beginning after December 15, 2018. We adopted the new standard as of January 1, 2019. See Note 10 to our consolidated financial statements for more information.

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



## INDUSTRY BACKGROUND

As of December 31, 2019, there were 10 scheduled airlines of significant size operating in the United States, each with a domestic market share as provided in the table below:

Carrier	Domestic Market share for the year ended December 31, 2019(1)
<b>Big Four Carriers</b>	
American Airlines	19.3%
Delta Air Lines	20.9%
Southwest Airlines	24.1%
United Airlines	13.6%
<b>Middle Three Carriers</b>	
Alaska Airlines	5.1%
Hawaiian Airlines	1.5%
JetBlue Airways	5.1%
<b>Ultra Low-Cost Carriers</b>	
<b>Frontier Airlines</b>	<b>3.3%</b>
Allegiant Travel Company	2.3%
Spirit Airlines	4.7%

(1) Only includes the identified carriers listed above and based on total domestic passengers for the year ended December 31, 2019 according to DOT data, inclusive of mainline and regional operations.

Within these three market share-based categories, these carriers may be further segmented by operating strategy into legacy network airlines, LCCs and ULCCs. As a result of a series of merger transactions, there are presently three very large legacy network carriers in the United States, American Airlines, Delta Air Lines and United Airlines, which together with Southwest Airlines, which classifies itself as an LCC, are commonly referred to as the “Big Four” carriers. There are presently two additional legacy network carriers in the United States, Alaska Airlines and Hawaiian Airlines, which together with JetBlue Airways, which classifies itself as an LCC, are commonly referred to as the “Middle Three” carriers. Finally, there are presently three ULCCs in the United States, Frontier, Allegiant and Spirit.

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

The legacy network carriers supplement their networks by entering into marketing, codeshare and/or joint venture arrangements with other airlines and/or by contracting with regional airlines, such as Air Wisconsin Airlines, Envoy Air (formerly American Eagle), Horizon Air, Mesa Airlines, Republic Airways and SkyWest Airlines. Several regional airlines are wholly-owned subsidiaries of legacy network carriers. Regional airlines generally enter into capacity purchase agreements with one or more major airlines under which the regional airline agrees to use its smaller aircraft to carry passengers booked and ticketed by the major airline between a city served by a major airline and a smaller outlying location. In exchange for such services, the regional airline's capacity purchase agreement with the legacy network carrier typically provides an agreed upon margin on the regional airline's fixed operating costs and passes through variable costs, such as fuel, to the major airline scheduling and selling the seats on the flight. Less commonly, regional airlines receive a pro rata portion of the total fare generated in a given market. While the use of a regional carrier provides a legacy network carrier with the ability to outsource labor at lower rates and access smaller aircraft on less traveled routes, such operations tend to operate with higher unit costs than the mainline operations of the legacy network airlines.

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

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

The emerging category of airlines operating in the United States are carriers that have developed a business model as a ULCC. This operating strategy was pioneered by Ryanair in Europe and was built on the model initially adopted by the LCCs, but combined with a focus on increased aircraft utilization, increased seat density and the unbundling of revenue sources aside from ticket prices with multiple products and services offered for additional cost. ULCCs have significantly lower unit costs than the legacy network carriers and the LCCs. In addition, ULCCs are capable of driving significant increases in passenger volumes as a result of their low fares. The airlines executing ULCC operating strategies in the United States are Allegiant and Spirit, in addition to ourselves. There are also parties who have announced their intention to start-up new ULCC airlines. For the year ended December 31, 2020, Allegiant had revenue of \$1.0 billion and Spirit had revenue of \$1.8 billion, compared to our revenue of \$1.3 billion. Allegiant, Spirit and ourselves ended 2020 with fleets of 95, 157 and 104 aircraft, respectively. Our operating strategy is differentiated from both Allegiant and Spirit, as we incorporate a unique combination of ULCC business attributes. For example, similar to Spirit and unlike Allegiant, we operate a high-utilization model. Similar to Allegiant and unlike Spirit, we operate many routes on a less-than-daily basis and have a significant route network presence outside of large metropolitan airports.

## [Table of Contents](#)

According to the DOT, there were approximately 590 million domestic passenger journeys in the United States during the year ended December 31, 2019, and the five-year (year ended December 31, 2014 to December 31, 2019) compound annual growth rate for domestic passenger journeys was approximately 5.5%.

The ULCC operating strategy is more mature in Europe than it is in the United States. For example, at the time that Spirit adopted a ULCC model in 2007, three European ULCCs, EasyJet, Ryanair and Wizz Air, already had more than 4.5 times the number of aircraft in operation as domestic competitors Allegiant and Spirit. The size of the European ULCCs' operations is evidence of the substantial increases in passenger volumes they have been able to drive since their adoption of ULCC operating models, which first started in the mid-1990s. Over the 15-year period from the end of 2004 to 2019, according to World Bank and public filings of other carriers, total passenger volume in Europe had a compound annual growth rate of approximately 4.8%, of which approximately 76% was attributable to ULCC growth and market stimulation. During the same 15-year period, Europe's three largest consolidated airline groups (International Consolidated Airlines Group ("IAG"), Lufthansa Group and Air France-KLM) and the three European ULCCs grew passengers at a compound annual growth rate of approximately 4.7% and 12.4% respectively. Prior to the COVID-19 pandemic, over the last ten years, this passenger growth has coincided with a period of stability and expanding profitability margins for both the consolidated groups and the ULCCs. According to historic schedule data, the three European ULCCs grew their intra-Europe, excluding Turkey and Russia, market share as measured by seat capacity from approximately 15% in the year ended December 31, 2007 to 24% in the year ended December 31, 2014 and to 30% in the year ended December 31, 2019. In the United States, at the time of Spirit's conversion to the ULCC model in 2007, ULCCs held an approximately 1% domestic United States market share as measured by seat capacity for the year ended December 31, 2007, which, including the conversion of Frontier to the ULCC model in 2014, grew to approximately 4% for the year ended December 31, 2014 and to approximately 8% for the year ended December 31, 2019, which remains significantly below the level of European ULCCs. In addition, according to each airline's most recent fiscal year public filings, European ULCCs, including Ryanair, EasyJet and Wizz Air, had 938 aircraft in operation in 2020, and have had a 9.2% compound annual growth rate in the number of aircraft since 2007. By comparison, U.S. ULCCs had 356 aircraft in 2020 and have had a compound annual growth rate in the number of aircraft of 7.9% since 2007 on a fleet that is less than 40% the size of the European ULCC fleet.

## BUSINESS

### Overview

Frontier Airlines is an ultra low-cost carrier whose business strategy is focused on *Low Fares Done Right*®. We offer flights throughout the United States and to select near international destinations in the Americas. Our unique strategy is underpinned by our low-cost structure and superior low-fare brand. As of December 31, 2020, we had a fleet of 104 narrow-body Airbus A320 family aircraft, and a commitment to purchase 156 A320neo (New Engine Option) family aircraft by the end of 2028. During the years ended December 31, 2019 and 2020, we served approximately 23 million and 11 million passengers, respectively, across a network of approximately 110 airports.

In December 2013, we were acquired by an investment fund managed by Indigo, an affiliate of Indigo Partners, an experienced and successful global investor in ULCCs. Following the acquisition, Indigo reshaped our management team to include experienced veterans of the airline industry with a significant history operating ULCCs. Working with Indigo and supported by a highly productive workforce, our management team developed and implemented our unique *Low Fares Done Right* strategy, which significantly reduced our unit costs, introduced low fares, provided the choice of optional services to our customers, enhanced our operational performance and improved the customer experience. Through the implementation of our new operating model, we have positioned our brand as a leading low-fare airline and had seen a dramatic improvement to our profitability prior to COVID-19.

The implementation of *Low Fares Done Right* has significantly reduced our cost base by increasing aircraft utilization (prior to the COVID-19 pandemic), transitioning our fleet to larger aircraft, maximizing seat density, renegotiating the majority of our distribution agreements, realigning our network, replacing our reservation system, enhancing our website, boosting employee productivity and contracting with third-party specialists to provide us with select operating and other services. As a result of these and other initiatives, we were able to reduce our CASM (excluding fuel) from 7.89¢ for the year ended December 31, 2013 to 5.55¢ for the year ended December 31, 2019, and our Adjusted CASM (excluding fuel) from 7.89¢ for the year ended December 31, 2013 to 5.44¢ for the year ended December 31, 2019, an improvement of 30% and 31%, respectively. For the year ended December 31, 2020, our CASM (excluding fuel) was 7.53¢ and our Adjusted CASM (excluding fuel) was 8.63 ¢, which was principally a result of a reduced aircraft utilization as a result of the COVID-19 pandemic. For a discussion and reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest, please see “Glossary of Airline Terms” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

The COVID-19 pandemic has presented significant challenges to the global airline industry since February 2020. We have experienced a significant decline in demand related to the COVID-pandemic, which has caused a material decline in our revenues and negatively impacted our business, operating results, financial condition and liquidity, with our cash burn being approximately \$2 million per day on average during the year ended December 31, 2020. We have worked diligently to navigate such challenges by implementing disciplined capacity deployment and taking steps to protect liquidity and cash flow, and towards being an industry leader with respect to the implementation of new health and safety initiatives. Due to such efforts, we believe we are well positioned to take advantage of the anticipated demand recovery as vaccine distribution continues. As an example, throughout the pandemic, the U.S. airline industry has seen stronger domestic demand than international demand, and the segments of domestic travel that have recovered fastest have been VFR (visiting friends or relatives) and vacation travel (which together we refer to as leisure travel) in contrast to business travel, both of which are trends that we believe position us to outperform the airline industry as a whole. According to the Airlines Reporting Corporation, for the week ended February 21, 2021, the number of tickets purchased as a percentage of the same time period in 2019 was 54% for online travel agencies with a primary focus on leisure travel, 32% for traditional leisure/other agencies with a primary focus on leisure travel, and 15% for corporate agencies whose primary business model is managed corporate or government travel. We design our route network to

capture low fare demand among leisure travelers and our three largest bases are Denver, Orlando and Las Vegas, which draw a significant proportion of leisure travelers. In the seven months ending February 29, 2020, according to a post-travel survey we conducted, 89% of our customers were leisure travelers. We believe the restrictions and health concerns that have depressed demand during the pandemic are also likely to lead to increased levels of pent-up demand for leisure travel once the effects of the pandemic decrease. As a result, we expect to see a significant recovery in our performance as the U.S. market recovers. Within our current network of approximately 110 airports served, we plan to strategically deploy our capacity where demand is highest during the recovery in order to more quickly return to normal capacity levels. More broadly, after being restricted from travel, we believe many customers will take advantage of the opportunity to travel more in the coming years. We also believe new working patterns and the increasing growth of work from home will lead to increasing numbers of employees choosing to live remotely from their office location. We believe this trend will lead to an increased number of shorter leisure trips by Americans. We believe our low fares, supported by our low cost structure, will enable us to grow our network and take advantage of new demand patterns as they arise. We also believe that we will expand our relative unit cost advantage as compared to those airlines which borrowed more heavily through the pandemic. Furthermore, we believe that low-cost airlines have historically recovered more quickly than the airline industry overall following past crises, including the 1991 Gulf War, the 2001 Terrorist Attacks and the late-2000s Financial Crisis. In the wake of these crises, low-cost airlines have further expanded the magnitude of their superior margin profile and profitability relative to the airline industry as a whole.

The leisure-driven recovery has been evident even pre-vaccine. According to the Airlines Reporting Corporation, for the week ended February 21, 2021, the number of tickets purchased as a percentage of tickets purchased in the same time period in 2019 was 54% for online travel agencies with a primary focus on leisure travel, 32% for traditional leisure/other agencies with a primary focus on leisure travel, and 15% for corporate agencies whose primary business model is managed corporate or government travel. These numbers compare to 7%, 7% and 4%, respectively, for tickets purchased the week ended April 12, 2020, the week of the largest percentage decline in ticket purchases during the pandemic, as a percentage of tickets purchased in the same time period in 2019.

COVID-19 has differentially impacted demand by passenger age with a proportionally greater decrease in demand from older passengers during the pandemic resulting in a lower overall average passenger age as compared to pre-pandemic levels. With elders generally prioritized for early vaccination, to date in 2021, we have observed increases in the share of passengers aged 55+ booking tickets as compared to the share of passengers aged 55+ flown in December 2020.

In addition to low unit costs and our focus on leisure travel, a key component of our *Low Fares Done Right* model has been to attract customers with low fares and garner repeat business by delivering a high value, family-friendly customer experience with a more upscale look and feel than historically experienced on ULCCs globally. For instance, we currently offer flexible optional services through both unbundled and bundled service options. Our bundled options include *The Works*, a hassle-free option that includes a guaranteed seat assignment, carry-on and checked baggage, ticket refundability and changes, and priority boarding, all at an attractive low price and available only on our website, and *The Perks*, which enables customers to book the same amenities included in *The Works*, excluding refundability and ticket changes. We operate a customer-friendly digital platform that includes our website and mobile app, which makes booking and travel easy for our customers. We also promote and sell products in-flight to enhance the customer experience. Our brand and product are family-friendly, featuring popular animals on our aircraft tails, novelty cards for children and we provide certain offers tailored for families including our Kids Fly Free program. We reward our repeat customers through our *Frontier Miles* (formerly *EarlyReturns*) frequent flyer program, and we also offer our *Discount Den* membership program, which provides subscribers with exclusive access to some of our lowest fares. In addition to enhancing the customer experience, these offerings have helped us to increase our ancillary revenues from \$12.80 per passenger in 2013 to \$57.11 per passenger in 2019 and \$62.45 per passenger in 2020.

*Low Fares Done Right* differentiates Frontier from the historical ULCC model by providing a more dependable and higher quality customer service experience than traditionally offered by such carriers. We pioneered this concept in the United States through our disciplined approach to operational integrity and by using a modern fleet with comfortable cabin seating and other amenities, including extra seat padding and our *Stretch* extra space seating option on all of our flights. Our commitment to operational integrity is reflected in our approach to recruiting, workforce training and employee engagement, which we believe enables us to offer a standardized and predictable travel experience. We believe the association of our brand with our ability to achieve a high level of operational performance will continue to differentiate us from the other U.S. ULCCs and enable us to generate greater customer loyalty.

The combination of low unit costs, high quality service and dependability that makes *Low Fares Done Right* successful has enabled us to successfully diversify our network across a wide range of leisure destinations as well as implement a network strategy that primarily targets markets where our low fares stimulate demand. Our current network is geographically diversified across the United States and our top five cities for the year ended December 31, 2020 were Denver (20% of departures), Orlando (11%), Las Vegas (8%), Philadelphia (4%), and Phoenix (3%). As a leisure focused airline, the preferences of our customers allow us to fly a low average frequency to and from individual destinations as our customers are generally not focused on frequency but instead on getting the best value for travel. Our schedule of flights available for sale as of February 2021 includes 335 nonstop routes across a network of approximately 110 airports, at an average frequency of 0.6 flights per day, as compared to an average frequency of 1.8 flights per day for all U.S. carriers of significant size based on publicly available information with each route, on average, representing less than 0.3% of our total capacity.

We believe that using low fares to stimulate demand positions us to benefit from significant growth opportunities, including as the U.S. market recovers from the COVID-19 pandemic. On the 111 routes where we began nonstop service during the second or third quarter of 2017 or the second or third quarter of 2018, and continued to serve for at least three of the six months preceding September in the year following our market entry. DOT data indicates passenger volume grew by approximately 41% in total, as measured by comparing passenger volume in the six months ending September 30<sup>th</sup> in the year prior to our entry (2016 or 2017, respectively) compared to passenger volume in the six months ending September 30<sup>th</sup> in the year after our entry (2018 or 2019, respectively). At the end of those periods, our market share of passenger volumes on such routes was approximately 24% which represented approximately 34% of passenger volumes on such routes during the six-month period prior to our entry into the market. We believe our entry into new markets stimulates substantial passenger volume growth because of our ability to offer significantly lower fares than other airlines. On the same 111 routes noted above. DOT data indicates our average gross fare, including most taxes and fees, was approximately \$67, as compared to an average gross fare of approximately \$148 on all other U.S. airlines of significant size, for the six months ending September 30<sup>th</sup> of the year following our entry.

Based upon our analysis of the most recently available annual DOT data, during the year ended December 31, 2019, passengers on over 273 million U.S. domestic routes paid a fare that was at least 30% above our cost basis per passenger during the same period for the stage length associated with such fares. Such domestic routes were operated by non-ULCCs, are within the range of A320 family aircraft and exclude routes arriving or departing from federally slot-controlled airports, routes operating entirely within the state of Hawaii and routes with a market size of less than 100 passengers per day each way. As a result, and assuming the continued recovery of the U.S. market from the COVID-19 pandemic, we believe that there are a significant number of markets in which we could operate profitably with our low fares, and we believe our entry into such markets could drive substantial passenger growth in those markets.

We believe we are also in a better position than the other U.S. ULCCs to capitalize on this market stimulation opportunity because of our strong presence in high-demand markets and underserved markets, including mid-sized cities. We believe we have an opportunity to provide service on approximately 518 additional domestic routes between airports within our existing network that are not currently served by a ULCC, while Spirit has the opportunity to serve up to approximately 214 additional domestic routes, and Allegiant has the opportunity to serve up to approximately 152 additional domestic routes using the same criteria. Average

industry-wide daily passenger volumes on these opportunity routes the year ended December 31, 2019 were approximately 308,000, 149,000 and 84,000, respectively, based on the most recent available annual DOT data. Such domestic routes are currently not operated by ULCCs, are within the range of A320 family aircraft, and exclude routes arriving or departing from federally slot-controlled airports and routes with a market size of less than 100 passengers per day each way.

According to the DOT, there were approximately 590 million domestic passenger journeys in the United States during the year ended December 31, 2019, and the five-year (year ended December 31, 2014 to December 31, 2019) compound annual growth rate for domestic passenger journeys was approximately 5.5%. Based upon the foregoing, and subject to the U.S. market fully recovering from the COVID-19 pandemic, we believe that over the next 10 years there is an opportunity for U.S. ULCCs to stimulate demand of approximately 159 million incremental annual domestic passengers, as compared to the year ended December 31, 2019, when U.S. ULCCs flew approximately 69 million passengers.

The ULCC operating strategy is more mature in Europe than it is in the United States. For example, at the time that Spirit adopted a ULCC model in 2007, three European ULCCs, EasyJet, Ryanair and Wizz Air, already had more than 4.5 times the number of aircraft in operation as domestic competitors Allegiant and Spirit. The size of the European ULCCs' operations is evidence of the substantial increases in passenger volumes they have been able to drive since their adoption of ULCC operating models, which first started in the mid-1990s. Over the 15-year period from the end of 2004 to 2019, according to World Bank and public filings of other carriers, total passenger volume in Europe had a compound annual growth rate of approximately 4.8%, of which approximately 76% was attributable to ULCC growth and market stimulation. During the same 15-year period, Europe's three largest consolidated airline groups (International Consolidated Airlines Group ("IAG"), Lufthansa Group and Air France-KLM) and the three European ULCCs grew passengers at a compound annual growth rate of approximately 4.7% and 12.4% respectively. Prior to the COVID-19 pandemic, over the last ten years, this passenger growth has coincided with a period of stability and expanding profitability margins for both the consolidated groups and the ULCCs. According to historic schedule data, the three European ULCCs grew their intra-Europe, excluding Turkey and Russia, market share as measured by seat capacity from approximately 15% in the year ended December 31, 2007 to 24% in the year ended December 31, 2014 and to 30% in the year ended December 31, 2019. In the United States, at the time of Spirit's conversion to the ULCC model in 2007, ULCCs held an approximately 1% domestic United States market share as measured by seat capacity for the year ended December 31, 2007, which, including the conversion of Frontier to the ULCC model in 2014, grew to approximately 4% for the year ended December 31, 2014 and to approximately 8% for the year ended December 31, 2019, which remains significantly below the level of European ULCCs. In addition, according to each airline's most recent fiscal year public filings, European ULCCs, including Ryanair, EasyJet and Wizz Air, had 938 aircraft in operation in 2020, and have had a 9.2% compound annual growth rate in the number of aircraft since 2007. By comparison, U.S. ULCCs had 356 aircraft in 2020 and have had a compound annual growth rate in the number of aircraft of 7.9% since 2007 on a fleet that is less than 40% the size of the European ULCC fleet.

## **Our History**

We were incorporated in September 2013 as a newly-formed corporation initially wholly-owned by an investment fund managed by Indigo to facilitate the acquisition of Frontier and its holding company from Republic. That acquisition was completed on December 3, 2013. Following the acquisition, Indigo reshaped our management team to include experienced veterans of the airline industry with significant history operating ULCCs. Working with Indigo, our management team developed and implemented our unique strategy, *Low Fares Done Right*.

Indigo Partners is a private equity fund focused on investing in air transportation companies, with current investments in other ULCC airlines, including JetSMART based in Chile.



## Our Business Model

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

## Our Competitive Strengths

Our competitive strengths include:

**Our Low-Cost Structure.** Our low-cost structure, built around low aircraft ownership cost, fuel efficiency and low operational costs, is our key strategic advantage. Our unit costs, measured by Adjusted CASM including net interest, were among the lowest in the industry for the year ended December 31, 2020. Our Adjusted CASM including net interest, stage length adjusted to 1,000 miles, for the year ended December 31, 2020 was 10.30¢, compared to an average of 16.52¢ for the airlines we refer to as the “Big Four” carriers (American Airlines, Delta Air Lines, Southwest Airlines and United Airlines), an average of 16.25¢ for the airlines we refer to as the “Middle Three” carriers (Alaska Airlines, Hawaiian Airlines and JetBlue Airways), 8.35¢ for Allegiant and 10.00¢ for Spirit, respectively. Comparatively, for the year ended December 31, 2019 prior to the impacts of the pandemic, our Adjusted CASM including net interest, stage length adjusted to 1,000 miles was 7.84¢, compared to an average of 11.70¢ for the big Four carriers, an average of 11.70¢ for the Middle Three carriers, 8.79¢ for Allegiant and 8.09¢ for Spirit, respectively. Our low-cost structure is driven by several factors:

- **High Aircraft Utilization.** Prior to the COVID-19 pandemic, we operated with high aircraft utilization, averaging 12.2 hours per day during the year ended December 31, 2019. This compares to the domestic mainline utilization average of 10.4 hours per day for the Big Four carriers, an average of 10.6 hours per day for Middle Three carriers, and an average of 12.3 and 8.0 hours per day for Spirit and Allegiant, respectively, in each case, as measured for the year ended December 31, 2019. For the year ended December 31, 2020, our aircraft utilization decreased to 8.0 hours per day due to the impacts of the COVID-19 pandemic, including significantly reduced capacity and the related grounding of many of our aircraft.
- **Modern Fleet and Attractive Order Book.** We operate a modern fleet comprised solely of Airbus A320 family aircraft, which are recognized as having high reliability and low operating costs. Operating a single family of aircraft provides us with several operational and cost advantages, including the ability to optimize crew scheduling, training and maintenance. Since 2013, we have steadily reduced the number of A319ceo aircraft (150 seats) in our fleet, replacing them with larger and more fuel-efficient A320ceo aircraft, A320neo aircraft (180 to 186 seats) and A321ceo aircraft (230 seats) and, commencing in 2022, A321neo aircraft (up to 240 seats). As of December 31, 2020, the average age of our fleet was approximately four years and we have taken delivery of 87 new aircraft since the start of 2015. In addition, we have an attractive order book of 156 new, fuel-efficient A320neo family aircraft. As of December 31, 2019, we maintained the youngest average fleet age of any U.S. airline of significant size based on the latest public reports of each carrier and our present fleet plan contemplates maintaining an average fleet age of approximately four years through December 31, 2024. As of December 31, 2019, we believe we had the highest adoption rate of new engine technology aircraft (consisting of the A220, A320neo family, A330neo, A350 and similar aircraft from other manufacturers) (as a percentage of total fleet) among U.S. airlines. Based on currently announced fleet plans, we expect to maintain the highest adoption rate of new engine technology aircraft of any U.S. ULCC in the near term.



- *Fuel-Efficient Fleet.* In 2019, we had the most fuel-efficient fleet of all U.S. carriers of significant size when measured by ASMs per fuel gallon consumed. For the year ended December 31, 2019, ASMs per fuel gallon consumed were 97.5 as compared to the weighted industry average of 68.1 based on public reports of each carrier. The A320neo family aircraft that we continue to place in service are expected to continue delivering approximately 15% improved fuel efficiency compared to the prior generation of A320ceo family aircraft. For the year ended December 31, 2020, our ASMs per fuel gallon consumed increased to 104.5, as a result of grounding our least fuel-efficient aircraft due to the COVID-19 pandemic.
- *High Capacity Fleet.* We increased the seat density on our A319ceo aircraft from 138 seats to 150 seats and the seat density on our prior generation of A320ceo aircraft from 168 seats to 180 seats during 2015. Across our entire fleet, we have increased our average seats per departure from 145 seats in 2013 to 191 seats during the year ended December 31, 2020, a 32% increase. Our entire fleet features new and lightweight slim-line seats, which eliminate excess weight and reduce fuel consumption per seat. As of January 2021, we had the highest seat density per A320ceo/neo and A321ceo aircraft operated by any U.S. airline.
- *Low-Cost Distribution Model.* For the years ended December 31, 2018, 2019 and 2020, approximately 71%, 73% and 76%, respectively, of our tickets were sold directly to customers through our direct distribution channels, including our website and mobile app, our low cost distribution channels. We also reduced our distribution costs per passenger following the renegotiation of the majority of our distribution agreements in 2020.
- *Highly Productive Workforce and Third Party Specialist Providers.* Prior to the COVID-19 pandemic, we had a highly productive workforce which delivered and maintained a high quality of service to our customers, with 4,625 passengers supported per full time equivalent employee for the year ended December 31, 2019. In 2019, we also entered into new collective bargaining agreements with several of our union-represented employee groups. For the year ended December 31, 2020, we had 2,259 passengers supported per full time equivalent employee.
- *Outsourcing Model.* We outsource our non-core functions, including customer call centers, lost bag services, ground handling services and catering services. The outsourcing model not only enables us to provide high quality services at low costs, but also provides flexibility for us to align our costs with capacity and demand.

**Our Brand.** We believe establishing our brand as a leading low-fare airline enhances our ability to generate customer loyalty. The strength of our brand is demonstrated by our significant number of repeat customers. According to a January 2019 survey we conducted with respect to recent customers who had flown with us at least once, 91% of survey respondents were repeat customers and 69% had flown with us two or more times during the previous 12 months. The key features of our brand include:

- Significant customer value delivered through low fares with the choice of reasonably priced unbundled and bundled options, including *The Works* and *The Perks*.
- Family-friendly elements that appeal to a large audience, such as an attentive staff, popular animals on our aircraft tails, novelty cards for children and certain offers tailored for families including our Kids Fly Free program.
- A commitment to sustainability and environmental responsibility, including our position as “America’s Greenest Airline” as measured by fuel efficiency in 2019. Our 2019 fuel savings of 125 million gallons, as compared to the average of other U.S. airlines, per information included in the public reports of each carrier, is equivalent to flying the distance of 130 missions to the moon and back at our 2019 average fuel burn rate, or in carbon savings, equivalent to eliminating 18.6 billion plastic bottles, eliminating 438 billion plastic straws, or the benefit of growing 18 million trees for a decade. In 2017, we moved our headquarters to a LEED Certified building, which was designed to achieve energy savings, water efficiency and lower CO2 emissions.

- Industry leading healthy travel initiatives, including being the only U.S. airline conducting temperature screenings for all passengers and crew prior to boarding.
- A carefully curated aesthetic for our livery, our website and mobile app, uniforms, seat design and on-board products, which are designed to look and feel more upscale than traditional ULCCs.
- A strong online presence with a customer-friendly digital platform that includes our passenger reservation system, improved website and mobile app.
- Our modern fleet with amenities such as extra seat padding and our *Stretch* seating option, which provides a comfortable 33-inch seat pitch.
- An enhanced frequent flyer program, *Frontier Miles*, and *Discount Den* membership program.

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

- A broad geographic footprint, which enables us to service a wide range of VFR and vacation destinations.
- A strong presence in high-demand markets and underserved markets, including mid-sized cities.
- A disciplined and methodical approach to both route selection and the removal of underperforming routes.
- An operational platform that includes nationwide crew and maintenance bases, creating access to lower-risk growth opportunities while maintaining high operational standards and enabling high utilization.
- A codeshare arrangement with Volaris, a ULCC based in Mexico and an affiliate of Indigo Partners, which enables both carriers to sell tickets and connecting itineraries on select routes within the airlines' combined networks. We believe this is the world's first ULCC codeshare arrangement.

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

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

**Low Fares Done Right—Our Business Strategy**

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

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

- Maintaining high utilization levels once the U.S. market recovers from the COVID-19 pandemic.
- Utilizing new generation, fuel-efficient aircraft that deliver lower operating costs compared to prior generation aircraft.
- Increasing the average size and seat capacity of the aircraft in our fleet through the continued introduction and operation of new 186-seat A320neo and up to 240-seat A321neo aircraft, and the exit of A319ceo aircraft.
- Taking a disciplined approach to our operational performance in order to reduce disruption.

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

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

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

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

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

Our largest sources of liquidity as of December 31, 2020 totaled \$963 million and were comprised of:

- Our cash, cash equivalents and restricted cash, of which we had a balance of \$378 million as of December 31, 2020.
- \$424 million available to borrow under the loan we received from the United States Department of the Treasury (the “Treasury Loan”) as of December 31, 2020. The Treasury Loan has a five-year term ending September 28, 2025, is collateralized by our co-branded credit card arrangement and bears an annual interest rate based on adjusted LIBOR plus 2.5%. We may borrow additional amounts in up to two subsequent borrowings until May 28, 2021, subject to satisfaction of certain conditions precedent in the Treasury Loan Agreement, including maintenance of a collateral coverage ratio of 2.0 to 1.0 and compliance with the relevant provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). See “Description of Principal Indebtedness—Treasury Loan Agreement”.
- \$161 million of income tax receivables expected to be collected in 2021, primarily resulting from the net operating losses generated in 2020 and permitted under the CARES Act to be carried back to 2015 and 2016 tax years (pre-Tax Cuts and Jobs Act) in which a federal 35% tax rate applied.

Additionally, subsequent to December 31, 2020, we entered into the Payroll Support Program Extension Agreement (the “PSP2 Agreement”), which provided us with at least an incremental \$140 million in liquidity. We received the first installment in the amount of \$70 million on January 15, 2021.

As of December 31, 2020, our capital structure was comprised of the following (please refer to “Notes to Consolidated Financial Statements - 9. Debt”):

- \$141 million of the available \$150 million under the secured, revolving line of credit from our PDP Financing Facility.
- \$15 million from our pre-purchased miles facility. The facility cannot be extended above \$15 million until full extinguishment of the Treasury Loan pursuant to the CARES Act. Upon full extinguishment of the Treasury Loan, the pre-purchased miles facility amount is to be reset annually based on the aggregate amount of fees payable to us by Barclays on a calendar year basis, up to an aggregate maximum facility amount of \$200 million.
- \$183 million in loans from the CARES Act, comprised of \$150 million under the Treasury Loan, and \$33 million under the PSP Promissory Note.
- \$18 million under the floating rate building note.

### **COVID-19 Response**

The COVID-19 pandemic has and continues to present significant challenges to the global airline industry since February 2020, but we have worked diligently to navigate such challenges by implementing disciplined capacity deployment, and taking steps to protect liquidity and cash flow, and further strengthening our health and safety initiatives.

### **Capacity Recovery**

For the year ended December 31, 2020, our capacity, as measured by available seat miles, declined by approximately 40% as compared to the year ended December 31, 2019. While we experienced a modest uptick in demand during the latter half of the second quarter and into the third and fourth quarters of 2020, demand was negatively impacted by a resurgence of COVID-19 cases in certain domestic markets. The length and severity of

the decline in demand due to the impacts of the COVID-19 pandemic is uncertain and, as such, we expect the adverse impact to persist during 2021. As the pace and breadth of COVID-19 vaccination grows, however, we believe the leisure travel demand recovery will accelerate, particularly during the second half of 2021.

Capitalizing on our low cost structure and leisure travel focus, we plan to deploy capacity at or above pre-pandemic levels as leisure demand recovers, which we expect to occur well in advance of total airline demand returning to pre-pandemic levels.

### **Health & Safety Measures**

We are an industry leader in healthy travel initiatives and are currently the only U.S. airline conducting temperature screenings for all passengers and crew prior to boarding. Anyone with a temperature of 100.4 degrees Fahrenheit or higher is denied boarding as a step to better protect other passengers. Additionally, we have implemented sweeping health and safety enhancements affecting every step of a customer's travel journey with the airline. Such initiatives include requiring face coverings that must be worn by all customers and team members throughout every flight maintaining social distance with signage, boarding process changes, partitions, and a health acknowledgement. Prior to completing check-in via the Company's website or mobile app, passengers are required to confirm that (i) neither they nor anyone in their household has exhibited COVID-19 related symptoms in the 14 days preceding the flight, (ii) they will wash or sanitize their hands before boarding the flight, and (iii) they understand and acknowledge our covering policy and pre-boarding temperature screening policies.

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

### **Our Fares and the Choices We Offer**

We provide low-fare passenger airline service primarily to leisure travelers. Our low fares are designed to stimulate demand from price-sensitive travelers and consist of a base fare, plus taxes and governmental fees. For the years ended December 31, 2018, 2019 and 2020, our total revenue per passenger was \$108.65, \$109.91, and \$111.23, respectively.

We combine our low fares with flexible optional services for an additional cost. Such additional options include carry-on and checked baggage, advance seat selection, our extended-legroom *Stretch* seats, ticket changes and cancellations, refundability, and commissions from the sale of hotel rooms, rental cars and trip insurance. Our bundled options include *The Works*, a hassle-free option that includes a guaranteed seat assignment, carry-on and checked baggage, ticket refundability and changes and priority boarding, all at an attractive low price and available only on our website, and *The Perks*, which enables customers to book the same amenities included in *The Works*, excluding refundability and ticket changes. We also promote and sell products in-flight to enhance the customer experience. In 2016, we also introduced a new convenient onboard payment system that enables customers to bundle products together to save money, make multiple purchases with a single credit card transaction and provide gratuities to our flight attendants. We reward our repeat customers through our *Frontier Miles* (formerly *EarlyReturns*) frequent flyer program and also offer our *Discount Den* membership program, which provides subscribers with exclusive access to some of our lowest fares. In addition to enhancing the customer experience, these offerings have helped us to increase our ancillary revenues from \$12.80 per passenger in 2013 to \$57.11 per passenger in 2019 and \$62.45 per passenger in 2020. Additionally, in the third quarter of 2018, we restructured our change fees, eliminating and reducing certain fees for changes made in advance of departure. Our other revenues also include services such as our *Frontier Miles* affinity credit card program and commissions revenue from the sale of items such as rental cars and hotels.

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

	Year Ended December 31,		
	2018	2019	2020
Fare revenue per passenger	\$ 54.72	\$ 52.80	\$ 48.78
Non-fare passenger revenue per passenger	51.20	54.33	58.66
Other revenue per passenger	2.73	2.78	3.79
Total revenue per passenger	<u>\$ 108.65</u>	<u>\$ 109.91</u>	<u>\$ 111.23</u>

**Route Network**

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

During the year ended December 31, 2020, we served approximately 110 airports throughout the United States and international destinations in the Americas. In addition, during the year ended December 31, 2020, 41% of our flights had Denver International Airport as its origin or destination and approximately 19% of our ASMs were produced on flights departing Denver. The following five cities were the next most significant in terms of share of our ASMs: Orlando (11%), Las Vegas (9%), Philadelphia (4%), Cleveland (3%) and Chicago (3%). Together, these six cities made up a majority of our ASMs. While our primary focus is to capture point-to-point demand on the nonstop routes that we serve, we also sell connecting itineraries, providing us with the opportunity to capture demand across a large number of routes beyond our nonstop footprint.

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



## [Table of Contents](#)

We use publicly available data related to existing traffic, fares and capacity in domestic markets as well as other data sources to identify growth opportunities. To monitor the profitability of each route, we analyze monthly profitability reports as well as actual and forecast advanced bookings. We routinely make capacity adjustments within our network based on the financial performance of our markets, and we discontinue service in markets where we determine that long-term profitability is not likely to meet our expectations.

Since our acquisition in December 2013, we have broadened our network, with 16 of the approximately 110 airports where we operate having nonstop service to 10 or more destinations within our flights available for sale as of February 2021. In addition, as of February 2021, we were one of the top three airlines by number of destinations served in 28 of the approximately 110 airports where we operate. By continuing to add routes between other markets, we expect to leverage our brand and our existing base of loyal customers in these markets to enable us to grow our share of revenue in such markets. We expect to utilize our current footprint to further diversify our route network, provide growth into additional strategic markets and expand our customer base as we gain new customers in such markets. We are not currently pursuing the expansion of our network to, or our existing operations at, any of the three federally slot controlled airports (New York LaGuardia, New York Kennedy, and Washington Reagan National) or any of the locally slot controlled airports in southern California (Orange County and Long Beach). However, if any slots at such airports were to become available on attractive terms, we would assess the viability of our expansion in such markets in a manner consistent with our broader network strategy.

While the COVID-19 pandemic has presented significant challenges to the management of our network, we believe we are well positioned to take advantage of the recovery as a result of our broad current footprint and focus on leisure travel, where the U.S. airline industry has seen strongest domestic demand during the pandemic. In 2021 and beyond, we plan to continue to strategically deploy our capacity where demand is highest during the recovery in order to increase our capacity metrics. While under the CARES Act and our related agreements with the Treasury, we are required to maintain a specified level of scheduled air transportation deemed necessary by the DOT to ensure that all routes we had scheduled air travel to before the COVID-19 pandemic are still served, such added schedule requirements have to date been immaterial in comparison to the routes that we had already planned to operate without the requirements in place, representing approximately 2% of the total ASMs operated by us between May and September 2020. As such, we do not expect them to significantly alter our route network plans.

As a result of the diversification of our network, we believe we are also in a better position than the other U.S. ULCCs to capitalize on current market stimulation opportunities. For instance, based upon our analysis of DOT data for the year ended December 31, 2019, we believe our network is more closely aligned with overall domestic passenger volumes as shown in the table below.

<b>Market Size</b>	<b>Share of total U.S. Domestic Passengers</b>	<b>Share of Frontier Domestic Passengers</b>	<b>Share of Spirit Domestic Passengers</b>	<b>Share of Allegiant Domestic Passengers</b>
Large (over 500 passengers per day each way)	46%	51%	69%	2%
Midsized (between 200 and 499 passengers per day each way)	23%	24%	20%	10%
Small (between 10 and 199 passengers per day each way)	31%	25%	11%	88%

As a result of the wide breadth of our network and extensive airport footprint, we believe we have an opportunity to provide service on approximately 518 additional domestic routes between airports within our existing network that are not currently served by a ULCC, while Spirit has the opportunity to serve up to approximately 214 additional domestic routes, and Allegiant has the opportunity to serve up to approximately 152 additional domestic routes using the same criteria. Average industry-wide daily passenger volumes on these opportunity routes, as reported in DOT data for the year ended December 31, 2019, were approximately 308,000, 149,000 and 84,000, respectively. Such domestic routes are currently not operated by ULCCs, are within the range of A320 family aircraft, and exclude routes arriving or departing from federally slot-controlled airports, and routes with a market size of less than 100 passengers per day each way.

DOT data indicates that the average fare per domestic journey for legacy airlines American, Delta and United in 2019 stood at \$202, with the top 50% of customers paying an average fare of \$294, and the other 50% paying an average of \$110. If 10% of the demand mix shifts from the higher fare to the lower fare, the legacy airlines would need to charge \$140 to lower fare customers in order to maintain the \$202 average fare. Should the mix shift by 20% from the higher fare to the lower fare, the legacy airlines would need to increase the leisure fare to \$162, an increase of \$52 compared to the 2019 level, in order to maintain the \$202 average fare. By comparison, Frontier's average fare per domestic journey using the same DOT data in 2019 stood at \$54, with the average fare for the top 50% standing at \$85 and the other 50% at \$24.

In January 2018, we entered into a codeshare arrangement with Volaris and in August 2018, we began operating scheduled codeshare flights on certain flights with Volaris that are identified by our designator code. Conversely, Volaris is operating scheduled codeshare flights with Frontier, identified by their designator code. Any flight bearing a Frontier code designator that is operated by Volaris is disclosed in our reservations systems and on the customer's flight itinerary, boarding pass and ticket, if a paper ticket is issued. As a result of the Volaris codeshare arrangement, our customers are able to purchase single ticket service on our route network and connect to Volaris' route network. The codeshare arrangement also provides for codeshare fees and revenue sharing for the codeshare flights. See "Certain Relationships and Related Party Transactions—Codeshare Arrangement."

## Competition

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

Our principal competitors on domestic routes are Alaska Airlines, Allegiant, American Airlines, Delta Air Lines, JetBlue Airways, Southwest Airlines, Spirit and United Airlines. There are also parties who have announced their intention to start-up new ULCC airlines. With respect to the Big Four and Middle Three carriers, our principal competitive advantage is our low-cost structure, low base fares and our focus on the leisure traveler. We believe our low-cost structure allows us to price our fares at levels where we can be profitable while the Big Four and Middle Three airlines cannot. We believe the association of our brand with a high level of operational performance differentiates us from the other U.S. ULCCs and enables us to generate greater customer loyalty.

Overall, for the year ended December 31, 2020, the average Adjusted CASM (excluding fuel) of the Big Four carriers was 15.58¢, of the Middle Three was 14.57¢ and of ULCCs was 7.81¢.

The following table summarizes the RASM, Adjusted CASM (excluding fuel) and Adjusted CASM including net interest of the Big Four carriers, Middle Three carriers and ULCCs of significant size in the United States for the year ended December 31, 2019 and 2020. Adjusted CASM including net interest reflects the inclusion of interest expense and income as well as capitalized interest, which takes into account a significant component of the costs of an airline's capital structure and is therefore a useful metric when taken into account in combination with earnings per share. We believe it is appropriate to provide cost data for airlines other than ULCCs because other carriers, including the Big Four and Middle Three, provide alternative service on most of the routes we fly and we believe that our relative cost advantage is a significant economic element that allows us to compete with those carriers while providing attractive fares to our customers.



## Table of Contents

Carrier	Adjusted CASM (Excluding Fuel)(1)(2)		Adjusted CASM + net interest(1)(3)		RASM(1)(4)	
	Year Ended December 31, 2019	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2020
<b>Big Four Carriers</b>						
American Airlines	11.46 ¢	17.69 ¢	15.09 ¢	20.89 ¢	16.05 ¢	12.11 ¢
Delta Airlines	11.47 ¢	15.61 ¢	14.66 ¢	18.65 ¢	16.97 ¢	11.87 ¢
Southwest Airlines	9.62 ¢	11.77 ¢	12.38 ¢	13.88 ¢	14.26 ¢	8.75 ¢
United Airlines	10.44 ¢	17.24 ¢	13.74 ¢	20.58 ¢	15.18 ¢	12.50 ¢
<b>Middle Three Carriers</b>						
Alaska Airlines	8.70¢	12.25 ¢	11.55 ¢	14.37 ¢	13.17 ¢	9.61 ¢
Hawaiian Airlines	9.54¢	18.35 ¢	12.22 ¢	20.86 ¢	13.75 ¢	11.17 ¢
JetBlue Airways	8.44¢	13.12 ¢	11.40 ¢	15.60 ¢	12.68 ¢	9.04 ¢
<b>Ultra Low Cost Carriers</b>						
Frontier Airlines	5.44¢	8.63¢	7.65¢	10.31 ¢	8.92¢	7.37¢
Allegiant Travel Company	6.48¢	6.92¢	9.50¢	9.00¢	11.38 ¢	7.54 ¢
Spirit Airlines	5.55¢	7.89¢	8.08¢	9.85 ¢	9.17¢	6.53¢

- (1) See “Glossary of Airline Terms.” For a reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”
- (2) As formulated by each carrier in its public reports or, if not reported, derived from or based upon information included in such public reports, excluding, among other things, special charges, non-airline business expenses and fuel. Adjusted CASM (excluding fuel) 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.
- (3) Adjusted CASM including net interest is calculated and derived from information included in the public reports of each carrier with certain adjustments, excluding, among other things, special charges and non-airline business expenses, as available. For Frontier, Adjusted CASM including net interest reflects the sum of Adjusted CASM and Net interest expense (income) excluding special items per ASM. Adjusted CASM including net interest 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.
- (4) If not provided by each carrier in its public reports, RASM has been calculated as total operating revenue divided by total available seat miles. RASM 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.

The airline industry is particularly susceptible to price discounting because, once a flight is scheduled, airlines incur only nominal incremental costs to provide service to passengers occupying otherwise unsold seats. Price competition occurs on a market-by-market basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flyer initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to maximize RASM. The prevalence of discount fares can be particularly acute when a competitor has excess capacity that it is under financial pressure to sell. A key element of our competitive strategy is to maintain very low unit costs in order to permit us to compete successfully in price-sensitive markets. However, there can be no assurance that we will be successful in doing so and, given the high levels of excess capacity among U.S. airlines generally as a result of the COVID-19 pandemic, we expect to face significant discounted fares competition as the U.S. market recovers. See also “Risk Factors—Risks Related to Our Industry—The airline industry is exceedingly competitive, and we compete against legacy network carriers, low-cost carriers and other ultra low-cost carriers; if we are not able to compete successfully in our markets, our business will be materially adversely affected.”

Many airlines have marketing alliances and codeshare arrangements with other airlines, under which they market and advertise their status as a marketing alliance, as well as provide for codesharing, frequent flyer program reciprocity, coordinated scheduling of flights to permit convenient connections and other joint marketing activities. We currently do not have any marketing alliances or codeshare arrangements with U.S. or foreign airlines, other than the codeshare arrangement we entered into with Volaris in 2018. Please see “Risk Factors—Risks Related to Our Industry—Our lack of membership in a marketing alliance or codeshare arrangement (other than with Volaris) could harm our business and competitive position.”

## Distribution

We primarily sell our product through direct distribution channels, including our website, mobile app and our call center with our website and mobile app serving as the primary platforms for ticket sales. Approximately 71%, 73% and 76% of our total tickets sold for the years ended December 31, 2018, 2019 and 2020, respectively, were sold directly to our customers through these distribution channels. Sales through our website and mobile app represent our low cost distribution channels.

We also offer the option to purchase tickets through third parties, such as travel agents who access us through GDSs (e.g., Amadeus, Galileo, Sabre and Worldspan) and select OTAs (e.g., Priceline and websites owned by Expedia, including Orbitz and Travelocity). Third-party channels represented approximately 29%, 27% and 24% of sales for the years ended December 31, 2018, 2019 and 2020, respectively. We maintain a zero percent standard commission policy for travel agency bookings worldwide unless local regulations mandate that we pay a commission. We also have agreements with all the leading GDSs. GDSs provide flight schedules and pricing information and allow travel agents to electronically book a flight reservation without separately contacting our reservations facility.

### **Marketing and Brand**

According to a post-travel survey we conducted, in the seven months ending February 29, 2020, 89% of our customers were leisure travelers. Our principal marketing message to our customers is our *Low Fares Done Right* strategy. Consistent with our ULCC business model, we use a simple marketing message to keep marketing costs low and we regularly offer promotional base fares of \$29 or less.

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

In 2014, we redesigned the livery of our aircraft in order to enhance our brand. Our new and improved livery includes our unique and Frontier stylized “F” that was first introduced in 1978, our website address, a large arrow that was first adopted on a fleet of our predecessor’s DC-3s and signature Frontier green color scheme. In addition, each of our aircraft features one of our widely-recognized animals on its tail and is named after such bird or animal. We utilize these animals in several of our online marketing campaigns and on the novelty cards we distribute to children onboard. In 2019, we introduced an initiative to highlighting endangered species on our signature animal tails.

We spent approximately 5.1%, 5.2% and 6.2% as a percentage of total revenues on marketing, brand and distribution during the years ended December 31, 2018, 2019 and 2020, respectively.

### **Loyalty and Membership Programs**

We redesigned and enhanced our *Frontier Miles* frequent flyer program in 2018. The new program includes a number of attractive new customer benefits, including new family pooling benefits and new elite status levels (Elite50K and Elite100K). The *Frontier Miles* World Elite MasterCard is the primary vehicle whereby customers earn mileage credits and our frequent flyer program is geared specifically towards supporting adoption and continued use of the credit card. The credit card now includes higher spending benefits, including the ability to earn bonus mileage credits on Frontier and restaurant purchases. In addition, every card member who spends over a certain threshold on the card in any calendar year receives a Frontier voucher.

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

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

## Customers

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

## Operational Performance

We are committed to delivering excellent operational performance, which we believe will strengthen customer loyalty and attract new customers. The DOT publishes statistics regarding measures of customer satisfaction for domestic airlines, including on-time performance and completion factor. In addition, the DOT can assess civil penalties for failure to comply with certain customer service obligations. We are also periodically subject to audit by the DOT. The ranges of on-time performance and completion factor for the 10 airlines of significant size in the United States ranged from 71.3% to 87.5% and 85.5% to 97.8% and we ranked 6th and 4th, respectively, for the year ended December 31, 2020. According to the DOT, for domestic routes only, our performance under operational performance measures for the years ended December 31, 2018, 2019 and 2020 was as follows:

	Year Ended December 31,		
	2018(3)	2019	2020
On-Time Performance(1)	69.4%	73.1%	83.9%
Completion Factor(2)	98.1%	98.3%	94.9%

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

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

(3) From June to November 2018, we experienced disruptions to our flight operations during our labor negotiations with ALPA, which materially impacted our on-time performance and completion factor. Upon reaching a tentative agreement in December 2018, our flight operations returned to normal.

## Fleet

We fly only Airbus A320 family aircraft, which provides us significant operational and cost advantages compared to airlines that operate multiple fleet types. Flight crews are entirely interchangeable across all of our aircraft, and maintenance, spare parts inventories and other operational support are highly simplified relative to more complex fleets. Due to this commonality among Airbus single-aisle aircraft, we can retain the benefits of a fleet composed of a single type of aircraft while still having the flexibility to match the capacity and range of the aircraft to the demands of each route.

As of December 31, 2020, we had a fleet of 104 Airbus single-aisle aircraft, consisting of four A319ceos, 19 A320ceos, 60 A320neos and 21 A321ceos. The average age of the fleet was approximately four years as of December 31, 2020 and we have taken delivery of 87 new aircraft since the start of 2015. As of December 31, 2020, all 104 aircraft in our fleet were financed under operating leases. As of December 31, 2020, the operating leases for seven, four, six, four and eight aircraft in our fleet were scheduled to terminate during 2021, 2022, 2023, 2024 and 2025, respectively. We intend to replace those 29 aircraft with newly-delivered A320neo family aircraft. In December 2018, we completed the sale-leaseback of our six owned aircraft. As a result, all aircraft in our fleet were financed with operating leases as of December 2018.

We have a firm purchase commitment with Airbus to acquire 156 A320neo (New Engine Option) family aircraft and 23 additional spare aircraft engines by the end of 2028. In response to the COVID-19 pandemic, we

## [Table of Contents](#)

came to an agreement with Airbus to defer four deliveries into 2021. We may elect to supplement these deliveries by additional acquisitions from the manufacturer or in the open market if demand conditions merit. Except to the extent set forth in the applicable accompanying footnotes, the table does not include commitments that are contingent on events or other factors that are uncertain or unknown at this time. Our fleet and engine commitments as of December 31, 2020 were comprised of the following aircraft:

Year Ending	A320neo	A321neo	Total Aircraft	Engines
2021	13	—	13	3
2022	9	5	14	4
2023	—	19	19	2
2024	—	19	19	2
2025	17	8	25	3
Thereafter	50	16	66	9
<b>Total</b>	<b>89</b>	<b>67</b>	<b>156</b>	<b>23</b>

During October 2019, the Company entered into an amendment to the previously existing master purchase agreement that allows the Company to convert 18 A320neo aircraft to A321XLR aircraft and, therefore, the conversion is not reflected in the table above. Additionally, we amended our aircraft delivery order book with Airbus in December 2020 which has been reflected in the chart above.

Our A319ceos equipped with two over-wing exits accommodate 150 passengers (compared to 145 on Spirit, 132 on Delta Air Lines, up to 128 on United Airlines and 128 on American Airlines), our A320ceos/neos accommodate up to 186 passengers (compared to up to 186 on Allegiant, up to 182 on Spirit, up to 162 on JetBlue Airways, 157 on Delta Air Lines, and 150 on Alaska Airlines, United Airlines and American Airlines) and our A321ceos accommodate 230 passengers (compared to 228 on Spirit, up to 200 on JetBlue Airways, 191 on Delta Air Lines and up to 187 on American Airlines).

In December 2018, we accelerated a component of our fleet plan by completing the sale-leaseback of our six owned aircraft, which included four A319ceo aircraft and two A320ceo aircraft. Once the four A319ceo leases terminate in December 2021, we expect that we will no longer operate any A319ceo aircraft and will exclusively operate A320ceo, A320neo, A321ceo and A321neo aircraft moving forward.

### Aircraft Fuel

Aircraft fuel is one of our largest expense representing 29%, 29% and 21% of our total operating costs for the years ended December 31, 2018, 2019 and 2020, respectively. Our entire fleet features new and lightweight slim-line seats, which eliminate excess weight and reduce fuel consumption per seat. For the year ended December 31, 2020, we had the most fuel-efficient fleet of all U.S. carriers of significant size. The price and availability of jet fuel are volatile due to global economic and geopolitical factors as well as domestic and local supply factors. Our historical fuel consumption and costs were as follows:

	Year Ended December 31,		
	2018	2019	2020
Gallons consumed (millions)	261	289	162
Average price per gallon	\$2.25	\$2.22	\$2.08

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

We have historically maintained an active hedging program designed to reduce our exposure to sudden, sharp increases in fuel prices. We regularly review our fuel hedging program and, accordingly, the specific

hedging instruments we use, the amount of our future hedges and the time period covered by our hedge portfolio vary from time to time depending on our view of market conditions and other factors. Among the hedging instruments we have used in the past and may use in the future include swaps and collar contracts on jet fuel, FFPs, which allow us to lock in the price of jet fuel for specified quantities and at specified locations in future periods, and call options. As of December 31, 2020, we had no fuel cash flow hedges for future fuel consumption. Our results for the year ended December 31, 2020 include \$82 million in losses associated with fuel hedges primarily as a result of the precipitous decline in jet fuel prices caused by the COVID-19 pandemic, which created a significant liability position at the settlement of our collar trades. These losses included \$52 million relating to the de-designation of fuel hedges resulting from the COVID-19 pandemic on the fuel quantities where consumption was not deemed probable.

### **Maintenance and Repairs**

We have a FAA mandated and approved maintenance program, which is administered by our technical operations department. Our maintenance technicians undergo extensive initial and recurrent training. Aircraft maintenance and repair consists of routine and non-routine maintenance, and work performed is divided into three general categories: line maintenance, heavy maintenance and component service.

Line maintenance consists of routine daily and weekly scheduled maintenance checks on our aircraft. We categorize our line maintenance into four classes of stations, with each class categorized by the scope and complexity of work performed. The majority of and the most extensive line maintenance we and our specialist partners perform is conducted in Denver, Chicago, Cleveland, Orlando, Atlanta and Las Vegas.

Major airframe maintenance checks consist of a series of more complex tasks that can take from one to four weeks to accomplish and typically are required approximately every 20 months. Engine overhauls and engine performance restoration events are quite extensive and can take two months. We maintain an inventory of spare engines to provide for continued operations during engine maintenance events. We expect to begin the initial planned engine maintenance overhauls on our new engine fleet approximately four to six years after the date of manufacture and introduction into our fleet, with subsequent engine maintenance every four to six years thereafter. Due to our relatively small fleet size and projected fleet growth, we believe contracting with third-party specialists for all of our heavy maintenance, engine restoration and major part repair, is more economical. We have entered into a long-term flight hour agreement for our engine overhaul services and an hour-by-hour basis agreement for component services. We also contract with third-party specialists for our heavy airframe maintenance. These contracts cover the majority of our aircraft component inventory acquisition, replacement and repairs, thereby eliminating the need to carry expensive spare parts inventory.

As of December 31, 2020, the operating leases for seven, four, six, four and eight aircraft in our fleet were scheduled to terminate during the remainder of 2021, 2022, 2023, 2024 and 2025, respectively. In certain circumstances, such operating leases may be extended. Prior to such aircraft being returned to lessors, we will incur costs to restore these aircraft to the condition required by the terms of the underlying operating leases.

We currently have an obligation to purchase 156 aircraft by the end of 2028. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a “maintenance holiday”) because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are required. Once these maintenance holidays expire, these aircraft will require more maintenance as it ages and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. See “Risk Factors—Risks Relating to Our Business—Our maintenance costs will increase over the near term, and we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet.”

## **Human Capital Resources**

As of December 31, 2020, we had 5,005 employees, consisting of 1,589 pilots, 2,587 flight attendants, 28 flight dispatchers, 117 aircraft technicians, 38 aircraft appearance agents, 22 material specialists, 14 maintenance controllers and 610 employees in administrative roles.

FAA regulations require pilots to have commercial licenses with specific ratings for the aircraft to be flown, and to be medically certified as physically fit to fly. FAA and medical certifications are subject to periodic renewal requirements including recurrent training and recent flying experience. Mechanics, quality-control inspectors and flight dispatchers must be certificated and qualified for specific aircraft. Flight attendants must have initial and periodic competency training and qualification. Training programs are subject to approval and monitoring by the FAA. Management personnel directly involved in the supervision of flight operations, training, maintenance, and aircraft inspection must also meet experience standards prescribed by FAA regulations. All safety-sensitive employees are subject to pre-employment, random and post-accident drug testing.

We focus on hiring highly productive employees and, where feasible, designing systems and processes around automation and the utilization of third-party specialists in order to maintain our low-cost base. With respect to pilots, given the pilot shortage being experienced by parts of the industry, particularly regional airlines, one of our operational priorities is to maintain a robust pipeline of qualified pilot candidates. We intend to maintain our pipeline through the continuation of the recruiting and selection arrangements that we have entered into with several regional airlines that are not affiliated with any of the legacy network airlines. Under these mutual recruiting and selection arrangements, we jointly recruit, interview and select candidates to become Frontier pilots after successfully meeting defined training and flight experience requirements with one of the feeder regional airlines. We have found these arrangements to be beneficial to our company because we are able to identify an attractive flow of pilot candidates and to be beneficial to the feeder regional airline because it is better able to recruit entry level pilots if it is able to offer those candidates an opportunity to graduate to a mainline airline, such as Frontier. In addition, under these arrangements, once we have selected a regional airline's pilot for our career development program, the regional airline will not provide such pilot with an opportunity to participate in any similar programs with any other airline. Each of these arrangements is terminable at will by either party upon 60 days' notice. In addition, we believe we are an attractive employer for pilots as a result of our strong growth, which provides our pilots with career progression opportunities and enables them to achieve substantial pay increases under the collective bargaining agreement. For example, as a result of our continuing fleet expansion, First Officers hired since late-2013 have been eligible for upgrade to Captain within 24 to 48 months of joining the company. As of December 31, 2020, our median pilot and flight attendant seniority was approximately five and three years, respectively.

We are committed to providing equal employment opportunities for all persons and prohibiting discrimination in all aspects of our operation, and have established employee business resource groups, including the Women's Leadership Network and the Veterans' Resource Group. We also partner with organizations such as the Latino Pilots Association, Girls in Aviation and RTAG (Rotary to Airline Group) to help foster opportunities and careers in aviation.

## [Table of Contents](#)

As of December 31, 2020, approximately 88% of our employees were represented by labor unions under collective-bargaining agreements. The table below sets forth our employee groups and status of the collective bargaining agreements with each as of December 31, 2020:

<b>Employee Groups</b>	<b>Number of Employees</b>	<b>Representative</b>	<b>Status of Agreement/ Amendable Date</b>
Pilots	1,589	Air Line Pilots Association (ALPA)	Amendable January 2024
Flight Attendants	2,587	Association of Flight Attendants (AFA-CWA)	Amendable May 2024
Dispatchers	28	Transport Workers Union (TWU)	Amendable December 2021
Material Specialists	22	International Brotherhood of Teamsters (IBT)	Amendable March 2022
Aircraft Appearance Agents	38	IBT	Amendable October 2023
Maintenance Controllers	14	IBT	Amendable October 2023
Aircraft Technicians	117	IBT	Amendable March 2024

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

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

In March 2016 and July 2015, our collective bargaining agreements with our pilots, represented by ALPA, and our flight attendants, represented by AFA, respectively, became amendable. In December 2018, we and the pilots, represented by ALPA, reached a tentative agreement, which was subsequently approved by the pilots and became effective in January 2019. The agreement has a term of five years and includes a significant increase in the annual compensation of our pilots as well as a one-time ratification incentive payment to our pilots of \$75 million plus applicable payroll taxes. We entered into NMB mediation with the union representing our flight attendants, AFA-CWA, in July 2017 and in March 2019 we reached a tentative agreement, which was ratified in May 2019.

## **Safety and Security**

We are committed to the safety and security of our passengers and employees. Some of the safety and security measures we have taken include: aircraft security and surveillance, positive bag matching procedures, enhanced passenger and baggage screening and search procedures, and securing of cockpit doors. We strive to comply with or exceed health and safety regulation standards. In pursuing these goals, we maintain an active aviation safety program and all of our personnel are expected to participate in the program and take an active role in the identification, reduction and elimination of hazards.

Our ongoing focus on safety relies on training our employees to proper standards and providing them with the tools and equipment they require so they can perform their job functions in a safe and efficient manner. Safety in the workplace targets several areas of our operation including: flight operations, maintenance, in-flight, dispatch, and station operations.

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

We are also an industry leader in healthy travel initiatives and are currently the only U.S. airline conducting temperature screenings for all passengers and crew prior to boarding. Anyone with a temperature of 100.4 degrees Fahrenheit or higher is denied boarding as a step to better protect other passengers while flying. Additionally, we have implemented sweeping health and safety enhancements affecting every step of a customer's travel journey with the airline. Such initiatives include requiring face coverings that must be worn by all customers and team members throughout every flight and a health acknowledgement. Prior to completing check-in via our website or mobile app, passengers are required to confirm that (i) neither they nor anyone in their household has exhibited COVID-19 related symptoms in the 14 days preceding the flight, (ii) they will wash or sanitize their hands before boarding the flight, and (iii) they understand and acknowledge the airline's face covering policy and pre-boarding temperature screening policies.

## **Facilities**

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

We primarily operate out of Concourse A at Denver International Airport under an operating lease that expires in December 2021 with two one year extension options. We currently use up to eleven gates within Concourse A. We have preferential access to nine of the Concourse A gates and common use access to the remaining two Concourse A gates. Our operating lease also includes a 154,900 square foot hangar, which includes office space and is where we provide certain maintenance on our aircraft.

Our second largest operation is at Terminal A at Orlando International Airport, where we operate under an airport lease agreement that provides us with the preferential use of five airport gates and access to up to two additional common-use gates. Our lease agreement extends through September 2024.

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



## **Insurance**

We maintain insurance policies we believe are of the types customary in the airline industry and as required by the DOT, lessors and other financing parties. The policies principally provide liability coverage for public and passenger injury; damage to property; loss of or damage to flight equipment; fire; auto; directors' and officers' liability; advertiser and media liability; cyber risk liability; fiduciary; workers' compensation and employer's liability; and war risk (terrorism). Although we currently believe our insurance coverage is adequate, we cannot assure you that the amount of such coverage will not be changed or that we will not be forced to bear substantial losses from accidents.

## **Foreign Ownership**

Under federal law and DOT policy, we must be owned and controlled by U.S. citizens. The restrictions imposed by federal law and DOT policy currently require that at least 75% of our voting stock must be owned and controlled, directly and indirectly, by persons or entities who are U.S. citizens, as defined in 49 U.S.C. § 40102(a)(15), that our president and at least two-thirds of the members of our board of directors and other managing officers be U.S. citizens, and that we be under the actual control of U.S. citizens. In addition, at least 51% of our total outstanding stock must be owned and controlled by U.S. citizens and no more than 49% of our stock may be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens and are from countries that have entered into "open skies" air transport agreements with the U.S. which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. We are currently in compliance with these ownership provisions. For a discussion of the procedures we instituted to ensure compliance with these foreign ownership rules, please see "Description of Capital Stock—Anti-Takeover Provisions of Our Certificate of Incorporation and Bylaws—Limited Ownership and Voting by Foreign Owners."

## **Government Regulation**

### ***Aviation Regulation***

The DOT and FAA have regulatory authority over air transportation in the United States. The DOT has authority to issue certificates of public convenience and necessity, exemptions and other economic authority required for airlines to provide domestic and foreign air transportation. International routes and international codesharing arrangements are regulated by the DOT and by the governments of the foreign countries involved. A U.S. airline's ability to operate flights to and from international destinations is subject to the air transport agreements between the United States and the foreign country and the carrier's ability to obtain the necessary authority from the DOT and the applicable foreign government. Our codeshare arrangement with Volaris is subject to regulatory oversight in the United States and Mexico. In the United States, we received a Statement of Authorization from the DOT in June 2018 to display Volaris' designator on flights operated by us under the Codeshare Agreement. Likewise, in Mexico, codeshare authority was granted to Frontier by the Dirección General de Aeronáutica Civil (the "DGAC") in June 2018 to display Frontier's designator on flights operated by Volaris.

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

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

### ***Airport Access***

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

### ***Consumer Protection Regulation***

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

### ***Security Regulation***

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

### ***Environmental Regulation***

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

In particular, in June 2015, the EPA issued revised underground storage tank regulations that could affect airport fuel hydrant systems and reissued the Multi-Sector General Permit for Stormwater Discharges from

Industrial Activities. Among other revisions, the reissued permit incorporates the EPA's previously issued Airport Deicing Effluent Limitation Guidelines and New Source Performance Standards. In addition, California adopted a revised State Industrial General Permit for Stormwater Discharges on April 1, 2014, which became effective July 1, 2015. This permit places additional reporting and monitoring requirements on permittees and requires implementation of mandatory best management practices. Cost estimates to comply with the above permitting requirements have not been defined, but we, along with other airlines, would share a portion of these costs at applicable airports. In addition to the EPA and state regulations, several U.S. airport authorities are actively engaged in efforts to limit discharges of de-icing fluid to the environment, often by requiring airlines to participate in the building or reconfiguring of airport de-icing facilities. Such efforts are likely to impose additional costs and restrictions on airlines using those airports.

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

#### *GHG Emissions*

Concern about climate change and greenhouse gases may result in additional regulation or taxation of aircraft emissions in the United States and abroad. In particular, in June 2015, the EPA announced a proposed endangerment finding that aircraft engine GHG emissions cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare. If the EPA makes a final, positive endangerment finding, the EPA is obligated under the Clean Air Act to set GHG emissions standards for aircraft. Several states are also considering or have adopted initiatives to regulate emissions of GHGs, primarily through the planned development of GHG emissions inventories and/or regional cap-and-trade programs. On March 6, 2017, ICAO adopted new carbon dioxide certification standards for new aircraft beginning in 2020. The new CO<sub>2</sub> standards will apply to new aircraft type designs from 2020, and to aircraft type designs already in production as of 2023. In-production aircraft that do not meet the standard by 2028 will no longer be able to be produced unless their designs are modified to meet the new standards. In January 2021, the EPA finalized GHG emission standards for new aircraft engines designed to implement the ICAO standards on the same timeframe contemplated by ICAO. Like the ICAO standards, the final EPA standards would not apply to engines on in-service aircraft. The final standards have been challenged by several states and environmental groups, and the Biden administration has announced plans to review these final standards along with others issued by the prior administration. The outcome of the legal challenge and administrative review cannot be predicted at this time.

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

In addition, we are subject to the requirements of CORSIA, an international, market-based emissions reduction program adopted by ICAO in 2016. CORSIA is intended to achieve carbon-neutral growth in the international aviation sector from 2021 through 2035 by requiring airlines to compensate for the growth in CO<sub>2</sub> emissions, relative to a predetermined baseline, of a significant majority of international flights through the purchase of carbon offsets or the use of low-carbon fuels. For each year from 2021 through 2029, CORSIA requires each airline to compensate for the rate of growth of the CO<sub>2</sub> emissions of the aviation sector as a whole as determined by ICAO. Starting in 2030, CORSIA will require airlines to compensate for growth in CO<sub>2</sub> emissions using a formula determined by ICAO that will combine the growth in aviation sector emissions and the growth in the individual airline's emissions, with the proportion of the latter rising from at least 20 percent over the period 2030-2032 to at least 70 percent over the period 2033-2035.

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

At this time, the costs of complying with our future obligations under CORSIA are uncertain, primarily because of the difficulty in estimating the return of demand for international air travel in the recovery from the pandemic. There is also significant uncertainty with respect to the future supply and price of carbon offset credits and sustainable or lower carbon aircraft fuels that could allow us to reduce our emissions of CO<sub>2</sub>. In addition, as described above, we will not directly control our CORSIA compliance costs because our compliance obligations through 2029 are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for individual airline operator emissions growth starting in 2030.

#### *Noise*

Federal law recognizes the right of airport operators with special noise problems to implement local noise abatement procedures so long as those procedures do not interfere unreasonably with interstate and foreign commerce and the national air transportation system, subject to FAA review under the Airport Noise and Capacity Act (ANCA) of 1990. These restrictions can include limiting nighttime operations, directing specific aircraft operational procedures during take-off and initial climb and limiting the overall number of flights at an airport. While we have had sufficient scheduling flexibility to accommodate local noise restrictions in the past, our operations could be adversely impacted if locally imposed regulations become more restrictive or widespread.

#### ***Other Regulations***

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

#### ***Future Regulations***

The U.S. government and foreign governments may consider and adopt new laws, regulations, interpretations and policies regarding a wide variety of matters that could directly or indirectly affect our results of operations. We cannot predict what laws, regulations, interpretations and policies might be considered in the future, nor can we judge what impact, if any, the implementation of any of these proposals or changes might have on our business.

#### ***Legal Proceedings***

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

**MANAGEMENT**

The following table provides information regarding our executive officers and directors as of December 31, 2020:

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
<b>Non-Employee Directors</b>		
William A. Franke (2)(3)	83	Chairman of the Board
Andrew S. Broderick (1)	36	Director
Josh T. Connor (1)	46	Director
Brian H. Franke (3)	57	Director
Robert J. Genise (2)(3)	73	Director
Bernard L. Han (1)(3)	56	Director
Michael R. MacDonald (1)	69	Director
Patricia Salas Pineda (2)(3)	69	Director
Alejandro D. Wolff (2)	64	Director
<b>Executive Officers and Employee Director</b>		
Barry L. Biffle	48	Director, President and Chief Executive Officer
James G. Dempsey	45	Executive Vice President and Chief Financial Officer
Howard M. Diamond	53	Senior Vice President, General Counsel and Secretary
Mark C. Mitchell	47	Chief Accounting Officer
Daniel M. Shurz	45	Senior Vice President, Commercial
Jake F. Filene	50	Senior Vice President, Customers
Trevor J. Stedke	50	Senior Vice President, Operations

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and corporate governance committee.

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

**Non-Employee Directors**

**William A. Franke** has served as Chairman of our Board of Directors since December 2013. Mr. Franke has served as managing partner of Indigo Partners LLC, a private equity fund focused on air transportation, since 2002. Mr. Franke was the chairman of America West Airlines, Inc., an airline later absorbed into a predecessor of American Airlines, from 1992 to 2001 and chief executive officer of America West Airlines from 1993 to 2001. He has served as chairman of the boards of directors of Wizz Air Holdings Plc, an airline based in Europe, since February 2005, and JetSMART Holdings Limited, the parent company of an airline based in South America, since February 2017, and has served on the board of directors of Concesionaria Vuela Compañía de Aviación, S.A.B. de C.V., an airline based in Mexico doing business as Volaris, since July 2010. Mr. Franke has also served on the boards of Enerjet Holdco, Inc., the holding company of an airline based in Canada, since December 2018, and APiJET, LLC, a software company focused on providing real-time cost saving analytics to airlines, since November 2020. He also served as chairman of Spirit Airlines, Inc. from 2006 to 2013 and Tiger Aviation Pte. Ltd, a Singapore-based airline, from 2004 to 2009, and held directorships in Alpargatas S.A.I.C., an Argentina-based footwear and textiles manufacturer, from 1996 to 2007, and Phelps Dodge Corporation, a mining company, where he served as the lead outside director for several years, from 1980 to 2007. He previously served on a number of other publicly listed company boards of directors, including ON Semiconductor, Valley National Corporation, Southwest Forest Industries, Circle K Corporation, and Beringer Wine Estates Holdings, Inc. Mr. Franke holds a B.A. and an LLB from Stanford University and an honorary

doctorate from Northern Arizona University. We believe Mr. Franke is qualified to serve on our Board of Directors due to his private equity experience in the air transportation industry, his prior directorships, his financial literacy and his general and airline business experience.

**Andrew S. Broderick** has served as a member of our Board of Directors since January 2018. Mr. Broderick is a managing director of Indigo Partners LLC, a private equity fund focused on air transportation, which he joined in July 2008. Mr. Broderick has served on the boards of directors of Wizz Air Holdings Plc, an airline based in Europe, since April 2019; JetSMART Airlines SpA, an airline based in Chile, since September 2018; and APiJET, LLC, a software company focused on providing real-time cost saving analytics to airlines, since November 2020. Additionally, he has served as an alternate on the board of directors for Concesionaria Vuela Compania de Aviacion, S.A.B. de C.V., an airline based in Mexico doing business as Volaris, since July 2010. Prior to joining Indigo, Mr. Broderick was employed at a macroeconomic hedge fund and a stock-option valuation firm. Mr. Broderick holds a B.S. in Economics and a B.A. in Spanish from Arizona State University and an M.B.A. from the Stanford Graduate School of Business. We believe Mr. Broderick is qualified to serve on our Board of Directors due to his experience in the airline industry, financial expertise and general and airline business experience.

**Josh T. Connor** has served as a member of our Board of Directors since August 2015. Mr. Connor is the founding partner of Connor Capital SB, LLC, an investment firm founded in December 2015. Since April 2017, he has served as a managing director and co-portfolio manager of infrastructure investing at Oaktree Capital Management, an asset management firm specializing in alternative investment strategies. From October 2013 to July 2015, Mr. Connor served as a managing director and co-head of the industrials banking group at Barclays Capital Inc., an international investment bank. While at Barclays, Mr. Connor also served as global head of transportation banking from April 2011 to October 2013. Prior to joining Barclays, Mr. Connor was with Morgan Stanley, an international investment bank, for 15 years, where he served as co-head of the global transportation and infrastructure investment banking group. Mr. Connor has served on the board of Copa Holdings SA, the parent company of Panamanian airline Copa Airlines, since January 2016, on the board of managers of Watco Companies LLC since December 2018 and as chairman of the board of Neighborhood Property Group, LLC since November 2020. Mr. Connor holds a B.A. in Economics from Williams College. We believe Mr. Connor is qualified to serve on our Board of Directors due to his private equity experience, his financial expertise and general business experience.

**Brian H. Franke** has served as a member of our Board of Directors since December 2013. Mr. Franke has been a principal of Indigo Partners LLC, a private equity fund focused on air transportation, since April 2004. Mr. Franke has served on the boards of directors of Concesionaria Vuela Compañía de Aviación, S.A.B. de C.V., an airline based in Mexico doing business as Volaris, since July 2010, including as board chair since April 2020; several entities within the JetSMART SpA group, an airline based in South America, since March 2017; and APiJET, LLC, a software company focused on providing real-time cost saving analytics to airlines, since November 2020. He previously served on the boards of Tiger Aviation Pte. Ltd, a Singapore-based airline, from 2008 to 2010, and Tiger Airways Australia Pty Ltd., an Australian-based airline, from 2009 to 2010. Mr. Franke also serves on the University of Arizona Foundation board and its investment committee. Mr. Franke holds a B.S. from the University of Arizona and a Masters of International Management from the Thunderbird School of Global Management. We believe Mr. Franke is qualified to serve on our Board of Directors due to his experience in the airline industry and general and airline business experience.

**Robert J. Genise** has served as a member of our Board of Directors since March 2014. Mr. Genise has served as chairman of the board and manager of White Oak Aviation Management Services, LLC, an aircraft leasing and finance company, since January 2020. He has served on the board of directors of ALOFT AeroArchitects, formerly PATS Aircraft Systems, an aviation engineering and aircraft interiors company, since July 2014. Mr. Genise previously served as a board member of Aergen Aviation Finance Limited, a Dublin, Ireland aircraft leasing company, and served as chief executive officer of its wholly-owned subsidiary, Aergen Management Services, Inc., from 2014 to February 2019. Prior to this, Mr. Genise served as chief executive

officer of DAE Capital, the aircraft leasing division of Dubai Aerospace Enterprise (DAE) Ltd., a global aerospace corporation, from 2007 to 2011. Mr. Genise was previously involved in the creation of two large aircraft leasing companies, Boulliou Aviation Services, Inc. and Singapore Aircraft Leasing Pte. Mr. Genise holds a B.A. from New York University, an M.B.A. from the University of Connecticut and a J.D. from Pace University. We believe Mr. Genise is qualified to serve on our Board of Directors due to his experience in the airline industry and general and airline business experience.

**Bernard L. Han** has served as a member of our Board of Directors since March 2014. Mr. Han has served as president and chief executive officer and a member of the board of directors of Frontier Communications Corporation, a nationwide telecommunications provider, since December 2019. In December 2020, Frontier Communications Corporation announced that Mr. Han would step down from his position as president and chief executive officer effective March 1, 2021, but would remain a member of the board of directors. He previously served as executive vice president of strategic planning at Dish Network Corp., a broadcast satellite service provider, from December 2015 to January 2018. Prior to that, Mr. Han served as the chief operating officer of Dish Network Corp. from April 2009 to December 2015 and as the chief financial officer of EchoStar Corporation, a global satellite services provider, from September 2006 to April 2009. He also served on the board of ON Semiconductor Corporation, a semiconductor manufacturer, from March 2012 to April 2015. From 2002 to 2005, Mr. Han served as the chief financial officer and executive vice president of Northwest Airlines Corp., an airline later absorbed into Delta Air Lines, Inc. From 1996 to 2002, Mr. Han held several executive positions at America West Airlines, Inc., an airline later absorbed into American Airlines, including executive vice president and chief financial officer and senior vice president of marketing and planning. From 1988 to 1995, Mr. Han held various finance and marketing positions at Northwest Airlines Corp. and American Airlines. Mr. Han holds a B.S., M.S. and M.B.A., all from Cornell University. We believe Mr. Han is qualified to serve on our Board of Directors due to his experience in the airline industry, financial expertise and general and airline business experience.

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

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

California, Berkeley. We believe Ms. Pineda is qualified to serve on our Board of Directors due to her expertise in governmental relations and regulatory oversight, corporate governance and human resources matters.

**Alejandro D. Wolff** has served as a member of our Board of Directors since July 2019. Mr. Wolff previously served as a managing director of Gryphon Partners LLC, a global advisory firm, from January 2014 to June 2016. Prior to that, Mr. Wolff spent thirty-four years with the U.S. Department of State, including posts as the U.S. Ambassador to the Republic of Chile (2010-2013) and U.S. Ambassador to the United Nations (2005-2010), before retiring in 2013 with the rank of Career Minister. Mr. Wolff has served on the boards of directors of Albemarle Corporation, a specialty chemicals company, since 2015, and JetSMART Holdings, a low-cost air carrier based in South America, since 2017. Mr. Wolff was previously a director of PG&E Corporation, an electric and gas utility in northern California, from April 2019 to June 2020, and of Versum Materials, a semiconductor materials company, from October 2016 to October 2019. Mr. Wolff holds a B.A. from the University of California at Los Angeles. We believe Mr. Wolff is qualified to serve on our Board of Directors due to his expertise in governmental relations and corporate governance.

#### **Executive Officers and Employee Director**

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

**James G. Dempsey** has served as our Executive Vice President and Chief Financial Officer since December 2019 and as our Chief Financial Officer since May 2014. From July 2006 to April 2014, Mr. Dempsey served as treasurer at Ryanair Holdings PLC. From 2003 to 2006, Mr. Dempsey served as head of investor relations at Ryanair. Prior to this, Mr. Dempsey served in various management roles with PricewaterhouseCoopers from 2000 to 2003. Mr. Dempsey holds a Bachelor of Commerce Degree from the University College Dublin and is a fellow of the Institute of Chartered Accountants in Ireland.

**Howard M. Diamond** has served as our Senior Vice President, General Counsel and Corporate Secretary since July 2014. Mr. Diamond served as vice president, general counsel and corporate secretary of Thales USA, Inc., a diversified aerospace, defense and transportation company, from January 2008 to July 2014. Prior to that, Mr. Diamond served as chief counsel at BAE Systems Land and Armaments, f/k/a United Defense, LP from 2003 to 2008. Mr. Diamond began his legal career as an officer in the U.S. Army JAG Corps from 1994 to 1997, after which he served as a litigation associate from 1997 to 2001 at the law firm of Sherman & Howard. Mr. Diamond holds a B.A. from Wesleyan University and a J.D. from the University of Virginia School of Law.

**Mark C. Mitchell** has served as our Chief Accounting Officer since September 2015. From February 2007 to September 2015, Mr. Mitchell served in various leadership capacities for Starwood Hotels and Resorts Worldwide, Inc., or SHRW, a hotel and leisure company, including serving as the vice president, accounting (SHRW) from 2013 to 2015 and as the controller for Starwood Vacation Ownership, Inc., the timeshare brand of SHRW, from 2007 to 2015. Prior to this, Mr. Mitchell served in various controllership capacities at Equitable Resources, Inc. and HD Supply, Inc. from 2002 to 2006 and also held various roles at Deloitte LLP from 1995 to 2002, including that of audit manager. Mr. Mitchell is a CPA and holds a B.S. in Accounting from Indiana University and an M.B.A. from the University of Florida.

**Daniel M. Shurz** has served as our Senior Vice President, Commercial since January 2012. Mr. Shurz also served as our Vice President, Strategy and Planning from June 2009 to January 2012. Prior to that, Mr. Shurz



## [Table of Contents](#)

served as vice president, network planning from August 2006 to April 2009 and director, business development from May 2005 to August 2006 at Air Canada. Mr. Shurz also served in various roles at United Airlines from 1996 to 2001. Mr. Shurz holds a B.A. from Cambridge University and an M.B.A. from the University of Chicago Booth School of Business.

**Jake F. Filene** has served as our Senior Vice President, Customers since March 2019. Prior to serving in this role, Mr. Filene served as our Deputy Chief Operating Officer since joining us in July 2017. Mr. Filene served as vice president, airport services and corporate real estate at Spirit Airlines, Inc. from January 2016 to June 2017, also holding that position from January 2012 to June 2013. He previously served as Spirit's vice president, airport and inflight services from July 2013 to December 2015. Mr. Filene holds a B.A. from Vassar College and an M.B.A. from the University of North Carolina at Chapel Hill.

**Trevor J. Stedke** has served as our Senior Vice President, Operations since April 2019. Prior to this, he served as vice president, aircraft technical operations for Southwest Airlines from June 2012 until September 2018. Mr. Stedke has served as an Engineering Advisory Board member for Embry-Riddle Aeronautical University since June 2014. Mr. Stedke holds a B.S. in Aviation Engineering/Atmospheric Science from the Ohio State University and an M.S. in Engineering Management from the Christian Brothers University.

### **Board Composition**

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

- The Class I directors are Messrs. W. Franke and Connor and Ms. Pineda, and their terms will expire at the annual general meeting of stockholders to be held in 2022;
- The Class II directors are Messrs. Han, MacDonald, Broderick and Wolff, and their terms will expire at the annual general meeting of stockholders to be held in 2023; and
- The Class III directors are Messrs. Biffle, B. Franke and Genise, and their terms will expire at the annual general meeting of stockholders to be held in 2024.

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

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

An investment fund managed by Indigo owns more than 50% of our outstanding voting securities and we are therefore considered a "controlled company" within the meaning of the Nasdaq Stock Market rules. Following the consummation of this offering, we expect to remain a "controlled company" and we intend to rely upon the "controlled company" exception to the board of directors and committee independence requirements under the Nasdaq Stock Market rules. Pursuant to this exception, we will be exempt from the rules that would

otherwise require that our board of directors be comprised of a majority of independent directors and that our compensation and nominating and corporate governance committees be composed entirely of independent directors. The “controlled company” exception does not modify the independence requirements for the audit committee, and we expect to rely on certain phase-in provisions to comply with the requirements of the Sarbanes-Oxley Act and the Nasdaq Stock Market rules, requiring that our audit committee be comprised exclusively of independent directors within one year of this offering.

Our board of directors has undertaken a review of the independence of each director and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our board of directors determined that Messrs. Connor, Han, Genise, MacDonald, Wolff and Ms. Pineda are “independent directors” as defined under the applicable rules and regulations of the SEC and the Nasdaq Stock Market.

#### **Family Relationships**

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

#### **Leadership Structure**

We have historically separated the roles of CEO and Chairman of the Board in recognition of the differences between the two roles. The CEO is responsible for setting our strategic direction and our day-to-day leadership and performance, while the Chairman of the Board provides guidance to the CEO, sets the agenda for board meetings and presides over meetings of the full board of directors.

#### **Board Committees**

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

#### ***Audit Committee***

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

### ***Compensation Committee***

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

In order for our compensation committee to continue to make recommendations or determinations with respect to executive compensation, such committee must be composed of a majority of independent directors within 90 days from the date our common stock is listed on the Nasdaq Stock Market and entirely of independent directors within one year from the date our common stock is listed on the Nasdaq Stock Market. However, if we remain or become a “controlled company,” we will qualify for, and expect to rely on, exemptions from the Nasdaq Stock Market corporate governance requirements that require such committee to be composed entirely of independent directors. Our board of directors has affirmatively determined that each of Messrs. Genise and Wolff and Ms. Pineda meets the definition of “independent director” for purposes of the Nasdaq Stock Market listing rules and is and will be a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act.

### ***Nominating and Corporate Governance Committee***

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

In order for our nominating and corporate governance committee to continue to make recommendations or determinations with respect to the composition of our board, such committee must be composed of a majority of independent directors within 90 days from the date our common stock is listed on the Nasdaq Stock Market and entirely of independent directors within one year from the date our common stock is listed on the Nasdaq Stock Market. However, if we remain or become a “controlled company,” we will qualify for, and expect to rely on, exemptions from the Nasdaq Stock Market corporate governance requirements that require such committee to be composed entirely of independent directors. Our board of directors has affirmatively determined that each of Mr. Genise and Ms. Pineda meets the definition of “independent director” for purposes of the Nasdaq Stock Market listing rules.

### ***Compensation Committee Interlocks and Insider Participation***

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

## **Code of Ethics**

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

## **Limitation of Liability and Indemnification**

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

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

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

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation, amended and restated bylaws and indemnification agreements may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. Our amended and restated certificate of incorporation provides that any such lawsuit must be brought in the Court of Chancery of the State

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

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

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

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

Our NEOs for fiscal year 2020 were as follows:

- Barry L. Biffle, President and Chief Executive Officer;
- James G. Dempsey, Executive Vice President and Chief Financial Officer;
- Howard M. Diamond, Senior Vice President, General Counsel and Secretary;
- Daniel M. Shurz, Senior Vice President, Commercial; and
- Jake F. Filene, Senior Vice President, Customers.

### Compensation Philosophy and Objectives

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

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

- **Compensation programs should be straightforward, clear and evolve with our business.** As part of our development as a business, we aim to ensure our compensation programs are straightforward and clear in order to provide transparency to our stakeholders. Our executive compensation program should give strong, clear incentives to our executives and adapt and evolve to reflect the growth and development of our company to ensure we remain competitive in the marketplace.

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

#### ***Determination of Compensation***

Our compensation committee meets periodically to review and consider recommendations from Mr. Biffle with respect to each NEO's base salary, annual bonus compensation and long-term equity awards, other than with respect to himself. At the same time, our compensation committee reviews and determines adjustments, if necessary, to Mr. Biffle's compensation, including his base salary, annual bonus compensation and long-term equity awards. Our compensation committee annually evaluates our company-wide performance against the approved performance targets for the prior fiscal year. Our committee also meets periodically to discuss compensation-related matters as they arise during the year. For fiscal year 2020, our compensation committee determined each individual component of compensation for our NEOs. Mr. Biffle evaluates each other NEO's individual performance and contributions to our company at the end of each fiscal year and reports his recommendations regarding each element of the other NEOs' compensation to our compensation committee. Mr. Biffle does not participate in any formal discussion with our compensation committee regarding decisions on his own compensation and he recuses himself from meetings when his compensation is discussed. Following the completion of this offering, our compensation committee will oversee the annual compensation review process for all NEOs.

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

In early fiscal year 2020, our compensation committee began with a review of the primary aspects of our compensation programs for our named executive officers, including base salaries, performance-based bonuses and equity grants. As part of this process, our compensation committee consulted compensation surveys and gained a general understanding of current compensation practices through its compensation consultant, Willis Towers Watson. The surveys provided by Willis Towers Watson reported statistics on the total compensation, position and responsibilities of executives employed by similarly situated companies in our industry and other companies based on revenue. Willis Towers Watson led our compensation committee through a detailed review of recent executive compensation trends, including as to the form and amount of cash compensation and equity grants. For fiscal year 2020, Willis Towers Watson recommended, and our compensation committee approved,

the following peer group (the “Compensation Peer Group”), consisting of competitor airlines, for compensation market comparison purposes:

- Alaska Air Group, Inc.
- Hawaiian Holdings Inc.
- JetBlue Airways Corporation
- Spirit Airlines, Inc.
- Sun Country, Inc.
- WestJet Airlines, Ltd.

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

In assessing the compensation of our Chief Financial Officer, General Counsel and Secretary, Senior Vice President, Commercial, and Senior Vice President, Customers, Willis Towers Watson used a blended approach consisting of both Compensation Peer Group proxy data and broader survey data, adjusted for revenue size, as these positions could also be recruited from companies in other industries. Willis Towers Watson weighted the general industry companies at 25% and the airline peer group companies at 75% when evaluating our executive compensation and recommending adjustments. For its 2020 analysis, the survey data were pulled from the following three executive pay surveys:

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

The data from the two general industry executive surveys were cut in scope to focus on companies with revenues approximating our revenue of approximately \$2.0 billion. Our compensation committee was not aware of the individual companies participating in the surveys and reviewed the data in a summarized fashion.

Our compensation committee has historically approved an overall guideline of total direct compensation for our senior management generally around the market median. Our executive compensation philosophy contemplates that our compensation committee would annually select a mix of base salary, annual target incentive compensation and long-term target incentive compensation intended to deliver total target direct compensation for our executive officers, in the aggregate, at approximately the market 50th percentile. However, our compensation committee reserved discretion to deviate from the above guidelines as necessary to account for changing industry characteristics, our particular business model, individual performance and other factors. Willis Towers Watson’s February 2020 analysis indicated that, in the aggregate, our NEOs’ 2019 total target cash compensation (base salary plus target bonus opportunity) were generally aligned with the desired pay positioning, approximating the 50th percentile of the market.

After establishing our compensation programs for 2020, we entered into a payroll support agreement and a loan agreement with the federal government pursuant to which we have received assistance under the CARES Act and the Consolidated Appropriations Act, 2021, which were enacted to provide emergency assistance to individuals, families and businesses affected by the COVID-19 pandemic. In accordance with such legislation, the agreements impose certain caps on executive compensation as a condition to the assistance. Pursuant to the limit, each of our NEO’s total compensation during any 12-month period from March 24, 2020 until the first



## [Table of Contents](#)

anniversary of the date on which the loan is no longer outstanding is capped at an amount equal to the lesser of (i) the NEO's total compensation for 2019 or (ii) the sum of (a) \$3 million and (b) 50% of the total compensation in excess of \$3 million received by the NEO in calendar year 2019, in each case, based on the total compensation for 2019 set forth in the Summary Compensation Table below. The programs established by our compensation committee for fiscal year 2020 have not caused any compensation to reach a NEO's cap; however, in future years, the caps could require us to reduce compensation otherwise payable to our NEOs.

### **Components of Compensation for Fiscal Year 2020**

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

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

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

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

In early 2020, after consultation with Mr. Biffle (except for his own base salary) and Willis Towers Watson, Mr. Biffle's base salary was increased to \$625,000, Mr. Dempsey's base salary was increased to \$525,000, Mr. Diamond's base salary was increased to \$400,000, Mr. Shurz's base salary was increased to \$370,000 and Mr. Filene's base salary was increased to \$360,000 in order to better align their total direct compensation with the 50th percentile of the market and to reward them for their outstanding performance and dedication to our company. The following table represents our NEOs' base salaries in effect for fiscal year 2020 after taking into account each NEO's increase.

<u>Name</u>	<u>Base Salary for 2020</u>
Barry L. Biffle, President & Chief Executive Officer(1)	468,750
James G. Dempsey, Executive Vice President and Chief Financial Officer	525,000
Howard M. Diamond, Senior Vice President, General Counsel and Secretary	400,000
Daniel M. Shurz, Senior Vice President, Commercial	370,000
Jake F. Filene, Senior Vice President, Customers	360,000

- (1) During the second calendar quarter of 2020, Mr. Biffle voluntarily waived his base salary in light of the challenges presented to our business by COVID-19. This voluntary waiver is reflected in the chart above. Mr. Biffle's salary resumed in the third quarter of 2020.

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

Each of our NEOs was eligible for performance-based cash incentives under our fiscal year 2020 Management Bonus Plan. The Management Bonus Plan is reviewed and approved annually by our compensation committee. The determination of the amount of bonuses paid to our NEOs generally reflects a number of considerations, including our costs and revenues among other corporate targets and, when relevant, individual targets. The formula used to calculate a participating executive's performance-based bonus amount is the sum of the amount calculated for each performance goal, which is found by multiplying the overall target bonus opportunity times the weighting for such performance goal times the achievement level for such performance goal.

Our compensation committee expresses each executive's target bonus opportunity as a percentage of base salary earned for the year. Our compensation committee did not follow a formula but rather used the factors as general background information prior to determining the target bonus opportunity rates for our NEOs. Our compensation committee set these rates based on each NEO's experience in his role with the company and the level of responsibility held by each NEO, which our compensation committee believes directly correlates to his ability to influence corporate results. For fiscal year 2020, based on market data provided by Willis Towers Watson, our compensation committee used a guideline target bonus opportunity of 125% for Mr. Biffle, 90% for Mr. Dempsey, 70% for Messrs. Diamond and Shurz, and 65% for Mr. Filene.

When determining the bonus amounts for our NEOs under the Management Bonus Plan, our compensation committee sets certain performance goals, using a mixture of corporate and individual performance. The individual performance under our Management Bonus Plan is not based on any specific performance targets, but rather is determined by our compensation committee in its sole discretion after evaluating overall individual performance in a fiscal year and after receiving recommendations from Mr. Biffle, other than for himself. Our compensation committee's determinations of the individual performance of our NEOs are not expected to result in payments of the annual bonus based on average or below average performance by the NEOs. Corporate goals and performance targets and individual performance are reviewed and approved by our compensation committee prior to any allocation of the bonus. For fiscal year 2020, our compensation committee determined the overall funding of the Management Bonus Plan was based on the achievement of corporate goals, with individual bonuses weighted 75% based on corporate performance and 25% based on individual performance.

In early fiscal year 2020, our compensation committee established corporate performance targets for each NEO. Our compensation committee does not establish any specific individual performance targets; instead our compensation committee reviews at the end of each fiscal year each NEO's individual performance overall and determines any satisfaction of individual performance based on their review of each NEO's overall contributions to us during the fiscal year.

The corporate performance targets established by our compensation committee in early 2020 were as follows:

<b>Performance Metric</b>	<b>Weighting</b>	<b>Definition</b>
Full Year Ex-Fuel Stage Adjusted CASM including net interest (1,047 miles)	40%	Operating costs per available seat mile as adjusted to exclude fuel for fiscal year 2020
Full Year Net Margin (Industry Rank)	30%	Annual operating margin, calculated in accordance with GAAP, as reported in our

[Table of Contents](#)

<u>Performance Metric</u>	<u>Weighting</u>	<u>Definition</u>
		audited 2020 financials, and based on rank within the airline industry
Operations Objectives	30%	The following four operations objectives:  (1) Branded Carrier Overall Completion Percentage (the measure of flights completed as scheduled, as published by the Department of Transportation for fiscal year 2020); (2) Full Year DOT Complaint Rate per 100k (number of passenger complaints to the Department of Transportation per 100,000 passengers for fiscal year 2020); (3) Mishandled Bag Rate per 1k (number of bags mishandled per 1,000 bags for fiscal year 2020); and (4) Head Start On-Time Percentage

For each of these performance goals under the Management Bonus Plan, our compensation committee sets a threshold, target, stretch and maximum achievement level. A component of performance must be achieved at no less than 50% before it is taken into account in calculating an executive's bonus amount and achievement cannot exceed 200% of the target for any component. The threshold goals correspond to an achievement level of 50%, the target goals correspond to an achievement level of 100%, the stretch goals correspond to an achievement level of 150% and the maximum goals are satisfied with an achievement level of 200%. The threshold, target, stretch and maximum achievement levels for fiscal year 2020 are included in the table below. In early 2021, our compensation committee reviewed our fiscal year 2020 company-wide performance with respect to determining bonuses to executive officers, as well as individual performance achievements. Our compensation committee determined the corporate performance goal achievement set forth in the tables below and achievement of the individual performance goals for Mr. Biffle at 115%, for Mr. Dempsey at 115%, for Mr. Diamond at 112%, for Mr. Shurz at 100% and for Mr. Filene at 110% based on our compensation committee's determination, in its discretion, that each NEO had outstanding individual performance in their various roles with us and showed continued dedication to us throughout the year.

<u>Performance Metric</u>	<u>2020 Goals</u>				<u>2020 Actual Result</u>	<u>Percent Achieved (Achievement Level x Weighting)</u>
	<u>Threshold</u>	<u>Target</u>	<u>Stretch</u>	<u>Maximum</u>		
Full Year Ex-Fuel Stage Adjusted CASM	2nd place in U.S. or <2% above budget	5.53	>1% below budget	>2% below budget	3rd place	0%
Full Year Operating Margin (Industry Rank)	6	5 or better	3	2 or better	2	60%
Operational Objectives Total	1 of 4	2 of 4	3 of 4	4 of 4	2 of 4	30%

The table below sets forth the achievement levels for each of the four Operational Objectives.

<u>Operational Objective</u>	<u>2020 Measure</u>	<u>2020 Actual Result</u>	<u>Objective Achieved?</u>
Branded Carrier Overall Completion Percentage	98.7	94.6	No
Full Year DOT Complaint Rate Per 100K	<2.58	49.37	No
Mishandled Bag Rate Per 1K	<4.07	3.23	Yes
Head Start On-Time Percentage	80	84.6	Yes

## [Table of Contents](#)

Following its review and determinations, our compensation committee awarded cash bonuses to each NEO as set forth in the table below. The NEOs' 2020 bonuses are set forth under the "Summary Compensation Table" below.

<u>NEO</u>	<u>Bonus Target</u> <u>(\$)</u>	<u>Corporate</u> <u>Performance</u> <u>Bonus</u> <u>(equal to 75%</u> <u>x bonus</u> <u>target x 90%)</u>	<u>Individual</u> <u>Performance</u> <u>Bonus</u> <u>(equal to 25%</u> <u>x bonus</u> <u>target x 90%</u> <u>x individual</u> <u>achievement</u> <u>level)</u>	<u>Annual</u> <u>Performance</u> <u>Bonus Paid</u> <u>(corporate +</u> <u>individual)</u>
Barry L. Biffle(1)	772,645	521,535	199,921	721,456
James G. Dempsey	472,500	318,938	122,259	441,197
Howard M. Diamond	277,189	187,102	69,852	256,954
Daniel M. Shurz	256,584	173,194	57,731	230,925
Jake F. Filene	233,130	157,363	57,700	215,062

(1) Mr. Biffle's bonus target is based on the amount he would have earned in 2020 had he not taken a voluntary salary reduction.

For fiscal year 2021, our compensation committee has approved the Fiscal Year 2021 Management Bonus Plan for all executives. The 2021 Management Bonus Plan for our executives is similar to our current annual cash incentive plan.

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

In order to attract and retain the best available management and other personnel with the training, experience and ability to make substantial contributions to the success of our business and to motivate and provide additional incentives to our employees, non-employee board members and consultants, we maintain the 2014 Equity Incentive Plan (the "2014 Plan"). The 2014 Plan provides for the grant of options, restricted stock, restricted stock units and other stock-based awards. We intend to adopt a 2021 Incentive Award Plan (the "2021 Plan"), which will be effective immediately prior to the consummation of this offering. The 2021 Plan will replace the 2014 Plan and no further grants will be made under the 2014 Plan, and the 2014 Plan will terminate, except with regard to grants then outstanding under the 2014 Plan.

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

On February 19, 2020, our board of directors granted each of our NEOs an award of restricted stock units as follows: Mr. Biffle, 7,411; Mr. Dempsey, 2,381; Mr. Diamond, 2,381; Mr. Shurz, 2,024; and Mr. Filene, 1,702. Each award of restricted stock units vests as to 1/3rd of the total number of restricted stock units awarded on each anniversary of the date of grant, subject to the NEO's continued service to us.

Equity forms an integral part of the overall compensation for each executive officer and will be considered each year as part of the annual performance review process and incentive payout calculation. In the future, we

may consider awarding additional forms of equity incentives, such as grants of restricted stock and performance-based awards, and may also determine to seek additional input from compensation consultants. We expect that our equity awards we make to our executive officers will be driven by our sustained performance and growth, our executive officers' ability to impact our results that influence stockholder value, their organization level and their potential to take on roles of increasing responsibility.

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

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

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

**Perquisites.** We determine perquisites on a case-by-case basis and will provide a perquisite to a NEO when we believe it is necessary to attract or retain the executive officer. Any perquisites we supply are reasonable and consistent with market trends. We believe that providing these benefits is a relatively inexpensive way to enhance the competitiveness of the executive's compensation package. As is common in the airline industry, we provide a Universal Air Travel Plan ("UATP") to our officers and members of the board of directors, whereby each individual receives a yearly dollar value that they may use for personal travel on our flights for themselves and certain qualifying friends and family. Each one-way flight they take is valued at \$75, which is the average cost to us of a one-way flight for us. For fiscal year 2020, each NEO received a travel bank under the UATP equal to \$11,000 for Mr. Biffle and \$8,250 for Messrs. Diamond, Filene, Shurz and Dempsey. We do not provide any other significant perquisites or personal benefits to our named executive officers.

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

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

**Tax and Accounting Considerations.** While our board of directors and our compensation committee generally consider the financial accounting and tax implications of their executive compensation decisions, neither element has been a material consideration in the compensation awarded to our NEOs historically.

## [Table of Contents](#)

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

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

### 2020 Summary Compensation Table

The following table sets forth all of the compensation awarded to, earned by or paid to our NEOs during fiscal years 2020, 2019 and 2018.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Stock Awards \$(1)</u>	<u>Option Awards \$(1)</u>	<u>Non-Equity Incentive Plan Compensation \$(2)</u>	<u>All Other Compensation \$(3)</u>	<u>Total (\$)</u>
Barry L. Biffle President & Chief Executive Officer	2020	461,021	3,112,620	—	721,456	8,423	4,303,525
	2019	567,953	0	—	611,867	3,317,086	4,496,906
	2018	536,245	0	—	85,650	2,894,163	3,516,058
James G. Dempsey Executive Vice President and Chief Financial Officer	2020	523,085	1,000,020	—	441,197	6,225	1,970,527
	2019	430,789	—	1,144,959	417,637	958,022	2,951,407
	2018	406,442	0	—	48,697	1,285,048	1,740,187
Howard M. Diamond Senior Vice President, General Counsel and Secretary	2020	395,854	1,000,020	—	256,954	12,853	1,665,681
	2019	367,694	0	—	276,816	499,105	1,143,615
	2018	351,816	0	—	34,340	679,820	1,065,976
Daniel M. Shurz Senior Vice President, Commercial	2020	366,385	850,080	—	230,925	8,023	1,455,413
	2019	343,038	0	—	245,659	483,238	1,071,935
	2018	330,019	0	—	32,307	652,108	1,014,434
Jake F. Filene Senior Vice President, Customers	2020	359,162	714,840	—	215,062	10,345	1,299,409

- (1) Amounts shown represent the grant date fair value of stock options and restricted stock units granted by us, as calculated in accordance with ASC Topic 718. See Note 11 of the financial statements included in this registration statement for the assumptions used in calculating these amounts.
- (2) Represents amounts paid for performance in fiscal year 2020 under our Management Bonus Plan, which were paid to our NEOs in early 2021. Please see the description of the 2020 Management Bonus Plan in "Compensation Discussion and Analysis—Performance-Based Cash Incentives" above.
- (3) For each of our NEOs, the amounts under the "All Other Compensation" column for fiscal year 2020 represent (a) \$928, \$150, \$3,707, \$300 and \$1,165 for each of Messrs. Biffle, Dempsey, Diamond, Shurz and Filene, respectively, in flight benefits under our UATP based on each one-way flight they took being valued at the lesser of (i) the actual cost of the ticket and (ii) \$75, which is the average cost to us of a one-way flight plus (b) \$5,700, \$4,275, \$7,346, \$5,923 and \$7,380 for each of Messrs. Biffle, Dempsey, Diamond, Shurz and Filene, respectively, pursuant to our matching employer contributions under our 401(k) plan plus (c) \$150, which constitutes a monthly cell phone allowance provided to each NEO. Please see the descriptions of the UATP in "Compensation Discussion and Analysis—Perquisites" above.

### Grants of Plan-Based Awards in Fiscal Year 2020

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

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Award(1)			All Other Stock Awards: Number of Shares of Stock or Units (#)(2)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)		
Barry L. Biffle	—	386,323	772,645	1,545,290	—	—
	2/19/2020	—	—	—	7,411	3,112,620
James G. Dempsey	—	236,250	472,500	845,000	—	—
	2/19/2020	—	—	—	2,381	1,000,020
Howard M. Diamond	—	138,594	277,189	554,378	—	—
	2/19/2020	—	—	—	2,381	1,000,020
Daniel M. Shurz	—	128,292	256,584	513,167	—	—
	2/19/2020	—	—	—	2,024	850,080
Jake F. Filene	—	116,565	233,130	466,259	—	—
	2/19/2020	—	—	—	1,702	714,840

- (1) Amounts in the “Estimated Future Payouts Under Non-Equity Incentive Plan Awards” column relate to amounts payable under our 2020 Management Bonus Plan. The threshold column assumes the achievement of the corporate and individual goals at the threshold level. The threshold bonus amount can be calculated by multiplying the target bonus of each named executive officer times the threshold achievement percentage of 50%. The target column assumes the target achievement for both corporate and individual goals. The target bonus amount can be calculated by multiplying the base salary of each named executive officer for 2020 times the target bonus percentage established by our compensation committee times the target achievement percentage of 100%. The maximum column assumes the maximum achievement for both corporate and individual goals. The maximum bonus amount can be calculated by multiplying the target bonus of each named executive officer times the maximum achievement percentage of 200%.
- (2) Constitutes restricted stock units that vest as to 1/3rd of the total number of RSUs on each anniversary of the date of grant, subject to the executive continuing to provide services to us through such date.

### Outstanding Equity Awards at Fiscal Year End

The following table lists all outstanding equity awards held by our NEOs as of December 31, 2020.

Name	Vesting Commencement Date	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number Of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)
Barry L. Biffle	4/27/2014(2)	75,077	—	10.00	4/27/2024	—	—
	3/15/2016(2)	39,900	—	148.79	3/15/2026	—	—
	2/19/2020(3)	—	—	—	—	7,411	1,971,326
James G. Dempsey	5/12/2014(2)	33,207	—	10.00	5/12/2024	—	—
	12/09/2019(4)	2,333	4,667	401.00	12/09/2029	—	—
	2/19/2020(3)	—	—	—	—	2,381	633,346
Howard M. Diamond	7/28/2014(2)	17,300	—	10.00	7/28/2024	—	—
	2/19/2020(3)	—	—	—	—	2,381	633,346

Name	Vesting Commencement Date	Option Awards			Stock Awards		
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number Of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)
Daniel M. Shurz	4/18/2014(2)	16,750	—	10.00	4/18/2024	—	—
	2/19/2020(3)	—	—			2,024	538,384
Jake F. Filene	7/05/2017(5)	—	—			581	154,546
	7/05/2018(3)	—	—			354	94,164
	2/19/2020(3)	—	—			1,702	538,706

- (1) Calculated using \$266 per share, the estimated fair market value of our common stock as of December 31, 2020.
- (2) Options vest and become exercisable with respect to 25% of the shares of our common stock subject to the award on each anniversary of the vesting commencement date, such that all shares will be vested on the fourth anniversary of the vesting commencement date, subject to the holder continuing to provide services to us through each such vesting date.
- (3) Restricted stock units vest in three equal annual installments from the vesting commencement date, subject to the executive continuing to provide services to us through such date.
- (4) Options vest and become exercisable in three equal annual installments from the vesting commencement date, subject to the executive continuing to provide services to us through such dates.
- (5) Restricted stock units vest in four equal annual installments from the vesting commencement date, subject to the executive continuing to provide services to us through such date, and will vest in full upon a Change in Control (as defined in the 2014 Plan).

### Option Exercises and Stock Vested in 2020

None of our NEOs exercised any options during fiscal year 2020. The following NEOs acquired the following shares of common stock upon vesting of restricted stock units during fiscal year 2020.

Name	Number of Shares Acquired upon Vesting (#)	Value Realized on Vesting (\$)
Jake F. Filene	933	256,575

### Pension Benefits

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

### Nonqualified Deferred Compensation

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

### Employment and Separation Agreements with Named Executive Officers

**Barry L. Biffle.** In March 2016, we entered into a new employment agreement with Mr. Biffle in connection with his promotion to our President and Chief Executive Officer, which is terminable by us at any time and by Mr. Biffle upon 30 days' notice. The term of his employment agreement is through March 15, 2021 and renews for successive one year periods unless either party gives the other notice of non-extension at least 90 days before the expiration of the applicable term. Mr. Biffle's employment agreement entitles him to a base salary and target bonus opportunity as part of our Management Bonus Plan, a performance-based program that allows for a cash bonus based upon achievement of certain objectives. Mr. Biffle's employment agreement provides that he will



serve on our board of directors and be eligible to participate in all employee benefit plans made available to executive officers (including the flight benefits discussed above). It also contains certain confidential information covenants and Mr. Biffle must abide by non-competition and non-solicitation restrictive covenants during the term of his employment and for 12 months thereafter (or 24 months in the event he is terminated without Cause, as defined below, or resigns for Good Reason, as defined below). Mr. Biffle's employment agreement also provided for the grant of an option to purchase our common stock, as detailed in the table "Outstanding Equity Awards at Fiscal Year End" above.

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

For purposes of Mr. Biffle's employment agreement, "Cause" means (i) Mr. Biffle's gross negligence or willful misconduct in the performance of the duties and services required of him pursuant to the new employment agreement or any other written agreement between Mr. Biffle and us; (ii) Mr. Biffle's conviction of, or plea of guilty or *nolo contendere* to, a felony or crime involving moral turpitude (or any similar crime in any jurisdiction outside the United States); (iii) Mr. Biffle's willful refusal to perform the duties and responsibilities required of him under the new employment agreement or as lawfully directed by our board which remains uncorrected for thirty (30) days following written notice; (iv) Mr. Biffle's material breach of any material provision of the employment agreement, any confidential information or restrictive covenant agreement with us or corporate code or policy which remains uncorrected for thirty (30) days following written notice; (v) any act of fraud, embezzlement, material misappropriation or dishonesty committed by Mr. Biffle against us; or (v) any acts, omissions or statements by Mr. Biffle which we determine to be materially detrimental or damaging to our reputation, operations, prospects or business relations; provided that an act or failure to act shall be considered "willful" only if done or omitted to be done without a good faith reasonable belief that such act or failure to act was in our best interests. "Change in Control" means (i) the acquisition by any person or group of affiliated or associated persons of more than 50% of the outstanding capital stock of us or Frontier or voting securities representing more than 50% of the total voting power of outstanding securities of us or Frontier (other than such an acquisition by a person or group that holds more than 50% of the outstanding capital stock of us or Frontier or voting securities representing more than 50% of the total voting power of outstanding securities of us or Frontier, in each case, as of either the March 15, 2016 or immediately prior to such acquisition); (ii) the consummation of a sale of all or substantially all of our assets to a third party; (iii) the consummation of any merger involving us or Frontier in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then beneficially owned in the aggregate by the stockholders of us or Frontier, as applicable, immediately prior to such merger; provided, however, in no event will a transaction constitute a "Change in Control" if: (w) its sole purpose is to change the form of our ownership

or the state of our incorporation; (x) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held our securities immediately before such transaction; (y) it is effected primarily for the purpose of financing us with cash; or (z) it constitutes, or includes sales of shares in connection with, the initial public offering of our common stock or the common stock of any of our affiliates. Finally, “Good Reason” means a resignation from employment that is effective within 120 days after the occurrence, without Mr. Biffle’s written consent, of any of the following: (i) a material diminution in Mr. Biffle’s base salary that is not proportionately applicable to other officers and key employees generally; (ii) a material diminution in Mr. Biffle’s job responsibilities or duties inconsistent in any material respect with his duties or responsibilities in effect immediately prior to such change, *provided*, that any change made solely as the result of our company becoming a subsidiary or business unit of a larger company in a Change in Control shall not provide for Good Reason; (iii) the relocation of Mr. Biffle’s direction to a facility or a location more than 50 miles from his then-present location; or (iv) the failure by any successor entity or corporation following a Change in Control to assume the obligations under the new employment agreement. Notwithstanding the foregoing, a resignation is not for Good Reason unless the condition giving rise to such resignation continues uncured by us more than 30 days following Mr. Biffle’s written notice of such condition provided within 60 days of the first occurrence of such condition and such resignation is effective within 30 days following the end of such notice period.

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

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

For purposes of Mr. Dempsey’s employment agreement, “Cause” means any action or inaction involving his moral turpitude, misfeasance, malfeasance, willful misconduct, gross negligence or material breach of fiduciary duty or a breach of any non-competition, non-solicitation or confidentiality obligations to us or Frontier. In the

event we give Mr. Dempsey a notice of non-extension of his employment agreement and he serves as our Chief Financial Officer until the end of the term, Mr. Dempsey's employment will have been deemed terminated by us without Cause. "Change in Control" means that (i) the acquisition by any person or group of affiliated or associated persons of more than 50% of the outstanding capital stock of us or Frontier or voting securities representing more than 50% of the total voting power of outstanding securities of us or Frontier (other than such an acquisition by a person or group that holds more than 50% of the outstanding capital stock of us or Frontier or voting securities representing more than 50% of the total voting power of outstanding securities of us or Frontier, in each case, as of either March 12, 2014 or immediately prior to such acquisition); (ii) the consummation of a sale of all or substantially all of our assets to a third party; (iii) the consummation of any merger involving us or Frontier in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then beneficially owned in the aggregate by the stockholders of us or Frontier, as applicable, immediately prior to such merger; provided, however, in no event will an acquisition, sale or other transaction constitute a "Change in Control" if: (w) its sole purpose is to change the form of our ownership or the state of our incorporation; (x) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held our securities immediately before such transaction; (y) it is effected primarily for the purpose of financing us with cash; or (z) it constitutes, or includes sales of shares in connection with, the initial public offering of our common stock or the common stock of any of our affiliates. Finally, "Good Reason" will be deemed to have occurred if, in conjunction with the closing of a Change in Control or within 12 months after the closing of a Change in Control, (i) our board of directors effectively terminates, or substantially curtails the scope of, Mr. Dempsey's authority as Chief Financial Officer, (ii) we fail to provide Mr. Dempsey with a reasonable compensation package that is, as determined at the discretion of the board, at least comparable to the level of his compensation package as of immediately prior to the Change in Control, (iii) we default in any material obligation owed to him, or (iv) we relocate our principal office to any place that is more than 100 miles from both Denver, Colorado and Mr. Dempsey's then principal residence, provided, that, in each case, Mr. Dempsey will not be deemed to have resigned for Good Reason unless (x) he first provides the board with written notice of the condition giving rise to Good Reason within 30 days of its initial occurrence, (y) we fail to cure such condition within 30 days after receiving such written notice and (z) his resignation based on such Good Reason is effective within 30 days after the expiration of such cure period.

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

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

our affiliates. For purposes of his offer letter agreement, “Good Reason” means Mr. Diamond’s duties are substantially diminished within 12 months following a Change in Control and Mr. Diamond resigns within such 12-month period.

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

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

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

**Jake F. Filene.** We entered into an employment agreement with Mr. Filene in June 2017. Mr. Filene’s employment agreement provides that Mr. Filene is terminable by us or Mr. Filene at any time. Mr. Filene’s employment agreement entitles him to a base salary and a target bonus opportunity as part of our Management

Bonus Plan. Mr. Filene's employment agreement provides that he will be eligible to participate in all employee benefit plans made available to executive officers (including the flight benefits discussed above) and also contains certain confidential information covenants. In addition, Mr. Filene must abide by non-competition and non-solicitation restrictive covenants during the term of his employment and for 12 months thereafter.

Mr. Filene's employment agreement provides that the vesting of his initial grant of restricted stock units will fully accelerate upon the consummation of a Change in Control (as defined below). Mr. Filene's employment agreement also provides him with severance in the event of a termination of his employment without Cause (as defined below) both within and apart from a Change in Control. Mr. Filene's employment agreement provides that in the event of the termination of his employment by us without Cause, Mr. Filene is entitled to (a) a lump sum payment of one times the sum of his base salary and target bonus (or two times such sum if such termination occurs or Mr. Filene resigns for Good Reason, in each case, within 12 months following a Change in Control) and (b) continued flight benefits under the UATP for one year (or two years if such termination occurs or Mr. Filene resigns for Good Reason, in each case, within 12 months following a Change in Control). Under the employment agreement, Mr. Filene must execute, and not revoke, a general release of all claims against us and our affiliates to receive of the severance payments described above. For purposes of his offer letter agreement, "Good Reason" means Mr. Filene's duties are substantially diminished within 12 months following a Change in Control and Mr. Filene resigns within such 12-month period.

For the purposes of Mr. Filene's employment agreement, "Cause" means (i) Mr. Filene's unauthorized use or disclosure of our confidential information or trade secrets or any material breach of a written agreement between Mr. Filene and us, including without limitation a material breach of any employment, confidentiality, non-compete, non-solicit or similar agreement; (ii) Mr. Filene's commission of, indictment for or the entry of a plea of guilty or nolo contendere by Mr. Filene to, a felony under the laws of the United States or any state thereof or any crime involving dishonesty or moral turpitude (or any similar crime in any jurisdiction outside the United States); (iii) Mr. Filene's negligence or willful misconduct in the performance of Mr. Filene's duties or Mr. Filene's willful or repeated failure or refusal to substantially perform assigned duties; (iv) any act of fraud, embezzlement, material misappropriation or dishonesty committed by Mr. Filene against us; or (v) any acts, omissions or statements by Mr. Filene which we determine to be materially detrimental or damaging to the our reputation, operations, prospects or business relations. For the purposes of Mr. Filene's employment agreement, subject to certain limitations, "Change in Control" means (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of our outstanding capital stock or voting securities representing more than fifty percent (50%) of the total voting power of our outstanding securities; (ii) the consummation of a sale of all or substantially all of our assets to a third party; (iii) the consummation of any merger involving us in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" in the aggregate by our stockholders immediately prior to such merger.

#### **Potential Payments upon Termination or Change in Control**

The information below describes and quantifies certain compensation and benefits that would have become payable to each of our NEOs if our NEO's employment had terminated on December 31, 2020 (and that a Change in Control occurred on December 31, 2020, as applicable) as a result of each of the termination scenarios described below, taking into account the named executive's compensation as of that date. All of the below payments and benefits are subject to the NEO executing and not revoking a general release of claims against us and our affiliates, except for the equity acceleration for Mr. Filene upon a Change in Control, and, for Messrs. Biffle and Dempsey, continuing to comply with the restrictive covenants set forth in each of their employment agreements. The information below does not generally reflect compensation and benefits available to all salaried

[Table of Contents](#)

employees upon termination of employment with us under similar circumstances. Capitalized terms used below are as defined above in the applicable NEO's employment agreement or offer letter agreement.

<u>Name</u>	<u>Termination Scenario</u>	<u>Base Salary Severance (\$)</u>	<u>Bonus Severance (\$)</u>	<u>Accelerated Vesting of Stock and Option Awards (\$)</u>	<u>COBRA Premiums (\$)</u>	<u>Other (\$)</u>	<u>Total (\$)</u>
Barry L. Biffle	Termination without Cause or for Good Reason	625,000 <sup>(1)</sup>	1,494,101 <sup>(2)</sup>	—	26,433 <sup>(3)</sup>	11,000 <sup>(4)</sup>	2,156,534
	Termination without Cause or for Good Reason in Connection with a Change in Control	1,250,000 <sup>(5)</sup>	2,266,746 <sup>(6)</sup>	1,971,326 <sup>(7)</sup>	52,865 <sup>(8)</sup>	22,000 <sup>(9)</sup>	5,562,937
James G. Dempsey	Termination without Cause	525,000 <sup>(1)</sup>	472,500 <sup>(2)</sup>	—	31,767 <sup>(3)</sup>	8,250 <sup>(4)</sup>	1,037,517
	Termination without Cause or for Good Reason in Connection with a Change in Control	1,050,000 <sup>(5)</sup>	1,386,197 <sup>(6)</sup>	633,346 <sup>(7)</sup>	63,534 <sup>(8)</sup>	16,500 <sup>(9)</sup>	3,149,577
Howard M. Diamond	Termination without Cause	400,000 <sup>(1)</sup>	277,189 <sup>(2)</sup>	—	—	8,250 <sup>(4)</sup>	685,439
	Termination without Cause or for Good Reason in Connection with a Change in Control	800,000 <sup>(5)</sup>	554,378 <sup>(6)</sup>	—	—	16,500 <sup>(8)</sup>	1,370,878
Daniel M. Shurz	Termination without Cause, for Good Reason or due to Death or Disability	370,000 <sup>(1)</sup>	—	—	25,960 <sup>(10)</sup>	8,250 <sup>(11)</sup>	404,210
	Termination without Cause or for Good Reason in Connection with a Change in Control	740,000 <sup>(5)</sup>	—	—	51,920 <sup>(8)</sup>	16,500 <sup>(9)</sup>	808,420
Jake F. Filene	Termination without Cause	360,000 <sup>(1)</sup>	233,130 <sup>(2)</sup>	—	—	8,250 <sup>(4)</sup>	601,380
	Change in Control	—	—	154,546 <sup>(12)</sup>	—	—	154,546
	Termination without Cause or for Good Reason in Connection with a Change in Control	720,000 <sup>(5)</sup>	466,259 <sup>(6)</sup>	—	—	16,500 <sup>(9)</sup>	1,202,759

(1) Represents a lump sum cash payment of 12 months of base salary.

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

## Table of Contents

Good Reason. For Mr. Biffle's pro-rated bonus, we included the full amount he was paid for fiscal year 2020 under the Management Bonus Plan since the assumed termination date would be December 31, 2020.

- (3) Represents continued coverage under COBRA for 12 months for each NEO based on the incremental cost of our contribution as of December 31, 2020 to provide this coverage Messrs. Diamond and Filene are not eligible for any continued coverage under COBRA.
- (4) Represents the value of continued UATP flight benefits for one year following the NEOs' termination of employment, which must be used in the year following termination, based on the values each NEO was eligible to receive under the UATP for fiscal 2020.
- (5) Represents a lump sum cash payment of 24 months of base salary.
- (6) Represents a lump sum cash payment of two times a NEO's target annual performance bonus amount. In addition, for Messrs. Biffle and Dempsey, represents a pro-rated annual performance bonus for the year in which the termination occurs (based on actual performance and payable at the same time other continuing executives) in the event of a termination without Cause or for Good Reason. For Messrs. Biffle's and Dempsey's pro-rated bonuses, we included the full amount each was paid for fiscal year 2020 under the Management Bonus Plan since the assumed termination date would be December 31, 2020. Mr. Shurz is not eligible for any bonus severance payment.
- (7) Represents the aggregate value of Mr. Biffle's and Mr. Dempsey's restricted stock units and unvested option awards that would have vested on an accelerated basis immediately prior to a qualifying termination following the consummation of a Change in Control, based on the fair market value of our common stock (\$266.00) as of December 31, 2020, less, in the case of an option with an exercise price less than fair market value, the option's exercise price. Mr. Biffle and Mr. Dempsey each receive 100% accelerated vesting of their respective equity awards in the event of a termination without Cause or for Good Reason, in each case, within 12 months following a Change in Control.
- (8) Represents continued coverage under COBRA for 24 months for each NEO based on the incremental cost of our contribution as of December 31, 2020 to provide this coverage Messrs. Diamond and Filene are not eligible for any continued coverage under COBRA.
- (9) Represents the value of continued UATP flight benefits for two years following the NEOs' termination of employment, within 12 months following a Change in Control, which must be used in the two years following termination, based on the values each NEO was eligible to receive under the UATP for fiscal 2020.
- (10) Mr. Shurz receives 12 months of COBRA premiums upon a termination (i) without Cause, (ii) as a result of his death or disability or (iii) for Good Reason, where Good Reason is limited to material diminution in his duties and responsibilities; and he receives 24 months of COBRA premiums upon a termination for Good Reason (not in connection with a Change in Control), where Good Reason results from a relocation of our principal offices more than 25 miles from Denver or material breach of Mr. Shurz's employment agreement by us. Amount shown reflects 12 months of COBRA premiums.
- (11) Mr. Shurz receives one year of flight benefits upon a termination (i) without Cause, (ii) as a result of his death or disability or (iii) for Good Reason, where Good Reason is limited to material diminution in his duties and responsibilities; and he receive two years of flight benefits upon a termination for Good Reason (not in connection with a Change in Control), where Good Reason results from a relocation of our principal offices more than 25 miles from Denver or material breach of Mr. Shurz's employment agreement by us. Amount shown reflects one year of flight benefits.
- (12) Represents the aggregate value of Mr. Filene's July 2017 restricted stock units that would have vested on an accelerated basis on the consummation of a Change in Control, based on the fair market value of our common stock (\$266.00) as of December 31, 2020.

### **Equity Compensation Plans**

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

#### **2014 Plan**

We currently maintain the 2014 Plan, which became effective on April 18, 2014. The principal purpose of the 2014 Plan is to enhance our ability to attract, retain and motivate our service providers by providing such individuals with equity ownership opportunities and aligning their interests with those of our stockholders. We have granted stock options to our NEOs and restricted stock to Frontier's board of directors under the 2014 Plan, as described in more detail above. In connection with the closing of this offering, we intend to adopt the 2021 Incentive Award Plan (the "2021 Plan"). We expect that, upon the effectiveness of the 2021 Plan, no further awards will be made under the 2014 Plan. The material terms of the 2014 Plan are summarized below.

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

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

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

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

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

*Certain Transactions.* The plan administrator has broad discretion to take action under the 2014 Plan, as well as to make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and to facilitate necessary or desirable changes in the event of certain



transactions and events affecting our common stock, such as stock dividends, stock splits, extraordinary dividends, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as “equity restructurings,” the plan administrator will make equitable adjustments to the 2014 Plan and outstanding awards.

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

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

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

*Amendment and Termination.* The plan administrator may terminate, amend or modify the 2014 Plan at any time. However, we must generally obtain stockholder approval to the extent required by applicable law. In addition, no amendment of the 2014 Plan may, without the consent of the holder, materially and adversely affect any award previously granted. No award may be granted pursuant to the 2014 Plan after the tenth anniversary of the date on which the 2014 Plan was adopted by our board of directors (or, if later, approved by our stockholders); however, we expect to cease granting any awards under the 2014 Plan upon the effectiveness of the 2021 Plan. Any award that is outstanding on the termination date of the 2014 Plan will remain in force according to the terms of the 2014 Plan and the applicable award agreement.

### **2021 Incentive Award Plan**

Prior to the completion of this offering, our board of directors will adopt, and our stockholder will approve, the 2021 Plan, under which we are authorized to grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the 2021 Plan, as currently contemplated, are summarized below.

*Share Reserve.* Under the 2021 Plan, \_\_\_\_\_ shares of our common stock are initially reserved for issuance pursuant to a variety of stock-based compensation awards, including stock options, stock appreciation rights, or SARs, restricted stock awards, restricted stock unit awards and other stock-based awards. The number of shares initially reserved for issuance or transfer pursuant to awards under the 2021 Plan will be increased by (i) the number of shares represented by outstanding awards under our 2014 Plan that are forfeited or lapse unexercised and which following the effective date are not issued under our 2014 Plan and (ii) an annual increase on the first day of each fiscal year beginning in 2022 and ending in 2031, equal to the lesser of (A) one percent (1%) of the shares of stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (B) such smaller number of shares of stock as determined by our board of directors; provided, however, that no more than \_\_\_\_\_ shares of stock may be issued upon the exercise of incentive stock options.

The following counting provisions will be in effect for the share reserve under the 2021 Plan:

- to the extent that an award terminates, expires or lapses for any reason or an award is settled in cash without the delivery of shares, any shares subject to the award at such time will be available for future grants under the 2021 Plan;
- to the extent shares are tendered or withheld to satisfy the grant, exercise price or tax withholding obligation with respect to any award under the 2021 Plan, such tendered or withheld shares will be available for future grants under the 2021 Plan;
- to the extent that shares of our common stock subject to SARs are not issued in connection with the stock settlement of SARs on exercise thereof, such shares will be available for future grants under the 2021 Plan; and
- to the extent permitted by applicable law or any exchange rule, shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by us or any of our subsidiaries will not be counted against the shares available for issuance under the 2021 Plan.

In addition, the sum of the grant date fair value of all equity-based awards and the maximum that may become payable pursuant to all cash-based awards to any individual for services as a non-employee director during any calendar year may not exceed \$        for the first year of such individual's service and \$        for each year thereafter.

*Administration.* Our board of directors will administer the 2021 Plan with respect to awards granted to non-employee directors and our compensation committee will administer the 2021 Plan with respect to awards granted to other participants. The board or compensation committee may delegate their duties and responsibilities to committees of directors and/or officers, subject to certain limitations that may be imposed under Section 16 of the Exchange Act and/or applicable stock exchange rules. The plan administrator must consist of at least two members of our board of directors, each of whom is intended to qualify as a "non-employee director" for purposes of Rule 16b-3 under the Exchange Act to the extent required to comply with the provisions thereof. Subject to the terms and conditions of the 2021 Plan, the plan administrator has the authority to select the persons to whom awards are to be made, to determine the number of shares to be subject to awards and the terms and conditions of awards, and to make all other determinations and to take all other actions necessary or advisable for the administration of the 2021 Plan. The administrator is also authorized to adopt, amend or rescind rules relating to administration of the 2021 Plan.

*Eligibility.* Awards under the 2021 Plan may be granted to our officers, employees, consultants and directors and the officers, employees, consultants and directors of our subsidiaries. Only our employees and the employees of our subsidiaries may be granted incentive stock options.

*Awards.* The 2021 Plan provides for the grant of stock options (including incentive stock options, or ISOs, and NSOs), SARs, restricted stock, RSUs, dividend equivalents, performance awards and other stock- or cash-based awards, or any combination thereof. No determination has been made as to the types or amounts of awards that will be granted to specific individuals pursuant to the 2021 Plan. Each award will be set forth in a separate agreement and will indicate the type and terms and conditions of the award.

- *Stock Options.* Stock options provide for the right to purchase shares of our common stock in the future at a specified price that is established on the date of grant. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders).

Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions.

- *Restricted Stock.* Restricted stock is an award of nontransferable shares of our common stock that remains forfeitable unless and until specified vesting conditions are met. In general, restricted stock may not be sold or otherwise transferred until restrictions are removed or expire. Holders of restricted stock will have voting rights and, except with respect to performance vesting awards, will have the right to receive dividends, if any, prior to the time when the restrictions lapse.
- *Restricted Stock Units.* RSUs are contractual promises to deliver shares of our common stock (or the fair market value of such shares in cash) in the future, which may also remain forfeitable unless and until specified vesting conditions are met. RSUs generally may not be sold or transferred until vesting conditions are removed or expire. The shares underlying RSUs will not be issued until the RSUs have vested, and recipients of RSUs generally will have no voting or dividend rights prior to the time when the RSUs are settled in shares, unless the RSU includes a dividend equivalent right (in which case the holder may be entitled to dividend equivalent payments under certain circumstances). Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral.
- *Stock Appreciation Rights.* SARs entitle their holder, upon exercise, to receive an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of any SAR granted under the 2021 Plan must be at least 100% of the fair market value of a share of our common stock on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and/or other conditions. SARs under the 2021 Plan will be settled in cash or shares of our common stock, or in a combination of both, as determined by the administrator.
- *Dividend Equivalents.* Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards. Dividend equivalents may be paid currently or credited to an account for the participant, settled in cash or shares and subject to restrictions as determined by the plan administrator. In addition, dividend equivalents with respect to an award subject to vesting will either not be paid or credited or be accumulated and subject to vesting to the same extent as the related award.
- *Performance Awards.* Performance bonus awards or performance stock units are denominated in cash or shares/unit equivalents, respectively, and may be linked to one or more performance or other criteria as determined by the plan administrator.
- *Other Stock or Cash Based Awards.* Other stock or cash-based awards are awards of cash, fully vested shares of our common stock and other awards valued wholly or partially by referring to, or otherwise based on, shares of our common stock. Other stock or cash based awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. The plan administrator will determine the terms and conditions of other stock or cash based awards, which may include vesting conditions based on continued service, performance and/or other conditions.

*Certain Transactions.* The plan administrator has broad discretion to take action under the 2021 Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as “equity restructurings,” the plan administrator will make equitable adjustments to the 2021 Plan and outstanding awards.

In the event of a change in control, unless the plan administrator elects to terminate an award in exchange for cash, rights or other property, or cause an award to accelerate in full prior to the change in control, such award will continue in effect or be assumed or substituted by the acquirer, *provided* that any performance-based portion of the award will be subject to the terms and conditions of the applicable award agreement. In the event the acquirer refuses to assume or replace awards granted, prior to the consummation of such transaction, awards issued under the 2021 Plan will be subject to accelerated vesting such that 100% of such awards will become vested and exercisable or payable, as applicable. The administrator is also authorized to provide for the acceleration, cash-out, termination, assumption, substitution or conversion of such awards in the event of a change in control.

*Foreign Participants, Claw-Back Provisions, Transferability, and Participant Payments.* The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. All awards will be subject to the provisions of any claw-back policy implemented by us to the extent set forth in such claw-back policy and/or in the applicable award agreement. Except by will or the laws of descent and distribution, awards under the 2021 Plan are generally non-transferable prior to vesting unless otherwise determined by the plan administrator, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2021 Plan, the plan administrator may, in its discretion, accept cash or check, shares of our common stock that meet specified conditions, a market sell order or such other consideration as it deems suitable.

*Amendment and Termination.* Our board of directors may terminate, amend or modify the 2021 Plan at any time. However, we must generally obtain stockholder approval to increase the number of shares available under the 2021 Plan (other than in connection with certain corporate events, as described above) or to the extent required by applicable law, rule or regulation (including any applicable stock exchange rule). Notwithstanding the foregoing, an option may be amended to reduce the per share exercise price below the per share exercise price of such option on the grant date and options may be granted in exchange for, or in connection with, the cancellation or surrender of options having a higher per share exercise price without receiving additional stockholder approval. In addition, no amendment, suspension or termination of the 2021 Plan may, without the consent of the holder, materially and adversely affect any rights or obligations under any award previously granted, unless the award itself otherwise expressly so provides. No incentive stock option may be granted pursuant to the 2021 Plan after the tenth anniversary of the effective date of the 2021 Plan, and no additional annual share increases to the 2021 Plan's aggregate share limit will occur from and after the tenth anniversary of the effective date of the 2021 Plan. Any award that is outstanding on the termination date of the 2021 Plan will remain in force according to the terms of the 2021 Plan and the applicable award agreement.

#### ***Pilot Phantom Equity Plan***

On December 3, 2013, to give effect to the reorganization of our corporate structure in connection with the acquisition by Indigo, an agreement was reached to amend and restate a phantom equity agreement that was in place with our predecessor and Frontier pre-acquisition. Under the terms of this agreement, our pilots employed by Frontier in June 2011, when an amendment to the underlying collective bargaining agreement was approved, who we refer to as the Participating Pilots, through their agent, FAPAInvest, LLC, received phantom equity units which were the economic equivalent of 231,000 shares of our common stock, representing 4% of our common stock as of June 30, 2014. Each unit constituted the right to receive common stock or cash in connection with certain events. As of December 31, 2019, the units became a fixed cash obligation, with the initial cash installment paid to the Participating Pilots in 2020 and the remaining cash installment of approximately \$26 million to be paid in 2022 based on a predetermined formula.

***Stockholders Agreements***

Each executive officer has entered into a Stockholders Agreement with us and our controlling stockholder, Indigo Frontier Holdings Company, LLC (“Indigo Fund”), in connection with the executive’s holdings of shares of our common stock under the 2014 Plan. Each Stockholders Agreement provides us with certain rights that effectively restrict the transfer of shares of our common stock until the end of the 180-day period following the consummation of an underwritten initial public offering. The restrictive rights provided to us include a call right whereby we may repurchase shares upon a termination of employment and a bring along right whereby Indigo can require participants to sell shares alongside Indigo Fund. Each executive holds a tag-along right whereby each executive may require Indigo successor to allow the executive to sell alongside Indigo in certain transactions. Generally, our restrictive rights lapse on the closing of this offering.

***Rule 10b5-1 Sales Plans***

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

## DIRECTOR COMPENSATION

### Compensation Arrangements for our Non-Employee Directors

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

Prior to this offering, each non-employee Frontier director received an annual fee of \$100,000 if such director was affiliated with Indigo (an "Indigo Director"), and \$80,000 if such director was not affiliated with Indigo (a "Non-Indigo Director"). In addition, the chairperson of the audit committee received an additional annual fee of \$20,000 and the chairpersons for our compensation committee and our nominating and corporate governance committee would have received an additional annual fee of \$15,000 had such chairpersons not been an Indigo Director. Non-Indigo Directors also received a grant of restricted shares of our common stock with an annual fair market value equal to approximately \$120,000 as of July 1, 2020. The restricted shares vest and all restrictions thereon lapse on the first anniversary of the date of grant subject to continued service.

As is common in the airline industry, we provide flight benefits to the members of Frontier's board of directors under the UATP, whereby each individual receives a yearly dollar value that they may use for personal travel on Frontier's flights for themselves and certain qualifying friends and family. Each one-way flight they take is valued at \$75, which is the average cost to Frontier of a one-way flight for us. For fiscal year 2020, each non-employee director received a travel bank under the UATP equal to \$5,500 (except for Mr. W. Franke who received a travel bank under the UATP equal to \$13,750 as the chairman of Frontier's board of directors). In addition, Frontier provides reimbursement to the non-employee directors for their reasonable expenses incurred in attending meetings.

During the second calendar quarter of 2020, our non-employee directors determined not to pay cash retainers in light of the COVID-19 pandemic and its impact on our business.

Following the completion of this offering, all non-employee directors will be compensated as follows:

- annual fee of \$80,000 payable in cash;
- annual restricted share units to have a grant date fair value of \$120,000 to vest on the first anniversary of the date of grant (subject to continued service);
- additional annual fee to the chairperson of the audit committee of \$20,000 payable in cash;
- additional annual fee to the chairpersons for our compensation committee and nominating and corporate governance committee of \$15,000 in cash each; and
- travel benefits as discussed above.

### Director Compensation Table

The following table sets forth information regarding compensation earned by the non-employee directors who served on the board of directors of Frontier during the fiscal year ended December 31, 2020.

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards<sup>(1)</sup> (\$)</u>	<u>All other Compensation<sup>(2)</sup> (\$)</u>	<u>Total (\$)</u>
Josh T. Connor	60,000	119,900	150	180,050
Brian H. Franke	75,000	—	—	75,000
William A. Franke	75,000	—	—	75,000
Andrew Broderick	75,000	—	—	75,000
Robert J. Genise	60,000	119,900	—	179,900
Bernard L. Han	75,000	119,900	994	195,894
Patricia Salas Pineda	60,000	119,900	18	179,918
Michael R. MacDonald	60,000	119,900	—	179,900
Alejandro Wolff	60,000	119,900	177	180,077

- (1) Amounts shown represent the grant date fair value of stock awards granted during fiscal year 2020 as calculated in accordance with ASC Topic 718. See Note 11 to the financial statements included in this registration statement for the assumptions used in calculating this amount. As of December 31, 2020, Messrs. Connor, Genise, Han, MacDonald and Wolff and Ms. Pineda each held 436 restricted shares of our common stock. No other non-employee director held any equity awards.
- (2) Amounts shown represent the flight benefits under our UATP for fiscal year 2020 based on our calculation of the incremental cost to the Company providing the flight benefits to the directors based on each one-way flight they take being valued at the lesser of (i) the actual cost of the ticket and (ii) \$75, which is the average cost to us of a one-way flight.

### Director Stock Ownership Guidelines

Pursuant to our director stock ownership guidelines, each current non-employee director and any newly appointed non-employee director is required to, by the later of five years from the consummation of this offering or, for newly elected directors, the date five years from the date of his or her election to the board, own shares of our common stock having an aggregate value at least equal to \$240,000 or, for newly elected directors, two times the value of the equity grant made in connection with the director's election or appointment. For purposes of this calculation, shares of our common stock held directly or indirectly by the non-employee director are included (including shares held by the employer of such director in the case of the directors affiliated with Indigo), including restricted stock units (vested or unvested) and deferred stock units, if any, while any outstanding and unvested or vested but unexercised stock option awards are excluded. We will continue to periodically review best practices and re-evaluate our position with respect to stock ownership guidelines.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

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

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

### Management Services

In December 2013, we entered into a Professional Services Agreement with Indigo Partners, pursuant to which Indigo Partners agreed to provide our board and our management with financial and management consulting services, including business strategy, budgeting of future corporate investments, acquisition and divestiture strategies and debt and equity financing consulting services. In exchange for these services, we incur a fixed quarterly fee of \$375,000 to Indigo Partners and reimburse Indigo Partners for out of pocket expenses incurred in connection with the rendering of services pursuant to the Professional Services Agreement. In addition, we pay the annual fees of each member of our board of directors that is affiliated with Indigo Partners. We incurred an aggregate of approximately \$2 million for the years ended December 31, 2018 and 2019 and \$1 million for the year ended December 31, 2020 relating to the quarterly fees, related expense reimbursements and director compensation. In addition, we have agreed to indemnify Indigo Partners and its affiliates for losses arising from or relating to the services provided pursuant to the Professional Services Agreement. 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 10% of the 5.2 million shares of our common stock acquired by an affiliate of Indigo Partners in December 2013.

### Registration Rights Agreement

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

### Codeshare Arrangement

In January 2018, we 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). According to a Form 20-F filed by Controladora Vuela Compañía de Aviación, S.A.B. de C.V. with the SEC in April 2018, investment funds managed by Indigo Partners holds approximately 18% of the total outstanding Common Stock shares of Volaris and two of our directors, William A. Franke and Brian H. Franke, are members of the board of directors of Volaris. In August 2018, we began operating scheduled codeshare flights on certain flights with Volaris that are identified by our designator code. Conversely, Volaris is operating scheduled codeshare flights with Frontier, identified by their designator code. Any flight bearing a Frontier code designator that is operated by Volaris is disclosed in our reservations systems and on the customer’s flight itinerary, boarding pass, and ticket, if a paper ticket is issued. As a result of the Volaris codeshare arrangement, our customers are able to purchase single ticket service on our route network and connect to Volaris’ route network.



The codeshare agreement provides for codeshare fees and revenue sharing for the codeshare flights, with such amounts prorated between the parties based upon an agreed formula. Each party bears its own costs and expenses of performance under the agreement, is required to indemnify the other party for certain claims and losses arising out of or related to the agreement and is responsible for complying with certain marketing and product display guidelines. The codeshare agreement also establishes a joint management committee, which includes representatives from both parties and generally oversees the management of the transactions and relationships contemplated by the agreement. The codeshare agreement will remain effective for a period of three years from its effective date, is subject to automatic renewal and may be terminated by either party at any time upon the satisfaction of certain conditions. During 2020, total revenues and expenses from this related party did not exceed \$120,000.

**Policies and Procedures for Related Party Transactions**

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

## PRINCIPAL AND SELLING STOCKHOLDER

The following table sets forth, as of February 1, 2021, information regarding beneficial ownership of our capital stock by:

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

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

Common stock subject to stock options and warrants currently exercisable or exercisable within 60 days of February 1, 2021, are deemed to be outstanding for computing the percentage ownership of the person holding these options and warrants and the percentage ownership of any group of which the holder is a member but are not deemed outstanding for computing the percentage of any other person.

We have based our calculation of the percentage of beneficial ownership prior to the offering on \_\_\_\_\_ shares of common stock outstanding on February 1, 2021. We have based our calculation of the percentage of beneficial ownership after the offering of \_\_\_\_\_ shares of our common stock outstanding immediately after the completion of this offering (assuming no exercise of the underwriters' option to purchase additional shares of our common stock from the selling stockholder).

Unless otherwise noted below, the address for each of the stockholders in the table below is c/o Frontier Group Holdings, Inc., 4545 Airport Way, Denver, Colorado 80239.

[Table of Contents](#)

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

Name and Address of Beneficial Owner	Beneficial Ownership Prior to the Offering				Shares Offered in the Offering	Beneficial Ownership After the Offering (Assuming No Exercise of Option to Purchase Shares)		Beneficial Ownership After the Offering if the Option to Purchase Shares is Exercised in Full	
	Common Stock	Options Exercisable within 60 days	Number of Shares Beneficially Owned	Percent		Number of Shares Beneficially Owned	Percent	Number of Shares Beneficially Owned	Percent
<b>5% Stockholder and Selling Stockholder:</b>									
Indigo Frontier Holdings Company, LLC <sup>(1)</sup>	5,200,000	—	5,200,000	99.2%			%		%
<b>Named Executive Officers and Directors:</b>									
William A. Franke <sup>(1)</sup>	5,200,000	—	5,200,000	99.2%			%		%
Andrew S. Broderick							*		*
Josh T. Connor <sup>(2)</sup>							*	—	*
Brian H. Franke							*	—	*
Robert J. Genise <sup>(3)</sup>							*	—	*
Bernard L. Han <sup>(4)</sup>							*	—	*
Michael R. MacDonald <sup>(5)</sup>							*	—	*
Patricia Salas Pineda <sup>(6)</sup>							*	—	*
Alejandro D. Wolff <sup>(7)</sup>							*	—	*
Barry L. Biffle <sup>(8)</sup>							*	—	*
James G. Dempsey <sup>(9)</sup>							*	—	*
Howard M. Diamond <sup>(10)</sup>							*	—	*
Daniel M. Shurz <sup>(11)</sup>							*	—	*
Jack F. Filene <sup>(12)</sup>							*	—	*
<b>All executive officers and directors as a group (16 persons)<sup>(13)</sup></b>							%		%

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

- (1) Consists of 5,200,000 shares held by Indigo Frontier Holdings Company LLC. William A. Franke is the sole member of Indigo Denver Management Company, LLC, which is the managing member of Indigo Frontier Holdings Company LLC, and as such, Mr. Franke has voting and dispositive power over these shares. Mr. Franke disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. The address for Mr. Franke and Indigo Frontier Holdings, LLC is c/o Indigo Partners, 2525 East Camelback Road, Suite 900, Phoenix, Arizona 85016.
- (2) Consists of shares of common stock underlying stock options exercisable within 60 days of February 1, 2021.
- (3) Consists of shares of common stock underlying stock options exercisable within 60 days of February 1, 2021.
- (4) Consists of shares of common stock underlying stock options exercisable within 60 days of February 1, 2021.
- (5) Consists of shares of common stock underlying stock options exercisable within 60 days of January 1, 2021.
- (6) Consists of shares of common stock underlying stock options exercisable within 60 days of January 1, 2021.
- (7) Consists of shares of common stock underlying stock options exercisable within 60 days of February 1, 2021.
- (8) Consists of shares of common stock underlying stock options exercisable within 60 days of February 1, 2021.
- (9) Consists of shares of common stock underlying stock options exercisable within 60 days of February 1, 2021.
- (10) Consists of shares of common stock underlying stock options exercisable within 60 days of February 1, 2021.
- (11) Consists of shares of common stock underlying stock options exercisable within 60 days of February 1, 2021.
- (12) Consists of shares of common stock underlying stock options exercisable within 60 days of February 1, 2021.
- (13) Consists of (i) the shares described in notes 1 through 12 above and (ii) shares of common stock represented by vested restricted stock units and shares of common stock underlying stock options exercisable within 60 days of February 1, 2021.

## DESCRIPTION OF PRINCIPAL INDEBTEDNESS

### Pre-Delivery Deposits Financing

Our direct subsidiary, Frontier Airlines Holdings, Inc. (“FAH”), and our operating subsidiary, Frontier Airlines, Inc. (“Frontier”) are party to a debt facility that is available to finance a portion of certain pre-delivery payments (“PDP Payments”) that Frontier is required to pay to Airbus S.A.S. (“Airbus”), with respect to future deliveries of specific Airbus A320neo and A321neo aircraft that we have on order (collectively, the “PDP Aircraft”). In connection with entering into this facility, FAH and Frontier established an unaffiliated Cayman Islands exempted company, Vertical Horizons, to act as borrower thereunder, and Frontier transferred certain of its rights and obligations under the purchase agreements (the “Assigned Purchase Agreements”), between it and Airbus relating to the PDP Aircraft to Vertical Horizons, including the obligation to make pre-delivery payments.

In August 2015, Vertical Horizons, as borrower, and Citibank, N.A., as facility agent and lender, entered into an amended and restated loan agreement (the “PDP Financing Facility”) which increased the commitment under the PDP Financing Facility to \$125 million and increased the number of PDP Aircraft with respect to which PDP Payments could be financed thereunder. On January 14, 2016, the PDP Financing Facility was further amended to increase the commitment thereunder to \$150 million. On December 16, 2016, the PDP Financing Facility was further amended and restated to increase the number of PDP Aircraft with respect to which PDP Payments could be financed thereunder. On December 29, 2017, the PDP Financing Facility was further amended and restated to increase the number of PDP Aircraft with respect to which PDP Payments could be financed thereunder. In May 2018 and January 2019, our PDP Financing Facility was amended to increase the commitment thereunder to \$175 million and to provide for up to \$25 million in unsecured revolving borrowings. On March 19, 2020, the PDP Financing Facility was further amended and restated to update the PDP Aircrafts with respect to which PDP Payments could be financed thereunder and on June 18, 2020, the PDP Financing Facility was further amended to extend the availability of the facility through December 31, 2022. In December 2020, the PDP Financing Facility was further amended and restated to extend the availability of the facility through December 31, 2023, reduce Citibank, N.A.’s commitment, as initial lender, from \$175 million to \$150 million, remove the ability to draw further unsecured borrowings and to provide collateral for the borrowings outstanding as of that date. In addition, such amendments added flexibility for the borrower to potentially obtain additional commitments from other lenders for an aggregate amount of up to \$200 million.

Vertical Horizons’ obligations under the PDP Financing Facility are secured primarily by a first priority lien on the Assigned Purchase Agreements including the proceeds and payments thereunder, and a charge over the shares of Vertical Horizons. Vertical Horizons’ obligations with respect to the PDP Financing Facility are guaranteed by FAH and by Frontier. The PDP Financing Facility contains affirmative and negative covenants and events of default that are typical in the industry for similar financings. The PDP Financing Facility consists of separate loans for each PDP Aircraft. The separate loans mature upon the earlier of (i) delivery of that aircraft to us by Airbus, (ii) the date one month following the last day of the scheduled delivery month of such aircraft and (iii) if there is a delay in delivery of aircraft, depending on the cause of the delivery delay, up to six months following the last day of the scheduled delivery month of such aircraft. The PDP Financing Facility will be repaid periodically according to the preceding sentence with the last scheduled delivery of aircraft contemplated in the PDP Financing Facility to be in the fourth quarter of 2023. The PDP Financing Facility is collateralized predominantly by our purchase agreement for 22 A320neo aircraft and 24 A321neo aircraft through 2023. As of December 31, 2020, there was \$141 million outstanding and secured under our PDP Financing Facility.

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

### **Pre-Purchased Miles Facility**

We originally entered into an agreement with Barclays in 2003 to provide for joint marketing, grant certain benefits to co-branded credit card holders (“Cardholders”), and allow Barclays to market using our customer database. Cardholders earn mileage credits under the *Frontier Miles* program and we sell mileage credits at agreed-upon rates to Barclays and earn fees from Barclays for the acquisition, retention and use of the co-branded credit card by consumers. In addition, Barclays will pre-purchase miles if we meet certain conditions precedent. During September 2020, we amended our agreements with Barclays to modify the products and services provided under the agreements, re-establish the pre-purchased miles facility and extend the term of the agreement to March 31, 2029. The dollar amount of the pre-purchased miles facility (“Facility Amount”), is subject to adjustment for the then-current year on each January 15, beginning on January 15, 2015 through and including January 15, 2028 based on the aggregate amount of fees payable by Barclays to us on a calendar year basis, up to an aggregate maximum Facility Amount of \$200 million. Until we repay our CARES Act loans, however, we can only access up to \$15 million of the Facility Amount. We pay interest on the outstanding Facility Amount on a monthly basis based on a one-month LIBOR plus a margin.

Barclays has agreed that for each month that specified conditions are met it will pre-purchase additional miles on a monthly basis in an amount equal to the difference between the Facility Amount and the amount of unused mileage credits then outstanding and held by Barclays. Among the conditions to this monthly purchase of mileage credits is a requirement that we maintain a balance of unrestricted cash, as defined in the agreement, or maintain a minimum amount of earnings before interest, taxes, depreciation, amortization and rent (excluding any non-cash, non-operating expense) measured on a rolling four month basis. We may repurchase any or all of the pre-purchased miles at any time, from time to time, without penalty. Prior to March 31, 2028, (“Repurchase Commencement Date”), the Facility Amount may be reduced in each month in which such specified conditions are not met, which Facility Amount may be subsequently increased after three consecutive months of compliance with such conditions. Commencing on the Repurchase Commencement Date, the Facility Amount will be reduced by one-twelfth of the Facility Amount as measured on the Repurchase Commencement Date each month until such time as no pre-purchased mileage credits remain outstanding under the facility. The pre-purchased miles facility expires on March 31, 2029, when the term of the agreement ends.

### **Floating Rate Building Note**

In June 2017, we entered into a \$15 million note payable agreement with Bank of America. During December 2018, we executed an agreement with National Bank of Arizona to refinance this note, increasing the principal amount to \$18 million. The note is secured by a lien on the land and building where our headquarters are located. As of December 31, 2020, all \$18 million in aggregate principal amount was outstanding with an interest rate based on one-month LIBOR plus a margin. Under the terms of the agreement, we will repay outstanding principal balance in quarterly payments beginning in January 2022 until the maturity date in December 2023. On the maturity date, one final balloon payment will be made to cover all unpaid principal, accrued unpaid interest and other amounts due. The interest rate of one-month LIBOR plus a margin will be paid monthly.

### **Payroll Support Program**

On April 30, 2020 (the “PSP Closing Date”), Frontier entered into a PSP Agreement with the Treasury pursuant to the CARES Act. In connection with its entry into the PSP Agreement, on the PSP Closing Date, FGHI also entered into a Warrant Agreement with the Treasury, and Frontier issued a PSP Promissory Note, with the Company and FAH, as guarantors.

*PSP Agreement*

Pursuant to the PSP Agreement, the Treasury provided to Frontier financial assistance, which was paid in installments (each, an “Installment”) on the PSP Closing Date, May 29, 2020, June 29, 2020, July 30, 2020 and September 30, 2020 and totaled an aggregate of approximately \$211 million.

*PSP Promissory Note*

As compensation to the United States Government for the provision of financial assistance under the PSP Agreement, the Company issued the PSP Promissory Note to the Treasury, which provides for the Company’s obligation to pay to the Treasury the principal sum of \$33 million, and the guarantee of the Company’s obligations by the Company and FAH.

The PSP Promissory Note bears interest on the outstanding principal amount at a rate equal to 1.00% per annum until the fifth anniversary of the PSP Closing Date and 2.00% plus an interest rate based on the secured overnight financing rate per annum or other benchmark replacement rate consistent with customary market conventions (but not to be less than 0.00%) thereafter until the tenth anniversary of the PSP Closing Date (the “Maturity Date”), and interest accrued thereon will be payable in arrears on the last business day of March and September of each year, beginning on September 30, 2020. The aggregate principal amount outstanding under the PSP Promissory Note, together with all accrued and unpaid interest thereon and all other amounts payable under the PSP Promissory Note, will be due and payable on the Maturity Date.

The Company may, at any time and from time to time, voluntarily prepay amounts outstanding under the PSP Promissory Note, in whole or in part, without penalty or premium. Within 30 days of the occurrence of certain change of control triggering events, the Company is required to prepay the aggregate outstanding principal amount of the PSP Promissory Note at such time, together with any accrued interest or other amounts owing under the PSP Promissory Note at such time.

The PSP Promissory Note is the Company’s senior unsecured obligation and each guarantee of the PSP Promissory Note is the senior unsecured obligation of each of Frontier and FAH, respectively. The PSP Promissory Note contains events of default, including cross-default with respect to acceleration or failure to pay at maturity other material indebtedness. Upon the occurrence of an event of default and subject to certain grace periods, the outstanding obligations under the PSP Promissory Note may, and in certain circumstances will automatically, be accelerated and become due and payable immediately.

*PSP Warrant Agreement and PSP Warrants*

As compensation to the United States Government for the provision of financial assistance under the PSP Agreement, and pursuant to the PSP Warrant Agreement, FGHI issued PSP Warrants to the Treasury to purchase shares of the common stock. The exercise price of the shares is \$241.72 per share, subject to certain anti-dilution provisions provided for in the PSP Warrant.

Pursuant to the PSP Warrant Agreement, on each of May 19, 2020, May 29, 2020, June 29, 2020, July 30, 2020 and September 30, 2020, the Company issued to the Treasury a PSP Warrant to purchase up to an aggregate of 303 shares, 5,085 shares, 5,085 shares, 2,543 shares and 736 shares, respectively, based on the terms described herein. The number of shares issuable upon the exercise of each PSP Warrant is subject to certain anti-dilution provisions, including, among others, for below market issuances and payment of dividends.

The PSP Warrants do not have any voting rights and are freely transferable, with registration rights. Each PSP Warrant expires on the fifth anniversary of the date of issuance of such PSP Warrant. While the Company’s common stock is not listed on a national securities exchange, exercise of the PSP Warrants will be settled in cash. Following this offering and the listing of the Company’s common stock on the Nasdaq Global Select Market, the PSP Warrants will be exercisable either through net share settlement or net cash settlement, at the Company’s option.

The PSP Warrants are being issued solely as compensation to the United States Government related to entry into the PSP2 Agreement. No separate proceeds (apart from the financial assistance Installments described above) are being received upon issuance of the PSP Warrants or will be received upon exercise thereof.

#### *Payroll Support Program Extension*

On January 15, 2021 (the “PSP2 Closing Date”), Frontier entered into a PSP2 Agreement with the Treasury, with respect to the PSP2 established under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (the “PSP Extension Law”). In connection with its entry into the PSP2 Agreement, on the PSP2 Closing Date, the Company also entered into a Warrant Agreement (the “PSP2 Warrant Agreement”) with the Treasury, and Frontier issued a PSP2 Promissory Note, with the Company and FAH, as guarantors.

#### *PSP2 Agreement*

Pursuant to the PSP2 Agreement, the Treasury is to provide to Frontier financial assistance to be paid in Installments expected to total at least \$140 million in the aggregate. We received the first installment, in the amount of approximately \$70 million, from the Treasury on January 15, 2021.

#### *PSP2 Promissory Note*

As compensation to the United States Government for the provision of financial assistance under the PSP2 Agreement, Frontier issued a PSP2 Promissory Note to the Treasury. The PSP2 Promissory Note is in substantially the same form as the PSP Promissory Note entered into in connection with the PSP established under the CARES Act. There is currently no principal amount of the PSP2 Promissory Note. The principal amount of the PSP2 Promissory Note will increase by an amount equal to 30% of the amount of each additional Installment disbursed under the PSP2 Agreement, provided that the first \$100 million of the total financial assistance provided to Frontier under the PSP2 Agreement will not increase the principal amount of the PSP2 Promissory Note. Interest accrued on the PSP2 Promissory Note will be payable in arrears on the last business day of March and September of each year, beginning on March 31, 2021. Assuming the total Installments to be paid pursuant to the PSP2 Agreement aggregate approximately \$140 million, the PSP2 Promissory Note will have a total principal amount of approximately \$12 million.

#### *PSP2 Warrant Agreement and PSP2 Warrants*

As compensation to the United States Government for the provision of financial assistance under the PSP2 Agreement, and pursuant to the PSP2 Warrant Agreement, the Company has agreed to issue the PSP2 Warrants to the Treasury to purchase shares. The PSP2 Warrant Agreement and PSP2 Warrants are in substantially the same forms as the PSP Warrant Agreement and PSP Warrants entered into in connection with the PSP, except that the exercise price (the “PSP2 Exercise Price”) for the shares will be equal to the value of the common stock on December 31, 2020, as determined by a third-party valuation. Pursuant to the PSP2 Warrant Agreement, on the date of each increase of the principal amount of the PSP2 Promissory Note, the Company will issue to the Treasury a PSP2 Warrant for a number of shares of Common Stock equal to 10% of such increase of the principal amount of the PSP2 Promissory Note, divided by the PSP2 Exercise Price. The number of shares issuable upon the exercise of each PSP Warrant is subject to certain anti-dilution provisions, including, among others, for below market issuances and payment of dividends, provided for in the PSP2 Warrants.

#### *PSP and PSP2 Ongoing Requirements*

In connection with PSP and PSP2, Frontier is required to comply with the relevant provisions of the CARES Act, as extended by the PSP Extension Law, including the requirement that funds provided pursuant to the PSP2 Agreement be used exclusively for the continuation of payment of certain employee wages, salaries and benefits, the requirement against involuntary furloughs and reductions in employee pay rates and benefits through

March 31, 2021, the requirement to recall any employees involuntarily terminated or furloughed after September 30, 2020, the provisions that prohibit the repurchase of the Common Stock once it is listed on the Nasdaq Global Select Market, and the payment of Common Stock dividends through March 31, 2022, as well as those that restrict the payment of certain executive compensation until October 1, 2022. The PSP Agreement and PSP2 Agreement also impose substantial reporting obligations on Frontier.

### **Treasury Loan Agreement**

On September 28, 2020 (the “Treasury Loan Closing Date”), Frontier, the Company and FAH entered into the Treasury Loan Agreement, dated as of the Treasury Loan Closing Date, among Frontier, as borrower, the Company and FAH, as guarantors, the Treasury, as lender, and the Bank of New York Mellon, as administrative agent and collateral agent. The Treasury Loan Agreement provides for a secured term loan facility (the “Facility”) which permits Frontier to borrow up to \$574 million as further described below.

On the Treasury Loan Closing Date, Frontier borrowed \$150 million and may, at its option, borrow additional amounts in up to two subsequent borrowings until May 28, 2021, subject to satisfaction of certain conditions precedent in the Treasury Loan Agreement including maintenance of a collateral coverage ratio of 2.0 to 1.0. Borrowings under the Facility will bear interest at a variable rate per annum equal to adjusted LIBOR plus 2.5%, subject to an Adjusted LIBOR Rate floor of 0%. Accrued interest on the loans shall be payable in arrears on the first business day following the 14th day of each March, June, September and December (beginning with September 15, 2021), and on the Treasury Loan Maturity Date (as defined below). The applicable interest rate for the \$150 million loan drawn on the Treasury Loan Closing Date under the Facility will be 2.74% per annum for the period from the Treasury Loan Closing Date through September 15, 2021 at which time the interest rate will reset in accordance with the foregoing formula.

All advances under the Facility will be in the form of term loans, all of which will mature and be due and payable in a single installment on September 28, 2025 (the “Treasury Loan Maturity Date”). Voluntary prepayments of loans under the Facility may be made, in whole or in part, by Frontier, without premium or penalty, at any time and from time to time. Amounts prepaid may not be reborrowed. Mandatory prepayments of loans under the Facility are required, without premium or penalty, to the extent necessary to comply with Frontier’s covenants regarding the expiry of certain agreements constituting the Treasury Loan Collateral (as defined below), the debt service coverage ratio, certain dispositions of the Treasury Loan Collateral, certain debt issuances secured by liens on the Treasury Loan Collateral and certain indemnity, termination, liquidated damages or insurance payments related to the Treasury Loan Collateral. In addition, if a “change of control” (as defined in the Treasury Loan Agreement) occurs with respect to the Company or Frontier, Frontier will be required to repay the loans outstanding under the Facility.

On the Treasury Loan Closing Date, the obligations of Frontier under the Treasury Loan Agreement are secured by a first priority security interest on substantially all of Frontier’s Loyalty Program Assets (as defined in the Pledge and Security Agreement (as defined below)) (including rights to receive cash flows thereunder), documents, deposit accounts, securities accounts, books and records and intellectual property related to Frontier’s frequent flyer program, *Frontier Miles* (the “Loyalty Program”) and all proceeds, accessions, rents or profits related to the foregoing (collectively, the “Treasury Loan Collateral”).

The Treasury Loan Agreement requires Frontier, under certain circumstances, including within ten (10) business days prior to the last business day of March and September of each year, beginning March 2021, to appraise the value of the Treasury Loan Collateral and recalculate the collateral coverage ratio. If the calculated collateral coverage ratio is less than 1.6 to 1.0, Frontier will be required either to provide additional Treasury Loan Collateral (which may include cash collateral) to secure its obligations under the Treasury Loan Agreement or prepay the term loans under the Facility, in such amounts that the recalculated collateral coverage ratio, after giving effect to any such additional Treasury Loan Collateral or repayment, is at least 1.6 to 1.0. Based on the



appraisal submitted by Frontier in connection with the execution of the Loan Agreement, the appraised value of the Treasury Loan Collateral is presently significantly in excess of the 2.0 to 1.0 collateral coverage ratio necessary to access the amount under the Facility, including any contemplated increase.

The Treasury Loan Agreement also requires Frontier to calculate the debt service coverage ratio on a quarterly basis. If the calculated debt service coverage ratio is less than 1.75 to 1.00, then the Company and its subsidiaries will be required to place an amount equal to at least 50% of certain revenues received from the Loyalty Program (the "Loyalty Program Revenues") into a blocked account to be held for the benefit of the lenders (which amounts on deposit may be used to prepay the outstanding term loans at the option of Frontier) until the debt service coverage ratio is recalculated to be greater than or equal to 1.75 to 1.00. If the calculated debt service coverage ratio is less than or equal to 1.50 to 1.00, but greater than 1.25 to 1.00, then all amounts previously deposited into the blocked account will be used to prepay outstanding term loans and an amount equal to at least 50% of all future Loyalty Program Revenues will be transferred into the payment account and used to prepay outstanding term loans until the debt service coverage ratio is recalculated to be greater than 1.50 to 1.00. If the calculated debt service coverage ratio is less than or equal to 1.25 to 1.00, then all amounts previously deposited into the blocked account will be used to prepay outstanding term loans and an amount equal to at least 75% of all future Loyalty Program Revenues will be transferred into the payment account and used to prepay outstanding term loans until the debt service coverage ratio is recalculated to be greater than 1.25 to 1.00.

The Treasury Loan Agreement also includes affirmative, negative and financial covenants and requires the Company to comply with the relevant provisions of the CARES Act including, but not limited to, the provisions that prohibit the payment of common stock dividends and the repurchase of the Company's common stock (except under certain circumstances when the Company can repurchase up to \$25 million of common stock annually), the continuation of certain scheduled air transportation service and those that restrict the payment of certain executive compensation, in each case, through the date that is 12 months after the date on which all amounts of loan outstanding under the Facility have been repaid in full. Under certain circumstances the Company can repurchase up to \$25 million of common stock annually.

#### *Treasury Warrant Agreement and Warrants*

In connection with its entry into the Loan Agreement, the Company also entered into the Treasury Warrant Agreement, with the Treasury.

Pursuant to the Treasury Warrant Agreement, the Company issued to the Treasury a warrants to purchase up to 62,055 shares on the Treasury Loan Closing Date, with an exercise price of \$241.72 per share. On the date of each borrowing under the Loan Agreement, the Company will issue to the Treasury additional warrants to purchase shares of the Company's common stock equal to 10% of such borrowing, divided by the exercise price.

The exercise price and the number of shares to be issued are subject to adjustment as a result of certain anti-dilution provisions provided for in the Treasury Warrants.

The Treasury Warrants do not have any voting rights and are freely transferable, with registration rights. Each Treasury Warrant expires on the fifth anniversary of the date of issuance of such Treasury Warrant. While the Company's common stock is not listed on a national securities exchange, exercise of the warrants will be settled in cash. Following this offering and the listing of the Company's common stock on the Nasdaq Global Select Market, the Treasury Warrants will be exercisable either through net share settlement or net cash settlement, at the Company's option.

The Treasury Warrants were issued as additional compensation to the United States Government related solely to entry into the Treasury Loan Agreement. No separate proceeds will be received upon issuance of a Treasury Warrant or will be received upon exercise thereof.

## DESCRIPTION OF CAPITAL STOCK

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

### General

Upon the completion of this offering, our amended and restated certificate of incorporation will authorize us to issue up to 600,000,000 shares of common stock, \$0.001 par value per share, 120,000,000 shares of non-voting common stock, \$0.001 par value per share, and 10,000,000 shares of preferred stock, \$0.001 par value per share. See “—Limited Ownership and Voting by Foreign Owners.”

As of December 31, 2020, there were outstanding 5,248,371 shares of our capital stock held by stockholders of record.

Also as of December 31, 2020, there were outstanding no shares of non-voting common stock and no shares of preferred stock.

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

### Common Stock

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

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

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

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

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

### **Non-Voting Common Stock**

Our board of directors has the authority, without further action by our stockholders, to issue up to 120,000,000 shares of non-voting common stock with the rights, preferences, privileges and restrictions set forth below. Among other circumstances, shares of our non-voting common stock may be issued if and when required or desirable to comply with restrictions imposed by federal law on foreign ownership of U.S. airlines. Upon the closing of this offering, there will be no shares of non-voting stock outstanding, and we have no present plan to issue any such shares of non-voting stock. See “— Limited Ownership and Voting by Foreign Owners.”

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

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

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

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

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

### **Preferred Stock**

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

### **Registration Rights**

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

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

***Demand and Short-Form Registration Rights***

At any time following the consummation of this offering, Indigo Fund may request that we initiate up to eight registrations of its shares (and the shares of any other parties that may become a party to the Registration Rights Agreement) on Form S-1 or any similar or successor long-form registration and, if available, an unlimited number of registrations of its shares (and the shares of any other parties that may become a party to the Registration Rights Agreement) on Form S-3 or any successor or similar short-form registration.

***Piggyback Registration Rights***

At any time that we propose to register any of our securities under the Securities Act, including in connection with this offering, Indigo Fund and any other parties that may become a party to the Registration Rights Agreement will be entitled to certain “piggyback” registration rights allowing such parties to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act (other than with respect to our initial public offering, pursuant to a demand or short-form registration, or pursuant to a registration on Form S-4 or S-8 or any successor or similar forms), the holders of these shares are entitled to notice of the registration and have the right, subject to limitations that the underwriters may impose on the number of shares included in the registration, to include their shares in the registration.

***Expenses of Registration, Restriction and Indemnification***

We will pay all registration expenses, including the legal fees of one counsel for all holders under the Registration Rights Agreement. The demand, short-form and piggyback registration rights are subject to customary restrictions such as limitations on the number of shares to be included in the underwritten offering imposed by the managing underwriter. The Registration Rights Agreement also contains customary indemnification and contribution provisions.

***Anti-Takeover Provisions of Our Certificate of Incorporation and Bylaws***

Our amended and restated certificate of incorporation to be in effect immediately prior to the consummation of this offering provides that our board of directors will be divided into three classes, with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Because our stockholders do not have cumulative voting rights, holders of common stock representing a majority of the voting rights of our common stock will be able to elect all of our directors up for election at any given stockholders’ meeting. Accordingly, until such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, Indigo will elect our entire board of directors. Our amended and restated bylaws to be in effect immediately prior to the consummation of this offering includes advance notice procedures and other content requirements applicable to stockholders other than Indigo for proposals to be brought before a meeting of stockholders, including proposed nominations of persons for election to the board of directors.

Until such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, our amended and restated certificate of incorporation and amended and restated bylaws to be in effect immediately prior to the consummation of this offering require a majority stockholder vote for the removal of a director with or without cause, and for the amendment, repeal or modification of certain provisions of our amended and restated certificate of incorporation and amended and

restated bylaws including, among other things, relating to the classification of our board of directors. From and after such time as Indigo and its affiliates hold less than a majority of the voting rights of our common stock, a majority stockholder vote is required for removal of a director only for cause (and a director may only be removed for cause), and a 66 $\frac{2}{3}$ % stockholder vote is required for the amendment, repeal or modification of certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws.

Our amended and restated certificate of incorporation and amended and restated bylaws to be in effect immediately prior to the consummation of this offering also provide that, until such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, Indigo will have the ability to take stockholder action by written consent without calling a stockholder meeting and to approve amendments to our amended and restated certificate of incorporation and amended and restated bylaws and to take other actions without the vote of any other stockholder. From and after such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, all stockholder action must be effected at a duly called meeting of stockholders and not by a consent in writing, and further provide that, from and after such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, only our corporate secretary, upon the direction of our board of directors, or the Chairman of the Board, may call a special meeting of stockholders.

The combination of the classification of our board of directors (from and after such time as Indigo and its affiliates hold less than a majority of the voting rights of our common stock), lack of cumulative voting rights, prohibitions on stockholder actions by written consent and stockholder ability to call a special meeting by a stockholder other than Indigo, and super majority voting requirements make it more difficult for stockholders other than Indigo (for so long as it holds sufficient voting rights) to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Because our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for stockholders other than Indigo (for so long as it holds sufficient voting rights) or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions may have the effect of deterring hostile takeovers or delaying changes in our control or management. These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of us. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts. Such provisions may also have the effect of preventing changes in our management.

#### ***Section 203 of the Delaware General Corporation Law***

Our amended and restated certificate of incorporation to be in effect immediately prior to the consummation of this offering provides that we will not be subject to the provisions of Section 203 of the Delaware General Corporation Law unless and until such time when Indigo Partners and its affiliates cease to beneficially own at least 15% of the then outstanding shares of our voting common stock. Following such date, we will be subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

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

## Table of Contents

- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 $\frac{2}{3}$ % of the outstanding voting stock that is not owned by the interested stockholder.

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

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

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

### **Corporate Opportunity**

Our amended and restated certificate of incorporation, to be in effect immediately prior to the consummation of this offering, will provide that, to the fullest extent permitted by law, the doctrine of “corporate opportunity” will not apply to Indigo, any of our non-employee directors who are employees, affiliates or consultants of Indigo or its affiliates (other than us or our subsidiaries) or any of their respective affiliates in a manner that would prohibit them from investing in competing businesses or doing business with our customers. See “Risk Factors—Risks Related to Owning Our Common Stock—Our certificate of incorporation will contain a provision renouncing our interest and expectancy in certain corporate opportunities.”

### **Limited Ownership and Voting by Foreign Owners**

To comply with restrictions imposed by federal law on foreign ownership and control of U.S. airlines, our amended and restated certificate of incorporation and amended and restated bylaws to be in effect immediately prior to the consummation of this offering restrict ownership, voting, and control of shares of our capital stock by non-U.S. citizens. The restrictions imposed by federal law and DOT policy require that we be owned and controlled by U.S. citizens, that no more than 25.0% of our voting stock be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens, as defined in 49 U.S.C. § 40102(a)(15), that no more than 49.0% of our outstanding stock be owned or controlled, directly or indirectly, (beneficially or of record) by persons or entities who are not U.S. citizens and are from countries that have entered into “open skies” air transport agreements with the U.S., that our president and at least two-thirds of the members of our board of directors and other managing officers be U.S. citizens, and that we be under the actual control of U.S. citizen. Our amended and restated certificate of incorporation and bylaws to be in effect immediately prior to the

consummation of this offering provide that the failure of non-U.S. citizens to register their shares on a separate stock record, which we refer to as the “foreign stock record,” would result in a loss of their voting rights in the event and to the extent that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law. Our amended and restated bylaws further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record, resulting in loss of voting rights, in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law. We are currently in compliance with these ownership restrictions.

### **Forum Selection**

Our certificate of incorporation and bylaws currently provide, and our amended and restated certificate of incorporation and amended and restated bylaws, which will become effective immediately prior to the completion of this offering, will provide, that: (i) unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for: (A) any derivative action or proceeding brought on behalf of the company, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former director, officer, other employee, agent or stockholder to the company or our stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a claim against the company or any of our current or former director, officer, employee, agent or stockholder arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware, or (D) any action asserting a claim related to or involving the company that is governed by the internal affairs doctrine; (ii) unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act, and the rules and regulations promulgated thereunder, including all causes of action asserted against any defendant to such complaint; (iii) any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the company will be deemed to have notice of and consented to these provisions; and (iv) failure to enforce the foregoing provisions would cause us irreparable harm, and we will be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. This exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Nothing in our current certificate of incorporation or bylaws or our amended and restated certificate of incorporation or amended and restated bylaws precludes stockholders that assert claims under the Exchange Act, from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

Although our current certificate of incorporation and bylaws contain, and our amended and restated certificate of incorporation and amended and restated bylaws will contain, the choice of forum provision described above, it is possible that a court could find that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable. For example, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act.

### **Limitations of Liability and Indemnification**

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

**Market Listing**

We have applied to have our common stock approved for quotation on the Nasdaq Global Select Market under the symbol “FRNT.”

**Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Computershare, Inc. The transfer agent and registrar’s address is 480 Washington Boulevard, 29th Floor, Jersey City, New Jersey 07130.



## SHARES ELIGIBLE FOR FUTURE SALE

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

Based on the number of shares outstanding as of December 31, 2020 and giving effect to the completion of this offering, \_\_\_\_\_ million shares of common stock will be outstanding, assuming no exercise of the underwriters' option to purchase additional shares and no exercise of outstanding options. Of these shares, the \_\_\_\_\_ shares sold in this offering, which includes both the shares sold by us and any shares sold by the selling stockholder, plus any shares sold upon exercise of the underwriters' option to purchase additional shares of our common stock from the selling stockholder, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless the shares are held by any of our "affiliates" as such term is defined in Rule 144 of the Securities Act.

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

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

### Rule 144

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

- 1% of the number of common stock then outstanding, which will equal approximately \_\_\_\_\_ shares of common stock immediately after this offering (calculated on the basis of the number of shares of our common stock outstanding as of December 31, 2020, the assumptions described above and assuming no exercise of the underwriter's option to purchase additional shares and no exercise of outstanding options); or

## [Table of Contents](#)

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

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

### **Rule 701**

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

### **Lock-Up Agreements**

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

\_\_\_\_\_ and \_\_\_\_\_ may, in their sole discretion and at any time or from time to time before the termination of the \_\_\_\_\_-day period, without public notice, release all or any portion of the securities subject to lock-up agreements. There are no existing agreements between the underwriters and any of our stockholders who will execute a lock-up agreement which provide consent to the sale of shares prior to the expiration of the lock-up period.

### **Registration Rights**

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

**Registration Statements**

As soon as practicable after the completion of this offering, we intend to file a Form S-8 registration statement under the Securities Act to register shares of our common stock subject to options outstanding or reserved for issuance under our 2014 Stock Incentive Plan and the Frontier Group Holdings, Inc. 2021 Equity Incentive Award Plan. This registration statement will become effective immediately upon filing, and shares covered by this registration statement will thereupon be eligible for sale in the public markets, subject to vesting restrictions, the lock-up agreements described above and Rule 144 limitations applicable to affiliates. For a more complete discussion of our stock plans, please see “Executive Compensation—Equity Compensation Plans.”

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

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

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

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- tax-qualified retirement plans; and
- “qualified foreign pension funds” as defined in Section 897(1)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds.

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

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

### ***Definition of A Non-U.S. Holder***

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

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

### ***Distributions***

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

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

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

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

### ***Sale or Other Taxable Disposition***

Subject to the discussions below regarding backup withholding and FATCA, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

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

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

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

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

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

### ***Information Reporting and Backup Withholding***

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

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

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

***Additional Withholding Tax on Payments Made to Foreign Accounts***

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

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock. While, beginning on January 1, 2019, withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of our common stock, proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

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

## UNDERWRITING

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

<u>Underwriter</u>	<u>Number of Shares</u>
Citigroup Global Markets Inc.	
Barclays Capital Inc.	
Deutsche Bank Securities Inc.	
Morgan Stanley & Co. LLC	
Evercore Group L.L.C.	
BofA Securities, Inc.	
Goldman Sachs & Co. LLC	
J.P. Morgan Securities LLC	
Nomura Securities International, Inc.	
UBS Securities LLC	
Cowen and Company, LLC	
Raymond James & Associates, Inc.	
<b>Total</b>	

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the option to purchase additional shares described below) if they purchase any of the shares.                      and                      are acting as representatives of the underwriters.

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price not to exceed \$                      per share. If all the shares are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. The representatives have advised us that the underwriters do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

The selling stockholder has granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to                      additional shares of common stock at the public offering price less the underwriting discounts and commissions set forth on the cover of this prospectus. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment. The selling stockholder will be obligated, pursuant to the option, to sell these additional shares of common stock to the underwriters to the extent the option is exercised. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.



## [Table of Contents](#)

The following table shows the underwriting discounts that we and the selling stockholder are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Paid by Company		Paid by Selling Stockholder	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Per share				
Total				

We estimate that our portion of the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately \$ . We have agreed to reimburse the underwriters for expenses of up to \$40,000 related to the clearance of this offering with the Financial Industry Regulatory Authority, Inc. and compliance with state securities or "blue sky" laws.

In connection with this offering, we have agreed with the underwriters not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any such aforementioned transaction is to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, without, in each case, the prior written consent of and for a period of 180 days after the date of this prospectus, other than any shares of our common stock issued upon the exercise of options granted under our existing equity incentive plans and any shares of our common stock issued upon the conversion of or exercise of any securities outstanding as of the date of this prospectus.

In connection with this offering, the selling stockholder, our officers, directors and holders of substantially all of our outstanding shares of capital stock and other securities have agreed with the underwriters not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any such aforementioned transaction is to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of and for a period of 180 days after the date of this prospectus.

The foregoing restrictions are subject to specified exceptions, including, without limitation, the following:

- open market transactions related to shares acquired after the completion of this offering, provided that no filing under Section 16(a) of the Exchange Act, or other public announcement, shall be required or shall be made voluntarily in connection with any such transaction;
- the exercise of stock options or other similar awards granted pursuant to our equity incentive plans described in this prospectus solely for cash, provided that the shares received upon exercise shall continue to be subject to the restrictions on transfer set forth in the lock-up agreement, any public report or filing required to be made under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that the filing relates to the exercise of a stock option or similar award, that no shares were sold by the reporting person and that the shares received upon exercise of the stock option are subject to a lock-up agreement with the underwriters, and that no other public announcement shall be required or shall be made voluntarily in connection with any such transaction;
- the withholding of shares of our common stock by us or sale of such shares to us in connection with a vesting event of stock options or other similar awards granted pursuant to our equity incentive plans

described in this prospectus to cover tax withholding obligations or the payment of taxes in connection with the vesting event, provided that any public report or filing required to be made under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that the purpose of such transfer is to cover such tax withholding obligations or the payment of taxes due in connection with the vesting event and that no other shares were sold, and that no other public announcement shall be required or shall be made voluntarily in connection with any such transaction;

- transfers to us upon the exercise of stock options or other similar awards granted pursuant to our equity incentive plans described in this prospectus on a “cashless” or “net exercise” basis, provided that the shares received upon exercise shall continue to be subject to the restrictions on transfer set forth in the lock-up agreement and that any public report or filing required to be made under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that the filing relates to the exercise of a stock option or similar award, that no shares were sold by the reporting person and that the shares received upon exercise of the stock option are subject to a lock-up agreement with the underwriters, and that no other public announcement shall be required or shall be made voluntarily in connection with any such transaction; and
- transfers by operation of law or court order pursuant to a domestic relations order or a negotiated divorce settlement, provided that the recipient agrees to be bound in writing by the restrictions set forth in the lock-up agreement, that any public report or filing required to be made under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that such transfer is pursuant to such court order or settlement and that the shares are subject to a lock-up agreement with the underwriters, and that no other public announcement shall be required or shall be made voluntarily in connection with any such transaction.

Prior to this offering, there has been no public market for our shares. Consequently, the initial public offering price for the shares will be determined by negotiations between us, the selling stockholder and the representatives. Among the primary factors that we expect to consider in determining the initial public offering price are:

- the information set forth in this prospectus and otherwise available to the representatives;
- our revenues, results of operations and certain other financial and operating information in recent periods;
- our future prospects and estimates of our business potential including the economic conditions in and future prospects for the industry in which we compete;
- the present stage of our development;
- the market capitalizations and stages of development of other companies that we and the representatives of the underwriters believe to be comparable to our business;
- our management;
- currently prevailing general conditions in the equity securities markets; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure you, however, that the price at which the shares will trade in the public market after this offering will not be lower than the initial public offering price or that an active trading market in our shares will develop and continue after this offering.

We have applied to have our shares listed on the Nasdaq Global Select Market under the symbol “FRNT.”

We and the selling stockholder have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

In order to facilitate the offering of the shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the shares. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the option to purchase additional shares. The underwriters can close out a covered short sale by exercising the option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the option to purchase additional shares. The underwriters may also sell shares in excess of the option to purchase additional shares, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the shares above independent market levels or prevent or retard a decline in the market price of the shares. The underwriters are not required to engage in these activities and may end any of these activities at any time.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters participating in this offering. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

### **Other Relationships**

Certain of the underwriters have performed commercial banking services for us from time to time for which they have received customary fees and reimbursement of expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Selling Restrictions**

#### ***General***

Other than in the U.S., no action has been taken by us or the underwriters that would permit a public offering of the shares of common stock offered by this prospectus in any jurisdiction where action for that purpose is required. The shares offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any shares offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

***Notice to Prospective Investors in the European Economic Area***

In relation to each EEA Member State (each a “Relevant Member State”), no shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State, all in accordance with the Prospectus Regulation, except that the shares may be offered to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of shares shall require the Issuer or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any shares under, the Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Underwriters and their affiliates and the Company that:

- (i) it is a qualified investor within the meaning of the Prospectus Regulation; and
- (ii) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, (i) the shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or have been acquired in other circumstances falling within the points (a) to (d) of Article 1(4) of the Prospectus Regulation and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where the shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Regulation as having been made to such persons.

The Company, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Coordinators of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire shares in the Offering.

***Notice to Prospective Investors in the United Kingdom***

In relation to the United Kingdom, no shares of common stock have been offered or will be offered pursuant to this offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares that either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, except that offers of shares may be made to the public in the United Kingdom at any time under the following exemptions under the UK Prospectus Regulation:

- to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

- to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation); or
- in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000 (“FSMA”), provided that no such offer of shares shall require the Issuer or any representative to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares in any relevant state means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in Article 2 of the UK Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”) or otherwise in circumstances which have not resulted and will not result in an offer to the public of the shares in the United Kingdom within the meaning of the FSMA. .

Each person in the UK who acquires any shares in the Offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Underwriters and their affiliates that it meets the criteria outlined in this section.

#### ***Notice to Prospective Investors in Switzerland***

The shares may not be publicly offered in Switzerland and will not be listed on the Swiss Stock Exchange, or (“SIX”), or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority (“FINMA”) and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

#### ***Notice to Prospective Investors in the Dubai International Financial Centre***

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt 185 Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

***Notice to Prospective Investors in Australia***

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia (“Corporations Act”)) in relation to the shares has been or will be lodged with the Australian Securities & Investments Commission (“ASIC”). This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

- a) you confirm and warrant that you are either:
  - i. a “sophisticated investor” under section 708(8)(a) or (b) of the Corporations Act;
  - ii. a “sophisticated investor” under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant’s certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
  - iii. a person associated with the company under section 708(12) of the Corporations Act; or
  - iv. a “professional investor” within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and
- b) you warrant and agree that you will not offer any of the common shares for resale in Australia within 12 months of the common shares being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

***Notice to Prospective Investors in Hong Kong***

The shares of our common stock offered in this prospectus may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of our common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

***Notice to Prospective Investors in Japan***

The shares offered in this prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law NO. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” will mean any person resident in Japan, benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” will mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

***Notice to Prospective Investors in Singapore***

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or

invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section A of the Securities and Futures Act, Chapter 289 of Singapore (“SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where shares of our common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:
- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA

#### ***Notice to Prospective Investors in Canada***

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the 182 Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (“NI 33-105”), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriters’ conflicts of interest in connection with this offering.

## LEGAL MATTERS

Certain legal matters with respect to the legality of the issuance of the shares of common stock offered by us by this prospectus will be passed upon for us by Latham & Watkins LLP, Menlo Park, California. The underwriters are being represented by Davis Polk & Wardwell LLP, Menlo Park, California, in connection with the offering.

## EXPERTS

The consolidated financial statements of Frontier Group Holdings, Inc. as of December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to this offering of our common stock. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The exhibits to the registration statement should be referenced for the complete contents of these contracts and documents. The SEC maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov).

As a result of this offering, we will become subject to the information and reporting requirements of the Securities Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying on the website of the SEC referred to above.



INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
<a href="#">Report of Independent Accountants</a>	F-2
<b>Consolidated Financial Statements:</b>	
<a href="#">Consolidated Balance Sheets</a>	F-3
<a href="#">Consolidated Statements of Operations</a>	F-4
<a href="#">Consolidated Statements of Comprehensive Income (Loss)</a>	F-5
<a href="#">Consolidated Statements of Cash Flows</a>	F-6
<a href="#">Consolidated Statements of Stockholders' Equity</a>	F-7
<a href="#">Notes to Consolidated Financial Statements</a>	F-8

## Report of Independent Registered Public Accounting Firm

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

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Frontier Group Holdings, Inc. (the Company) as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' equity for each of the three years in the period ended December 31, 2020 and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we were required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

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

### Leased Aircraft Return Costs

<i>Description of the matter</i>	As described in Notes 1 and 6 to the consolidated financial statements, the Company's aircraft lease agreements often require the Company to return aircraft airframes and engines to the lessor in a certain condition or pay an amount to the lessor based on the leased airframe or engine's actual condition. Lease return costs are recognized beginning when it is probable that such costs
----------------------------------	---

[Table of Contents](#)

will be incurred and they can be estimated. When costs become both probable and estimable, they are accrued as a component of supplemental rent, through the remaining lease term. When determining the need to accrue lease return costs, there are various factors for which management considers such as the contractual terms of the lease agreement, current condition of the aircraft, the age of the aircraft at lease expiration, projected number of hours run on the engine at the time of return, the number of projected cycles run on the airframe at the scheduled time of return and the ability to utilize previously paid maintenance reserves to offset projected costs. As of December 31, 2020, the Company has accrued liabilities of \$32 million for leased aircraft return costs.

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

*How we  
Addressed  
the Matter  
in Our  
Audit*

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

/s/ Ernst & Young LLP

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

Denver, Colorado  
February 26, 2021, except for Note 20, as to which the date is March 8, 2021.

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

	December 31,	
	2019	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 768	\$ 378
Accounts receivable, net	83	28
Supplies, net	20	18
Other current assets	73	226
<b>Total current assets</b>	<b>944</b>	<b>650</b>
Property and equipment, net	181	176
Operating lease right-of-use assets	2,261	2,250
Pre-delivery deposits for flight equipment	252	224
Aircraft maintenance deposits	71	82
Intangible assets, net	30	29
Other assets	125	143
<b>Total assets</b>	<b>\$ 3,864</b>	<b>\$ 3,554</b>
<b>Liabilities and stockholders' equity</b>		
Accounts payable	\$ 71	\$ 71
Air traffic liability	249	135
Frequent flyer liability	21	13
Current maturities of long-term debt, net	150	101
Current maturities of operating leases	387	416
Other current liabilities	376	267
<b>Total current liabilities</b>	<b>1,254</b>	<b>1,003</b>
Long-term debt, net	95	247
Long-term operating leases	1,874	1,848
Long-term frequent flyer liability	31	50
Other long-term liabilities	68	96
<b>Total liabilities</b>	<b>3,322</b>	<b>3,244</b>
<b>Commitments and contingencies (Note 14)</b>		
<b>Stockholders' equity:</b>		
Common stock, no par value, stated value of \$.001 per share, with 5,243,233 and 5,248,371 shares issued and outstanding as of December 31, 2019 and 2020, respectively	—	—
Additional paid-in capital	52	60
Retained earnings	486	261
Accumulated other comprehensive income (loss)	4	(11)
<b>Total stockholders' equity</b>	<b>542</b>	<b>310</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,864</b>	<b>\$ 3,554</b>

*See Notes to Consolidated Financial Statements*

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

	Year Ended December 31,		
	2018	2019	2020
<b>Operating revenues:</b>			
Passenger	\$ 2,102	\$ 2,445	\$ 1,207
Other	54	63	43
Total operating revenues	<u>2,156</u>	<u>2,508</u>	<u>1,250</u>
<b>Operating expenses:</b>			
Aircraft fuel	589	640	338
Salaries, wages and benefits	441	529	533
Aircraft rent	277	368	396
Station operations	323	336	257
Sales and marketing	110	130	78
Maintenance materials and repairs	75	86	83
Depreciation and amortization	78	46	33
CARES Act credits	—	—	(193)
Other operating	171	64	90
Total operating expenses	<u>2,064</u>	<u>2,199</u>	<u>1,615</u>
<b>Operating income (loss)</b>	<u>92</u>	<u>309</u>	<u>(365)</u>
<b>Other income (expense):</b>			
Interest expense	(13)	(11)	(18)
Capitalized interest	9	11	6
Interest income and other	17	16	5
Total other income (expense)	<u>13</u>	<u>16</u>	<u>(7)</u>
Income (loss) before income taxes	105	325	(372)
Income tax expense (benefit)	25	74	(147)
<b>Net income (loss)</b>	<u>\$ 80</u>	<u>\$ 251</u>	<u>\$ (225)</u>
<b>Earnings (loss) per share:</b>			
Basic	\$ 13.95	\$ 45.21	\$(42.91)
Diluted	\$ 13.83	\$ 45.10	\$(42.91)

*See Notes to Consolidated Financial Statements*

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

	Year Ended December 31,		
	2018	2019	2020
<b>Net income (loss)</b>	<b>\$ 80</b>	<b>\$ 251</b>	<b>\$ (225)</b>
Unrealized gains (losses) from cash flow hedges net of adjustment for dedesignation of fuel hedges, net of deferred tax benefit / (expense) of \$8, (\$6) and \$4, respectively (Note 7)	(22)	21	(15)
<b>Other comprehensive income (loss)</b>	<b>(22)</b>	<b>21</b>	<b>(15)</b>
<b>Comprehensive income (loss)</b>	<b>\$ 58</b>	<b>\$ 272</b>	<b>\$ (240)</b>

*See Notes to Consolidated Financial Statements*

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

	Year Ended December 31,		
	2018	2019	2020
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ 80	\$ 251	\$ (225)
Deferred income taxes	(72)	52	(14)
Depreciation and amortization	78	46	33
Loss on sale of owned aircraft	25	—	—
Gains recognized on sale-leaseback transactions	(18)	(107)	(48)
Warrant liability unrealized loss	—	—	9
Stock-based compensation	26	8	8
Cash flows for derivative instruments, net	—	(1)	(4)
Cash flows from operating leases	—	—	17
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable	28	(6)	61
Supplies and other current assets	29	(18)	(166)
Aircraft maintenance deposits	(28)	(18)	(15)
Other long-term assets	(50)	(29)	(32)
Accounts payable	(7)	24	—
Air traffic liability	15	36	(114)
Other liabilities	83	(67)	(67)
Cash provided by (used in) operating activities	<b>189</b>	<b>171</b>	<b>(557)</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(24)	(45)	(16)
Pre-delivery deposits for flight equipment, net of refunds	(35)	(17)	28
Other	—	—	(1)
Cash provided by (used in) investing activities	<b>(59)</b>	<b>(62)</b>	<b>11</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of debt	146	170	236
Principal repayments on debt	(186)	(139)	(126)
Principal repayments on note payable	(50)	—	—
Proceeds from sale-leaseback transactions	152	92	47
Dividends paid	(211)	(159)	—
Other	—	(3)	(1)
Cash provided by (used in) financing activities	<b>(149)</b>	<b>(39)</b>	<b>156</b>
Net increase (decrease) in cash, cash equivalents and restricted cash	(19)	70	(390)
Cash, cash equivalents and restricted cash, beginning of period	717	698	768
<b>Cash, cash equivalents and restricted cash, end of period</b>	<b>\$ 698</b>	<b>\$ 768</b>	<b>\$ 378</b>

See Notes to Consolidated Financial Statements

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

	Common Stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
	Shares	Amount				
<b>Balance at December 31, 2017</b>	<b>5,238,916</b>	<b>\$ —</b>	<b>\$ 48</b>	<b>\$ 378</b>	<b>\$ 3</b>	<b>\$ 429</b>
Reclassification of hedging impacts from retained earnings	—	—	—	(1)	1	—
Reclassification of Tax Act effects into retained earnings	—	—	—	(1)	1	—
Net income	—	—	—	80	—	80
Dividend and dividend equivalent rights	—	—	—	(211)	—	(211)
Restricted stock issued	1,075	—	—	—	—	—
Shares issued in connection with vesting of restricted stock units	863	—	—	—	—	—
Shares withheld to cover employee taxes related to vesting of restricted stock units	(243)	—	—	—	—	—
Unrealized loss from cash flow hedges, net of tax	—	—	—	—	(22)	(22)
Stock-based compensation	—	—	4	—	—	4
<b>Balance at December 31, 2018</b>	<b>5,240,611</b>	<b>\$ —</b>	<b>\$ 52</b>	<b>\$ 245</b>	<b>\$ (17)</b>	<b>\$ 280</b>
Reclassification of sale-leaseback impacts into retained earnings (Note 1)	—	—	—	149	—	149
Net income	—	—	—	251	—	251
Dividend and dividend equivalent rights	—	—	—	(159)	—	(159)
Restricted stock issued	1,464	—	—	—	—	—
Shares issued in connection with vesting of restricted stock units	1,630	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(472)	—	—	—	—	—
Unrealized gain from cash flow hedges, net of tax	—	—	—	—	21	21
Stock option repurchases	—	—	(3)	—	—	(3)
Stock-based compensation	—	—	3	—	—	3
<b>Balance at December 31, 2019</b>	<b>5,243,233</b>	<b>\$ —</b>	<b>\$ 52</b>	<b>\$ 486</b>	<b>\$ 4</b>	<b>\$ 542</b>
Net loss	—	—	—	(225)	—	(225)
Restricted stock issued	2,616	—	—	—	—	—
Shares issued in connection with vesting of restricted stock units	3,550	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(1,028)	—	—	—	—	—
Unrealized loss from cash flows hedges net of adjustment for dedesignation of fuel hedges, net of tax (Note 7)	—	—	—	—	(15)	(15)
Stock-based compensation	—	—	8	—	—	8
<b>Balance at December 31, 2020</b>	<b>5,248,371</b>	<b>\$ —</b>	<b>\$ 60</b>	<b>\$ 261</b>	<b>\$ (11)</b>	<b>\$ 310</b>

See Notes to Consolidated Financial Statements



**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements**

**1. Summary of Significant Accounting Policies**

***Basis of Presentation***

The consolidated financial statements have been prepared in accordance with the accounting principles generally accepted 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. Prior to December 3, 2013, FAH was a wholly-owned subsidiary of Republic Airways Holdings, Inc. (“Republic”). On December 3, 2013, FGHI, formerly known as Falcon Acquisition Group, Inc., purchased from Republic all of FAH’s common stock for \$52 million in cash and assumed all of its obligations. As a result of the acquisition, all of FAH’s assets and liabilities were remeasured to fair value as of the acquisition date.

The Company is headquartered in Denver, Colorado. Frontier is an ultra low-cost, low-fare airline that offers flights throughout the United States and to select international destinations in the Americas, serving approximately 110 airports.

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

***Use of Estimates***

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

***Impact of the COVID-19 Pandemic***

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported in Wuhan, China and, on March 11, 2020, the World Health Organization classified the virus as a pandemic. The rapid spread of this pandemic, or fear of such an event, along with government mandated restrictions on travel, required stay-in-place orders, and other social distancing measures resulted in a drastic decline in near-term air travel demand beginning in the United States in March of 2020, causing reductions in revenues and income levels as compared to prior periods performance. The decline in demand for air travel has and will continue to have a material adverse effect on the Company’s business and results of operations in 2020 and during 2021.

While the Company experienced a modest uptick in demand during the latter half of the second quarter and into the third and fourth quarters of 2020, demand was negatively impacted by a resurgence of COVID-19 cases in certain domestic markets. The length and severity of the decline in demand due to the impacts of the COVID-19 pandemic is uncertain and, as such, we expect the adverse impact to persist during 2021.

The exact timing and the rate of the recovery is uncertain given the impact of the pandemic on the overall U.S. and global economy. Additionally, the Company is unable to predict the future spread of COVID-19 and resulting measures that may be introduced by governments or other parties and what impact they may have on the demand for air travel.

In response to the impacts of the COVID-19 pandemic, beginning in March and continuing through December 31, 2020, the Company has taken measures to address the significant cash outflows experienced to date and continues to evaluate options, should the lack of demand for air travel continue beyond the near term.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

During the period ended December 31, 2020, the Company reduced its flight schedule to match demand levels and implemented various other initiatives to reduce costs and manage liquidity including, but not limited to:

- Reducing planned headcount increases;
- Reducing employee related costs including:
  - Salary reductions and/or deferrals for the Company's officers and board members;
  - Suspension of merit salary increases for 2020; and
  - Providing voluntary paid and unpaid leave of absence programs for employees not covered under labor arrangements, as well as certain employees covered under such arrangements, including pilots and flight attendants, that range from one month to six months;
- Deferring aircraft deliveries;
- Reducing discretionary expenses;
- Reaching agreements with major vendors, which are primarily related to many of the Company's aircraft and engine leases as well as airports, for deferral of payments and deliveries until later in 2020 and into 2021;
- Delaying non-essential maintenance projects and reducing or suspending other discretionary spending;
- Reducing non-essential capital projects;
- Securing current funding and future liquidity from the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") as described below and other financing sources; and
- Amending certain debt covenant metrics to better align the covenants with current and expected demand

The Company continues to monitor covenant compliance with various parties, including, but not limited to, its lenders and credit card processors, as any noncompliance could have a material impact on the Company's financial position, cash flows and results of operations. During the fourth quarter of 2020, the Company amended its pre-delivery credit facility to provide for a deferral of the fixed charge coverage ratio requirement (the "FCCR Test") until the first quarter of 2022. If the FCCR test is not maintained, the Company is required to test the loan to collateral ratio for the underlying aircraft in the credit facility that are subject to financing (the "LTV Test") and make any pre-payments or post additional collateral required in order to reduce the loan to value on each aircraft in the credit facility that are subject to financing below a ratio threshold. The LTV Test is largely dependent on the appraised fair value of the underlying aircraft subject to financing. If the LTV Test was required to be performed, the Company does not expect that there would be any material required pre-payment of the pre-delivery credit facility or posting of additional collateral. As of December 31, 2020 and through the date of this report, the Company is in compliance with all of its covenants, except the Company has obtained a waiver of relief for the covenant provisions through the first quarter of 2021 related to one of its credit card processors that represents less than 10% of total revenues, which may require future waivers or an amendment to existing covenants to reflect the downturn due to the COVID-19 pandemic. The Company expects to obtain an amendment or waiver, refinance the indebtedness subject to covenants or take other mitigating actions prior to any potential breaches that are not expected to have a material impact to the Company's liquidity and financial position.

As a result of the measures to reduce costs and manage liquidity as outlined above, the Company believes its financial position and available liquidity as of the date of the financial statements will allow it to continue to navigate through any short term demand declines and that it is well positioned to recover once the demand for air

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

travel increases. Additionally, given the funds received and access to future liquidity secured from the CARES Act, as well as other financing sources, the Company believes it has opportunities and options to raise additional liquidity at reasonable terms necessary to maintain adequate liquidity over the period management believes the COVID-19 pandemic will impact the business. The Company continues to monitor the impacts of the pandemic on its operations and financial condition and believes it is probable that the plans intended to mitigate these conditions and events, when fully implemented, will alleviate liquidity risks presented by the current climate.

*Revenue Recognition*

As a result of the reduction in demand resulting from the COVID-19 pandemic, which will persist into 2021, beginning in March 2020, the Company extended the expiration dates of mileage credits issued under its frequent flyer program, waived cancellation and change fees for customers for most of 2020 after the start of the pandemic and extended the expiration of credits for future travel to 12 months in the fourth quarter of 2020. Refunds were provided for flights cancelled or significantly delayed by the Company. On a limited basis, during the second quarter of 2020 the Company offered the ability for customers to convert a credit for future travel into mileage credits, which increased the Company's frequent flyer liability. Refer to Note 2 for additional information regarding the Company's revenue recognition.

*Derivatives*

During the first quarter ended 2020, the Company determined that it was no longer probable that a portion of estimated future fuel consumption for its fuel hedges would occur as the Company reduced scheduled flights as a result of the decline in customer demand from the COVID-19 pandemic. As a result, derivative instruments previously designated as cash flow hedges were required to be dedesignated. For the remainder of 2020, the Company did not have any further dedesignation as actual and updated estimated consumption was consistent with prior expectations. Refer to Note 7 for additional information regarding the Company's hedge accounting and derivative instruments.

*Lessor Concessions*

In response to the COVID-19 pandemic, beginning in March 2020, the Company was granted payment deferrals on leases included in the Company's right-of-use assets for certain aircraft and engines from lessors along with airport facilities and other vendors that are not included in the Company's right-of-use assets, which generally span two to seven months. On March 10, 2020, the FASB released *Topic 842 and 840: Accounting for Lease Concessions Related to the Effects of the COVID-19 Pandemic* ("FASB Q&A") and the Company elected to account for lease concessions as though enforceable rights and obligations for those concessions existed at lease inception and to account for the concessions as if no changes to the lease contract were made as all deferrals resulted in substantially the same total payments as required by the original contract. The Company has elected to account for deferred payments as variable lease payments where the deferral payments are not recognized in the Company's consolidated statements of operations until the payment is made. As these deferred payments are made, the Company will recognize the deferred payments in aircraft rent or station operations, as applicable, in the consolidated statements of operations. As such, the deferrals related to leases had a favorable impact of \$33 million to the Company's cash flows and results of operations for the year ended December 31, 2020.

*Valuation of Long Lived and Intangible Assets*

In response to the COVID-19 pandemic and based on the Company's short term reduction in cash flow projections as a result of the related decline in demand, the Company performed a quantitative assessment over its indefinite-lived intangible assets, long-lived assets, and definite-lived intangibles as of March 31, 2020, noting

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

no impairments. Given that the financial results for the subsequent nine months ended December 31, 2020, the period of time since the last quantitative impairment test, have outperformed the expected future results utilized during the March 31, 2020 assessment, and as the Company realized a higher than expected increase in demand and significant excess of fair value over book value concluded as of the March 31, 2020 assessment, no quantitative impairment assessment was performed as of December 31, 2020.

*Employee Voluntary Leave Programs*

During September 2020, and in anticipation of the lapse of the provisions set forth in the Payroll Support Program under the CARES Act as described below, the Company reached agreement with the labor unions for its pilots and flight attendants to provide for voluntary paid leave of absence programs. Under the arrangements, the participating pilots and flight attendants were granted paid leave of absence periods of either one, three or six month time frames. In exchange for accepting voluntary leave of absence, the pilots and flight attendants will receive minimum monthly pay and continue to accrue certain benefits with no requirement to work. The Company can require pilots and flight attendants to return to service and forego any remaining leave of absence if demand increases. These temporary programs helped to defray the Company's employee costs during the downturn caused by the pandemic, but also allow the Company to scale operations back up quickly as demand returns. As employees covered under such paid voluntary programs are still considered active employees, the costs of such programs are recognized as period expenses.

*Income Tax Valuation Allowance*

As of December 31, 2020, the Company's net deferred tax liability balance was \$9 million, which includes \$9 million of deferred tax assets related to state net operating losses. As a result of the operating losses generated during 2020 due to the pandemic, the Company evaluated whether it was more likely than not that sufficient taxable income will be generated to realize its deferred tax assets. Refer to Note 17 for additional information regarding the impact of the CARES Act on the Company's income taxes.

**CARES Act**

The CARES Act became law on March 27, 2020 and includes various provisions to protect the U.S. airline industry, its employees, and many other stakeholders. The CARES Act is a relief package intended to assist many aspects of the American economy, including providing the airline industry with up to \$25 billion for a Payroll Support Program to be used for employee wages, salaries, and benefits and up to \$25 billion in loans. On April 30, 2020, the Company reached an agreement with the U.S. government under which the Company received \$205 million of installment funding comprised of a \$174 million grant ("PSP Grant") for payroll support for the period from April 2020 through September 30, 2020, and a \$31 million unsecured 10-year, low interest loan ("PSP Promissory Note"). In addition, on September 30, 2020, the U.S. Treasury provided the Company with an additional disbursement under the Payroll Support Program of \$6 million, comprised of an additional \$4 million toward the PSP Grant, and \$2 million toward the PSP Promissory Note.

The payroll support funding contains certain conditions, that if not met, may require payroll assistance funds to be paid back to the U.S. government. The primary conditions include but are not limited to:

- No involuntary furloughs or pay and benefit reductions through September 30, 2020;
- No repurchases of equity securities listed on a national securities exchange or payment of dividends is permitted through September 30, 2021;

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

- Maintain a certain level of scheduled air transportation as deemed necessary by the Department of Transportation to ensure that all routes the Company had scheduled air travel to before the downturn due to the COVID-19 pandemic are still served between May and September 2020; and
- Put in place certain limits on the compensation and termination benefits of all non-union employees who made in excess of \$425,000 in 2019, until March 24, 2022

As of December 31, 2020, the Company received the full \$178 million under the PSP Grant, which was recognized net of \$1 million in deferred financing costs over the periods it was intended to support payroll, within CARES Act credits in the Company's consolidated statements of operations.

As of December 31, 2020, the Company received the full \$33 million under the PSP Promissory Note, which is presented net of unamortized discounts related to warrants and deferred financing costs totaling \$1 million within long-term debt, net on the Company's consolidated balance sheet. The PSP Promissory Note includes annual interest rates of 1.00% for the first five years and the Secured Overnight Financing Rate ("SOFR") plus 2.00% in the final five years. The loan can be prepaid at par any time without incurring a penalty. In conjunction with the PSP Promissory Note, the Company agreed to issue to the U.S. Department of the Treasury warrants to acquire up to 13,752 shares of common stock of FGHI at an exercise price of \$241.72 per share. During the year ended December 31, 2020 the Company recorded \$2 million in mark to market adjustments on warrants issued related to the PSP Promissory Note within interest expense in the consolidated statements of operations.

On January 15, 2021, the Company entered into an agreement with the U.S. Treasury for a minimum of \$140 million of installment funding under a second Payroll Support Program (the "PSP2 Agreement"), comprised of a \$128 million grant ("PSP2 Grant") for the continuation of payroll support through March 31, 2021, and a \$12 million unsecured 10-year low interest loan ("PSP2 Promissory Note").

The primary changes to the conditions as set forth under the original Payroll Support Program are as follows:

- Extension of no involuntary furloughs or pay and benefit reductions through March 31, 2021;
- Extension of no repurchases of equity securities listed on a national securities exchange or payment of dividends through March 31, 2022;
- Extension of maintaining a certain level of scheduled air transportation as deemed necessary by the Department of Transportation to ensure that all routes the Company had scheduled air travel to before the downturn due to the COVID-19 pandemic are still served between January and March 2021; and
- Extension of certain limits on the compensation and termination benefits of all non-union employees who made in excess of \$425,000 in 2019, until October 1, 2022

On January 15, 2021, the Company received the first installment of \$70 million under the PSP2 Grant and expects to receive the remaining minimum funding under the PSP2 Agreement by the end of the first quarter of 2021. In conjunction with the PSP2 Promissory Note, the Company expects to issue warrants to the U.S. Department of the Treasury to acquire shares of common stock of FGHI at an exercise price of \$442.69 per share (see Note 20).

As a result of the Consolidated Appropriations Act enacted in December 2020 that ultimately resulted in the PSP2 Agreement, the Company altered its voluntary leave of absence programs with pilots and flight attendants, which are offered in increments of one or three-month time frames through March 31, 2021. While the Company offers these programs to help defray costs as a result of the downturn caused by the pandemic, the Company increased the minimum pay provided while maintaining no requirement to work.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

On September 28, 2020, the Company entered into a loan agreement with the U.S. Department of the Treasury for a term loan facility of up to \$574 million pursuant to the loan program established under the CARES Act (“Treasury Loan”). As of December 31, 2020, the Company borrowed \$150 million under the Treasury Loan, which is presented net of unamortized discounts related to warrants and deferred financing costs totaling \$8 million, within long-term debt, net on the Company’s consolidated balance sheet. The Treasury Loan has a five-year term and includes an annual interest rate based on adjusted LIBOR plus 2.5%. Funding can be drawn on the loan through May 28, 2021, and it can be prepaid at par at any time without incurring a penalty. The Treasury Loan is collateralized by the Company’s co-branded credit card arrangement. As part of any funding under the loan program, the Company is required to comply with the relevant provisions of the CARES Act, which will apply until one year after the loan is repaid in full. In conjunction with the Treasury Loan, the Company agreed to issue to the U.S. government warrants to acquire the common stock of FGHI, which have a five-year term and are settled in cash, or shares if the Company becomes publicly traded at the Company’s option, upon notice from the Treasury. As of December 31, 2020, the Company issued 62,055 warrants in conjunction with the first draw on the loan. During the year ended December 31, 2020 the Company recorded \$7 million in mark to market adjustments on warrants issued related to the Treasury Loan within interest expense in the consolidated statements of operations.

As outlined above, as part of the PSP Promissory Note, the PSP2 Promissory Note and the Treasury Loan, and pursuant to the stipulations set forth within the CARES Act, the Company agreed to issue to the U.S. Department of the Treasury warrants to acquire shares of common stock of FGHI, which have a five-year term and are settled in cash, or shares if the Company becomes publicly traded at the Company’s option, upon notice from the Treasury. The warrants do not have any voting rights and are freely transferable, with registration rights. The warrants issued in conjunction with the CARES Act financing have been classified as liability based awards within other current liabilities within the consolidated balance sheet. Given the liability based classification, at the end of each period the warrant liability is adjusted to its fair market value, calculated utilizing the Black Scholes option pricing model, with the corresponding fair market value classified as interest expense within the Company’s consolidated statements of operations. The initial fair value of these warrants upon issuance are treated as a loan discount, which reduces the carrying value of the loan, and is amortized utilizing the effective interest method as interest expense in the Company’s consolidated statements of operations over the term of the loan.

As of December 31, 2020 and through the date of this report, the Company is in compliance with the conditions set forth by the U.S. government.

The CARES Act also permits a net operating losses (“NOL”) generated in 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. As a result, the Company’s taxable loss for 2020 was fully absorbed in the 2015 and 2016 tax years (pre-Tax Cuts and Jobs Act) in which a federal 35% tax rate applies, resulting in a permanent benefit of the 14% rate differential. For the year ended December 31, 2020 the Company had a NOL of \$449 million, which will be carried back under the CARES Act and the related tax benefit has been included within income tax expense in the Company’s consolidated statements of operations. The impact to the effective tax rate as a result of the CARES Act carryback allowance for the year ended December 31, 2020 was 17%, which was favorably impacted by the current year tax deduction for the payments made to FAPAInvest, LLC, as described further in Note 11.

The CARES Act also provides for deferred payment of the employer portion of social security taxes through the end of 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. Additionally, the CARES Act provides a tax holiday through December 31, 2020 for excise taxes related to airline fares and jet fuel purchases.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

The CARES Act provides an employee retention credit (“CARES Employee Retention Credit”) which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through year end. The Company qualified for the credit beginning on April 1, 2020 and received credits for qualified wages through December 31, 2020. During the year ended December 31, 2020, the Company recognized \$16 million, related to the CARES Employee Retention Credit within CARES Act credits in the Company’s consolidated statements of operations and other current assets in the Company’s consolidated balance sheet.

As a result of the extension of the CARES Act benefits in December 2020, the CARES Employee Retention Credit program was extended and enhanced. The updated program, effective as of January 1, 2021, was extended through June 30, 2021 and increased the credit to be equal to 70% of qualified wages paid to employees during a quarter and increased the cap from \$10,000 of qualified wages for the entire period to \$10,000 per quarter.

***Leases***

Effective January 1, 2019 the Company adopted ASU 2016-02, *Leases* (“ASU 2016-02”) using the modified retrospective transition method, with the cumulative-effect adjustment to the opening balance of retained earnings as of the effective date. Under the modified retrospective approach, financial results reported in periods prior to 2019 are unchanged. The Company also elected the package of practical expedients included in the new standard, which among other things, does not require a reassessment of lease classifications.

The adoption of ASU 2016-02 had a significant impact on the Company’s consolidated balance sheet due to the recognition of \$2 billion of lease liabilities with corresponding right-of-use assets for operating leases (see Note 10).

Additionally, the Company recognized a \$149 million cumulative effect adjustment, net of tax, to retained earnings. The adjustment to retained earnings was driven by the recognition of unamortized deferred sale-leaseback gains, net of tax. Prior to the adoption of ASU 2016-02, gains on sale-leaseback transactions were generally deferred and recognized in the income statement over the lease term. Under ASU 2016-02, gains on sale-leaseback transactions are recognized immediately.

***Cash and Cash Equivalents***

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

***Restricted Cash***

Restricted cash may include certificates of deposit that secure letters of credit issued for particular airport authorities as required in certain lease agreements. The Company also holds a certificate of deposit to secure workers’ compensation claim reserves. Restricted cash may also include funds held as collateral for future travel paid with a credit card. These funds may be held by credit card processors directly under contracts that require a holdback of funds equal to a certain percentage of the related air traffic liability. If the Company fails to maintain certain liquidity and other financial covenants, the credit card processors’ rights to holdback would apply, which would result in a decrease of unrestricted cash. Restricted cash is carried at cost, which management believes approximates fair value.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

**Accounts Receivable, net**

Receivables primarily consist of amounts due as part of credit card receivables, incentives due from vendors, amounts due from select airport locations under revenue share agreements, amounts due from aircraft lessors for maintenance performed and settlements due from derivative counterparties. The Company records an allowance for credit losses for amounts not expected to be collected. The Company estimates the allowance based on aging trends. The allowance for doubtful accounts was \$1 million and \$3 million as of December 31, 2019 and 2020, respectively.

**Supplies, net**

Supplies consist of expendable aircraft spare parts, aircraft fuel and other supplies and are stated at the lower of cost or net realizable value. Supplies are accounted for on a first-in, first-out basis and are charged to expense as they are used. An allowance for obsolescence on expendable aircraft spare parts is provided over the remaining lease term or the estimated useful life of the related aircraft fleet to reduce the carrying cost of spare parts currently identified as excess to the lower of amortized cost or net realizable value. The allowance for obsolescence was \$6 million, and \$8 million as of December 31, 2019 and 2020, respectively.

**Property and Equipment, net**

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

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

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

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

	Year Ended December 31,		
	2018	2019	2020
Depreciation	\$ 77	\$ 45	\$ 32
Intangible amortization	1	1	1
<b>Total depreciation and amortization</b>	<b>\$ 78</b>	<b>\$ 46</b>	<b>\$ 33</b>

The Company capitalizes certain internal and external costs associated with the acquisition and development of internal-use software for new products and enhancements to existing products that have reached the



**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

application development stage and are deemed feasible. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining internal-use software, and labor cost for employees who are directly associated with, and devote time to, internal-use software projects. Capitalized computer software, net is included within ground and other equipment, which is a component of property and equipment, net in the accompanying consolidated balance sheets and totaled \$8 million as of December 31, 2019 and 2020.

***Asset Impairment***

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

Factors that could result in future impairment of landing slot rights, holding other assumptions constant, include, but are not limited to:

(i) significant reduction in demand for air travel, (ii) competitive activity in the slotted airport, (iii) anticipated changes to the regulatory environment such as diminished slot access and (iv) increased competition at a nearby airport. As part of this evaluation, the Company assesses whether changes in (i) macroeconomic conditions, (ii) industry and market conditions, (iii) cost factors, (iv) overall financial performance and (v) certain events specific to the Company, have occurred which would impact the use and/or fair value of these assets.

The Company records impairment charges on long-lived assets used in operations and finite-lived intangible assets when events and circumstances indicate that the assets may be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net book value of the assets exceeds their estimated fair value. In making these determinations, the Company uses certain assumptions, including, but not limited to: (i) estimated fair value of the assets; and (ii) estimated undiscounted future cash flows expected to be generated by these assets, which are based on additional assumptions such as asset utilization including macroeconomic factors impacting future demand, length of service the asset will be used in the Company's operations and estimated salvage values.

***Aircraft Maintenance***

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

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

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

The Company makes certain assumptions at the inception of the lease and at each balance sheet date to determine the recoverability of maintenance deposits. These assumptions are based on various factors, such as the estimated time between the maintenance events, the cost of such maintenance events, the date the aircraft is due to be returned to the lessor and the number of flight hours and cycles the aircraft is estimated to be utilized before it is returned to the lessor. Changes in estimates are accounted for on a cumulative catch-up basis. On a regular basis, the Company assesses the credit worthiness of the Company's lessors to ensure deposits are collectible. The Company continues to evaluate the creditworthiness of its lessors as a result of the COVID-19 pandemic downturns and specifically whether any credit losses existed for aircraft maintenance deposits and determined no allowance was necessary as of December 31, 2020.

Certain of the Company's lease agreements provide that maintenance reserves held by the lessor at the expiration of the lease are nonrefundable to the Company and will be retained by the lessor. Consequently, any usage-based maintenance reserve payments after the last major maintenance event are not substantively related to the maintenance of the leased asset and, therefore, are accounted for as supplemental rent.

***Leased Aircraft Return Costs***

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

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

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

aircraft. As a result of the different factors listed above, management assesses the need to accrue lease return costs throughout the lease as facts and circumstances warrant an assessment. When costs become both probable and estimable, lease return costs are accrued as a component of aircraft rent through the remaining lease term.

***Derivative Instruments***

**Fuel Hedging Activities**

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

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

**Aircraft Purchase Hedging Activities**

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

***Aircraft Fuel***

Aircraft fuel expense includes jet fuel and associated into-plane costs, federal and state taxes and gains and losses associated with fuel hedge contracts.

***Advertising***

Advertising and the related production costs, which are included as a component of sales and marketing expenses, are expensed as incurred. Advertising expenses for the years ended December 31, 2018, 2019 and 2020 were \$6 million, \$10 million and \$4 million, respectively.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

***Income Taxes***

The Company accounts for income taxes using the asset and liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the tax and financial statement reporting bases of assets and liabilities. The Company periodically assesses whether it is more likely than not that sufficient taxable income will be generated to realize deferred income tax assets, and a valuation allowance is established if it is not likely that deferred income tax assets will be realized. All available positive and negative evidence is evaluated and certain assumptions are applied to make this determination. Projected future taxable income, scheduled reversals of deferred tax liabilities, the general business environment, historic financial results and tax planning strategies are considered. Significant factors that are considered include 1) the Company's recent history of profitability, 2) growth in the U.S. and global economies, 3) forecast of airline revenue trends, and 4) future impact of taxable temporary differences. Management determined that no valuation allowances were required as of December 31, 2019 and 2020.

***Stock-Based Compensation***

The Company recognizes cost of employee services received in exchange for awards of equity instruments based on the fair value of each instrument at the date of grant. Compensation expense is recognized over the period during which an employee is required to provide service in exchange for an award, with forfeitures accounted for as they occur. The fair value of stock option awards is estimated on the date of grant using the Black-Scholes valuation model. Restricted stock awards and units are valued at the fair value of the shares on the date of grant. The exercise price of all stock awards is determined by the Company's board of directors based, in part, on the most recent third-party valuation report obtained by the Company's board of directors as of the grant date. There are significant judgments and estimates inherent in these valuations which include assumptions regarding the Company's future operating performance, the time to complete potential liquidity events and the determinations of the appropriate valuation methods to be applied. Refer to Note 11 for additional disclosures regarding details of the Company's stock-based compensation plans.

***Gains on Sale-Leaseback Transactions***

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

***Concentrations of Risk***

The Company's business has been, and may continue to be, adversely affected by increases in the price of aircraft fuel, the volatility of the price of aircraft fuel, or both. Aircraft fuel represented approximately 29% of total operating expenses for the years ended December 31, 2018 and 2019, and 21% for the year ended December 31, 2020. Gulf Coast Jet indexed fuel is the Company's basis for the majority of aircraft fuel

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

purchases. Any disruption to the oil production or refinery capacity in the Gulf Coast, as a result of weather or any other disaster, or disruptions in supply of jet fuel, dramatic escalations in the cost of jet fuel and/or the failure of fuel providers to perform under fuel arrangements for other reasons could have a material adverse effect on the Company's financial condition and results of operations.

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

As of December 31, 2020, the Company had seven union-represented employee groups that together represented approximately 88% of all employees. Additional disclosure relating to the Company's union-represented employee groups is included in Note 14.

As of December 31, 2020, the Company had substantially all capitalized maintenance deposits with two lessors, and all pre-delivery deposits for flight equipment with one vendor.

**Recently Adopted Accounting Pronouncements**

In June 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting* ("ASU 2018-07"). ASU 2018-07 expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 also clarifies that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Revenue from Contracts with Customers (Topic 606). ASU 2018-07 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted the new standard as of January 1, 2019. The adoption of ASU 2018-07 did not have a material impact on the Company's consolidated financial statements during the year ended December 31, 2019 and 2020.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"). This ASU and subsequently issued amendments requiring most leases with durations greater than 12 months to be recognized on the balance sheet. The standard is effective for interim and annual reporting periods beginning after December 15, 2018. The Company adopted the new standard as of January 1, 2019. See Note 10 for more information.

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

**2. Revenue Recognition**

***Passenger Revenues***

*Fare revenues.* Tickets sold in advance of the flight date are initially recorded as air traffic liability. Passenger revenue is recognized at the time of departure when transportation is provided. If a nonrefundable ticket expires, it is recognized as revenue at the date of scheduled travel.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

As of December 31, 2019, the Company's air traffic liability balance was \$249 million. During the year ended December 31, 2020, substantially all of the air traffic liability as of December 31, 2019 has been recognized as passenger revenue. As of December 31, 2020, the Company's current air traffic liability is \$135 million, of which \$36 million is related to customer rights to book future travel, which generally expire 12 months after issuance if not redeemed by the passenger. The amounts expected not to be redeemed are recognized over the historical pattern of rights exercised by customers.

During the years ended December 31, 2018, 2019 and 2020, the Company recognized \$20 million and \$26 million, \$126 million of revenue, respectively, included within passenger revenue within the consolidated statements of operations, primarily related to expected and actual expiration of customer rights to book future travel. Estimated and actual expiration of customer rights to book future travel during the year ended December 31, 2020 was mainly due to the large amount of modifications of travel initiated by customers during late March through June 30, 2020 as a result of the COVID-19 pandemic.

*Non-fare passenger revenues.* Certain ancillary items such as bags, service fees and seat selection deemed part of providing passenger transportation are recognized in passenger revenues.

*Changes and cancellations.* Customers may elect to change their itinerary prior to the date of departure. Service charges assessed for changes and cancellations are recognized at time of departure of newly scheduled travel.

*Passenger Taxes and Fees.* The Company is required to collect certain taxes and fees from customers on behalf of government agencies and airports and remit these back to the applicable governmental entity or airport on a periodic basis. These taxes and fees include U.S. federal transportation taxes, federal security charges, airport passenger facility charges, and foreign arrival and departure taxes. These items are collected from customers at the time they purchase their tickets but are not included in passenger revenues at that time. The Company records a liability upon collection from the customer and reduces the liability when payments are remitted to the applicable governmental agency or airport.

***Other Revenues***

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

***Frequent Flyer Program***

The Company's *Frontier Miles* frequent flyer program provides frequent flyer travel awards to program members based on accumulated mileage credits. Mileage credits are generally accumulated as a result of travel, purchases using the co-branded credit card and purchases from other participating partners.

The Company defers revenue for mileage credits earned by passengers under its *Frontier Miles* program based on the equivalent ticket value ("ETV") a passenger receives by redeeming mileage credits for a ticket rather than paying cash.

Mileage credits are also sold to participating companies, including credit card and other third parties. Sales to credit card companies include multiple promised goods and services, which the Company evaluates to determine whether they represent performance obligations. The Company determined these arrangements have three separate performance obligations: (i) mileage credits to be awarded, (ii) licensing of brand and access to

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

member lists and (iii) advertising and marketing efforts. Total arrangement consideration is allocated to each performance obligation on the basis of the deliverables relative standalone selling price. For mileage credits, the Company considers a number of entity-specific factors when developing the best estimate of the standalone selling price, including the number of mileage credits needed to redeem an award, average fare of comparable segments, breakage, and restrictions. For licensing of brand and access to member lists, the Company considers both market-specific factors and entity-specific factors, including general profit margins realized in the marketplace/industry, brand power, market royalty rates and size of customer base. For the advertising and marketing performance obligation, the Company considers market-specific factors and entity-specific factors, including the Company's internal costs of providing services, volume of marketing efforts and overall advertising plan.

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

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

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

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

	Year Ended December 31,		
	2018	2019	2020
Passenger revenues:			
Fare	\$ 1,086	\$ 1,205	\$ 548
Non-fare passenger revenues:			
Baggage	412	496	229
Service fees	399	488	303
Seat selection	150	187	84
Other	55	69	43
Total non-fare passenger revenue	1,016	1,240	659
Total passenger revenues	2,102	2,445	1,207
Other revenues	54	63	43
<b>Total operating revenues</b>	<b>\$ 2,156</b>	<b>\$ 2,508</b>	<b>\$ 1,250</b>

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) are as follows (in millions):

	Year Ended December 31,		
	2018	2019	2020
Domestic	\$ 2,040	\$ 2,362	\$ 1,201
Latin America	116	146	49
<b>Total operating revenues</b>	<b>\$ 2,156</b>	<b>\$ 2,508</b>	<b>\$ 1,250</b>

During the years ended December 31, 2018, 2019 and 2020, no revenue from any one foreign country represented greater than 5% of the Company's total passenger revenue. The Company attributes operating revenues by geographic region based upon the origin and destination of each passenger flight segment. The Company's tangible assets consist primarily of flight equipment, which are mobile across geographic markets. Accordingly, assets are not allocated to specific geographic regions.

**3. Other Current Assets**

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

	December 31,	
	2019	2020
Prepaid expense	\$ 13	\$ 24
Income tax receivable	18	161
Passenger and other taxes receivable	—	26
Derivative instruments	5	—
Other	37	15
<b>Total other current assets</b>	<b>\$ 73</b>	<b>\$ 226</b>



**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

**4. Property and Equipment, net**

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

	December 31,	
	2019	2020
Flight equipment	\$ 188	\$ 182
Ground and other equipment	97	101
Less: accumulated depreciation	(104)	(107)
<b>Total property and equipment, net</b>	<b>\$ 181</b>	<b>\$ 176</b>

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

The Company's deferred heavy maintenance balance, net was \$14 million, and \$13 million, as of December 31, 2019 and 2020, respectively, and is included as a part of flight equipment.

During December 2018, the Company entered into a sale-leaseback transaction for its six owned aircraft, which were held for use through the date of the sale. The sold aircraft had a net book value of \$115 million as of the date of the sale. The Company received \$90 million of proceeds from the sale that were used, in part, to extinguish the fixed and floating rate equipment notes related to these aircraft and entered into non-cancelable operating leases for these aircraft which expire in December 2021. The Company recognized a \$25 million loss on the sale of these aircraft during the fourth quarter of 2018 for the excess of the net book value of the aircraft as of the date of sale over the sale price, which is included in other operating expenses within the consolidated statements of operations.

**5. Intangible Assets, net**

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

	Amortization Period	December 31,					
		2019			2020		
		Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
<b>Indefinite-lived:</b>							
Airport slots	Indefinite	\$ 20	\$20	\$ 20	\$ 20	\$20	\$20
Trademarks	Indefinite	6	6	6	6	6	6
		26	26	26	26	26	26
<b>Finite-lived:</b>							
Affinity credit card program <sup>(1)</sup>	16 years	16	(12)	4	16	(13)	3
<b>Total intangible assets, net</b>		<b>\$ 42</b>	<b>\$ (12)</b>	<b>\$30</b>	<b>\$ 42</b>	<b>\$ (13)</b>	<b>\$29</b>

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

Expected future amortization expense of finite-lived intangibles is less than \$1 million per year from 2021 through 2029.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

**6. Aircraft Rent and Maintenance Deposits**

The Company leases aircraft and spare engines, which expire in various years through 2032. Aircraft rent expense was \$277 million, \$368 million and \$396 million during year ended December 31, 2018, 2019 and 2020, respectively. Aircraft rent expense includes supplemental rent, which is made up of maintenance reserves paid or to be paid that are not probable of being reimbursed or are probable lease return condition obligations. Supplemental rent expense for maintenance-related reserves that were deemed non-recoverable during the years ended December 31, 2018, 2019 and 2020 totaled \$5 million, \$6 million, \$2 million, respectively, and were net of \$11 million, \$(3) million, and less than \$1 million related to changes in estimates in maintenance-related reserves which occurred during the years ended December 31, 2018, 2019 and 2020, respectively. The portion of supplemental rent expense related to probable lease return condition obligations was \$15 million, \$5 million and \$25 million for December 31, 2018, 2019 and 2020, respectively.

As discussed in Note 1, certain of the Company's aircraft and spare engine lease agreements require the Company to pay maintenance reserves to aircraft lessors to be held as collateral in advance of the Company's required performance of major maintenance activities. Further, certain maintenance reserve payments will not be required if the Company meets minimum financial thresholds specified in the lease agreements. The lease agreements generally provide that maintenance reserves are reimbursable to the Company upon completion of the maintenance event in an amount equal to either (1) the amount of the maintenance reserves held by the lessor associated with the specific maintenance event or (2) the qualifying costs related to the specific maintenance event. Moreover, certain maintenance reserves are reimbursable to the Company if the Company meets minimum financial thresholds specified in the lease agreements or upon termination of the lease. As of December 31, 2019 and 2020, the Company had aircraft maintenance deposits that are expected to be recoverable of \$90 million, and \$82 million, respectively, in its consolidated balance sheets of which \$19 million and less than \$1 million, respectively, are included in accounts receivable, net as the eligible maintenance has been performed. The remaining \$71 million and \$82 million are included within aircraft maintenance deposits in the consolidated balance sheets as of December 31, 2019 and 2020, respectively.

A majority of these maintenance reserve payments are calculated based on a utilization measure, such as flight hours or cycles. Maintenance reserves collateralize the lessor for maintenance time run off the aircraft until the completion of the maintenance of the aircraft. Certain maintenance reserve payments are fixed contractual amounts, and all maintenance reserve payments are subject to annual escalation.

As of December 31, 2020, fixed maintenance reserve payments for aircraft and spare engines, including estimated amounts for contractual price escalations, were expected to be approximately \$3 million per year from 2021 through 2025, and \$12 million thereafter before consideration of reimbursements.

**7. Financial Derivative Instruments and Risk Management**

The Company is exposed to variability in jet fuel prices. Aircraft fuel generally represents the Company's largest operating expense. Increases in jet fuel prices may adversely impact its financial performance, operating cash flow and financial position. As part of its risk management program, the Company enters into derivative contracts in order to limit exposure to the fluctuations in jet fuel prices. The types of instruments the Company utilized in its 2020 hedging program were call options and collar structures, which include both a purchased call option and sold put option. Although the use of collar structures can reduce the overall cost of hedging, these instruments carry more risk than purchased call options alone in that these instruments may result in a net liability for the Company upon settlement.

Additionally, the Company is 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

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

and become fixed based on the seven or nine year swap rate. As part of its risk management program, the Company enters into contracts in order to limit the exposure to fluctuations in interest rates. During the year ended December 31, 2019 and 2020, the Company paid upfront premiums of \$10 million and \$4 million, respectively, for the option to enter into and exercise cash settled swaps with a forward starting effective date.

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

In March 2020 the Company determined that it was no longer probable that estimated future fuel consumption for gallons subjected to fuel hedges would occur primarily related to second quarter settled trades as the Company reduced scheduled flights as a result of the decline in customer demand from the COVID-19 pandemic, and, therefore, the Company was required to dedesignate certain fuel hedges associated with estimated future consumption declines. Fuel hedges with identified estimated future fuel consumption that were probable to still occur remained within AOCI/L. As a result of the de-designation in March 2020 the Company recognized a \$56 million loss within aircraft fuel in the consolidated statements of operations.

As of December 31, 2020, the Company had no fuel cash flow hedges for future fuel consumption. As of December 31, 2020, the Company has hedged the interest rate exposure on \$440 million of total aircraft rent payments for 11 aircraft to be delivered by the end of the next year.

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

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

The following table presents the assets and liabilities associated with its fuel and interest rate derivative instruments, which are presented on a gross basis and include upfront premiums paid, recorded as a component of other current assets and other current liabilities in its consolidated balance sheets as of December 31, 2019 and December 31, 2020 (in millions):

	<u>Balance Sheet Location</u>	<u>December 31,</u>	
		<u>2019</u>	<u>2020</u>
<b>Derivatives designated as cash flow hedges</b>			
Fuel hedge assets	Other current assets	\$ 5	\$—
Interest rate hedge assets	Other assets	\$ 9	\$—

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

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Derivatives designated as cash flow hedges</b>			
Gains/(losses) on fuel derivative contracts	\$ 19	\$ (17)	\$ (26)
Losses on interest rate derivative contracts	—	—	(1)
Total	<u>\$ 19</u>	<u>\$ (17)</u>	<u>\$ (27)</u>
<b>Derivatives not designated as cash flow hedges</b>			
Losses on fuel derivative contracts	\$ —	\$ —	\$ (56)

The following table presents the net of tax impact of the overall effectiveness of derivative instruments designated as cash flow hedging instruments under ASC 815 to the consolidated statements of comprehensive income (loss) (in millions):

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Derivatives designated as cash flow hedges</b>			
Fuel derivative contract gains (losses) - net of tax impact	\$ (22)	\$ 22	\$ (16)
Fuel derivative losses reclassified to earnings due to dedesignation - net of tax impact	—	—	11
Interest rate derivative contract losses - net of tax impact	—	(1)	(10)
Total	<u>\$ (22)</u>	<u>\$ 21</u>	<u>\$ (15)</u>

As of December 31, 2020, \$11 million included in AOCI/L related to interest rate hedging instruments is expected to be reclassified over the instrument's respective aircraft's lease.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

**8. Other Current Liabilities**

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

	December 31,	
	2019	2020
Salaries, wages and benefits	\$ 76	\$ 97
Current portion of phantom equity units (Note 11)	111	—
Station obligations	42	33
Leased aircraft return costs	9	20
Aircraft maintenance	28	22
Passenger and other taxes and fees payable	66	41
Fuel and fuel hedge liabilities	16	6
Warrant liability	—	18
Other current liabilities	28	30
<b>Total other current liabilities</b>	<b><u>\$376</u></b>	<b><u>\$267</u></b>

**9. Debt**

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

	December 31,	
	2019	2020
<b>Secured debt:</b>		
Pre-delivery credit facility(1)	\$ 155	\$ 141
Floating rate building note(2)	18	18
Treasury Loan(3)	—	150
<b>Unsecured debt:</b>		
Pre-delivery credit facility(1)	20	—
Affinity card advance purchase of mileage credits(4)	53	15
PSP Promissory Note(5)	—	33
<b>Total debt</b>	<b><u>246</u></b>	<b><u>357</u></b>
Less current maturities of long-term debt, net	(150)	(101)
Less long-term debt acquisition costs and other discounts	(1)	(9)
<b>Long-term debt, net</b>	<b><u>\$ 95</u></b>	<b><u>\$ 247</u></b>

- (1) The Company entered into the PDP Facility with Citibank, N.A. in December 2014 ("PDP Financing Facility") with amendments in 2016 and 2017 to expand the facility for committed deliveries through 2020 with a total committed facility size of \$150 million. The PDP Financing Facility is collateralized by the Company's purchase agreement for Airbus A320neo and A321neo aircraft through 2023 (see Note 14). On May 31, 2018, the PDP Financing Facility was further amended to increase the commitment thereunder to \$175 million, including a \$10 million accordion facility, through 2020. On January 29, 2019, the PDP Financing Facility was further amended to include a \$25 million unsecured line of credit borrowing which can be accessed when total secured commitments fall below \$175 million and extended to add certain of the Company's committed deliveries through 2021. The combination of secured and unsecured borrowings should not exceed \$175 million. On December 22, 2020, the PDP Financing Facility was further amended and restated to reduce the commitment of Citibank, N.A., as initial lender, to \$150 million, remove the ability to draw further unsecured borrowings and to provide collateral for the borrowings not secured by aircraft outstanding as of that date. In addition, such amendments provide the Company flexibility to potentially obtain commitments from other lenders in an amount not to exceed \$200 million. No commitments have been secured from other lenders as of December 31, 2020.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

Interest is paid every 90 days based on a three-month LIBOR, plus a margin for each individual tranche. The PDP Financing Facility consists of separate loans for each PDP Aircraft. Each separate loan matures upon the earlier of (i) delivery of that aircraft to the Company by Airbus, (ii) the date one month following the last day of the scheduled delivery month of such aircraft and (iii) if there is a delay in delivery of aircraft, depending on the cause of the delivery delay, up to six months following the last day of the scheduled delivery month of such aircraft. The PDP Financing Facility will be repaid periodically according to the preceding sentence with the last scheduled delivery of aircraft contemplated in the PDP Financing Facility expected to be in the fourth quarter of 2023.

- (2) Represents a note with National Bank of Arizona related to the Company's headquarters building. Under the terms of the agreement, the Company will repay outstanding principal balance in quarterly payments beginning in January 2022 until the maturity date in December 2023. On the maturity date, one final balloon payment will be made to cover all unpaid principal, accrued unpaid interest and other amounts due. The interest rate of one-month LIBOR plus a margin will be paid monthly.
- (3) On September 28, 2020, the Company entered into the Treasury Loan with the U.S. Department of the Treasury for a term loan facility of up to \$574 million. The Treasury Loan has a five-year term and includes an annual interest rate based on adjusted LIBOR plus 2.5%. Funding can be drawn on the loan through May 28, 2021 and includes a maximum of 3 total draws on the facility, and it can be prepaid at par at any time without incurring a penalty. The Treasury Loan is collateralized by the Company's co-branded credit card arrangement. As part of any funding under the loan program, the Company is required to comply with the relevant provisions of the CARES Act, which will apply until one year after the loan is repaid in full. In conjunction with the Treasury Loan, the Company agreed to issue to the U.S. government warrants to acquire the common stock of FGHI, which have a five-year term and are settled in cash upon 60 days' notice from the U.S. Department of the Treasury. Such warrants are included in other current liabilities within the Company's consolidated balance sheet. As of December 31, 2020, the Company borrowed \$150 million under the Treasury Loan, and issued 62,055 warrants to the U.S. government in conjunction with this draw. The initial fair value of warrants upon issuance was \$9 million and was accounted for as a loan discount, which reduced the carrying value of the Treasury Loan. This discount is amortized, utilizing the effective interest method, as interest expense in the Company's consolidated statements of operations over the term of the loan.
- (4) The Company entered into an agreement with Barclays in 2003 to provide for joint marketing, grant certain benefits to co-branded credit card holders ("Cardholders"), and allow Barclays to market using the Company's customer database. Cardholders earn mileage credits under the Frontier Miles program and the Company sells mileage credits at agreed-upon rates to Barclays and earns fees from Barclays for the acquisition, retention and use of the co-branded credit card by consumers. In addition, Barclays will pre-purchase miles if the Company meets certain conditions precedent. During March 2018, the Company amended its agreement with Barclays to further modify the products and services provided under the agreement, increase the pre-purchased miles facility and extend the agreement to 2023. On September 15, 2020 the Company entered into a new agreement with Barclays to amend and extend the current agreement to 2029. The pre-purchased miles facility amount is to be reset on January 15 of each calendar year through and including January 15, 2028 based on the aggregate amount of fees payable by Barclays to the Company on a calendar year basis, up to an aggregate maximum facility amount of \$200 million. As part of the new agreement with Barclays and due to restrictions as part of the Treasury Loan, the Company paid down the Barclays facility to a \$15 million balance in September 2020 and the facility amount cannot be extended above \$15 million until full extinguishment of the Treasury Loan. The Company pays interest on a monthly basis, which is based on a one-month LIBOR plus a margin. Beginning March 31, 2028, the facility will be repaid in 12 equal monthly installments.
- (5) On April 30, 2020, the Company executed the PSP Promissory Note with the U.S. government and as part of this the Company received a \$33 million unsecured 10-year, low interest loan. The PSP Promissory Note includes annual interest rates of 1.00% for the first five years and the Secured Overnight Financing Rate ("SOFR") plus 2.00% in the final five years. The loan can be prepaid at par any time without incurring a penalty. In conjunction with the PSP Promissory Note, the Company agreed to issue to the U.S. Department of the Treasury warrants to acquire up to 13,752 shares of common stock of FGHI, which have a five-year term and are settled in cash, or shares if the Company becomes publicly traded at the Company's option, upon notice from the Treasury. Such warrants are included in other current liabilities within the Company's consolidated balance sheet. The initial value of warrants upon issuance was \$1 million and was accounted for as a loan discount, which reduces the carrying value of the loan. This discount is amortized, utilizing the effective interest method, as interest expense in the Company's consolidated statements of operations over the term of the loan.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

Cash payments for interest related to debt aggregated to \$11 million, \$10 million and \$7 million for the years ended December 31, 2018, 2019 and 2020, respectively.

The Company has issued standby letters of credit and surety bonds to various airport authorities and vendors that are collateralized by restricted cash and as of December 31, 2018, 2019 and 2020, the Company did not have any outstanding letters of credit that were drawn upon.

As of December 31, 2020, future maturities of debt are payable as follows (in millions):

	December 31, 2020
2021	\$ 101
2022	39
2023	19
2024	—
2025	150
Thereafter	48
<b>Total debt principal payments</b>	<b>\$ 357</b>

### 10. Operating Leases

On January 1, 2019, the Company adopted ASU No. 2016-02, *Leases*, which generally requires leases with durations greater than twelve months to be recognized in the consolidated balance sheets. The standard was adopted using the modified retrospective approach with an effective date as of the beginning of the Company's fiscal year, January 1, 2019. Prior year financial statements were not recast under the new standard and, therefore, those amounts are not presented below. The Company elected the package of transition provisions available for expired or existing contracts, which allows a carryforward of historical assessments of (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs.

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

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

#### *Aircraft*

As of December 31, 2020, the Company leased 104 aircraft, all of which are under operating leases with remaining terms ranging from six months to twelve years. In addition, as of December 31, 2020, the Company leased 16 spare engines, which are all under operating leases. As of December 31, 2020, the lease rates for two of

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

the engines depend on usage-based metrics which are variable and as such, these leases are not recorded in the consolidated balance sheets as a right-of-use asset and lease liability. As of December 31, 2020, the remaining terms for engines included within right-of-use asset and lease liability range from eight months to twelve years.

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

**Airport Facilities**

The Company's facility leases are primarily for space at approximately 110 airports that are served and are primarily located in the United States. These leases are classified as operating leases and reflect the use of airport terminals, ticket counters, office space, cargo warehouses and maintenance facilities. Generally, this space is leased from government agencies that control the use of the airport. The majority of these leases are short-term in nature and renew on an evergreen basis. For these leases, the contractual term is used as the lease term. As of December 31, 2020, the remaining lease terms vary from one month to nine years. At the majority of the U.S. airports, the lease rates depend on airport operating costs or use of the facilities and are reset at least annually. Because of the variable nature of the rates, these leases are not recorded in the consolidated balance sheets as a right-of-use asset and lease liability.

**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 in the consolidated balance sheets as a right-of-use asset and liability. The remaining lease terms range from one month to eight years as of December 31, 2020.

**Lease Position**

The table below presents the lease-related assets and liabilities recorded in the consolidated balance sheets as of December 31, 2019 and 2020 (in millions):

	Classification on the Balance Sheet	December 31,	
		2019	2020
<b>Assets</b>			
Operating lease assets	Operating lease right-of-use assets	\$ 2,261	\$ 2,250
<b>Liabilities</b>			
Current			
Operating	Current maturities of operating leases	\$ 387	\$ 416
Long-term operating leases			
Operating	Long-term operating leases	1,874	1,848
Total lease liabilities		<u>\$ 2,261</u>	<u>\$ 2,264</u>
Weighted-average remaining lease term			
Operating leases		8 years	7 years
Weighted-average discount rate			
Operating leases <sup>(1)</sup>		5.02%	5.15%

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



**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

**Lease Costs**

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

	<u>Year Ended December 31,</u>	
	<u>2019</u>	<u>2020</u>
Operating lease cost <sup>(1)</sup>	\$ 363	\$ 337
Variable lease cost <sup>(1)</sup>	186	220
<b>Total lease costs</b>	<b><u>\$ 549</u></b>	<b><u>\$ 557</u></b>

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

**Other Information**

The table below presents supplemental cash flow and other information related to leases during the year ended December 31, 2019 and 2020 (in millions):

	<u>Year Ended December 31,</u>	
	<u>2019</u>	<u>2020</u>
Cash paid for amounts included in the measurement of lease liabilities	\$ 374	\$ 340
Gain on sale-leaseback transactions, net	\$ 107	\$ 48

As a result of the COVID-19 pandemic, the Company negotiated deferrals with various vendors including aircraft, engine and station lessors, which generally allowed deferrals of payments for certain months since March 2020. The Company has elected to account for the deferred rent payments as variable lease payments which are recorded as a lease expense when due. The tables above reflect this election and the deferral of cash amounts due. Refer to Note 1 for further information on the impact of the COVID-19 pandemic.

During the year ended December 31, 2020, the Company entered into new aircraft and spare engine operating lease agreements totaling \$274 million, which are included in operating lease right-of-use assets within the consolidated balance sheet.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

**Undiscounted Cash Flows**

The table below reconciles the future undiscounted cash flows as of December 31, 2020 (in millions) for each of the next five years and total remaining years to the operating lease liability recorded in the consolidated balance sheet.

	<u>December 31, 2020</u>
<b>Operating Leases</b>	
Year 1	\$ 427
Year 2	403
Year 3	381
Year 4	363
Year 5	341
Thereafter	829
Total undiscounted minimum lease rentals	2,744
Less: amount of lease payments representing interest	(480)
Present value of future minimum lease rentals	2,264
Less: current obligations under leases	(416)
Long-term lease obligations	<u>\$ 1,848</u>

As of December 31, 2020, leases for eight of the Company's aircraft could generally be renewed at rates based on fair market value at the end of the lease term for four years. Additionally, as of December 31, 2020, the Company had one committed agreement to lease with third parties for any A320neo aircraft scheduled for delivery in 2021, which was excluded from the undiscounted minimum lease rentals above.

During 2018, 2019 and 2020, the Company executed sale-leaseback transactions with third-party lessors for 43 new Airbus A320 family aircraft, with 16 delivered in 2018, 18 delivered in 2019 and 9 delivered in 2020. Additionally, the Company executed sale-leaseback agreements in December 2018 for six previously owned aircraft, which were held for use through the date of the sale. The Company also completed sale-leaseback transactions on two engines in both 2018 and 2019 and one engine in 2020. All of the leases from the sale-leaseback transactions are accounted for as operating leases.

Under the terms of the lease agreements, the Company will continue to operate and maintain the assets. Payments under the lease agreements are fixed for the term of the lease. The January 1, 2019 cumulative effect adjustment to retained earnings of \$149 million, net of tax, was driven by the unamortized deferred aircraft sale-leaseback gains as of the adoption of ASU 2016-02. Prior to the adoption of ASU 2016-02, gains on sale-leaseback transactions were generally deferred and recognized in the income statement over the lease term. Under ASU 2016-02, gains on sale-leaseback transactions are recognized immediately.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

**11. Stock-Based Compensation**

A summary of the Company's stock-based compensation expense is presented below (in millions):

	Year Ended December 31,		
	2018	2019	2020
Liability-classified awards	\$ 22	\$ 5	\$ —
Stock options and restricted awards	4	3	8
<b>Total stock-based compensation expense</b>	<b>\$ 26</b>	<b>\$ 8</b>	<b>\$ 8</b>

**Liability-Classified Awards**

On December 3, 2013, to give effect to the reorganization of the Company's corporate structure in connection with the acquisition by FGHI (see Note 1), an agreement was reached to amend and restate a phantom equity agreement that was in place with Frontier prior to the acquisition. Under the terms of this agreement, when an amendment to the underlying collective bargaining agreement was approved, the Company's pilots employed by Frontier in June 2011, whom the Company refers to as the Participating Pilots, through their agent, FAPAInvest, LLC, received phantom equity units which were the economic equivalent of 231,000 shares of the Company's common stock, representing 4% of the Company's common stock as of June 30, 2014. Each unit represented the right to receive common stock or cash in connection with certain events, including a qualifying initial public offering, such stock to be distributed or cash paid to the Participating Pilots in 2020 and 2022 based on a predetermined formula. The phantom equity units were required to be paid in cash absent a qualifying initial public offering. As a result, phantom equity units were liability-classified awards, which were subject to vesting and were remeasured at the end of each reporting period. Phantom equity award expense reflects the vesting of the liability-classified award, any dividend declared in the period, and changes to the Company's common stock valuation. The phantom equity units were fully vested at December 31, 2016.

As of December 31, 2019, the final associated liability agreed to by FAPAInvest, LLC and the Company was \$137 million, with \$111 million included in other current liabilities and \$26 million to be paid in 2022 included within other long-term liabilities. In accordance with the amended and restated phantom equity agreement, the obligation became fixed as of December 31, 2019 and is no longer subject to valuation adjustments. In March 2020, the Company paid \$111 million included in other current liabilities as of December 31, 2019, to the Participating Pilots. As of December 31, 2020, the remaining FAPAInvest LLC Liability of \$26 million is included within other long-term liabilities.

**Stock Options and Restricted Awards**

In April 2014, FGHI also approved the 2014 Equity Incentive Plan (the "Plan"). Under the terms of the Plan, one million shares of FGHI common stock are reserved for issuance. The Plan provides for restricted stock awards, restricted stock units, nonqualified stock options, and other stock-based awards to be granted to members of the Board of Directors and certain employees and consultants. All options issued under the Plan expire ten years from the date of grant. FGHI's policy is to grant options with an exercise price equal to the fair value of the underlying common stock on the date of grant. As of December 31, 2019 and 2020, 681,221 and 641,090 shares of the Company's common stock, respectively, remained available for future issuance under the Plan.

**Stock Options**

Stock option awards are granted with an exercise price equal to the fair market value of FGHI's common stock on the date of grant, and generally vest evenly over four years of continuous service. The fair value of each

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

stock option award is estimated on the date of grant using the Black Scholes model. Compensation expense related to stock options is recognized on a straight-line basis over the requisite service period, net of forfeitures, which are recognized on a specific-identification basis. There were no options granted during the year ended December 31, 2020 and 11,950 granted during the year ended December 31, 2019.

The weighted average assumptions utilized in determining the grant-date fair value of stock options issued are as follows:

	Year Ended December 31,	
	2018	2019
Volatility	40%	40%
Dividends	— %	— %
Term (years)	6.3	6.0 - 6.3
Risk-Free Rate	2.66% - 3.13%	1.72% - 2.50%

Expected volatilities are based on the historical volatility of a group of peer entities within the same industry. The expected term of options is based upon the simplified method, which represents the average of the vesting term and the contractual term. The risk-free interest rate is based on U.S. Treasury yields for securities with terms approximating the expected term of the option. The fair value of the FGHI's common stock was estimated using market multiples and a discounted cash flow analysis, based on management's estimates of revenue, driven by assumed market growth rates, and estimated costs as well as appropriate discount rates. These estimates were consistent with the plans and estimates management used to manage the Company's business.

A summary of stock option activity during the year ended December 31, 2020 is presented below:

	Number of Options	Weighted Average Exercise Prices	Aggregate Grant Date Fair Value (in millions)
<b>Outstanding at December 31, 2019</b>	267,306	\$ 74.45	\$ 10
Issued	—	—	—
Exercised	—	—	—
Forfeit, expired, or repurchased	(7,326)	\$ 111.11	\$ —
<b>Outstanding at December 31, 2020</b>	259,980	\$ 73.42	\$ 10
Exercisable at December 31, 2020	249,143	\$ 59.65	\$ 8
Vested or expected to vest at December 31, 2020	259,980	\$ 73.42	\$ 10

The weighted average exercise price of options granted during 2018 and 2019 was \$434.37 and \$409.93, respectively. There were no options granted during the year ended December 31, 2020. There were no options exercised during the years ended December 31, 2018, 2019 and 2020. The total fair value of options vested was \$2 million for each of the years ended December 31, 2018, 2019 and 2020. The weighted average remaining contractual term of options outstanding and exercisable as of December 31, 2018, 2019 and 2020 was 5.7 years, 4.8 years and 4.0 years, respectively.

The Company repurchased 2,336, 7,934 and 6,275 vested stock options during the years ended December 31, 2018, 2019 and 2020, pursuant to exercises of a call right in a stockholders' agreement with certain members of management that enables the Company to repurchase stock options upon a termination of employment.

As of December 31, 2020, there was \$2 million of unrecognized compensation cost related to unvested stock options. This amount is expected to be recognized over a weighted average period of 2.1 years.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

*Restricted Awards*

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

A summary of the status of restricted stock shares in FGHI (restricted stock awards and restricted stock unit awards) issued to employees of the Company is presented below:

	<u>Number of Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
Outstanding at December 31, 2019	9,703	\$ 462.47
Issued	49,194	394.63
Vested	(3,985)	464.18
Forfeited	(709)	420.00
Repurchased <sup>(1)</sup>	(1,028)	449.19
Outstanding at December 31, 2020	<u>53,175</u>	\$ 400.40

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

The weighted average grant date fair value of restricted stock issued during 2018, 2019 and 2020 was \$451.73, \$482.94 and \$394.63, respectively. The total fair value of restricted stock vested during the years ended December 31, 2018, 2019 and 2020 was less than \$1 million, \$1 million and \$2 million, respectively. The weighted average remaining contractual term of restricted stock outstanding as of December 31, 2018, 2019 and 2020 was 2.2 years, 2.1 years and 2.2 years, respectively. Aggregate grant date fair value of restricted stock outstanding was \$2 million as of December 31, 2018, \$4 million as of December 31, 2019 and \$21 million as of December 31, 2020.

As of December 31, 2020, there was \$16 million of unrecognized compensation cost related to unvested restricted awards. This amount is expected to be recognized over a weighted average period of 2.3 years.

## 12. Employee Retirement Plans

The Company recorded \$14 million, \$32 million and \$37 million in expense related to matching contributions to employee retirement plans for the year ended December 31, 2018, 2019 and 2020, respectively. This is recorded as a component of salaries, wages and benefits in the accompanying consolidated statements of operations.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

**Frontier 401(k) Plan**

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

**FAPA Plan**

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

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

**13. Other Long-Term Liabilities**

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

	<u>December 31,</u>	
	<u>2019</u>	<u>2020</u>
Phantom equity interest (Note 11)	\$ 26	\$ 26
Deferred tax liability	27	9
Deferred revenue	—	23
Other	15	38
<b>Total other long-term liabilities</b>	<b><u>\$ 68</u></b>	<b><u>\$ 96</u></b>

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

**14. Commitments and Contingencies*****Flight Equipment Commitments***

As of December 31, 2020, the Company's firm aircraft and engine orders consisted of the following:

<b>Year Ending</b>	<b>A320neo</b>	<b>A321neo</b>	<b>Total Aircraft</b>	<b>Engines</b>
2021	13	—	13	3
2022	9	5	14	4
2023	—	19	19	2
2024	—	19	19	2
2025	17	8	25	3
Thereafter	50	16	66	9
<b>Total</b>	<b>89</b>	<b>67</b>	<b>156</b>	<b>23</b>

During December 2017, the Company entered into an amendment to the previously existing master purchase agreement with Airbus. Pursuant to the amendment, the Company had a commitment to purchase an incremental 100 A320neo and 34 A321neo aircraft ("incremental aircraft") which were scheduled to be delivered through 2026. During July 2019, the Company entered into an amendment to the previously existing master purchase agreement that included the conversion of 15 A320neo aircraft to A321neo aircraft and in December 2020, the Company entered into an amendment to convert an additional 18 A320neo aircraft to A321neo aircraft, which both also updated the timing of original scheduled delivery dates as reflected in the table above. Additionally, we entered into subsequent amendments that allow us to convert 18 A320neo aircraft to A321XLR aircraft and therefore, the conversion is not reflected in the table above. The amended agreements provide for varying purchase incentives, which have been allocated proportionally and are accounted for as an offsetting reduction to the cost of the backlog aircraft and incremental aircraft. As a result, cash paid for backlog aircraft will be more than the associated capitalized cost of the aircraft and results in the recognition of a deferred purchase incentive within other assets in the consolidated balance sheet, which will ultimately be offset by the lower cash payments in connection with the purchase of the incremental aircraft.

On April 13, 2020, the Company entered into an agreement with Pratt & Whitney for a purchase commitment to supply all engines and the related maintenance services for the Company's incremental order book. These deliveries will begin in 2022 and are expected to occur through 2027. In addition, Pratt & Whitney will supply a certain number of spare engines from 2022 through 2029. The list price of engines under the contract is expected to represent over \$4 billion of total future purchase commitments. These commitments are reflected within the table above and in the future commitments below.

As of December 31, 2020, purchase commitments for these aircraft and engines, including estimated amounts for contractual price escalations and PDPs, were approximately \$683 million in 2021, \$754 million in 2022, \$1,093 million in 2023, \$1,142 million in 2024, \$1,419 million in 2025 and \$3,898 million thereafter.

***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. 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

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

to assess if there is at least a reasonable possibility that a loss or additional losses may have been incurred and whether an estimate of possible loss or range of loss can be made. The Company believes the ultimate outcome of such lawsuits, proceedings, and reviews will not, individually or in the aggregate, have a material adverse effect on its consolidated financial position, liquidity, or results of operations and that our 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 represent approximately 88% of all employees at December 31, 2020. The table below sets forth the Company's employee groups and status of the collective bargaining agreements as of December 31, 2020:

Employee Group	Representative	Amendable Date	Percentage of Workforce December 31, 2020
Pilots	Air Line Pilots Association (ALPA)	January 2024 <sup>(1)</sup>	32%
Flight Attendants	Association of Flight Attendants (AFA-CWA)	May 2024 <sup>(2)</sup>	52%
Aircraft Technicians	International Brotherhood of Teamsters (IBT)	March 2024	2%
Aircraft Appearance	IBT	October 2023	<1%
Material Specialists	IBT	March 2022	<1%
Dispatchers	Transport Workers Union (TWU)	December 2021	<1%
Maintenance Control	IBT	October 2023	<1%

- (1) In December 2018, the Company and the pilots, represented by ALPA, reached a tentative agreement, which was subsequently approved by the pilots and became effective in January 2019. The agreement has a term of five years and includes a significant increase in the annual compensation for the pilots as well as a one-time ratification incentive payment to the Company's pilots of \$75 million plus applicable payroll taxes. The one-time ratification incentive, related payroll taxes and certain other compensation and benefits-related accruals earned through December 31, 2018 were recognized as an expense in the fourth quarter of 2018 as the obligation committed to as part of the tentative agreement was probable as of December 31, 2018.
- (2) In March 2019, the Company and the flight attendants, represented by AFA-CWA, reached a tentative agreement. The one-time contract ratification incentive of \$15 million, related payroll taxes and certain other compensation and benefits-related accruals earned through March 31, 2019 were recognized as an expense in the first quarter of 2019 as the obligation committed to as part of the tentative agreement was probable as of March 31, 2019. The tentative agreement reached in March 2019 was subsequently approved by the flight attendants and became effective in May 2019.

During 2019, the Company entered into an agreement with the flight attendants which outlined terms of an early out program offered to flight attendants meeting certain employment status and seniority requirements, payable to participating flight attendants throughout the fourth quarter of 2019, 2020 and 2021. The \$5 million to be paid under the program, including related payroll taxes, is reflected within salaries, wages and benefits in the consolidated statements of operations for the year ended December 31, 2019. During the year ended December 31, 2020, \$2 million was paid to participating flight attendants, and the remaining \$3 million to be paid under the program is accrued for within other current liabilities in the consolidated balance sheet as of December 31, 2020.

The Company is self-insured for health care claims, subject to a stop-loss policy, for eligible participating employees and qualified dependent medical and dental claims, subject to deductibles and limitations. The Company's liabilities for claims incurred but not reported are determined based on an estimate of the ultimate aggregate liability for claims incurred. The estimate is calculated from actual claim rates and adjusted periodically as necessary. The Company has accrued \$4 million for health care claims estimated to be incurred



**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

but not yet paid as of December 31, 2019 and 2020, which is included as a component of other current liabilities in the consolidated balance sheets.

**General Indemnifications**

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

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

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

Certain of these indemnities survive the length of the related financing or lease. The Company cannot reasonably estimate the potential future payments under the indemnities and related provisions described above because it cannot predict (1) when and under what circumstances these provisions may be triggered, and (2) the amount that would be payable if the provisions were triggered because the amounts would be based on facts and circumstances existing at such time.

**15. Stockholders' Equity**

The Company had 5,243,233 and 5,248,371 shares of common stock outstanding as of December 31, 2019 and 2020, respectively. All of the Company's issued and outstanding shares of common stock are duly authorized, validly issued, fully paid and nonassessable. Each holder of the Company's common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Holders of the Company's common stock have no preemptive, conversion, subscription or other rights, and no redemption or sinking fund provisions applicable to the Company's common stock exist.

During the year ended December 31, 2018 the Company declared a dividend of \$38.47 per share (representing an aggregate obligation of \$221 million), of which \$209 million along with \$2 million of additional distributions related to prior years' dividends was distributed to common stockholders and those with other participating rights (including those with vested share-based awards and phantom equity units awarded to the Participating Pilots). During the year ended December 31, 2019 the Company declared a dividend of \$28.85 per share (representing an aggregate obligation of \$166 million), which included approximately \$7 million of dividend equivalent rights relating to the phantom equity units. As of December 31, 2019, \$159 million of the aggregate obligation was distributed to common stockholders and those with other participating rights (including those with vested share-based awards and phantom equity units awarded to the Participating Pilots). During the year ended December 31, 2020, no dividends were declared and the Company paid less than \$1 million in distributions to those with other participating rights related to vested share-based awards.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

As of December 31, 2019, \$27 million was payable to those with dividend equivalent rights relating to the phantom equity units (see Notes 8, 11 and 13) along with those with other participating rights, which was included within the Company's Consolidated Balance Sheets. As of December 31, 2020, less than \$1 million was payable to those with participating rights.

**16. Net Income (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 and phantom equity units awarded to the Participating Pilots). Basic net income per share is calculated by taking net income, less earnings allocated to participating rights, divided by the basic weighted average common stock outstanding. Diluted net income per share is calculated using the more dilutive of the treasury-stock method and the two-class method. The following table sets forth the computation of net income per share on a basic and diluted basis pursuant to the two-class method for the periods indicated (in millions, except for share and per share data):

	Year Ended December 31,		
	2018	2019	2020
<b>Basic:</b>			
Net income (loss)	\$ 80	\$ 251	\$ (225)
Less: net income attributable to participating rights	(7)	(14)	—
Net income (loss) attributable to common stockholders	<u>\$ 73</u>	<u>\$ 237</u>	<u>\$ (225)</u>
Weighted average common shares outstanding, basic	<u>5,238,618</u>	<u>5,240,555</u>	<u>5,243,695</u>
Net income (loss) per share, basic	<u>\$ 13.95</u>	<u>\$ 45.21</u>	<u>\$ (42.91)</u>
<b>Diluted:</b>			
Net income (loss)	\$ 80	\$ 251	\$ (225)
Less: net income attributable to participating rights	(7)	(14)	—
Net income (loss) attributable to common stockholders	<u>\$ 73</u>	<u>\$ 237</u>	<u>\$ (225)</u>
Weighted-average common shares outstanding, basic	<u>5,238,618</u>	<u>5,240,555</u>	<u>5,243,695</u>
Effect of dilutive potential common shares	48,866	11,895	—
Weighted average common shares outstanding, diluted	<u>5,287,484</u>	<u>5,252,450</u>	<u>5,243,695</u>
Net income (loss) per share, diluted	<u>\$ 13.83</u>	<u>\$ 45.10</u>	<u>\$ (42.91)</u>

Approximately 4,050 shares, 6,150 shares were excluded from the computation of diluted shares for the years ended December 31, 2018 and 2019, respectively, as their impact would have been anti-dilutive. Due to the net loss for the year ended December 31, 2020, diluted weighted-average shares outstanding are equal to basic weighted-average shares outstanding because the effect of all equity awards is anti-dilutive.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

**17. Income Taxes**

The components of income tax expense from continuing operations are as follows (in millions):

	Year Ended December 31,		
	2018	2019	2020
<b>Current:</b>			
Federal	\$ 88	\$ 19	\$ (134)
State and local	9	3	1
Current income tax expense (benefit)	97	22	(133)
<b>Deferred:</b>			
Federal	(66)	49	(5)
State and local	(6)	4	(9)
Foreign	—	(1)	—
Deferred income tax expense (benefit)	(72)	52	(14)
<b>Total income tax expense (benefit)</b>	<b>\$ 25</b>	<b>\$ 74</b>	<b>\$ (147)</b>

The income tax provision differs from that computed at the federal statutory corporate tax rate are as follows:

	Year Ended December 31,		
	2018	2019	2020
U.S. federal statutory income tax rate	21.0%	21.0%	21.0%
State taxes, net of federal benefit	1.7	1.8	2.1
Impact of CARES Act	—	—	16.9
Other permanent differences	0.7	0.1	(0.3)
Stock-based compensation	(0.2)	(0.2)	—
Reserves for uncertain tax positions, net	0.5	0.1	(0.2)
<b>Effective income tax rate</b>	<b>23.7%</b>	<b>22.8%</b>	<b>39.5%</b>

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. The CARES Act permits a net operating loss (NOL) generated in 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. As a result, the Company's taxable losses for 2020 were fully absorbed in the 2015 and 2016 tax years (pre-Tax Cuts and Jobs Act) in which a federal 35% tax rate applies, resulting in a permanent benefit of the 14% rate differential (See Note 1). Additionally, the current year tax rate will also include the favorable impact of the current year tax deduction for the payments made to FAPAInvest, LLC, as described further in Note 11.

The Company made cash payments of \$62 million, \$56 million and \$8 million for the years ended December 31, 2018, 2019 and 2020, respectively, for income taxes, net of refunds.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial statement and income tax purposes. The following table shows the components of the Company's deferred tax assets and liabilities (in millions):

	December 31,	
	2019	2020
<b>Deferred tax assets:</b>		
Nondeductible accruals	\$ 17	\$ 25
Deferred revenue	9	12
Operating lease liability	516	514
Net operating losses	1	9
Other	6	11
<b>Deferred tax assets</b>	<b>\$ 549</b>	<b>\$ 571</b>
<b>Deferred tax liabilities:</b>		
Property and equipment	(34)	(34)
Leasehold interests	—	(6)
Maintenance deposits	(16)	(19)
Intangibles	(7)	(7)
Right of use asset	(512)	(507)
Income tax credits	(1)	—
Other	(6)	(7)
<b>Deferred tax liabilities</b>	<b>(576)</b>	<b>(580)</b>
<b>Net deferred tax liabilities</b>	<b>\$ (27)</b>	<b>\$ (9)</b>

As of December 31, 2020, the Company's net deferred tax liability balance was \$9 million, which includes \$9 million of deferred tax assets related to state net operating losses. Although the Company is not currently in a three year cumulative loss position, it may be in a three year cumulative loss position during the 2021 tax year. However, the Company has a recent history of significant earnings prior to the onset of the COVID-19 pandemic and expects to return to profitability as the effects of the pandemic subside. Under current law, federal net operating loss carryforwards do not expire and most state net operating losses can also be carried forward indefinitely or at a minimum expire after five years. Therefore, no valuation allowance was recorded against deferred tax assets as the Company expects they will be fully utilized within the expiration periods.

The following table shows the components of the Company's unrecognized tax benefits related to uncertain tax positions (in millions).

	2018	2019	2020
<b>Unrecognized tax benefits at January 1</b>	<b>\$ 8</b>	<b>\$ 9</b>	<b>\$ 9</b>
Increase for tax positions taken during prior period	—	—	—
Decrease for tax positions taken during prior period	—	—	—
Increase for tax positions taken during current period	1	—	1
<b>Unrecognized tax benefits at December 31</b>	<b>\$ 9</b>	<b>\$ 9</b>	<b>\$ 10</b>

It is reasonably possible that the amount of unrecognized tax benefit could change significantly within the next 12 months pending the outcome of any cases currently in litigation with the U.S. Tax Court, which could reduce income tax expense by \$8 million. A lapse in the statute of limitations could also reduce income tax

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

expense by \$6 million within the next 12 months. The total amount of unrecognized benefit, if recognized, would reduce income tax expense by \$10 million. The Company accrues interest related to unrecognized tax benefits in its provision for income taxes, and any associated penalties in other operating expenses. The amounts recorded in our financial statements related to interest and penalties is less than \$1 million for 2020.

The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates yearly. The 2014 tax year audit by the Internal Revenue Service (“IRS”) closed in 2017 with no material changes. Although the statute of limitations has expired for the 2015 and 2016 tax years, the Company’s federal income tax returns for tax years 2015 and forward will remain open to examination by the IRS due to the carryback of the 2020 net operating loss. Additionally, various tax years remain open to examination by state and local taxing jurisdictions.

**18. Fair Value Measurements**

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

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

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

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

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

***Cash, Cash Equivalents and Restricted Cash***

Cash and cash equivalents as of December 31, 2019 and 2020 were comprised of liquid money market funds, time deposits and cash, and are categorized as Level 1 instruments. The Company maintains cash with various high-quality financial institutions. Within restricted cash, the Company also maintains certificates of deposit that secure certain letters of credit issued for workers’ compensation claim reserves and certain airport authorities. Cash, cash equivalents and restricted cash are carried at cost, which management believes approximates fair value.

***Warrants***

The estimated fair value of the warrants issued in conjunction with the loans from the CARES Act, described in Note 1, was determined to be Level 3. The primary inputs to the warrant valuation are driven by FGHI’s share price as well as assumptions about the expected share price volatility and estimated term the warrants will remain outstanding. These inputs are largely impacted by internal forecasts, discount rates and other internal assumptions, which were unobservable as of December 31, 2020.

***Fuel Derivative Instruments***

Option contracts and collar structures are valued under an income approach using option pricing models based on data either readily observable in public markets, derived from public markets or provided by

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

counterparties who regularly trade in public markets; therefore, they are classified as Level 2 inputs. Volatilities used in the year end December 31, 2019 valuation ranged from 23% to 40% depending on the maturity dates, underlying commodities and strike prices of the option contracts.

**Interest Rate Swaption Derivative Instruments**

Interest rate swaption contracts are valued under an income approach based on data either readily observable in public markets, derived from public markets or provided by counterparties who regularly trade in public markets; therefore, they are classified as Level 2 inputs. Given the swaptions will be cash settled upon exercise and that the market value will be done using overnight indexed swap (OIS) discounting, OIS discounting is applied to the income approach valuation.

**Pilot Phantom Equity**

The estimated fair value of the phantom equity unit liability under the Pilot Phantom Equity Plan, described in Note 11, was determined to be Level 3 as certain inputs used to determine the fair value of FGHI was unobservable as of December 31, 2019. In accordance with the amended and restated phantom equity agreement, the obligation became fixed as of December 31, 2019 and is no longer subject to valuation adjustments.

**Debt**

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

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

	December 31, 2019		December 31, 2020	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<b>Secured debt:</b>				
Pre-delivery credit facility	\$ 155	\$ 155	\$ 141	\$ 139
Floating rate building note	18	18	18	18
Treasury Loan	—	—	150	148
<b>Unsecured debt:</b>				
Pre-delivery credit facility	20	20	—	—
Affinity card advance purchase of mileage credits	53	53	15	11
PSP Promissory Note	—	—	33	25
<b>Total debt</b>	<b>\$ 246</b>	<b>\$ 246</b>	<b>\$ 357</b>	<b>\$ 341</b>

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

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

	Fair Value Measurements as of December 31, 2019			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 768	\$ 768	\$ —	\$ —
Fuel hedge assets, net	5	—	5	—
Interest rate derivative contracts, net	9	—	9	—
Phantom equity units	(137)	—	—	(137)

	Fair Value Measurements as of December 31, 2020			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 378	\$ 378	\$ —	\$ —
Warrants	18	—	—	18

In accordance with the amended and restated phantom equity agreement, the remaining phantom equity obligation became fixed as of December 31, 2019 and is no longer subject to valuation adjustments. The Company therefore removed the level 3 fair value of the phantom equity units during 2020. During the period ended December 31, 2020 the Company issued warrants in conjunction with the PSP Promissory Note and the Treasury Loan and, due to the unobservable nature of the inputs, was included as a Level 3 fair value measurement. The Company had no other transfers of assets or liabilities between any of the above levels during years ended December 31, 2019 or 2020.

## 19. Related Parties

### *Management Services*

The Company pays a quarterly fee to Indigo Partners for management services plus expense reimbursements and the annual fees of each member of the Company's board of directors that is affiliated with Indigo Partners. Indigo Partners manages an investment fund that is the controlling stockholder in FGHI. The Company paid Indigo Partners \$2 million of management fees, expense reimbursements, and director compensation for each of the years ended December 31, 2018 and 2019 and \$1 million for the year ended December 31, 2020.

### *Codeshare Arrangement*

The Company entered into a codeshare agreement with Controladora Vuela Compañía de Aviación, S.A.B. de C.V. (an airline based in Mexico doing business as Volaris) during 2018 under which sales began in July 2018. Two of the Company's directors are members of the board of directors of Volaris. Indigo Partners holds approximately 18% of the total outstanding Common Stock shares of Volaris.

In August 2018, the Company and Volaris began operating scheduled codeshare flights. The codeshare agreement provides for codeshare fees and revenue sharing for the codeshare flights. Each party bears its own costs and expenses of performance under the agreement, is required to indemnify the other party for certain claims and losses arising out of or related to the agreement and is responsible for complying with certain marketing and product display guidelines. The codeshare agreement also establishes a joint management committee, which includes representatives from both parties and generally oversees the management of the transactions and relationships contemplated by the agreement. The codeshare agreement will remain effective for a period of three years from its effective date, is subject to automatic renewal and may be terminated by either party at any time upon the satisfaction of certain conditions.

**FRONTIER GROUP HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements (Continued)**

**20. Subsequent Events**

The Company received a second installment of \$70 million under the PSP2 Agreement on March 5, 2021 and issued warrants to the U.S. Department of the Treasury to acquire up to 2,716 shares of common stock of FGHI at an exercise price of \$442.69 per share.





# LOW FARES DONE RIGHT®



**Shares**

**Common Stock**



**Citigroup**

**Barclays**

**Deutsche Bank Securities**

**Morgan Stanley**

**Evercore ISI**

**BofA Securities**

**Goldman Sachs & Co. LLC**

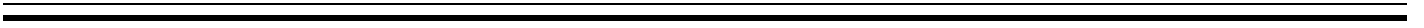
**J.P. Morgan**

**Nomura**

**UBS Investment Bank**

**Cowen**

**Raymond James**



**PART II****Item 13. Other Expenses of Issuance and Distribution**

The following table sets forth the costs and expenses, other than underwriting discounts, payable in connection with the sale and distribution of the securities being registered. All amounts are estimated except the SEC registration fee and the FINRA filing fee. All the expenses below will be paid by Frontier Group Holdings, Inc.

<b>Item</b>	<b>Amount</b>
SEC Registration fee	*
FINRA filing fee	*
Initial Nasdaq Stock Market listing fee	*
Legal fees and expenses	*
Accounting fees and expenses	*
Printing and engraving expenses	*
Transfer Agent and Registrar fees	*
Blue Sky fees and expenses	*
Miscellaneous fees and expenses	*
<b>Total</b>	<b>*</b>

\* To be completed by amendment.

**Item 14. Indemnification of Directors and Officers**

Frontier Group Holdings, Inc., Inc. is a Delaware corporation. Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act of 1933, as amended. Our amended and restated certificate of incorporation to be in effect immediately prior to the consummation of this offering compels indemnification of our directors and officers and permits indemnification of our employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws to be in effect immediately prior to the consummation of this offering provide for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law. In addition, we have entered into indemnification agreements with our directors, officers and some employees containing provisions which are in some respects broader than the specific indemnification provisions contained in the Delaware General Corporation Law. The indemnification agreements may require us, among other things, to indemnify our directors against certain liabilities that may arise by reason of their status or service as directors and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. Reference is also made to Section 8 of the underwriting agreement to be filed as Exhibit 1.1 hereto, which provides for indemnification by the underwriter of our officers and directors against certain liabilities.

**Item 15. Recent Sales of Unregistered Securities**

Since January 1, 2018, we have granted equity awards for an aggregate of 116,440 shares of our common stock to employees and directors under our 2014 Equity Incentive Plan, which includes 2,416 shares that were subsequently forfeited and 262 shares that were subsequently repurchased.

The sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided

---

## Table of Contents

under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us.

Between May 19, 2020 and January 15, 2021, we issued to the United States Department of Treasury (the “Treasury”) warrants to purchase an aggregate of 75,807 shares of common stock at an exercise price of \$241.72 per share in connection with our Payroll Support Program Agreement and the loan we received from the Treasury. Additionally, by operation of the Payroll Support Program Extension Agreement entered into with the Treasury on January 15, 2021, we are expected to issue to the Treasury additional warrants to purchase an aggregate of 2,711 shares of common stock at an exercise price of \$442.69 per share based on \$140 million of funding pursuant to the so-called “PSP2” program.

The offers, sales, and issuances of the securities described above were deemed to be exempt from registration under Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions.

There were no underwriters employed in connection with any of the transactions set forth in Item 15.

**Item 16. Exhibits and Financial Statements****EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Filed Herewith</u>
1.1*	Form of Underwriting Agreement.	
3.1(a)	<a href="#">Amended and Restated Certificate of Incorporation, currently in effect.</a>	X
3.1(b)	<a href="#">Certificate of Amendment of the Amended and Restated Certificate of Incorporation.</a>	X
3.2*	Form of Amended and Restated Certificate of Incorporation, to be in effect immediately prior to the consummation of this offering.	
3.3	<a href="#">Amended and Restated Bylaws, currently in effect.</a>	X
3.4*	Form of Amended and Restated Bylaws, to be in effect immediately prior to the consummation of this offering.	
4.1	Reference is made to exhibits 3.1, 3.2, 3.3 and 3.4.	
4.2	<a href="#">Form of Common Stock Certificate Award.</a>	X
4.3*	Registration Rights Agreement, to be in effect immediately prior to the consummation of this offering, by and among Frontier Group Holdings, Inc. and Indigo Frontier Holdings Company, LLC.	
5.1*	Opinion of Latham & Watkins LLP.	
10.1	<a href="#">Airport Use and Lease Agreement, dated as of February 1, 2021, by and between Frontier Airlines, Inc. and the City and County of Denver.</a>	X
10.2(a)#	<a href="#">2014 Equity Incentive Plan.</a>	X
10.2(b)#	<a href="#">Form of Stock Option Grant Notice and Stock Option Agreement under the 2014 Equity Incentive Plan.</a>	X
10.2(c)#	<a href="#">Form of Stock Purchase Right Grant Notice and Restricted Stock Purchase Agreement for Non-Employee Directors.</a>	X
10.2(d)#	<a href="#">Form of Restricted Stock Unit Award Grant Notice and RSU Award Agreement under the 2014 Equity Incentive Plan.</a>	X
10.3(a)#*	2021 Equity Incentive Award Plan.	
10.3(b)#*	Form of Stock Option Grant Notice and Stock Option Agreement under the 2021 Equity Incentive Award Plan.	
10.3(c)#*	Form of Restricted Stock Award Agreement and Restricted Stock Unit Award Grant Notice under the 2021 Equity Incentive Award Plan.	
10.4#	<a href="#">Form of Indemnification Agreement for directors and officers.</a>	X
10.5#	<a href="#">Employment Agreement, dated as of March 15, 2016, by and between Frontier Airlines, Inc. and Barry L. Biffle.</a>	X
10.6#	<a href="#">Amended and Restated Employment Agreement, dated as of April 13, 2017, by and between Frontier Airlines, Inc. and James G. Dempsey.</a>	X
10.7#	<a href="#">Employment Agreement, dated as of June 1, 2017, by and between Frontier Airlines, Inc. and Jake F. Filene.</a>	X
10.8#	<a href="#">Employment Letter, dated as of June 30, 2014, by and between Frontier Airlines, Inc. and Howard M. Diamond.</a>	X

## Table of Contents

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Filed Herewith</u>
10.9#	<a href="#">Employment Letter, dated as of September 2, 2015, by and between Frontier Airlines, Inc. and Mark C. Mitchell.</a>	X
10.10(a)#	<a href="#">Employment Agreement, dated as of June 25, 2012, by and between Frontier Airlines, Inc. and Daniel M. Shurz.</a>	X
10.10(b)#	<a href="#">Amendment to Employment Agreement, dated as of September 13, 2013, by and between Frontier Airlines, Inc. and Daniel M. Shurz.</a>	X
10.11#	<a href="#">Employment Agreement, dated as of February 13, 2019, by and between Frontier Airlines, Inc. and Trevor J. Stedke.</a>	X
10.12#*	Non-Employee Director Compensation Program.	
10.13(a)#	<a href="#">Amended and Restated Phantom Equity Investment Agreement, dated as of December 3, 2013, by and among Frontier Airlines, Inc., Falcon Acquisition Group, Inc. and FAPAInvest, LLC.</a>	X
10.13(b)#	<a href="#">Amendment to Amended and Restated Phantom Equity Investment Agreement, dated as of December 20, 2016, by and among Frontier Airlines, Inc., Frontier Group Holdings, Inc. and FAPAInvest, LLC.</a>	X
10.13(c)#	<a href="#">Second Amendment to Amended and Restated Phantom Equity Investment Agreement, dated as of December 27, 2019, by and among Frontier Airlines, Inc., Frontier Group Holdings, Inc. and FAPAInvest, LLC.</a>	X
10.14#	<a href="#">Professional Services Agreement, dated December 3, 2013, by and among Indigo Partners LLC, Frontier Airlines Holdings, Inc. and Frontier Airlines, Inc.</a>	X
10.15#	<a href="#">Subscription Agreement, dated as of December 3, 2013, by and between Falcon Acquisition Group, Inc. and Indigo Frontier Holdings Company, LLC.</a>	X
10.16(a)†	<a href="#">Airbus A320 Family Aircraft Purchase Agreement, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.</a>	X
10.16(b)†	<a href="#">Amended and Restated Letter Agreement No. 1, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.</a>	X
10.16(c)†	<a href="#">Second Amended and Restated Letter Agreement No. 2, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.</a>	X
10.16(d)†	<a href="#">Second Amended and Restated Letter Agreement No. 3, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.</a>	X
10.16(e)†	<a href="#">Amended and Restated Letter Agreement No. 4, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.</a>	X
10.16(f)†	<a href="#">Letter Agreement No. 5, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.</a>	X
10.16(g)†	<a href="#">Letter Agreement No. 6A, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.</a>	X
10.16(h)†	<a href="#">Letter Agreement No. 6B, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.</a>	X
10.16(i)†	<a href="#">Letter Agreement No. 6D, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.</a>	X
10.16(j)†	<a href="#">Letter Agreement No. 6D-1, dated as of October 9, 2019, by and between and Airbus S.A.S. and Frontier Airlines, Inc.</a>	X

## Table of Contents

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Filed Herewith</u>
10.16(k)†	<a href="#"><u>Letter Agreement No. 6D-2, dated as of October 9, 2019, by and between and Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(l)†	<a href="#"><u>Letter Agreement No. 6D-3, dated as of October 9, 2019, by and between and Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(m)†	<a href="#"><u>Amended and Restated Letter Agreement No. 7, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(n)†	<a href="#"><u>Letter Agreement No. 8, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.</u></a>	X
10.16(o)†	<a href="#"><u>Letter Agreement No. 9, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.</u></a>	X
10.16(p)†	<a href="#"><u>Amended and Restated Letter Agreement No. 10, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(q)†	<a href="#"><u>Amendment No. 1 to Airbus A320 Family Aircraft Purchase Agreement, dated as of January 10, 2013, by and between Airbus S.A.S. and Republic Airways Holdings Inc.</u></a>	X
10.16(r)†	<a href="#"><u>Amendment No. 2 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 3, 2013, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(s)†	<a href="#"><u>Amendment No. 3 to Airbus A320 Family Aircraft Purchase Agreement, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(t)†	<a href="#"><u>Amendment No. 4 to Airbus A320 Family Aircraft Purchase Agreement, dated as of August 7, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(u)†	<a href="#"><u>Amendment No. 5 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(v)†	<a href="#"><u>Amendment No. 6 to Airbus A320 Family Aircraft Purchase Agreement, dated as of July 1, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(w)†	<a href="#"><u>Amendment No. 7 to Airbus A320 Family Aircraft Purchase Agreement, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(x)†	<a href="#"><u>Amendment No. 8 to Airbus A320 Family Aircraft Purchase Agreement, dated as of March 16, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(y)†	<a href="#"><u>Amendment No. 9 to Airbus A320 Family Aircraft Purchase Agreement, dated as of May 4, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(z)†	<a href="#"><u>Amendment No. 10 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 2, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.16(aa)†	<a href="#"><u>Letter Agreement, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.17(a)†	<a href="#"><u>Airbus A321 Aircraft Purchase Agreement, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.17(b)†	<a href="#"><u>Letter Agreement No. 5, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.17(c)†	<a href="#"><u>Letter Agreement No. 6A, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X
10.17(d)†	<a href="#"><u>Letter Agreement No. 6B, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.</u></a>	X



## Table of Contents

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Filed Herewith</u>
10.17(e)†	<a href="#">Letter Agreement No. 8, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.</a>	X
10.17(f)†	<a href="#">Letter Agreement No. 9, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.</a>	X
10.18†*	Amended and Restated Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of September 15, 2020, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.	
10.19(a)†	<a href="#">General Terms Agreement No. 6-13616, dated as of June 30, 2000, by and between Frontier Airlines, Inc., CFM International, Inc. and Societe Nationale D'Etude et de Construction de Monteurs d'Aviation.</a>	X
10.19(b)†	<a href="#">Letter Agreement No. 1, dated as of June 30, 2000, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.19(c)†	<a href="#">Letter Agreement No. 2, dated as of November 20, 2002, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.19(d)†	<a href="#">Letter Agreement No. 3, dated as of August 1, 2003, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.19(e)†	<a href="#">Letter Agreement No. 4, dated as of March 26, 2004, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.19(f)†	<a href="#">Letter Agreement No. 5, dated as of April 11, 2006, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.19(g)	<a href="#">Amendment No. 1 to GTA 6-13616, dated as of June 6, 2009, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.19(h)†	<a href="#">Letter Agreement No. 7, dated as of October 25, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.19(i)†	<a href="#">Letter Agreement No. 8, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.19(j)†	<a href="#">Letter Agreement No. 9, dated as of August 3, 2015, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.20(a)†	<a href="#">General Terms Agreement No. CFM-1 1-2576101711, dated as of October 17, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.20(b)†	<a href="#">Letter Agreement No. 1 to General Terms Agreement No. CFM-1 1-2576101711, dated as of October 26, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.20(c)†	<a href="#">Amendment No. 1 to Letter Agreement No. 1, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and CFM International, Inc.</a>	X
10.21†	<a href="#">Purchase Terms Agreement (Material-Single Event), dated as of November 5, 2014, by and between Frontier Airlines, Inc. and Lufthansa Technik AG.</a>	X
10.22(a)†	<a href="#">Navitaire Hosted Services Agreement, dated as of June 20, 2014, by and between Frontier Airlines, Inc. and Navitaire LLC.</a>	X
10.22(b)†	<a href="#">Amendment No. 1 to Navitaire Hosted Services Agreement, dated as of March 1, 2015, by and between Frontier Airlines, Inc. and Navitaire LLC.</a>	X

## Table of Contents

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Filed Herewith</u>
10.22(c)†	<a href="#"><u>Amendment No. 2 to Navitaire Hosted Services Agreement, dated as of April 10, 2015, by and between Frontier Airlines, Inc. and Navitaire LLC.</u></a>	X
10.22(d)†	<a href="#"><u>Amendment No. 3 to Navitaire Hosted Services Agreement, dated as of January 1, 2016, by and between Frontier Airlines, Inc. and Navitaire LLC.</u></a>	X
10.23†	<a href="#"><u>Sixth Amended and Restated Credit Agreement, dated as of December 22, 2020, by and among Vertical Horizons, Ltd., Citibank, N.A., Citigroup Global Markets, Inc., Bank of Utah and each lender identified on Schedule I thereto.</u></a>	X
10.24(a)	<a href="#"><u>Guarantee, dated as of December 23, 2014, by Frontier Airlines Holdings, Inc. for the benefit of Airbus S.A.S.</u></a>	X
10.24(b)	<a href="#"><u>Guarantee, dated as of December 23, 2014, by Frontier Airlines, Inc. for the benefit of Airbus S.A.S.</u></a>	X
10.25	<a href="#"><u>Sixth Amended and Restated Guarantee, dated as of December 22, 2020, by Frontier Airlines, Inc. in favor of Bank of Utah.</u></a>	X
10.26†	<a href="#"><u>Sixth Amended and Restated Guarantee, dated as of December 22, 2020, by Frontier Airlines Holdings, Inc. in favor of Bank of Utah.</u></a>	X
10.27(a)†	<a href="#"><u>Amended and Restated Step-In Agreement, dated as of March 19, 2020, by and among Vertical Horizons, Ltd., Bank of Utah and Airbus S.A.S.</u></a>	X
10.27(b)†	<a href="#"><u>Amendment to Amended and Restated Step-In Agreement, dated as of May 4, 2020, by and among Vertical Horizons, Ltd., Bank of Utah and Airbus S.A.S.</u></a>	X
10.27(c)†	<a href="#"><u>Amendment to Amended and Restated Step-In Agreement, dated as of December 15, 2020, by and among Vertical Horizons, Ltd., Bank of Utah and Airbus S.A.S.</u></a>	X
10.28	<a href="#"><u>Subordinated Loan Agreement, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and Vertical Horizons, Ltd.</u></a>	X
10.29†	<a href="#"><u>Fifth Amended and Restated CFMI Engine Benefits Agreement, dated as of March 19, 2020, by and among Vertical Horizons, Ltd., CFM International, Inc., Bank of Utah and Frontier Airlines, Inc.</u></a>	X
10.30(a)†	<a href="#"><u>Amended and Restated Signatory Agreement (U.S. Visa and MasterCard Transactions), dated as of November 5, 2013, by and among Frontier Airlines Holdings Inc., Frontier Airlines, Inc. and U.S. Bank National Association.</u></a>	X
10.30(b)†	<a href="#"><u>First Omnibus Amendment to Signatory Agreements, dated as of March 1, 2016, by and among Frontier Airlines Holdings, Inc., Frontier Airlines, Inc., U.S. Bank National Association, and Elavon Canada Company.</u></a>	X
10.30(c)†	<a href="#"><u>Third Omnibus Amendment to Signatory Agreements, dated as May 1, 2018, by and among Frontier Airlines Holdings, Inc., Frontier Airlines, Inc., U.S. Bank National Association and Elavon Canada Company.</u></a>	X
10.30(d)†	<a href="#"><u>Fourth Omnibus Amendment to Signatory Agreements, dated as of April 1, 2020, by and among Frontier Airlines Holdings, Inc., Frontier Airlines, Inc., U.S. Bank National Association and Elavon Canada Company.</u></a>	X
10.31(a)†	<a href="#"><u>Rate per Flight Hour Agreement, dated as of August 29, 2017, by and between CFM International, Inc. and Frontier Airlines, Inc.</u></a>	X
10.31(b)†	<a href="#"><u>Amendment No. 1 to Rate per Flight Hour Agreement, dated as of August 29, 2017, by and between CFM International, Inc. and Frontier Airlines, Inc.</u></a>	X
10.32†	<a href="#"><u>Codeshare Agreement, dated as of January 16, 2018, by and between Concesionaria Vuela Compania Aviacion S.A.P.I. de C.V. and Frontier Airlines, Inc.</u></a>	X

## Table of Contents

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Filed Herewith</u>
10.33	<a href="#">Promissory Note, dated as of April 30, 2020, issued by Frontier Group Holdings, Inc. in the name of the United States Department of the Treasury and guaranteed by Frontier Airlines, Inc. and Frontier Airlines Holdings, Inc.</a>	X
10.34	<a href="#">Payroll Support Program Agreement, dated as of April 30, 2020, between Frontier Airlines, Inc. and the United States Department of the Treasury.</a>	X
10.35†	<a href="#">Warrant Agreement, dated as of April 30, 2020, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.</a>	X
10.36	Form of Warrant (incorporated by reference to Annex B of Exhibit 10.35).	X
10.37†	<a href="#">Loan and Guarantee Agreement, dated as of September 28, 2020, by and among Frontier Airlines, Inc., Frontier Group Holdings, Inc., the United States Department of the Treasury and The Bank of New York Mellon, as administrative and collateral agent.</a>	X
10.38	<a href="#">Warrant Agreement, dated as of September 28, 2020, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.</a>	X
10.39	Form of Warrant (incorporated by reference to Annex B of Exhibit 10.38).	X
10.40	<a href="#">Letter Agreement, dated as of January 15, 2021, among Frontier Airlines, Inc., Frontier Group Holdings, Inc. and the United States Department of the Treasury and acknowledged by The Bank of New York Mellon, as administrative and collateral agent.</a>	X
10.41	<a href="#">Payroll Support Program Extension Agreement, dated as of January 15, 2021, between Frontier Airlines, Inc. and the United States Department of the Treasury.</a>	X
10.42	<a href="#">Promissory Note, dated as of January 15, 2021, issued by Frontier Group Holdings, Inc. in the name of the United States Department of the Treasury and guaranteed by Frontier Airlines, Inc. and Frontier Airlines Holdings, Inc.</a>	X
10.43	<a href="#">Warrant Agreement, dated as of January 15, 2021, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.</a>	X
10.44	Form of Warrant (incorporated by reference to Annex B of Exhibit 10.43).	X
10.45†	<a href="#">Amended and Restated IAE Engine Benefits Agreement A321neo Aircraft (2022 and 2023 Deliveries), dated as of December 22, 2020, among Vertical Horizons, Ltd., International Aero Engines, LLC, Bank of Utah and Frontier Airlines, Inc.</a>	X
10.46†	<a href="#">PW1100G-JM Engine Purchase and Support Agreement, dated as of April 13, 2020, by and between International Aero Engines, LLC and Frontier Airlines, Inc.</a>	X
14.1*	Code of Ethics.	
21.1	<a href="#">List of subsidiaries.</a>	X
23.1*	Consent of independent registered public accounting firm.	
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 5.1).	
24.1*	Power of Attorney.	

\* To be filed by amendment.

# Indicates management contract or compensatory plan.

† Certain portions of this document that constitute confidential information have been redacted in accordance with Regulation S-K, Item 601(b)(10).

**Item 17. Undertakings**

The undersigned registrant hereby undertakes that:

- (1) for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective;
- (2) for the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and
- (3) the undersigned will provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 14, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, we have duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Denver, State of Colorado, on the 8th day of March, 2021.

### FRONTIER GROUP HOLDINGS, INC.

By: /s/ Barry L. Biffle  
**Barry L. Biffle**  
**President and Chief Executive Officer**

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Barry L. Biffle, James G. Dempsey and Howard M. Diamond, and each of them acting individually, as his or her true and lawful attorneys-in-fact and agents, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Registration Statement, including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought, and to file the same, with all exhibits thereto and other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents, with full power of each to act alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated below on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Barry L. Biffle</u> <b>Barry L. Biffle</b>	President and Chief Executive Officer (principal executive officer)	March 8, 2021
<u>/s/ James G. Dempsey</u> <b>James G. Dempsey</b>	Executive Vice President and Chief Financial Officer (principal financial officer)	March 8, 2021
<u>/s/ Mark C. Mitchell</u> <b>Mark C. Mitchell</b>	Chief Accounting Officer (principal accounting officer)	March 8, 2021
<u>/s/ William A. Franke</u> <b>William A. Franke</b>	Director (Chairman of the Board)	March 8, 2021
<u>/s/ Andrew S. Broderick</u> <b>Andrew S. Broderick</b>	Director	March 8, 2021
<u>/s/ Josh T. Connor</u> <b>Josh T. Connor</b>	Director	March 8, 2021
<u>/s/ Brian H. Franke</u> <b>Brian H. Franke</b>	Director	March 8, 2021

[Table of Contents](#)

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Robert J. Genise</u> <b>Robert J. Genise</b>	Director	March 8, 2021
<u>/s/ Bernard L. Han</u> <b>Bernard L. Han</b>	Director	March 8, 2021
<u>/s/ Michael R. MacDonald</u> <b>Michael R. MacDonald</b>	Director	March 8, 2021
<u>/s/ Patricia Salas Pineda</u> <b>Patricia Salas Pineda</b>	Director	March 8, 2021
<u>/s/ Alejandro D. Wolff</u> <b>Alejandro D. Wolff</b>	Director	March 8, 2021

**AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
FALCON ACQUISITION GROUP, INC.**

It is hereby certified that:

1. The name of the corporation is Falcon Acquisition Group, Inc.
2. The date of filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware was September 11, 2013.
3. This Amended and Restated Certificate of Incorporation of the Corporation has been duly adopted by the Board of Directors and stockholders of the Corporation in accordance with Sections 242 and 245 of the Delaware General Corporation Law and by the written consent of its stockholders in accordance with Section 228 of the Delaware General Corporation Law.
4. The Amended and Restated Certificate of Incorporation of the Corporation, as amended, is hereby amended and restated in its entirety to read as follows:

**ARTICLE I  
NAME**

The name of the corporation is Falcon Acquisition Group, Inc. (the "Corporation").

**ARTICLE II  
REGISTERED OFFICE AND AGENT**

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle, 19801. The name of its registered agent at such address is The Corporation Trust Company.

**ARTICLE III  
PURPOSE AND DURATION**

The purpose of the Corporation is to engage in any lawful activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as amended (the "DGCL"). The Corporation is to have a perpetual existence.

**ARTICLE IV  
CAPITAL STOCK**

Section 1. Authorized Shares. The total number of shares of stock which the Corporation is authorized to issue is 15,000,000 shares, of which 12,000,000 shares shall be

shares of Common Stock, par value \$0.001 per share (the "Voting Common Stock"), 2,000,000 shares shall be shares of Non-Voting Common Stock, par value \$0.001 per share (the "Non-Voting Common Stock"), and together with the Voting Common Stock, the "Common Stock"), and 1,000,000 shares shall be shares of Preferred Stock, par value \$0.001 per share (the "Preferred Stock").

Section 2. Preferred Stock. Shares of Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated in the resolution or resolutions providing for the establishment of such series adopted by the Board of Directors of the Corporation (the "Board of Directors") as hereinafter provided. Authority is hereby expressly granted to the Board of Directors to issue, from time to time, shares of Preferred Stock in one or more series, and, in connection with the establishment of any such series by resolution or resolutions, to determine and fix such voting powers, full or limited, or no voting powers, and such other powers, designations, preferences and relative, participating, optional, and other special rights, and the qualifications, limitations, and restrictions thereof, if any, including, without limitation, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated in such resolution or resolutions, all to the fullest extent permitted by the DGCL. Without limiting the generality of the foregoing, the resolution or resolutions providing for the establishment of any series of Preferred Stock may, to the extent permitted by law, provide that such series shall be superior to, rank equally with or be junior to the Preferred Stock of any other series. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may be different from those of any and all other series at any time outstanding. Except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any series of Preferred Stock, no vote of the holders of shares of Preferred Stock or Common Stock shall be a prerequisite to the issuance of any shares of any series of the Preferred Stock authorized by and complying with the conditions of this Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation").

Section 3. Common Stock. The holders of shares of Common Stock shall have such rights as are set forth in the DGCL and, to the extent consistent therewith, such rights as are set forth below:

(a) Mandatory Conversion. Each share of Non-Voting Common Stock shall be mandatorily convertible, at the sole option of the Corporation at any time and from time to time, into one fully paid and non-assessable share of Voting Common Stock. The Corporation shall exercise such right by delivering written notice (the "Mandatory Conversion Notice") of such conversion to each holder of Non-Voting Common Stock to be so converted stating (i) the Corporation's intention to convert the shares of Non-Voting Common Stock held by such holder and (ii) the date or event upon which such conversion shall be effective (the "Mandatory Conversion Date"), which such Mandatory Conversion Date shall be no less than one calendar day after the date upon which the Corporation delivers the Mandatory Conversion Notice and no more than 180 days thereafter; provided that such conversion may be designated as the occurrence of a given event (for example, completion of a public offering or sale transaction) provided that such event does not occur less than one day or more than 180 calendar days after



the related Mandatory Conversion Notice. Following the Corporation's delivery of the Mandatory Conversion Notice, each share of Non-Voting Common Stock held by such holder shall be converted automatically and without further action on the part of such holder into an equal number of shares of Voting Common Stock on the Mandatory Conversion Date. Immediately upon conversion of shares of Non-Voting Common Stock hereunder, the rights of the holders of shares of Non-Voting Common Stock as such shall cease, and such holders shall be treated for all purposes as having become the record holder or holders of such shares of Voting Common Stock. The issuance of certificates, if any, for shares of Voting Common Stock upon conversion of shares of Non-Voting Common Stock hereunder shall be made without charge to the holders of such shares for any stamp or other similar tax in respect of such issuance; provided, however, that if any such certificate is to be issued in a name other than that of the holder of the share or shares of Non-Voting Common Stock converted, then the individual, entity or other person requesting the issuance thereof shall pay to the Corporation the amount of any tax that may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid or is not payable. Except as otherwise provided hereinabove in this Section 3(a), the Non-Voting Common Stock shall not be convertible into any other securities of the Company or under any other circumstances.

(b) Voting. Except as otherwise provided by applicable law, the holders of Voting Common Stock shall be entitled to one vote per share on all matters to be voted on by the stockholders of the Corporation, and the holders of Non-Voting Common Stock shall have no right to vote on any matters to be voted on by the stockholders of the Corporation.

(c) Dividends. Except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of Preferred Stock outstanding at any time, the holders of Voting Common Stock and the holders of Non-Voting Common Stock shall be entitled to share equally, on a per share basis, in such dividends and other distributions of cash, property or shares of stock of the Corporation as may be declared by the Board of Directors from time to time with respect to the Common Stock out of assets or funds of the Corporation legally available therefor; provided, however, that (i) if dividends are declared or paid in shares of Common Stock, the dividends payable to holders of Voting Common Stock shall be payable in Voting Common Stock and the dividends payable to the holders of Non-Voting Common Stock shall be payable in Non-Voting Common Stock and (ii) if the dividends consist of other voting securities of the Corporation, the Corporation shall make available to each holder of Non-Voting Common Stock dividends consisting of non-voting securities (except as otherwise required by law) of the Corporation which are otherwise identical to the voting securities.

(d) Liquidation, Dissolution, etc. Except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of Preferred Stock outstanding at any time, in the event of a voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the Corporation, the holders of Voting Common Stock and the holders of Non-Voting Common Stock shall be entitled to share equally, on a per share basis, in all assets of the Corporation of whatever kind available for distribution to the holders of Common Stock.

(e) Subdivision or Combination. If the Corporation in any manner subdivides or combines the outstanding shares of one class of Common Stock, the outstanding shares of the other class of Common Stock will be subdivided or combined in the same manner.

(f) Equal Status. Except as expressly provided in this Article IV, shares of Voting Common Stock and Non-Voting Common Stock shall have the same rights and privileges and rank equally, share ratably and be identical in all respect as to all matters. In any merger, consolidation, reorganization or other business combination, the consideration received per share by the holders of the Voting Common Stock and the holders of the Non-Voting Common Stock in such merger, consolidation, reorganization or other business combination shall be identical; provided, however, that if such consideration consists, in whole or in part, of shares of capital stock of, or other equity interests in, the Corporation or any other corporation, partnership, limited liability company or other entity, then the powers, designations, preferences and relative, common, participating, optional or other special rights and qualifications, limitations and restrictions of such shares of capital stock or other equity interests may differ to the extent that the powers, designations, preferences and relative, common, participating, optional or other special rights and qualifications, limitations and restrictions of the Voting Common Stock and Non-Voting Common Stock differ as provided herein (including, without limitation, with respect to the voting rights and conversion provisions hereof); and provided further, that, if the holders of the Voting Common Stock or the holders of the Non-Voting Common Stock are granted the right to elect to receive one of two or more alternative forms of consideration, the foregoing provision shall be deemed satisfied if holders of the other class are granted identical election rights. Any consideration to be paid to or received by holders of Voting Common Stock or holders of Non-Voting Common Stock pursuant to any employment, consulting, severance, non-competition or other similar arrangement approved by the Board of Directors, or any duly authorized committee thereof, shall not be considered to be "consideration received per share" for purposes of the foregoing provision, regardless of whether such consideration is paid in connection with, or conditioned upon the completion of, such merger, consolidation, reorganization or other business combination.

(g) No Preemptive or Subscription Rights. No holder of shares of Common Stock shall be entitled to preemptive or subscription rights.

Section 4. Power to Sell and Purchase Shares. Subject to the requirements of applicable law, the Corporation shall have the power to issue and sell all or any part of any shares of any class of stock herein or hereafter authorized to such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not greater consideration could be received upon the issue or sale of the same number of shares of another class, and as otherwise permitted by law. Subject to the requirements of applicable law, the Corporation shall have the power to purchase any shares of any class of stock herein or hereafter authorized from such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not less consideration could be paid upon the purchase of the same number of shares of another class, and as otherwise permitted by law.

**ARTICLE V**  
**RESTRICTIONS ON OWNERSHIP**

Section 1. Limitations of Ownership by Non-Citizens. At no time shall either (a) the percentage of voting interest of the Corporation or (b) the percentage of the Corporation's capital stock (including Voting Common Stock and Non-Voting Common Stock), owned or controlled by persons who are not "citizens of the United States" (as such term is defined in Title 49, United States Code, Section 40102 and administrative interpretations thereof issued by the Department of Transportation or its successor, or as the same may be from time to time amended, supplemented or succeeded, "Applicable Laws") ("Non-Citizens") exceed the limitations provided under Applicable Laws (which, as of the date hereof and for informational purposes only, is 24.9% and 49.0%, respectively). In the event that Non-Citizens shall own (beneficially or of record) or have voting control over any shares of capital stock of the Corporation, the voting rights of such persons shall be subject to automatic suspension to the extent required to ensure that the Corporation is in compliance with applicable provisions of law and regulations relating to ownership or control of a U.S. air carrier. The Bylaws of the Corporation shall contain provisions to implement this Article V, including, without limitation, provisions restricting or prohibiting transfer of shares of voting stock to Non-Citizens and provisions restricting or removing voting rights as to shares of voting stock owned or controlled by Non-Citizens. Any determination as to ownership, control or citizenship made by the Board of Directors shall be conclusive and binding as between the Corporation and any stockholder for purposes of this Article V.

Section 2. Legend. Each certificate or other representative document for capital stock of the Corporation with voting rights (including each such certificate or representative document for such capital stock issued upon any permitted transfer of capital stock) shall contain a legend in substantially the following form:

THE SECURITIES OF FALCON ACQUISITION GROUP, INC. REPRESENTED BY THIS CERTIFICATE OR DOCUMENT ARE SUBJECT TO VOTING RESTRICTIONS WITH RESPECT TO CERTAIN SECURITIES HELD BY PERSONS OR ENTITIES THAT FAIL TO QUALIFY AS "CITIZENS OF THE UNITED STATES" AS THE TERM IS DEFINED IN SECTION 40102(a)(15) OF SUBTITLE VII OF TITLE 49 OF THE UNITED STATES CODE, AS AMENDED, IN ANY SIMILAR LEGISLATION OF THE UNITED STATES ENACTED IN SUBSTITUTION OR REPLACEMENT THEREFOR, AND AS INTERPRETED BY THE DEPARTMENT OF TRANSPORTATION, ITS PREDECESSORS AND SUCCESSORS, FROM TIME TO TIME. SUCH VOTING RESTRICTIONS ARE CONTAINED IN THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION AND THE BYLAWS OF FALCON ACQUISITION GROUP, INC., AS THE SAME MAY BE AMENDED OR RESTATED FROM TIME TO TIME. A COMPLETE AND CORRECT COPY OF SUCH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION AND THE BYLAWS SHALL

**ARTICLE VI**  
**BOARD OF DIRECTORS**

Section 1. Powers of the Board. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by applicable law or by the Certificate of Incorporation or the Bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

Section 2. Non-Citizens. Notwithstanding anything to the contrary in this Certificate of Incorporation or the Corporation's Bylaws, the number of Non-Citizens who can serve as members of the Board of Directors shall at no time exceed the limitations provided under Applicable Laws (which, as of the date hereof and for informational purposes only, is one-third (1/3) of the total number of members then serving on the Board of Directors).

Section 3. Bylaws. The Board of Directors is expressly authorized to make, alter or repeal Bylaws of the Corporation.

Section 4. Elections of Directors. Elections of directors need not be by ballot unless the Bylaws of the Corporation shall so provide.

**ARTICLE VII**  
**STOCKHOLDERS**

Section 1. Meeting Location. Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

**ARTICLE VIII**  
**LIABILITY AND INDEMNIFICATION**

Section 1. Director Liability. To the maximum extent permitted by the DGCL, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL is amended after approval by the stockholders of this Article VIII to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL as so amended.

Section 2. Indemnification. The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by the DGCL, and such right to

indemnification shall continue as to a person who has ceased to be director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or administrators) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this paragraph shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

Section 3. Right to Indemnify. To the fullest extent authorized or permitted by the DGCL, the Corporation shall have the express authority to enter into such agreements as the Board of Directors deems appropriate for the indemnification of directors and officers of the Corporation. Such agreements may contain provisions relating to, among other things, the advancement of expenses, a person's right to bring suit against the Corporation to enforce his or her right to indemnification, the establishment of a trust to assure the availability of funds to satisfy the Corporation's indemnification obligations to such person and other matters as the Board of Directors deems appropriate or advisable.

Section 4. Non-Exclusive. The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under this Certificate of Incorporation, the Bylaws of the Corporation, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

Section 5. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 6. Amendment or Repeal. Neither any amendment nor repeal of this Article VIII, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article VIII, shall eliminate or reduce the effect of this Article VIII in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article VIII, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

\* \* \* \*

IN WITNESS WHEREOF, the undersigned have executed this Amended and Restated Certificate of Incorporation on this 2nd day of December, 2013.

FALCON ACQUISITION GROUP, INC.

By: /s/ John R. Wilson

Name: John R. Wilson

Title: Vice President and Assistant Secretary

**CERTIFICATE OF AMENDMENT  
OF THE  
AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
FALCON ACQUISITION GROUP, INC.,  
a Delaware corporation**

Falcon Acquisition Group, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, hereby certifies that:

1. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on September 11, 2013.
2. The Amended and Restated Certificate of Incorporation (the "Amended and Restated Certificate of Incorporation") of the Corporation was filed with the Secretary of State of the State of Delaware on December 2, 2013.
3. The amendment of the Amended and Restated Certificate of Incorporation of the Corporation herein certified was duly adopted by the Corporation's Board of Directors in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.
4. The amendment of the Amended and Restated Certificate of Incorporation of the Corporation herein certified was duly adopted by the Corporation's stockholders in accordance with the applicable provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware.
5. Article I of the Amended and Restated Certificate of Incorporation of the Corporation shall be amended to read in its entirety as follows:  
  
"The name of the corporation (the "Corporation") is Frontier Group Holdings, Inc."
6. Except as provided in the immediately preceding paragraph, all other provisions of the Amended and Restated Certificate of Incorporation of the Corporation shall remain in full force and effect.

*(Signature Page Follows)*

**IN WITNESS WHEREOF**, Falcon Acquisition Group, Inc. has caused this Certificate of Amendment to be signed by William A. Franke, its Chairman, this 7th day of December, 2015.

**FALCON ACQUISITION GROUP, INC.**

By: /s/ William A. Franke

William A. Franke

Chairman



**AMENDED AND RESTATED BYLAWS**  
**OF**  
**FRONTIER GROUP HOLDINGS, INC.**  
(a Delaware corporation)

Adopted as of December 2, 2013

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I. IDENTIFICATION; OFFICES	1
Section 1.    NAME	1
Section 2.    PRINCIPAL AND BUSINESS OFFICES	1
Section 3.    REGISTERED AGENT AND OFFICE	1
Section 4.    PLACE OF KEEPING CORPORATE RECORDS	1
ARTICLE II. STOCKHOLDERS	1
Section 1.    ANNUAL MEETING	1
Section 2.    SPECIAL MEETING	1
Section 3.    PLACE OF STOCKHOLDER MEETINGS	2
Section 4.    NOTICE OF MEETINGS	2
Section 5.    QUORUM AND ADJOURNED MEETINGS	2
Section 6.    FIXING OF RECORD DATE	3
Section 7.    VOTING LIST	3
Section 8.    VOTING	4
Section 9.    PROXIES	4
Section 10.   RATIFICATION OF ACTS OF DIRECTORS AND OFFICERS	4
Section 11.   INFORMAL ACTION OF STOCKHOLDERS	4
Section 12.   ORGANIZATION	5
ARTICLE III. DIRECTORS	5
Section 1.    NUMBER AND TENURE OF DIRECTORS	5
Section 2.    ELECTION OF DIRECTORS	5
Section 3.    SPECIAL MEETINGS	5
Section 4.    NOTICE OF SPECIAL MEETINGS OF THE BOARD OF DIRECTORS	6
Section 5.    QUORUM	6
Section 6.    VOTING	6
Section 7.    VACANCIES	6
Section 8.    REMOVAL OF DIRECTORS	6
Section 9.    WRITTEN ACTION BY DIRECTORS	6
Section 10.   PARTICIPATION BY CONFERENCE TELEPHONE	7
Section 11.   COMPENSATION OF DIRECTORS	7
ARTICLE IV. WAIVER OF NOTICE	7
Section 1.    WRITTEN WAIVER OF NOTICE	7
Section 2.    ATTENDANCE AS WAIVER OF NOTICE	7

	<u>Page</u>
ARTICLE V. COMMITTEES	7
Section 1.        GENERAL PROVISIONS	7
ARTICLE VI. OFFICERS	8
Section 1.        GENERAL PROVISIONS	8
Section 2.        ELECTION AND TERM OF OFFICE	8
Section 3.        REMOVAL OF OFFICERS	8
Section 4.        THE CHIEF EXECUTIVE OFFICER	8
Section 5.        THE CHAIRMAN OF THE BOARD	9
Section 6.        THE PRESIDENT	9
Section 7.        VICE CHAIRMAN OF THE BOARD	9
Section 8.        THE VICE PRESIDENT	9
Section 9.        THE SECRETARY	10
Section 10.       THE ASSISTANT SECRETARY	10
Section 11.       THE TREASURER	10
Section 12.       THE ASSISTANT TREASURER	10
Section 13.       OTHER OFFICERS, ASSISTANT OFFICERS AND AGENTS	11
Section 14.       ABSENCE OF OFFICERS	11
Section 15.       COMPENSATION	11
Section 16.       LIMITATIONS ON NON-CITIZENS AS OFFICERS	11
ARTICLE VII. INDEMNIFICATION	11
Section 1.        RIGHT TO INDEMNIFICATION OF DIRECTORS AND OFFICERS	11
Section 2.        PREPAYMENT OF EXPENSES OF DIRECTORS AND OFFICERS	12
Section 3.        CLAIMS BY DIRECTORS AND OFFICERS	12
Section 4.        INDEMNIFICATION OF EMPLOYEES AND AGENTS	12
Section 5.        ADVANCEMENT OF EXPENSES OF EMPLOYEES AND AGENTS	12
Section 6.        NON-EXCLUSIVITY OF RIGHTS	12
Section 7.        OTHER INDEMNIFICATION	12
Section 8.        INSURANCE	13
Section 9.        AMENDMENT OR REPEAL	13
ARTICLE VIII. CERTIFICATES FOR SHARES	13
Section 1.        CERTIFICATES OF SHARES	13
Section 2.        SIGNATURES OF FORMER OFFICER, TRANSFER AGENT OR REGISTRAR	13
Section 3.        TRANSFER OF SHARES	13
Section 4.        LOST, DESTROYED OR STOLEN CERTIFICATES	14
ARTICLE IX. DIVIDENDS	14
Section 1.        DECLARATIONS OF DIVIDENDS	14

	<u>Page</u>
Section 2. REQUIREMENTS FOR PAYMENT OF DIVIDENDS	14
ARTICLE X. GENERAL PROVISIONS	14
Section 1. CONTRACTS	14
Section 2. LOANS	14
Section 3. CHECKS, DRAFTS, ETC.	14
Section 4. DEPOSITS	14
Section 5. FISCAL YEAR	15
Section 6. SEAL	15
Section 7. ANNUAL STATEMENT	15
ARTICLE XI. LIMITATIONS OF OWNERSHIP BY NON-CITIZENS	15
Section 1. DEFINITIONS	15
Section 2. LIMITATIONS ON OWNERSHIP	15
Section 3. LIMITATIONS ON OWNERSHIP	16
Section 4. SUSPENSION OF VOTING RIGHTS	16
Section 5. CERTIFICATION OF CITIZENSHIP	16
ARTICLE XII. AMENDMENTS	17
Section 1. AMENDMENTS	17

**AMENDED AND RESTATED BYLAWS**

**OF**

**FRONTIER GROUP HOLDINGS, INC.**  
(a Delaware corporation)

Adopted as of December 2, 2013

**ARTICLE I.**  
**IDENTIFICATION; OFFICES**

Section 1. **NAME.** The name of the corporation is Frontier Group Holdings, Inc. (the "Corporation").

Section 2. **PRINCIPAL AND BUSINESS OFFICES.** The Corporation may have such principal and other business offices, either within or outside of the State of Delaware, as the Board of Directors may designate or as the Corporation's business may require from time to time.

Section 3. **REGISTERED AGENT AND OFFICE.** The Corporation's registered agent may be changed from time to time by or under the authority of the Board of Directors. The address of the Corporation's registered agent may change from time to time by or under the authority of the Board of Directors, or the registered agent. The business office of the Corporation's registered agent shall be identical to the registered office. The Corporation's registered office may be but need not be identical with the Corporation's principal office in the State of Delaware. The Corporation's initial registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 4. **PLACE OF KEEPING CORPORATE RECORDS.** The records and documents required by law to be kept by the Corporation permanently shall be kept at the Corporation's principal office or as the Board of Directors may designate.

**ARTICLE II.**  
**STOCKHOLDERS**

Section 1. **ANNUAL MEETING.** An annual meeting of the stockholders shall be held on such date as may be determined by resolution of the Board of Directors unless directors are elected by written consent in lieu of an annual meeting in accordance with Section 211 of the General Corporation Law of the State of Delaware ("DGCL"). At each annual meeting, the stockholders shall elect directors to hold office for the term provided in Section 1 of Article III of these Bylaws.

Section 2. **SPECIAL MEETING.** A special meeting of the stockholders may be called by the President of the Corporation, the Board of Directors, or by such other officers or persons as the Board of Directors may designate.

Section 3. PLACE OF STOCKHOLDER MEETINGS. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting. If no such place is designated by the Board of Directors, the place of meeting will be the principal business office of the Corporation or the Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but will instead be held solely by means of remote communication as provided under Section 211 of the DGCL.

Section 4. NOTICE OF MEETINGS. Unless waived as herein provided, whenever stockholders are required or permitted to take any action at a meeting, written notice of the meeting shall be given stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Such written notice shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at the meeting or in the event of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of all or substantially all of the Corporation's property, business or assets not less than twenty (20) days before the date of the meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at the stockholder's address as it appears on the records of the Corporation. If electronically transmitted, then notice is deemed given when transmitted and directed to a facsimile number or electronic mail address at which the stockholder has consented to receive notice. An affidavit of the secretary or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

When a meeting is adjourned to reconvene at the same or another place, if any, or by means of remote communications, if any, in accordance with Section 5 of Article II of these Bylaws, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

Section 5. QUORUM AND ADJOURNED MEETINGS. Unless otherwise provided by law or the Corporation's Certificate of Incorporation, a majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at a meeting of stockholders. If a majority of the shares entitled to vote at a meeting of stockholders is present in person or represented by proxy at such meeting, such stockholders may continue to transact business until adjournment, notwithstanding the withdrawal of such number of stockholders as may leave less than a quorum. If less than a majority of the shares entitled to vote at a meeting of stockholders is present in person or represented by proxy at such meeting, a majority of the shares so represented may adjourn the meeting from time to time, to reconvene at the same or another place, if any, or by means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and notice need not be given of any such adjourned meeting if the time, date, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than thirty (30) days a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting.

Section 6. FIXING OF RECORD DATE.

(a) For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) For the purpose of determining stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is established by the Board of Directors, and which date shall not be more than ten (10) days after the date on which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal office, or an officer or agent of the Corporation having custody of the book in which the proceedings of meetings of stockholders are recorded. Delivery to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders' consent to corporate action in writing without a meeting shall be the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) For the purpose of determining the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect to any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix the record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining the stockholders for any such purpose shall be the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 7. VOTING LIST. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders,

a complete list of stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (i) by a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to the stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by law, such list shall be the only evidence as to the identity of stockholders entitled to examine the list of stockholders required by this Section 7 or to vote in person or by proxy at any meeting of the stockholders. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list.

Section 8. VOTING. Unless otherwise provided by the Certificate of Incorporation, each stockholder shall be entitled to one vote for each share of capital stock held by each stockholder. In all matters other than the election of directors, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Directors shall be elected by plurality of the votes of the shares present in person or represented by a proxy at the meeting entitled to vote on the election of directors.

Section 9. PROXIES. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may remain irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally.

Section 10. RATIFICATION OF ACTS OF DIRECTORS AND OFFICERS. Except as otherwise provided by law or by the Certificate of Incorporation of the Corporation, any transaction or contract or act of the Corporation or of the directors or the officers of the Corporation may be ratified by the affirmative vote of the holders of the number of shares which would have been necessary to approve such transaction, contract or act at a meeting of stockholders, or by the written consent of stockholders in lieu of a meeting.

Section 11. INFORMAL ACTION OF STOCKHOLDERS. Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a



meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be delivered to the Corporation by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous consent shall be given to those stockholders who have not consented in writing.

Without limiting the manner by which consent may be given, stockholders of the Corporation may consent by delivery of an electronic transmission when such transmission is directed to a facsimile number or electronic mail address at which the Corporation has consented to receive such electronic transmissions, and copies of the electronic transmissions are filed with the minutes of proceedings of the stockholders. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. The date on which such electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Section 12. ORGANIZATION. Such person as the Board of Directors may designate or, in the absence of such a designation, the president of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of such meeting. In the absence of the secretary of the Corporation, the chairman of the meeting shall appoint a person to serve as secretary at the meeting.

### ARTICLE III. DIRECTORS

Section 1. NUMBER AND TENURE OF DIRECTORS. The number of directors of the Corporation shall be determined from time to time by the Board. Each director shall hold office until such director's successor is elected and qualified or until such director's earlier resignation or removal. Any director may resign at any time upon written notice to the Corporation. Notwithstanding anything to the contrary in these Bylaws, the number of Non-Citizens (as defined in Article XI below) who can hold office shall at no time exceed the limitations provided under Act (as defined in Article XI below) (which, as of the effective time of these Bylaws and for informational purposes only, is one-third ( $1/3$ ) of the total number of members then holding office).

Section 2. ELECTION OF DIRECTORS. Except as otherwise provided in this Bylaws, directors shall be elected at the annual meeting of stockholders. Directors need not be residents of the State of Delaware. Elections of directors need not be by written ballot.

Section 3. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the President or at least one-third of the number of directors constituting the whole board. The person or persons authorized to call special meetings of the Board of Directors may fix any time, date or place, either within or without the State of Delaware, for holding any special meeting of the Board of Directors called by them.

Section 4. NOTICE OF SPECIAL MEETINGS OF THE BOARD OF DIRECTORS. Notice of any special meeting of the Board of Directors shall be given, orally or in writing, by the person or persons calling the meeting to all directors at least one (1) day previous thereto. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail so addressed, with first-class postage thereon prepaid. If sent by any other means (including facsimile, courier, electronic mail or express mail, etc.), such notice shall be deemed to be delivered when actually delivered to the home or business address, electronic address or facsimile number of the director.

Section 5. QUORUM. A majority of the total number of directors as provided in Section 1 of Article III of these Bylaws shall constitute a quorum for the transaction of business. If less than a majority of the directors are present at a meeting of the Board of Directors, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 6. VOTING. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the DGCL or the Certificate of Incorporation requires a vote of a greater number.

Section 7. VACANCIES. Vacancies in the Board of Directors may be filled by a majority vote of the Board of Directors at a meeting at which a quorum is present or by an election either at an annual meeting or at a special meeting of the stockholders called for that purpose. Any directors elected by the stockholders to fill a vacancy shall hold office for the balance of the term for which he or she was elected. A director appointed by the Board of Directors to fill a vacancy shall serve until the next meeting of stockholders at which directors are elected.

Section 8. REMOVAL OF DIRECTORS. A director, or the entire Board of Directors, may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors; provided, however, that if cumulative voting obtains and less than the entire Board of Directors is to be removed, no director may be removed without cause if the votes cast against such director's removal would be sufficient to elect him if then cumulatively voted at an election of the entire Board of Directors.

Section 9. WRITTEN ACTION BY DIRECTORS. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee. Without limiting the manner by which consent may be given, members of the Board of Directors may consent by delivery of an electronic transmission when such transmission is directed to a facsimile number or electronic mail address at which the Corporation has consented to receive such electronic transmissions, and copies of the electronic transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 10. PARTICIPATION BY CONFERENCE TELEPHONE. Members of the Board of Directors, or any committee designated by such board, may participate in a meeting of the Board of Directors, or committee thereof, by means of conference telephone or similar communications equipment as long as all persons participating in the meeting can speak with and hear each other, and participation by a director pursuant to this Section 10 of Article III shall constitute presence in person at such meeting.

Section 11. COMPENSATION OF DIRECTORS. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefore. Members of special or standing committees may be allowed like compensation for attending committee meetings.

#### ARTICLE IV. WAIVER OF NOTICE

Section 1. WRITTEN WAIVER OF NOTICE. A written waiver of any required notice, signed by or electronically transmitted by the person entitled to notice, whether before or after the date stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

Section 2. ATTENDANCE AS WAIVER OF NOTICE. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, and objects, to the transaction of any business because the meeting is not lawfully called or convened.

#### ARTICLE V. COMMITTEES

Section 1. GENERAL PROVISIONS. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. At least two-thirds (2/3) of the members of each committee of the Board shall be comprised of individuals who meet the definition of "a citizen of the United States," as defined by the Transportation Act 49 U.S.C § 40102 or as subsequently amended or interpreted by the Department of Transportation; provided, however, that if a committee of the Board has one (1) member, such member shall be a "a citizen of the United States," as defined immediately above. In the absence or disqualification of a member at any meeting of a committee, the member or members thereof present at any meeting and not

disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it, but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by law to be submitted to stockholders for approval or (ii) adopting, amending or repealing any bylaw of the corporation.

**ARTICLE VI.**  
**OFFICERS**

Section 1. **GENERAL PROVISIONS.** The Board of Directors shall elect (a) a Chairman of the Board or President, or both, and (b) a Secretary of the Corporation. The Board of Directors may also have one or more Vice Chairmen of the Board, one or more Vice Presidents, a Treasurer, one or more Assistant Secretaries and Assistant Treasurers and such additional officers as the Board of Directors may deem necessary or appropriate from time to time. Any two or more offices may be held by the same person. The officers elected by the Board of Directors shall have such duties as are hereafter described and such additional duties as the Board of Directors may from time to time prescribe.

Section 2. **ELECTION AND TERM OF OFFICE.** The officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after each annual meeting of the stockholders. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as may be convenient. New offices of the Corporation may be created and filled and vacancies in offices may be filled at any time, at a meeting or by the written consent of the Board of Directors. Unless removed pursuant to Section 3 of Article VI of these Bylaws, each officer shall hold office until his successor has been duly elected and qualified, or until his earlier death or resignation. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 3. **REMOVAL OF OFFICERS.** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person(s) so removed.

Section 4. **THE CHIEF EXECUTIVE OFFICER.** The Chairman of the Board (or in the absence of a Chairman of the Board, the President) shall be a Chief Executive Officer, unless the Board of Directors shall designate another individual as Chief Executive Officer of the Corporation. The Chief Executive Officer shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation, unless otherwise provided by the Board of Directors. The Chief Executive Officer shall preside at all meetings of the stockholders and of the Board of Directors and shall see that orders and resolutions of the Board of Directors are carried into effect. The Chief Executive Officer may sign bonds, mortgages, certificates for shares and all other contracts and documents

whether or not under the seal of the Corporation except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation. The Chief Executive Officer shall have general powers of supervision and shall be the final arbiter of all differences between officers of the Corporation and his decision as to any matter affecting the Corporation shall be final and binding as between the officers of the Corporation subject only to the Board of Directors.

Section 5. THE CHAIRMAN OF THE BOARD. The Chairman of the Board, if one is chosen, shall be chosen from among the members of the board. If someone other than the Chairman of the Board has been designated as Chief Executive Officer, the Chairman of the Board shall perform such duties as may be assigned to the Chairman of the Board by the Chief Executive Officer or by the Board of Directors. In the absence of the Chief Executive Officer (if the Chairman of the Board is not the Chief Executive Officer) or in the event of his inability or refusal to act, if another individual has not been designated Chief Executive Officer, the Chairman of the Board shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer.

Section 6. THE PRESIDENT. In the absence of the Chief Executive Officer and the Chairman of the Board or in the event of their inability or refusal to act, if another individual has not been designated Chief Executive Officer, the President, if one is chosen, shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. At all other times the President shall have the active management of the business of the Corporation under the general supervision of the Chief Executive Officer. The President shall have concurrent power with the Chief Executive Officer to sign bonds, mortgages, certificates for shares and other contracts and documents, whether or not under the seal of the Corporation except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors, or by these Bylaws to some other officer or agent of the Corporation. In general, the President shall perform all duties incident to the office of president and such other duties as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

Section 7. VICE CHAIRMAN OF THE BOARD. In the absence of the Chief Executive Officer or in the event of his inability or refusal to act, if the Chairman of the Board or another individual has not been designated Chief Executive Officer, the Vice Chairman, or if there be more than one, the Vice Chairmen, in the order determined by the Board of Directors, shall perform the duties of the Chief Executive Officer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. At all other times, the Vice Chairman or Vice Chairmen shall perform such duties and have such powers as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

Section 8. THE VICE PRESIDENT. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Executive Vice President and then the other Vice President or Vice Presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall perform such other duties and have such other powers as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

Section 9. THE SECRETARY. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer, under whose supervision he shall be. The Secretary shall have custody of the corporate seal of the Corporation and the Secretary, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 10. THE ASSISTANT SECRETARY. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

Section 11. THE TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond (which shall be renewed every six (6) years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 12. THE ASSISTANT TREASURER. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

Section 13. OTHER OFFICERS, ASSISTANT OFFICERS AND AGENTS. Officers, Assistant Officers and Agents, if any, other than those whose duties are provided for in these Bylaws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the board of directors.

Section 14. ABSENCE OF OFFICERS. In the absence of any officer of the Corporation, or for any other reason the Board of Directors may deem sufficient, the Board of Directors may delegate the powers or duties, or any of such powers or duties, of any officers or officer to any other officer or to any director.

Section 15. COMPENSATION. The Board of Directors shall have the authority to establish reasonable compensation of all officers for services to the Corporation.

Section 16. LIMITATIONS ON NON-CITIZENS AS OFFICERS. Notwithstanding anything to the contrary in these Bylaws, (a) number of Non-Citizens who can serve as officers shall at no time exceed the limitations provided under the Act (as defined in Article XI below) (which, as of the effective time of these Bylaws and for informational purposes only, is one-third (1/3) of the total number of officers then holding office) and (b) the President shall not be a Non-Citizen for so long as proscribed by the Act (as defined in Article XI below).

#### ARTICLE VII. INDEMNIFICATION

Section 1. RIGHT TO INDEMNIFICATION OF DIRECTORS AND OFFICERS. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person in such proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 3 of Article VII of these Bylaws, the Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in advance by the Board of Directors.

Section 2. PREPAYMENT OF EXPENSES OF DIRECTORS AND OFFICERS. The Corporation shall pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article VII or otherwise.

Section 3. CLAIMS BY DIRECTORS AND OFFICERS. If a claim for indemnification or advancement of expenses under this Article VII is not paid in full within thirty days after a written claim therefor by the Covered Person has been received by the Corporation, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

Section 4. INDEMNIFICATION OF EMPLOYEES AND AGENTS. The Corporation may indemnify and advance expenses to any person who was or is made or is threatened to be made or is otherwise involved in any proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was an employee or agent of the Corporation or, while an employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorney's fees) reasonably incurred by such person in connection with such proceeding. The ultimate determination of entitlement to indemnification of persons who are non-director or officer employees or agents shall be made in such manner as is determined by the Board of Directors in its sole discretion. Notwithstanding the foregoing sentence, the Corporation shall not be required to indemnify a person in connection with a proceeding initiated by such person if the proceeding was not authorized in advance by the Board of Directors.

Section 5. ADVANCEMENT OF EXPENSES OF EMPLOYEES AND AGENTS. The Corporation may pay the expenses (including attorney's fees) incurred by an employee or agent in defending any proceeding in advance of its final disposition on such terms and conditions as may be determined by the Board of Directors.

Section 6. NON-EXCLUSIVITY OF RIGHTS. The rights conferred on any person by this Article VII shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 7. OTHER INDEMNIFICATION. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer or employee of another Corporation, partnership, joint venture, trust, organization or other enterprise shall be reduced by any amount such person may collect as indemnification from such other Corporation, partnership, joint venture, trust, organization or other enterprise.



Section 8. **INSURANCE.** The Board of Directors may, to the full extent permitted by applicable law as it presently exists, or may hereafter be amended from time to time, authorize an appropriate officer or officers to purchase and maintain at the Corporation's expense insurance: (a) to indemnify the Corporation for any obligation which it incurs as a result of the indemnification of directors, officers and employees under the provisions of this Article VII; and (b) to indemnify or insure directors, officers and employees against liability in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article VII.

Section 9. **AMENDMENT OR REPEAL.** Any repeal or modification of the foregoing provisions of this Article VII shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Covered Person and such person's heirs, executors and administrators.

## **ARTICLE VIII. CERTIFICATES FOR SHARES**

Section 1. **CERTIFICATES OF SHARES.** The shares of the Corporation shall be represented by certificates, provided that the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Corporation by the Chairman or Vice Chairman of the Board of Directors, Chief Executive Officer, or the President or Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation representing the number of shares registered in certificate form. Any or all the signatures on the certificate may be a facsimile.

Section 2. **SIGNATURES OF FORMER OFFICER, TRANSFER AGENT OR REGISTRAR.** In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person or entity were such officer, transfer agent or registrar at the date of issue.

Section 3. **TRANSFER OF SHARES.** Transfers of shares of the Corporation shall be made only on the books of the Corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of certificate for such shares. Prior to due presentment of a certificate for shares for registration of transfer, the Corporation may treat a registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise have and exercise all of the right and powers of an owner of shares.

Section 4. **LOST, DESTROYED OR STOLEN CERTIFICATES.** Whenever a certificate representing shares of the Corporation has been lost, destroyed or stolen, the holder thereof may file in the office of the Corporation an affidavit setting forth, to the best of his knowledge and belief, the time, place, and circumstance of such loss, destruction or theft together with a statement of indemnity sufficient in the opinion of the Board of Directors to indemnify the Corporation against any claim that may be made against it on account of the alleged loss of any such certificate. Thereupon the Board may cause to be issued to such person or such person's legal representative a new certificate or a duplicate of the certificate alleged to have been lost, destroyed or stolen. In the exercise of its discretion, the Board of Directors may waive the indemnification requirements provided herein.

**ARTICLE IX.  
DIVIDENDS**

Section 1. **DECLARATIONS OF DIVIDENDS.** Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. **REQUIREMENTS FOR PAYMENT OF DIVIDENDS.** Before payment of any dividend there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interests of the Corporation, and the directors may abolish any such reserve.

**ARTICLE X.  
GENERAL PROVISIONS**

Section 1. **CONTRACTS.** The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. **LOANS.** No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. **CHECKS, DRAFTS, ETC..** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by one or more officers or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. **DEPOSITS.** The funds of the Corporation may be deposited or invested in such bank account, in such investments or with such other depositories as determined by the Board of Directors.

Section 5. FISCAL YEAR. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6. SEAL. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7. ANNUAL STATEMENT. The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

ARTICLE XI.  
LIMITATIONS OF OWNERSHIP BY NON-CITIZENS

Section 1. DEFINITIONS. For purposes of this Article XI, the following definitions shall apply:

(a) "Act" shall mean Subtitle VII of Title 49 of the United States Code, as amended, or as the same may be from time to time amended.

(b) "Beneficial Ownership," "Beneficially Owned" or "Owned Beneficially" refers to beneficial ownership as defined in Rule 13d-3 (without regard to the 60-day provision in paragraph (d)(1)(i) thereof) under the Securities Exchange Act of 1934, as amended.

(c) "Foreign Stock Record" shall have the meaning set forth in Section 3 of this Article XI.

(d) "Non-Citizen" shall mean any person or entity who is not a "citizen of the United States" (as defined in Section 40102 of the Act and administrative interpretations issued by the Department of Transportation, its predecessors and successors, from time to time), including any agent, trustee or representative of a Non-Citizen.

(e) "Own or Control" or "Owned or Controlled" shall mean (x) ownership of record, (y) beneficial ownership or (z) the power to direct, by agreement, agency or in any other manner, the voting of Stock. Any determination by the Board of Directors as to whether Stock is Owned or Controlled by a Non-Citizen shall be final.

(f) "Permitted Percentage" shall mean 24.9% of the voting power of the Stock.

(g) "Stock" shall mean the outstanding capital stock of the Corporation entitled to vote; provided, however, that for the purpose of determining the voting power of Stock that shall at any time constitute the Permitted Percentage, the voting power of Stock outstanding shall not be adjusted downward solely because shares of Stock may not be entitled to vote by reason of any provision of this Article XI.

Section 2. LIMITATIONS ON OWNERSHIP. It is the policy of the Corporation that, consistent with the requirements of the Act, Non-Citizens shall not Own and/or Control

more than the Permitted Percentage and, if Non-Citizens nonetheless at any time Own and/or Control more than the Permitted Percentage, the voting rights of the Stock in excess of the Permitted Percentage shall be automatically suspended in accordance with Sections 3 and 4 of this Article XI.

Section 3. LIMITATIONS ON OWNERSHIP. The Corporation shall maintain a separate stock record (the “Foreign Stock Record”) in which shall be registered Stock known to the Corporation to be Owned and/or Controlled by Non-Citizens. It shall be the duty of each stockholder to register his, her or its Stock if such stockholder is a Non-Citizen. A Non-Citizen may, at its option, register any Stock to be purchased pursuant to an agreement entered into with the Corporation, as if Owned or Controlled by it, upon execution of a definitive agreement. Such Non-Citizen shall register his, her or its Stock by sending a written request to the Corporation, noting both the execution of a definitive agreement for the purchase of Stock and the anticipated closing date of such transaction. Within ten days of the closing, the Non-Citizen shall send to the Corporation a written notice confirming that the closing occurred. Failure to send such confirmatory notice shall result in the removal of such Stock from the Foreign Stock Record. For the sake of clarity, any Stock registered as a result of execution of a definitive agreement shall not have any voting or other ownership rights until the closing of that transaction. In the event that the sale pursuant to such definitive agreement is not consummated in accordance with such agreement (as may be amended), such Stock shall be removed from the Foreign Stock Record without further action by the Corporation. The Foreign Stock Record shall include (a) the name and nationality of each such Non-Citizen and (b) the date of registration of such shares in the Foreign Stock Record. In no event shall shares in excess of the Permitted Percentage be entered on the Foreign Stock Record. In the event that the Corporation shall determine that Stock registered on the Foreign Stock Record exceeds the Permitted Percentage, sufficient shares shall be removed from the Foreign Stock Record so that the number of shares entered therein does not exceed the Permitted Percentage. Stock shall be removed from the Foreign Stock Record in reverse chronological order based upon the date of registration therein.

Section 4. SUSPENSION OF VOTING RIGHTS. If at any time the number of shares of Stock known to the Corporation to be Owned and/or Controlled by Non-Citizens exceeds the Permitted Percentage, the voting rights of Stock Owned and/or Controlled by Non-Citizens and not registered on the Foreign Stock Record at the time of any vote or action of the stockholders of the Corporation shall, without further action by the Corporation, be suspended. Such suspension of voting rights shall automatically terminate upon the earlier of the (a) transfer of such shares to a person or entity who is not a Non-Citizen, or (b) registration of such shares on the Foreign Stock Record, subject to the last two sentences of Section 3 of this Article XI.

Section 5. CERTIFICATION OF CITIZENSHIP.

(a) The Corporation may by notice in writing (which may be included in the form of proxy or ballot distributed to stockholders in connection with the annual meeting or any special meeting of the stockholders of the Corporation, or otherwise) require a person that is a holder of record of Stock or that the Corporation knows to have, or has reasonable cause to believe has, Beneficial Ownership of Stock to certify in such manner as the Corporation shall deem appropriate (including by way of execution of any form of proxy or ballot of such person) that, to the knowledge of such person:

(i) all Stock as to which such person has record ownership or Beneficial Ownership is Owned and Controlled only by citizens of the United States;  
or

(ii) the number and class or series of Stock owned of record or Beneficially Owned by such person that is Owned and/or Controlled by Non-Citizens is as set forth in such certificate.

(b) With respect to any Stock identified in response to clause (a)(i) above, the Corporation may require such person to provide such further information as the Corporation may reasonably require in order to implement the provisions of this Article XI.

(c) For purposes of applying the provisions of this Article XI with respect to any Stock, in the event of the failure of any person to provide the certificate or other information to which the Corporation is entitled pursuant to this Section 5 of Article XI, the Corporation shall presume that the Stock in question is Owned and/or Controlled by Non-Citizens.

## ARTICLE XII. AMENDMENTS

Section 1. AMENDMENTS. These Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new Bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal Bylaws is conferred upon the Board of Directors by the Certificate of Incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal Bylaws.

**COMMON STOCK**  
PAR VALUE \$.001

**Certificate Number**  
ZQ00000000

**FRONTIER**  
**FRONTIER GROUP HOLDINGS, INC.**  
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

**MR. SAMPLE & MRS. SAMPLE & MR. SAMPLE & MRS. SAMPLE**


is the owner of


**\*\*\*ZERO HUNDRED THOUSAND ZERO HUNDRED AND ZERO\*\*\***

FULLY-PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

**Frontier Group Holdings, Inc. (hereinafter called the "Company")**, transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the By-Laws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

**Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.**

  
 General Counsel and Secretary



DATED DD-MMM-YYYY

COUNTERSIGNED AND REGISTERED:  
**COMPUTERSHARE TRUST COMPANY, N.A.**  
TRANSFER AGENT AND REGISTRAR.

By \_\_\_\_\_  
AUTHORIZED SIGNATURE

**COMMON STOCK**  
THIS CERTIFICATE IS TRANSFERABLE IN CANTON, MA, JERSEY CITY, NJ AND COLLEGE STATION, TX.

**Shares**  
\*\*\*\*\*000000\*\*\*\*\*  
\*\*\*\*\*000000\*\*\*\*\*  
\*\*\*\*\*000000\*\*\*\*\*  
\*\*\*\*\*000000\*\*\*\*\*  
\*\*\*\*\*000000\*\*\*\*\*

CUSIP XXXXXX XX X

SEE REVERSE FOR CERTAIN DEFINITIONS

FRONTIER

PO BOX 4394, Providence, RI 02944-3904

WEB A SOURCE  
DESIGNATION (IF ANY)  
A00 1  
A00 2  
A00 3  
A00 4

CUSIP XXXXXX XX X  
Holder ID XXXXXXXXXXXX  
Insurance Value 1,000,000.00  
Number of Shares 123456  
DTC 12345678 123456789012345

Certificate Numbers	Num/No.	Denom.	Total
12345678901234567890	1	1	1
12345678901234567890	2	2	2
12345678901234567890	3	3	3
12345678901234567890	4	4	4
12345678901234567890	5	5	5
12345678901234567890	6	6	6
<b>Total Transaction</b>	<b>7</b>		

1234567

**FRONTIER GROUP HOLDINGS, INC.**

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE CERTIFICATE OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT - _____ Custodian _____
	(Date) (Minor)
TEN ENT - as tenants by the entireties	under Uniform Gifts to Minors Act _____
	(State)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT - _____ Custodian (until age _____)
	(Date) (Minor)
	under Uniform Transfers to Minors Act _____
	(State)

Additional abbreviations may also be used though not in the above list.

For value received, \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_ PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ Shares  
of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney

to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated: \_\_\_\_\_ 20 \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Bank, Broker/Dealer, Savings and Loan Association and Credit Union) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM PURSUANT TO S.E.C. RULE 17A-15.

**SECURITY INSTRUCTIONS**

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.



The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

1534201

**AIRPORT USE AND LEASE AGREEMENT**

**Between**

**CITY AND COUNTY OF DENVER**

**and**

**FRONTIER AIRLINES, INC.**

**at**

**DENVER INTERNATIONAL AIRPORT**



**TABLE OF CONTENTS**

<b>PART I - DEFINITIONS</b>	<b>1</b>
1.01 "AFFILIATE"	1
1.02 "AIRFIELD AREA FACILITIES"	1
1.03 "AIRPORT RULES AND REGULATIONS"	2
1.04 "DEMISED PREMISES"	2
1.05 "FISCAL YEAR"	2
1.06 "GENERAL BOND ORDINANCE"	2
1.07 "CHIEF EXECUTIVE OFFICER"	2
1.08 "PREFERENTIAL USE FACILITIES"	2
1.09 "SIGNATORY AIRLINE"	2
1.10 "AIRLINE BAGGAGE SUBCOMMITTEE"	3
1.11 "BAGGAGE SYSTEM" OR "BAGGAGE SYSTEM FACILITIES"	3
1.12 "BAGGAGE SYSTEM COST CENTERS"	3
1.13 "NON-CONTRACTING USER"	3
1.14 "BAGGAGE SYSTEM OPERATION AND MAINTENANCE COSTS"	3
1.15 "OPERATOR"	3
<b>PART II - AIRFIELD AREA FACILITIES</b>	<b>3</b>
2.01 AIRFIELD AREA FACILITIES TO BE PROVIDED	3
2.02 USE OF AIRFIELD AREA FACILITIES	4
2.03 RAMP SERVICES	4
2.04 RATES, FEES AND CHARGES FOR THE USE OF THE AIRFIELD AREA FACILITIES	5
<b>PART III - LEASE AND USE OF DEMISED PREMISES AND PREFERENTIAL USE FACILITIES</b>	<b>5</b>
3.01 DEMISED PREMISES	5
3.02 USE OF DEMISED PREMISES	6
3.03 EFFICIENCY-IN-USE	6
3.04 PAYMENT OF FIXED AND VARIABLE RATES, FEES AND CHARGES	7
3.05 USE OF REFERENTIAL USE FACILITIES ON CONCOURSES	7
3.06 USE OF PUBLIC AREAS	8

<b>PART IV - PROVISIONS RELATING TO AIRFIELD AREA FACILITIES, PREFERENTIAL USE FACILITIES, DEMISED PREMISES, AND JOINT USE FACILITIES</b>	<b>9</b>
4.01 MAINTENANCE	9
4.02 AIRLINE ALTERATIONS TO DEMISED PREMISES	9
4.03 SUB-LETTING, ASSIGNMENT AND GROUND HANDLING ARRANGEMENTS	10
4.04 RIGHT TO ENTER AND MAKE REPAIRS	10
4.05 ABANDONMENT OF DEMISED PREMISES	11
4.06 DESTRUCTION OF PREMISES	11
4.07 COMMON USE SYSTEMS	12
4.08 REASSIGNMENT OF DEMISED PREMISES AND PREFERENTIAL USE FACILITIES	12
<b>PART V - BAGGAGE SYSTEM</b>	<b>12</b>
5.01 BAGGAGE SYSTEM LICENSE AND RIGHT OF USE	12
5.02 COMMON RIGHT OF USE AND ACCESS	12
5.03 CONDITIONS OF USE	13
5.04 RESERVATION OF RIGHTS	13
5.05 EFFICIENCY-IN-USE AND REASSIGNMENTS	13
5.06 PAYMENT OF RATES, FEES AND CHARGES FOR THE USE OF THE BAGGAGE SYSTEM	14
5.07 NON-CONTRACTING USERS	14
5.08 ASSIGNMENTS AND GROUNDHANDLING ARRANGEMENTS	14
5.09 OPERATOR AGREEMENT	14
5.10 MAINTENANCE OF BAGGAGE SYSTEM FACILITIES	15
5.11 ALTERATIONS, REPAIRS, AND IMPROVEMENTS	16
5.12 RIGHT TO ENTER AND MAKE REPAIRS	16
5.13 ABANDONMENT OF BAGGAGE SYSTEM LICENSE AREA	16
5.14 DESTRUCTION OF PREMISES	16
<b>PART VI - AFFILIATES</b>	<b>17</b>
6.01 DESIGNATION OF AFFILIATES.	17
<b>PART VII - GENERAL PROVISIONS</b>	<b>18</b>
7.01 AGREEMENTS WITH THE UNITED STATES	18
7.02 BOND ORDINANCES	18
7.03 LAWS, REGULATIONS, AND AGREEMENTS TO BE OBSERVED	18
<b>PART VIII - RATE-MAKING PROCEDURES AND REESTABLISHMENT</b>	<b>19</b>
8.01 GENERAL PROVISIONS	19

8.02	NON-AIRLINE REVENUE	19
8.03	PROJECTION OF RENTALS, RATES, FEES AND CHARGES	20
8.04	MID-YEAR REVIEW OF RENTALS, RATES, FEES AND CHARGES	20
8.05	FINAL AUDIT	20
8.06	PASSENGER FACILITY CHARGES	20
<b>PART IX - TERM OF THE AGREEMENT</b>		<b>21</b>
9.01	TERM OF AGREEMENT	21
9.02	TERMINATION OF LEASE BY CITY	21
9.03	TERMINATION OF LEASE BY AIRLINE	22
9.04	EFFECTIVE DATE OF TERMINATION	23
9.05	SURRENDER AND HOLDING OVER	23
9.06	TERMINATION OF HOLDOVER	24
<b>PART X - PERFORMANCE BOND, INDEMNIFICATION AND INSURANCE</b>		<b>24</b>
10.01	PERFORMANCE BOND	24
10.02	INDEMNIFICATION	24
10.03	INSURANCE MAINTAINED BY AIRLINE	25
10.04	LIENS	26
10.05	LOSS OR DAMAGE TO PROPERTY	27
10.06	FORCE MAJEURE	27
10.07	INSURANCE MAINTAINED BY THE CITY	27
<b>PART XI - QUIET ENJOYMENT; INCONVENIENCE DURING CONSTRUCTION</b>		<b>29</b>
11.01	COVENANT OF QUIET ENJOYMENT	29
11.02	INCONVENIENCE DURING CONSTRUCTION	29
<b>PART XII - MISCELLANEOUS PROVISIONS</b>		<b>30</b>
12.01	LEASE BINDING	30
12.02	PARAGRAPH HEADINGS AND INDEX	30
12.03	SIGNS	30
12.04	VENDING MACHINES	30
12.05	SALE OF FOOD, BEVERAGES AND MERCHANDISE	31
12.06	PURCHASES BY AIRLINE	31
12.07	NON-DISCRIMINATION	31
12.08	NO PERSONAL LIABILITY	31
12.09	NOTICES	32

<b>12.10</b>	<b>PLACE AND MANNER OF PAYMENTS</b>	<b>32</b>
<b>12.11</b>	<b>SEVERABILITY</b>	<b>32</b>
<b>12.12</b>	<b>SECURITY</b>	<b>33</b>
<b>12.13</b>	<b>WAIVERS</b>	<b>33</b>
<b>12.14</b>	<b>AIRLINE BOOKS AND RECORDS</b>	<b>33</b>
<b>12.15</b>	<b>CITY BOOKS AND RECORDS</b>	<b>34</b>
<b>12.16</b>	<b>CITY SMOKING POLICY</b>	<b>34</b>
<b>12.17</b>	<b>USE, POSSESSION OR SALE OF ALCOHOL OR DRUGS</b>	<b>34</b>
<b>12.18</b>	<b>THIRD PARTIES</b>	<b>34</b>
<b>12.19</b>	<b>SUPPLEMENTAL INFORMATION TO BE SUPPLIED BY AIRLINE</b>	<b>34</b>
<b>12.20</b>	<b>CITY NON-DISCRIMINATION</b>	<b>35</b>
<b>12.21</b>	<b>DISPUTES</b>	<b>35</b>
<b>12.22</b>	<b>AMENDMENTS TO EXHIBITS AND APPENDICES</b>	<b>35</b>
<b>12.23</b>	<b>ENTIRE AGREEMENT; AMENDMENT</b>	<b>35</b>
<b>12.24</b>	<b>CONDITION; FINAL APPROVAL</b>	<b>35</b>
<b>12.25</b>	<b>PAYMENT OF MINIMUM WAGE</b>	<b>35</b>

Exhibit A	Airfield Area
Exhibit B	Baggage System
Exhibit C	Preferential Use Passenger Aircraft Ramp and Apron Area
Exhibit D	Demised Premises and Preferential Use Facilities
Exhibit E	Summary of Airport Operation and Maintenance Responsibilities
Exhibit F	Airline Rate-Making Methodology
Exhibit G	Design Standards, Construction Procedures and Environmental Requirements
Exhibit H	Baggage System Cost Centers Allocation Methodology
Exhibit I-1	Affiliate Designation Form
Exhibit I-2	Affiliate Termination Form
Appendix 1	Standard Federal Assurances and Nondiscrimination
Appendix 2	Disadvantaged Business Enterprises – Required Statements

**AIRPORT USE AND LEASE AGREEMENT**

**THIS AIRPORT USE AND LEASE AGREEMENT** (the “Agreement”), made and entered into as of the date indicated on the City’s signature page, by and between the **CITY AND COUNTY OF DENVER**, a municipal corporation of the State of Colorado, (the “**CITY**”), Party of the First Part, and **FRONTIER AIRLINES, INC.**, a corporation organized and existing under and by virtue of the laws of Colorado, and authorized to do business in the State of Colorado, (hereinafter referred to as the “**AIRLINE**”), Party of the Second Part;

**WITNESSETH:**

**WHEREAS**, the City owns and operates Denver International Airport (“**DEN**” or the “**Airport**”) and has the power to grant rights and privileges with respect thereto, as hereinafter provided; and

**WHEREAS**, the Airline is engaged in the business of transporting persons, property, cargo and mail, or one or more thereof, by aircraft;

**WHEREAS**, the parties desire to enter into this Agreement for the use and lease of certain premises and facilities at the Airport as more fully hereinafter set forth;

**NOW THEREFORE**, for and in consideration of the mutual covenants and agreements herein contained, the City and the Airline do hereby mutually undertake, promise and agree, each for itself and its successors, as follows:

**PART I - DEFINITIONS**

**1.01 “AFFILIATE”**

Means (i) any passenger carrier that is a wholly owned subsidiary of Airline or is majority- owned by Airline, or (ii) any passenger carrier operating under the name of the Airline or under the name of Airline’s wholly owned subsidiary, or (iii) any passenger carrier flying under its own livery, or (iv) any passenger carrier operating under a revenue-sharing or fixed-fee agreement with Airline; and in any of the four abovementioned situations is (a) also not selling any seats in its own name and all seats are being sold in the name of the Airline and (b) only if such passenger carrier has been designated in writing by Airline as an “Affiliated” of Airline.

**1.02 “AIRFIELD AREA FACILITIES”**

Means (A) runways; (B) taxiways; (C) passenger ramp and apron areas (other than the cargo ramp and apron areas); and (D) any extensions or additions to the above and any other space or facilities provided by the City at the Airport for public and common use by aircraft operators in connection with the landing and taking off of aircraft, or in connection with operations to be performed by aircraft operators upon the runways, taxiways, passenger ramp and apron areas; but only as from time to time provided by the City at the Airport for public and common use by aircraft operators.

**1.03 “AIRPORT RULES AND REGULATIONS”**

Means the reasonable rules and regulations governing the use of the Demised Premises and any other portion of the Airport as may from time to time be adopted and promulgated by the City for the management, operation and control of the Airport, including those pertaining to the operation of automobile and vehicular traffic and parking facilities thereon, and with such reasonable amendments, revisions, additions and extensions thereof as may from time to time be adopted and promulgated; provided, however, such rules and regulations shall not be inconsistent with the rights herein granted to the Airline; provided, further, that nothing herein shall be considered to restrict the police power of the City.

**1.04 “DEMISED PREMISES”**

Means, at any time, those areas and facilities which are leased to a Signatory Airline for its use and occupancy, as defined in Section 3.01. Such areas and facilities may not be used or occupied by others unless authorized by such Signatory Airline and approved by the City.

**1.05 “FISCAL YEAR”**

Means January 1 through December 31.

**1.06 “GENERAL BOND ORDINANCE”**

Means the 1984 Airport System General Bond Ordinance approved by the City Council of the City and County of Denver on November 29, 1984, Ord. 626, Series of 1984, as supplemented or succeeded.

**1.07 “CHIEF EXECUTIVE OFFICER”**

Means the Chief Executive Officer (“CEO”) of the City’s Department of Aviation or the CEO’s successor in function having jurisdiction over the management, operation and control of the Airport. “CEO’s authorized representative” or words of similar import shall mean the officer or employee of the City designated in writing by the CEO as the CEO’s authorized representative, until notice otherwise is thereafter given to the Airline.

**1.08 “PREFERENTIAL USE FACILITIES”**

Means, at any time, those areas and facilities to which a Signatory Airline is granted the preferential use and occupancy as set forth in this Agreement.

**1.09 “SIGNATORY AIRLINE”**

Means, at any time, Airline and each other airline which meet the definition and requirements specified in the Airport Rules and Regulations.

**1.10 “AIRLINE BAGGAGE SUBCOMMITTEE”**

The Airline Baggage Subcommittee of the Denver Airlines-Airport Affairs Committee or any successor entity established by the Signatory Airlines in place of such Subcommittee for the purpose of coordinating common use of and establishing cost allocation matters relating to the Baggage System.

**1.11 “BAGGAGE SYSTEM” OR “BAGGAGE SYSTEM FACILITIES”**

Collectively, all structures, improvements, equipment, belts, carts, walkways, impact protection, EDS modules, carousels, parts inventories, spare parts, tools, hardware and software, and other components of the baggage systems in the Terminal for processing, screening, and delivering checked baggage, as illustrated on the attached Exhibit B.

**1.12 “BAGGAGE SYSTEM COST CENTERS”**

Those costs and expenses of the Baggage System which are grouped together for the purpose of accounting for Baggage System Operation and Maintenance Costs and allocating and billing such costs to users of the Baggage System. The cost centers and allocation methodology are illustrated in Exhibit H of this Agreement.

**1.13 “NON-CONTRACTING USER”**

An airline which has access to or use of the Baggage System but is a Non-Signatory Airline as defined in Airport Rules and Regulations.

**1.14 “BAGGAGE SYSTEM OPERATION AND MAINTENANCE COSTS”**

Those costs incurred by the City and the Operator, and chargeable to and paid by the Signatory Airlines and Non-Contracting Users, associated with the management, operation, maintenance, repair (emergency or otherwise) of the Baggage System at the Airport, including costs of providing labor, equipment, spare parts and materials in connection herewith, but excluding space rental charges and capital costs, modification and improvements of equipment and space provided by the City and subject to allocation under this Agreement.

**1.15 “OPERATOR”**

The company selected by the City or the Airline Baggage Subcommittee, or both, to operate and maintain the Baggage System on behalf of the Airlines.

**PART II- AIRFIELD AREA FACILITIES**

**2.01 AIRFIELD AREA FACILITIES TO BE PROVIDED**

A. The City agrees to provide, operate and maintain in good condition and repair at the Airport, in accordance with good airport maintenance practices, and to make available for use by aircraft operators, the Airfield Area Facilities shown upon the attached drawing of the Airport marked Exhibit A, which drawing is incorporated herein and made a part hereof by reference, and any additions or extensions thereto.

B. The City may from time to time make alterations to, or reconstruct, or relocate, or modify the design and type of construction of, or close the Airfield Area Facilities, or any portion or portions of them, either temporarily or permanently, provided that reasonably equivalent Airfield Area Facilities are made available to the Airline.

## **2.02 USE OF AIRFIELD AREA FACILITIES**

A. The airlines shall be entitled to use the Airfield Area Facilities for the following purposes:

1. Runways for the purpose of landing and taking off of aircraft.
2. Taxiways for the purpose of ground movement of aircraft.
3. Passenger ramp and apron areas, including, without limitation, the Airline's preferential use areas shown on Exhibit C attached hereto ("Preferential Use Passenger Aircraft Ramp and Apron Areas") for the purpose of unloading and loading passengers, baggage, freight, mail, supplies, and cargo to and from aircraft; for the purposes of performing such fueling and other ramp services as is more extensively defined in Section 2.03; for the purpose of parking mobile equipment while being actively used in connection with ramp operations, or for any other such purpose and, in connection with Airline's Preferential Use Passenger Aircraft Ramp and Apron Areas, for coordinating and directing the parking and pushback of aircraft; but aircraft carrying property, cargo, and mail, but not passengers, shall use ramp areas designated for cargo operations by the CEO.
4. Training operations of the Airline.
5. Any other use normally incident to the foregoing.
6. The use of the Airfield Area Facilities shall be in common with others authorized by the City to do so, upon compliance with reasonable and nondiscriminatory terms and conditions (including the payment of rates, fees, and charges) upon which they are made available for such use, and in accordance with Airport Rules and Regulations.

## **2.03 RAMP SERVICES**

A. Airline shall have the right to use the Airline's Preferential Use Passenger Aircraft Ramp and Apron Areas to provide services for aircraft occupying loading or unloading positions (herein called "ramp services") incidental to the immediate preparation of aircraft for scheduled operations, such services to include, among others, fueling, inspection, interior cleaning and non-routine maintenance (defined as minor repairs and the replacement or adjustment of equipment of an emergency nature, or in order to insure the safe departure of the aircraft), unless otherwise authorized by the CEO. Ramp services and facilities may be provided at loading and unloading positions in accordance with the Airport Rules and Regulations. The Airline shall leave the ramp area used by it for any such purposes in a neat, clean, safe and orderly condition upon completion of such services.



B. The Airline shall have the right to perform its own ramp services or to have such services performed by a regular ramp contractor (i.e., a person authorized by the CEO to perform ramp services at the Airport for any and all aircraft operations). If all such regular ramp contractors are unsatisfactory to the Airline from the standpoint of service or price, the Airline may notify the CEO that it desires to use the services of a contractor not authorized and the CEO may approve such contractor to perform such services; provided however, that the contractor shall accept a permit from the CEO upon the same terms and conditions as regular ramp contractors (except that at the option of the CEO, there may be omitted from such permit any provision requiring or permitting the contractor to serve others than the Airline). The Airline shall have the right to perform or receive ramp services, including refueling, for or from any other air carrier certificated to serve Denver, except that the location of ramp services outside the receiving airline's Preferential Use Facilities shall be determined by the CEO. No charges, fees or tolls of any nature shall be imposed by the City, directly or indirectly, against the Airline or such other air carrier for the right or privilege of providing or receiving such ramp services.

#### **2.04 RATES, FEES AND CHARGES FOR THE USE OF THE AIRFIELD AREA FACILITIES**

A. The rates, fees and charges for the use of the Airfield Area Facilities shall be as established from time to time by the City in accordance with this Agreement. For each landing of an aircraft by the Airline at the Airport, Airline shall be assessed a landing fee in an amount equal to the number of thousands of pounds of maximum allowable gross landing weight of that aircraft, multiplied by the landing fee rate. The landing weight data will be compiled by the Airport through the use of an independent Radar based landing fee activity database. Airlines will access a secure website where a summary and detailed monthly activity report and applicable landing fee charges will be available by the 5th day of the month. The Airport will send an invoice by the 7th day of the month. The rates, fees and charges for the use of the Airfield Area shall be payable no later than twenty (20) days after the close of each calendar month of the term hereof.

B. The maximum allowable gross landing weight shall be determined based on the current FAA Type Certificate Data Sheet applicable to the particular type, design, and model of aircraft.

### **PART III - LEASE AND USE OF DEMISED PREMISES AND PREFERENTIAL USE FACILITIES**

#### **3.01 DEMISED PREMISES**

A. The City hereby leases to the Airline and the Airline hereby agrees to lease from the City space in the passenger terminal building and concourses at the Airport designated on Exhibit D (which drawings are incorporated herein and made a part hereof by reference) (collectively, the "Demised Premises"). The City and Airline acknowledge and agree that the dimensions of the Demised Premises as set forth in Exhibit D are defined as part of this Agreement. It is acknowledged and agreed that the Demised Premises under this Agreement constitute non- residential real property. Except to the extent required for the performance of the obligations of the Airline hereunder, nothing contained in this Agreement shall grant to the Airline any rights whatsoever in the air space above the Demised Premises except as approved by the City.

### 3.02 USE OF DEMISED PREMISES

A. The Airline shall have the use of the portion of the Demised Premises designated in Exhibit D as "Demised Premises" during the term of the letting thereof, for the following purposes, purposes reasonably related thereto and for such other purposes as may be authorized in writing from time to time by the CEO:

1. The handling of reservations, ticketing, billing and manifesting of passengers for air transportation;
2. The clearance, checking-in, handling of outbound and inbound baggage and baggage claim, and the rendering of similar services to passengers for air transportation, and for the furnishing of information, including but not limited to, flight arrival, flight departure and baggage claim information to passengers and to the general public;
3. Administrative offices, operations offices, employee lockers and restrooms, baggage, cargo and mail-handling and storage facilities and equipment; such uses and facilities to be located within Airline's Demised Premises;
4. Radio, data processing and other communication equipment;
5. The assembling, handling and disbursing of baggage and lost and found articles;
6. The operation, by Airline or an independent contractor, of passenger clubs and lounges where the Airline may serve food and beverage with or without charge; such uses and facilities to be located within Airline's Demised Premises; and
7. The installation, maintenance, and operation of facilities and equipment reasonably necessary or convenient to carry out any or all of the foregoing.

### 3.03 EFFICIENCY-IN-USE

A. The Airline agrees to make every reasonable effort to offer to any other incoming or incumbent airline the opportunity to share use of its Demised Premises. In determining whether the use by another incoming or incumbent airline is reasonable and possible, the Airline will have the right to consider the compatibility of the proposed operation of the incoming or incumbent airline with those of the Airline, the operations of those with whom the Airline has subleases or handling agreements, the Airline's existing and immediate future flight schedules, the need for labor harmony, and the availability of other similar premises at the Airport. Should the Airline refuse another airline the opportunity to use the Airline's Demised Premises, the City and County of Denver, acting by and through its CEO, may review the Airline's Demised Premises usage, and should the CEO reasonably determine, considering all the factors noted herein and any other reasonable justification presented by Airline, including the Airline's reasons for such refusal, that the Airline unreasonably refused usage by such other airline, the CEO may immediately require the Airline to permit the incoming or incumbent airline to use that part of the Airline's Demised Premises and for those periods of time the City deems feasible, subject to the incoming or incumbent airline executing a mutually acceptable agreement with the Airline, and subject to the CEO's review and approval of said agreement.

**3.04 PAYMENT OF FIXED AND VARIABLE RATES, FEES AND CHARGES**

A. Rentals for the Demised Premises and Preferential Use Facilities shall be paid in twelve (12) equal monthly installments, and shall be due and payable, in advance, without notice on or before the first day of the then current month.

B. In addition to the fixed rates, fees, and charges provided herein, Airline shall pay for other common use facilities, equipment, services and maintenance utilized by Airline. Said rates, fees and charges shall be paid monthly, in advance, and adjusted, if necessary, based on such actual costs. Any additional amount due from the Airline or refund owed to the Airline, as the case may be, based on such actual costs, shall be paid by the Airline or credited by the City, as the case may be, to rates, fees and charges. Such services may include, but are not limited to, industrial waste, sewer and water and trash.

**3.05 USE OF PREFERENTIAL USE FACILITIES ON CONCOURSES**

A. The City hereby grants to the Airline preferential use of certain concourse facilities as designated in Exhibit C and Exhibit D where so indicated. The right of preferential use includes the right of the Airline and its Affiliated Airlines to enplane and deplane passengers and to schedule and use such facilities as defined herein, subject to the conditions set forth herein and in the Airport Rules and Regulations regarding the operation and use of concourses as such reasonable and nondiscriminatory rules and regulations exist or may be promulgated in the future. The right of preferential use is expressly understood to be a non-exclusive right, and the City retains the right to allow other airlines the use of the Airline’s preferential use areas to the extent such other use does not infringe on the Airline’s preferential use as herein defined.

B. Furthermore, it is expressly agreed and understood that the foregoing right of preferential use is not a property right and shall not be assigned, subleased or otherwise alienated or hypothecated in any manner whatsoever by the Airline; except that, in the case of a merger of Airline with another airline or the acquisition of substantially all of Airline’s assets by another airline, Airline’s preferential use shall be transferable to the surviving airline.

C. The Airline’s preferential use and scheduling rights on its passenger holdroom(s), associated passenger loading bridges, gate(s) and Preferential Use Passenger Aircraft Ramp and Apron Areas (collectively, the “Preferential Use Gates”), are subject to the following requirements (“Preferential Use Gate Usage Requirements”):

D. For concourse-level Preferential Use Gates with passenger loading bridges designed for use by turbojet aircraft with more than 95 seats: four (4) departure equivalents (as set forth below) per day, per applicable gate, as averaged over any calendar quarter (i.e., the sum of all departure equivalents at all of Airline’s gates for a calendar quarter, divided by the number of Airline’s gates, divided by the number of total days in such calendar quarter). “Departure equivalents” shall mean and be counted as follows:

1. Aircraft with more than 300 seats count as three departures;

2. Aircraft with more than 200, but less than 301, seats count as two departures;
3. Aircraft with more than 150, but less than 201, seats count as one and one-quarter departures;
4. Aircraft with more than 95, but less than 151, seats count as one departure; and
5. Aircraft with 95 seats or less count as six-tenths of one departure.

E. In the event Airline performs Ground Handling (as defined in Airport Rules and Regulations) for other parties, such activities count as departures for purposes of this gate usage requirement.

F. If Airline fails to meet the minimum Preferential Use Gate Usage Requirements for a calendar quarter, without excuse, the CEO may notify Airline that it is in violation of this Agreement, and may return to the Airport's unassigned gate inventory, the number of Airline's concourse-level Preferential Use Gates failing to meet Airline's Preferential Gate Use Requirements. Airline shall have 10 business days from receipt of such notice to specify which Preferential Use Gates are to be returned; provided, however, that the CEO may select different Preferential Use Gates as may be necessary to create contiguity with other unleased gates.

G. Upon Airline's request, the CEO in its sole discretion may waive preferential status with corresponding rent reductions to airline-leased space. As long as the space remains in Airline's leasehold, the Airline may provide the City with 90 days written notice and reclaim such space for Airline's own use, to sublet to another party for their use, or to perform Ground Handling services for another party on that gate.

H. Airline agrees to abide by reasonable and nondiscriminatory rules and regulations regarding the operation and use of concourses as such rules and regulations exist or may be promulgated in the future in the Airport Rules and Regulations. The City will provide not less than 21 days' notice to Airline when any rule or regulation affecting Airline is proposed for amendment, and will post amendments when final.

### **3.06 USE OF PUBLIC AREAS**

A. Airline and its employees, agents, passengers and invitees, its suppliers of materials and furnishers of services shall have the non-exclusive right to use, in common with all others, all public areas of the Airport, together with all improvements, facilities and equipment located therein, including, without limitation, the following: passenger transit systems, passenger walkways, public lobbies, public waiting rooms, public stairways, elevators and escalators, public restrooms, public roads and parking lots. Nothing herein shall be deemed to convey to Airline any interest or property rights in such public areas, or to any improvements thereto.

**PART IV - PROVISIONS RELATING TO AIRFIELD AREA FACILITIES, PREFERENTIAL USE FACILITIES, DEMISED PREMISES,  
AND JOINT USE FACILITIES**

**4.01 MAINTENANCE**

A. The City shall provide services and maintenance in the Airfield Area Facilities, Preferential Use Facilities, Demised Premises and Joint Use Facilities as indicated in Exhibit E, attached hereto and made a part hereof, and shall bear the cost thereof in consideration of payment to be made by the Airline pursuant to the provisions hereof.

B. The Airline agrees that it will at all times under its control maintain its Preferential Use Facilities, Demised Premises and Joint Use Facilities in a neat, clean, safe and orderly condition, in compliance with the requirements of 42 U.S.C. § 12101 et seq., 49 U.S.C. § 41705, and 14 C.F.R. Part 382, and in keeping with the general decor of the area in which they are situated, and that it will perform those maintenance services shown on said Exhibit E to be performed by the Airline.

**4.02 AIRLINE ALTERATIONS TO DEMISED PREMISES**

A. The Airline may, with prior written approval of the CEO, at its own cost and expense, install in the Demised Premises any fixture or improvement or do or make alterations or do remodeling, germane to the use herein or hereafter granted. Any fixtures, improvements, equipment and other property installed, erected or placed by the Airline in, on or about such Demised Premises shall be deemed to be personal and shall be and remain the property of the Airline, except as otherwise provided herein and the Airline shall have the right at any time during the term hereof to remove any or all of its property, subject to the Airline's obligation to repair damage, if any, resulting from such removal. All such fixtures, improvements, equipment and other property shall be removed from the said Demised Premises by the expiration or earlier termination of letting and the Demised Premises restored to the condition existing at the time of the letting, reasonable wear and tear excepted, unless the City, acting by and through its CEO, shall have advised the Airline in writing at the time of such installation or not less than sixty (60) days in advance of such expiration or not less than thirty (30) days in advance of such earlier termination, of its willingness to accept title to such fixtures, improvements, equipment and other property in lieu of restoration of the Demised Premises. It is understood and agreed that during such period and until such personal property is removed, the Airline shall pay to the City the full rental applicable to those Demised Premises, as determined by the CEO, which are directly associated with said personal property and which Demised Premises are not usable by others until said personal property is removed.

B. Said improvements, and all alterations thereof and additions thereto, shall in all respects be constructed in accordance with the ordinances and any applicable code or rule and regulation of the City and County of Denver, including the Airport Rules and Regulations governing tenant construction specifications and other non-technical requirements, in accordance with the attached Exhibit G, "Design Standards, Construction Procedures and Environmental Requirements," which is incorporated herein by reference, in accordance with the requirements of 42 U.S.C. § 12101 et seq., 49 U.S.C. § 41705, and 14 C.F.R. Part 382, and pursuant to any required building permit to be obtained from the City and according to the customary terms and conditions thereof.

#### **4.03 SUB-LETTING, ASSIGNMENT AND GROUND HANDLING ARRANGEMENTS**

A. No interest or rights under this Agreement may be transferred except as provided under this Section 4.03.

B. Airline may sublet, assign or otherwise transfer the Demised Premises, in whole or in part to another airline, or use the Demised Premises for the handling by Airline's personnel of air transportation operations of other airlines, subject, however, to each of the following conditions:

1. No sub-lease, assignment, ground handling agreement or other transfer shall relieve Airline from primary liability for any of its obligations hereunder, and Airline shall continue to remain primarily liable for the payment of rentals, fees and charges applicable to such premises and facilities hereunder;
2. Airline shall provide written notice to the City and a copy of the proposed sublease, assignment, ground handling agreement or other transfer not less than thirty (30) days prior to the effective date of such arrangement;
3. Any sublease, assignment, ground handling agreement or other transfer shall be subject to the prior written approval of the CEO; and
4. Unless a gate sharing agreement is in place as authorized by the CEO under Airport Rules and Regulations, any authorization by Airline for use of a Preferential Use Gate by another airline shall require such other airline to remit directly to the City a non-preferential use gate fee as established by the Airport Rules and Regulations. All such fees shall be credited in the calculation of rentals, rates, fees and charges.

#### **4.04 RIGHT TO ENTER AND MAKE REPAIRS**

A. The City and its authorized officers, employees, agents, contractors, subcontractors and other representatives shall have the right (at such times as may be reasonable under the circumstances and with as little interruption to the Airline's operations as is reasonably practicable) to enter upon the Demised Premises for the following purposes:

1. To inspect the Demised Premises at reasonable intervals during regular business hours (or at any time in case of emergency) to determine whether the Airline has complied and is complying with the terms and conditions of this Agreement with respect to the Demised Premises.
2. To perform maintenance and make repairs and replacements in any case where the Airline is obligated to do so and has failed after reasonable notice to do so, in which event the Airline shall promptly upon demand reimburse the City for the actual cost thereof, plus a 15% administrative charge.

3. To perform maintenance and make repairs and replacements in any case where the City is obligated to do so, and in any other case where the City, in its reasonable judgment, determines that it is necessary or desirable to do so in order to preserve the structural safety of the Demised Premises or the building in which they are located or to correct any condition likely to cause injuries or damages to persons or property.
4. In the exercise of the City's police power.

B. No such entry by or on behalf of the City upon such Demised Premises leased to Airline shall cause or constitute a termination of the letting thereof or be deemed to constitute an interference with the possession thereof by the Airline.

#### **4.05 ABANDONMENT OF DEMISED PREMISES**

A. If the Airline ceases to occupy and use a material portion of the Demised Premises for a continuous period of six (6) consecutive months or longer, the City, acting by and through the CEO, may consider such portion of the Demised Premises abandoned, and if needed for another use, upon not less than thirty (30) days' written notice to the Airline, terminate the lease for such portion of the Demised Premises.

#### **4.06 DESTRUCTION OF PREMISES**

A. If by reason of any cause Airline's Demised Premises, or any portion thereof, are damaged or destroyed by fire or other casualty, then:

1. The City, after consultation with Airline, shall forthwith repair, reconstruct and restore the damaged or destroyed portions of the Demised Premises to substantially the same condition, character, utility and value as existed prior to such damage or destruction, unless the City and Airline agree that no such reconstruction is necessary, or that reconstruction to some other condition, character, utility and value is appropriate or desired; and
2. If such Demised Premises are damaged to such an extent that the Demised Premises are untenable, the City, acting by and through the CEO, will make all reasonable efforts to provide substantially equivalent substitute premises and facilities, and such substitute premises and facilities will be made available to Airline consistent with those rentals, fees and charges for the use of the Airport established and modified from time to time by the City in accordance with this Agreement.
3. For portions of the Demised Premises that are untenable, Airline shall receive a pro rata abatement of rentals, fees and charges applicable thereof from the date of such occurrence to the date upon which such portions of the Demised Premises are repaired and restored.

#### **4.07 COMMON USE SYSTEMS**

A. Prior to implementation of multiple or common use systems, the City will consult with Airline. Thereafter, upon nine (9) months advance written notice by the City, the Airline agrees that it will make all necessary modifications and improvements to become compatible with the City's multiple or common use system installations. After the City installs common use systems, all future improvements and any new equipment of the Airline shall be compatible with the City's multiple or common use system installations. The Airline shall not install any proprietary terminal equipment without the prior written approval of the CEO.

#### **4.08 REASSIGNMENT OF DEMISED PREMISES AND PREFERENTIAL USE FACILITIES**

A. After consultation with all affected airlines, in order to maximize the highest and best use of the City's airline facilities, the City may at its sole discretion, relocate and reassign the Airline's use and lease of the Demised Premises and Preferential Use Facilities upon sixty (60) days advance written notice. The City will be responsible for reasonable costs related to any such relocations and/or reassignments.

### **PART V - BAGGAGE SYSTEM**

#### **5.01 BAGGAGE SYSTEM LICENSE AND RIGHT OF USE**

A. The City hereby agrees to make available for Airline's use the Baggage System Facilities as illustrated on the attached Exhibit B, and hereby grants to Airline a nonexclusive license to use those portions of the Baggage System Facilities reasonably required for the purpose of loading and unloading baggage, screening bags, and accessing the Baggage System for activities reasonably necessary or convenient in connection with the foregoing. Such license and right of use is conditioned upon and subject to Airline complying with all terms and conditions of this Agreement. The Airline is not granted any leasehold or other property interest by this Agreement except as otherwise set forth herein. The Airline shall have the right to perform its own baggage handling services or to have such services performed by another handling company, provided such person is a person authorized by the CEO and the Airline Baggage Subcommittee to perform baggage services at the Airport.

#### **5.02 COMMON RIGHT OF USE AND ACCESS**

A. The Airline's right of use shall be in common with all other Signatory Airlines, Non-Contracting Users, or others authorized by the City to do so, and is conditioned upon the payment of Baggage System rates, fees, and charges and upon compliance with reasonable and nondiscriminatory terms and conditions upon which the Baggage System is made available for such use, and in accordance with Airport Rules and Regulations.

B. The Airline's use of and access to the Baggage System shall be conducted so as not to interfere with the safe and efficient operation of the Baggage System by the Operator or the Transportation Security Administration.

C. Airline agrees not to prevent or interfere with the exercise of any right of use or obligation of the City, the Transportation Security Administration, other Signatory Airlines, Non- Contracting Users, or the Operator as provided for in this Agreement or the Operator Agreement.



D. The parties agree that certain baggage belt areas behind ticket counters in the Terminal Building which are part of the Airline's Demised Premises, if applicable, shall be considered exclusively leased to the Airline for the purpose of passenger operations, but nonetheless those baggage belts are part of the Baggage System for the purpose of Baggage System Operation and Maintenance, in accordance with the terms and conditions of the City's agreement with the operator.

### **5.03 CONDITIONS OF USE**

A. Airline shall use the Baggage System in accordance with all reasonable and nondiscriminatory Airport Rules and Regulations and in accordance with any applicable reasonable standards of care, procedures, or rules established by the Airline Baggage Subcommittee. The City will provide not less than 30 days' notice to Airline when any rule or regulation affecting Airline's use of the Baggage System is proposed, and will post rules and regulations when final.

B. Airline's use of the Baggage System is conditioned on timely payment of Baggage System fees, rates, and charges in accordance with this Agreement.

C. Airline shall use and shall cause its officers, employees, agents, and contractors to use a commercially reasonable degree of care when using the Baggage System and shall follow all reasonable safety and security rules and instructions set forth herein or established by the City, the Transportation Security Administration, the Operator or the Airline Baggage Subcommittee.

### **5.04 RESERVATION OF RIGHTS**

A. It is expressly agreed and understood that the foregoing right of use for the Baggage System is not a property right and shall not be assigned, subleased or otherwise alienated or hypothecated in any manner whatsoever by the Airline; except that, in the case of a merger of Airline with another airline or the acquisition of substantially all of Airline's assets by another airline, Airline's right of use shall be transferable to the surviving airline.

B. The Airline acknowledges and agrees that the Baggage System shall be managed, operated, and maintained for the benefit of the air carriers by the Operator. The Airline's use of and access to the Baggage System shall be conducted so as not to interfere with the safe and efficient operation of the Baggage System by the Operator.

C. The City may from time to time make alterations to, or reconstruct, or modify the Baggage System installations or design or any portion or portions of them, either temporarily or permanently, provided that reasonably equivalent Baggage System Facilities are made available to the Airline.

### **5.05 EFFICIENCY-IN-USE AND REASSIGNMENTS**

A. The Airline agrees that its use of the Baggage System is in common with others and agrees to allow any other incoming or incumbent airline the opportunity to share use of its assigned portions of the Baggage System. The City retains the right to allow other airlines the use of the Baggage System.

B. After consultation with the Airline Baggage Subcommittee, in order to maximize the highest and best use of the City's Baggage System Facilities, the CEO may at his or her sole discretion, relocate and reassign the Airline's use of any Baggage System assigned areas upon 30 days' advance written notice.

C. The City reserves the right to immediately reassign Baggage System assigned areas as may be necessary in case of emergency, by reason of accident and repairs, security issues, or other happenings beyond the control of the City.

D. The City will reasonably allocate the costs related to any such relocations and/or reassignments after consultation with the Airline Baggage Subcommittee.

E. Should the Airline refuse another airline the opportunity to use the Baggage System or any portions thereof, the CEO, the Airline Baggage Subcommittee, or both, may review the Airline's usage, and should the CEO or the Airline Baggage Subcommittee reasonably determine the Airline unreasonably refused usage by such other airline, the CEO may immediately require the Airline to permit the incoming or incumbent airline to use the Baggage System.

#### **5.06 PAYMENT OF RATES, FEES AND CHARGES FOR THE USE OF THE BAGGAGE SYSTEM**

A. The fees and charges for the Baggage System Operation and Maintenance System shall be as established from time to time in accordance with this Agreement. Fees and charges for the Baggage System shall be paid in twelve (12) equal monthly installments, and shall be due and payable, in advance, without notice on or before the first day of the then current month.

#### **5.07 NON-CONTRACTING USERS**

A. Non-contracting Users of the Baggage System will be charged at a 25% premium over the signatory rate charged to Signatory Airlines.

#### **5.08 ASSIGNMENTS AND GROUNDHANDLING ARRANGEMENTS**

A. The Airline may assign or otherwise transfer its rights to use the Baggage System only to a handling company (including an airline) that has been approved by the CEO and the Airline Baggage Subcommittee to provide baggage services for the Airline. An airline's status as a handling company shall not relieve the Airline from its obligations under this Agreement.

#### **5.09 OPERATOR AGREEMENT**

A. The City, on behalf of and in coordination with the Airline Baggage Subcommittee, has entered into an Operation and Maintenance Services Agreement ("Operator Agreement") providing for the operation, maintenance, and management of the Baggage System Facilities. The City may extend the Operator Agreement as necessary, or replace the Operator Agreement from time to time through a competitive selection process, with the participation of the Airline Baggage Subcommittee in the selection of the Operator.

B. The Operator Agreement shall set forth the Operator's responsibilities with respect to the Baggage System, and shall include the following duties and responsibilities of the Operator:

1. the obligation to operate the Baggage System and to pay all costs incurred in connection therewith;
2. the obligation to keep complete and accurate records of the use of the Baggage System, prepare and submit management reports recording the performance of the Baggage System, and report costs to the City and the Airline Baggage Subcommittee in a timely manner and in a form approved by the City and the Airline Baggage Subcommittee in order that the costs may be fairly allocated among the airlines in accordance with the methodology set forth in Exhibit H or any other reasonable allocation methodology that may be proposed by the Airline Baggage Subcommittee;
3. the obligation to maintain and manage the Baggage System in good, safe, and sanitary operation condition and repair and in accordance with approved operation and maintenance manuals and applicable laws and regulations governing the Baggage System and the Airport promulgated by the City or the Transportation Security Administration;
4. At the request of the City, provide summaries of all interruptions to normal services with an explanation of the cause and duration of any such interruptions, in an approved format and frequency within the limitations of the Baggage System software;
5. the obligation to maintain a parts inventory and provide inventory control and performance reporting, and
6. the obligation to provide indemnification and maintain insurance policies in the manner and kind required by the City.

#### **5.10 MAINTENANCE OF BAGGAGE SYSTEM FACILITIES**

A. The Operator shall provide services and maintenance of the Baggage System and Baggage System Facilities as indicated in the Operator Agreement, and the Airline shall pay its pro rata share of such costs pursuant to Exhibit H and the provisions of this Agreement.

B. The Airline agrees that it will at all times keep those portions of the Baggage System that it uses in a neat, clean, safe and orderly condition, and in keeping with the general decor of the area in which they are situated, and that it will perform, or cause to be performed, those maintenance services shown on Exhibit E to be performed by the Airline and be responsible for payment of the maintenance services to be performed by the Operator.

C. The Airline specifically agrees to keep the baggage make-up areas and carousels in the Terminal clean, neat, safe and free of trash and debris.

D. The Airline agrees to pay or reimburse the City for the repair of any damages caused by the misuse or abuse by the Airline, its Affiliated Airlines, or its agents to any portion of the Baggage System. This excludes normal wear and tear.

## **5.11 ALTERATIONS, REPAIRS, AND IMPROVEMENTS**

A. The City agrees that it shall perform or have performed by the Operator or other contractors such capital additions, modifications and improvements as may be reasonably determined necessary by the City after consultation with the Airline Baggage Subcommittee or as may be reasonably requested by the Airline Baggage Subcommittee and approved by the City, with the cost of such improvements to be charged as provided for in Exhibit F of this Agreement governing the calculation of rates and charges. Title to any improvements, parts, components, or items of the Baggage System, whether installed or in use on the Baggage System or held in inventory shall be and shall remain in the City at all times.

## **5.12 RIGHT TO ENTER AND MAKE REPAIRS**

A. The City and the Operator and their authorized officers, employees, agents, contractors, subcontractors, Transportation Security Administration (TSA) employees and other representatives shall have the right (at such times as may be reasonable under the circumstances and with as little interruption to the Airline's operations as is reasonably practicable) to enter Airline's Premises or the Baggage System Facilities for the following purposes:

1. To inspect the Baggage System Facilities,
2. To perform maintenance and make repairs and replacements in any case where the City or the Operator is obligated to do so, or where either of them in their reasonable judgment, determine that it is necessary or desirable to do so,
3. To test or maintain the EDS modules and related screening equipment, or any other TSA equipment, and
4. For emergency purposes in the exercise of the City's police power.

## **5.13 ABANDONMENT OF BAGGAGE SYSTEM LICENSE AREA**

A. If the Airline ceases to occupy and use any assigned portion of the Baggage System for a continuous period of six (6) consecutive months or longer, the City, acting by and through the CEO, may consider such portion of the Baggage System area abandoned, and if needed for another use may, upon not less than thirty (30) days' written notice to the Airline, terminate the license for such portion of the Baggage System.

## **5.14 DESTRUCTION OF PREMISES**

A. If by reason of any cause the Baggage System, or any portion thereof, is damaged or destroyed by fire or other casualty, then:

1. The City, after consultation with the Signatory Airlines, shall forthwith repair, reconstruct and restore the damaged or destroyed portions of the Baggage System to substantially the same condition, character, utility and value as existed prior to such damage or destruction, unless the City and the Signatory Airlines agree that no such reconstruction is necessary, or that reconstruction to some other condition, character, utility and value is appropriate or desired; and

2. If such Baggage System is damaged to such an extent that the System is unusable, the City, acting by and through the CEO, will make all reasonable efforts to provide substantially equivalent substitute facilities, and such substitute facilities will be made available to Airline consistent with those rentals, fees and charges for the use of the Airport established and modified from time to time by the City in accordance with this Agreement.

## **PART VI - AFFILIATES**

### **6.01 DESIGNATION OF AFFILIATES.**

A. Airline may designate one or more other passenger carriers an "Affiliate" by (i) confirming that each such passenger carrier meets the definition of an Affiliate as defined in this Agreement, (ii) confirming that each such other passenger carrier is flying in or out of the Airport solely for the benefit of Airline, (iii) submitting to City the designation form attached to this Agreement as Exhibit I-1, which includes a copy of the Affiliate's executed Affiliate Operating Agreement.

B. The designation of an Affiliate shall become effective on the first day of the calendar month following at least fifteen (15) days from receipt by City of the designation in the form of Exhibit I-1. The designation shall remain in effect for so long as the conditions for designating the Affiliate continue to be met or until Airline withdraws its designation of the Affiliate by submitting to City the withdrawal of designation form attached to this Agreement as Exhibit I-2. A withdrawal of designation of an Affiliate shall become effective on the last day of the calendar month following at least fifteen (15) days from receipt by City of the withdrawal of designation in the form of Exhibit I-2.

C. If Airline designates one or more other passenger carriers as its Affiliate, Airline shall be responsible for the actions and obligations of each of its Affiliates, including without implied limitation the obligation to pay all charges owed to City on account of Affiliate activities at the Airport and the duty to provide information, insurance and indemnification. Airline will be responsible for ensuring that each of its Affiliates complies with all terms and conditions of this Agreement to the same extent that Airline is responsible for compliance, including without implied limitation compliance with the environmental provisions of this Agreement. Airline shall be the financial guarantor of all amounts owed to City by each of Airline's Affiliate.

D. More than one Signatory Airline may from time to time designate the same passenger carrier as its Affiliate, and each such Signatory Airline shall only be responsible for such passenger carrier's operations when such passenger carrier operates as such Signatory Airline's Affiliate.

## PART VII - GENERAL PROVISIONS

### 7.01 AGREEMENTS WITH THE UNITED STATES

A. This agreement is subject and subordinate to the provisions of any agreements between the City and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the transfer of federal rights or property to the City for airport purposes, or to the expenditure of federal funds for the extension, expansion or development of the Airport, including the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Airport and Airway Improvement Act of 1982, as amended. The provisions in the attached Appendices 1 and 2 are hereby incorporated herein by reference.

### 7.02 BOND ORDINANCES

A. This Agreement is in all respects subject and subordinate to any and all City bond ordinances applicable to the Airport and airport system and to any other bond ordinances which should amend, supplement or replace such bond ordinances.

B. The parties to this Agreement acknowledge and agree that all property subject to this Agreement which was financed by the net proceeds of tax-exempt bonds is owned by the City, and Airline agrees not to take any action that would impair, or omit to take any action required to confirm, the treatment of such property as owned by the City for purposes of Section 142(b) of the Internal Revenue Code of 1986, as amended. In particular, the Airline agrees to make, and hereby makes, an irrevocable election (binding on itself and all successors in interest under this Agreement) not to claim depreciation or an investment credit with respect to any property subject to this Agreement which was financed by the net proceeds of tax-exempt bonds and shall execute such forms and take such other action as the City may request in order to implement such election.

### 7.03 LAWS, REGULATIONS, AND AGREEMENTS TO BE OBSERVED

A. The Airline shall not use, or authorize the use by any other person or party, of all or any portion of the Demised Premises, or any part of the Airport to which it is granted a right of use or occupancy by this Agreement, for any purpose or use other than those authorized by this Agreement, or hereafter authorized in writing by the CEO. No use shall be considered authorized by this Agreement if such use would adversely affect the tax-exempt status of Airport Revenue Bonds.

B. The Airline shall comply with and shall cause its officers and employees and any other persons over whom it has control to comply with the Airport Rules and Regulations.

C. The Airline shall, at all times, faithfully obey and comply with all existing laws, rules and regulations adopted by federal, state, local or other governmental bodies and applicable to or affecting the Airline and its operations and activities in and at the Airport, including 49 U.S.C.

§ 41705 (the Air Carrier Access Act) and implementing regulations at 14 C.F.R., Part 382, and 42

U.S.C. § 12101 et seq. (the Americans with Disabilities Act) and implementing regulations.

D. It is agreed that any disputes regarding laws, ordinances, rules and regulations regarding the Airport issued by the City shall first be presented to administrative hearing before the CEO or the CEO's authorized representative following the procedure outlined in Denver Revised Municipal Code Section 5-17. It is further agreed that no action shall be brought against the City contesting any such laws, ordinances, rules and regulations until there has been full compliance with the terms of said Section 5-17. Nothing herein shall be construed to prevent Airline from contesting in good faith any laws, ordinances, rules or regulations without being considered in breach hereof during such time as is required to exhaust the administrative hearing procedures, so long as such contest is diligently commenced and prosecuted by Airline.

## **PART VIII - RATE-MAKING PROCEDURES AND REESTABLISHMENT**

### **8.01 GENERAL PROVISIONS**

A. The City agrees that it will establish and fix airline rentals, rates, fees and charges in accordance with the cost- accounting concepts and rate-making procedures described in attached Exhibit F. Further, the City agrees that said rentals, rates, fees and charges shall be reasonable in relation to the cost of providing, operating and maintaining the services or facilities used or leased by the Airline. The City acknowledges its obligations to charge air carriers nondiscriminatory and substantially comparable rates, fees, rentals and other charges, subject to reasonable classification such as tenant and non-tenant, Signatory and non-Signatory (as such is defined herein). The City agrees that it will not enter into an Airport Use and Facilities Lease Agreement with another air carrier which is substantially more favorable, unless the same rights, terms, and privileges are offered to the Airline.

B. Airline acknowledges that the rate base for rentals, fees and charges must generate gross revenues, which together with Other Available Funds (as defined in the General Bond Ordinance) must be sufficient to satisfy the Rate Maintenance Covenant of the General Bond Ordinance, and Airline agrees to pay such rentals, rates, fees and charges.

C. The City, acting by and through its CEO, may from time to time reestablish the rentals, rates, fees and other charges for the use of Airport in accordance with the concepts and rate-making procedures provided for herein.

D. The City, acting by and through its CEO, may from time to time, amend the rate- making concepts and procedures set forth in this Agreement with the written consent of a majority of the Signatory Airlines not in default of the Agreement, represented by: (1) a numerical majority; and (2) a majority in terms of rentals, rates, fees and charges paid in the preceding fiscal year.

### **8.02 NON-AIRLINE REVENUE**

A. In order to minimize the rentals, rates, fees and charges which Airline is obligated to pay under this Agreement, the City shall promote and develop non-airline revenues at the Airport in a manner consistent with that of a reasonably prudent airport operator.

### **8.03 PROJECTION OF RENTALS, RATES, FEES AND CHARGES**

A. Not later than forty-five (45) days prior to the end of each Fiscal Year during the term of this Agreement, City shall furnish Airline with a projection of the rentals, rates, fees and charges for the next ensuing year for each cost center of Airport. Such projection will include the Airport proposed expense budget, and projection of aircraft operations, passenger enplanements, and debt service payments for the ensuing year. The City shall convene a meeting with the Signatory Airlines operating at the Airport not later than thirty (30) days prior to the end of each Fiscal Year to consult and review with the Signatory Airlines the projection of rentals, fees and charges for the next ensuing year.

### **8.04 MID-YEAR REVIEW OF RENTALS, RATES, FEES AND CHARGES**

A. Not later than September 1st of each year, the City shall furnish the Airline with a projection of rentals, rates, fees and charges (the Mid-Year Projection), which shall reflect the most recently available information on current aircraft operations and passengers enplaned as well as expenses actually incurred and revenues realized thus far during such fiscal year. The City shall provide a pro forma projection of revenues and expenses for the current fiscal year. The City shall convene a meeting with the Signatory Airlines operating at the Airport to consult and review the Mid-Year Projection and any adjustment to the monthly rentals, rates, fees and charges for such fiscal year.

### **8.05 FINAL AUDIT**

A. Upon release by the City's independent auditors of the audited financial statements of Airport, the City shall furnish Airline with a copy of the annual audit report, prepared in accordance with Generally Accepted Accounting Principles and certified by an independent accountant, covering the operation of the Airport for such preceding fiscal year. As soon as practical following the release of the annual audit report, the City will prepare an analysis of additional charges or credit due (Year-End Settlement) along with the Airline Revenue Credit calculation to Airline for the preceding audited fiscal year. If the rentals, fees and charges paid by Airline were greater than the respective amounts chargeable to Airline, Airline shall receive credits promptly in the amount of such overpayment against future rentals, fees and charges. If the rentals, fees and charges paid by Airline were less than the respective amounts chargeable to Airline, Airline shall pay promptly the amount of any such deficiency.

### **8.06 PASSENGER FACILITY CHARGES**

A. "Passenger Facility Charges" or "PFCs" are charges collected by the Airline pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990, 49 U.S.C. Section 40117, and 14 CFR Part 158, as amended. Airline acknowledges that PFCs are funds held for the benefit of the City. Airline further acknowledges that PFCs are not property of the Airline under any of the circumstances described in paragraph 9.02.A.4 herein. Airline agrees that under the circumstances described in paragraph 9.02.A.4 herein, Airline will immediately establish a fund and segregate PFC funds collected as required by 49 U.S.C. Section 40117(m)(1).

B. Airline shall abide by the remittance, reporting and recordkeeping requirements of PFCs as outlined in 14 CFR Part 158 and referenced in Airport Rules and Regulations, and the Airport shall abide by the public agency requirements outlined in 14 CFR Part 158.



**9.01 TERM OF AGREEMENT**

A. The term of this Agreement shall commence on January 1, 2021 and shall terminate on December 31, 2021, unless this Agreement is earlier cancelled, terminated, or extended as hereinafter provided. The term of this Agreement may be extended at its current terms and conditions for two additional one-year periods, but in no event shall the term be extended beyond December 31, 2023. These extensions, if exercised by the Airport, shall be exercised by providing written notice to the Airline on or before November 30 of the preceding year.

**9.02 TERMINATION OF LEASE BY CITY**

A. The City, acting by and through its CEO, may declare this Agreement terminated in part or in its entirety, as the CEO deems appropriate, upon the happening of any one or more of the following events and may exercise all rights of entry and reentry with or without process of law, without liability for trespass upon the Preferential Use Facilities and Demised Premises:

1. If the rentals, rates, fees, charges or other money payment which the Airline herein agrees to pay, or any part thereof, shall be unpaid after the date the same shall become due; or
2. If the Airline shall use or permit the use of the Preferential Use Facilities and Demised Premises covered hereby at any time for any purpose for which the use thereof at that time is not authorized by this Agreement or by the subsequent written consent of the CEO, or shall use or permit the use thereof in violation of any law, rule or regulation to which the Airline has agreed in this Agreement to conform; or
3. If Airline shall be in violation of any provision of Section 4.03 with respect to the subletting of the Demised Premises hereunder; or
4. If, during the term of this Agreement, the Airline shall (a) apply for or consent to, in writing signed on behalf of the Airline by any of its officers or its duly authorized attorney, the appointment of a receiver, trustee or liquidator of the Airline or of all or a substantial part of its assets, (b) file a voluntary petition in bankruptcy, or admit in writing its inability to pay its debts as they come due, (c) make a general transfer for the benefit of creditors, (d) file a petition or an answer seeking reorganization or arrangement with creditors or to take advantage of an insolvency law, or (e) file an answer admitting the material allegations of a petition filed against the Airline in any bankruptcy, reorganization or insolvency proceeding, or if during the term of this Agreement an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating the Airline as bankrupt or as insolvent, or approving a petition seeking a reorganization of Airline or of all or a substantial part of its assets, and such order, judgment, or decree shall continue unstayed and in effect for any period of ninety (90) consecutive days, then, and in any of such events, the City may give to the Airline a notice of intention to end the term of this Agreement in its entirety after the expiration of thirty (30) days from the date of service of such notice, and on the

date set forth in said notice the term of this Agreement and all right, title and interest of Airline hereunder shall expire as fully and completely as if that day were the date herein specifically fixed for the expiration of the term, and the Airline will then voluntarily and peaceably quit and surrender the Preferential Use Facilities and Demised Premises covered hereby to the City, but the Airline shall remain liable as herein provided; or

5. If Airline fails to make its Preferential Use Facilities and Demised Premises available for use in accordance with 56 Fed. Reg. 24, 254-01 (1991) (codified at 14 C.F.R. 158, App. A, B.7), but any right to terminate by the City under this Section 9.02 A.5 may be exercised only with respect to the portion of the Exclusive Use Premises required by 56 Fed. Reg. 24, 254-01 (1991) (codified at 14 C.F.R. 158, App. A, B.7).
6. If any of Airline's directors or officers assigned to or responsible for operations at the Airport shall be or have been convicted of any crime which is a disqualifying offense under 49 CFR 1544 governing issuance of airport security badges.

### **9.03 TERMINATION OF LEASE BY AIRLINE**

A. The Airline, at its option, may declare this Agreement terminated in part or in its entirety upon the happening of any one or more of the following events:

1. If by any reason of any action or non-action of any federal or other governmental agency having jurisdiction to grant a certificate of convenience and necessity, or similar document, authorizing the Airline to operate aircraft in or out of the Airport (including action in the nature of alteration, amendment, modification, suspension, cancellation or revocation of any such certificate, permit or document), the Airline shall cease to have authority to operate aircraft in and out of the Airport pursuant to such a certificate or document, provided that (1) such governmental action or non-action was not requested by the Airline, and the Airline made all reasonable efforts to prevent such governmental action or non-action, or in the alternate, (2) the City had a reasonable opportunity to appear before such federal or governmental agency and be heard in opposition to such governmental action or non-action prior to the occurrence, if it desired to do so or, in the alternate, (3) the Airline gave the City reasonable advance notice that such governmental action or non-action was being requested or might occur, and the Airline made a reasonable effort to the end that the City might have an opportunity to appear and be heard as aforesaid; or
2. If by legislative action of the United States the Airline is deprived of such certificate of similar document; or
3. If a court of competent jurisdiction issues an injunction or restraining order against the City or any successor body to the City preventing or restraining the Airport for airport purposes in its entirety, or the use of any part thereof which may be used by the Airline and which is substantially necessary to the Airline for its operations, and if such injunction remains in force for a period of ninety (90) days or more and is not stayed by appeal or a writ of error; or

4. If the City's operation of Airport is substantially restricted by action of any federal or other governmental agency having jurisdiction with respect thereto, or the occurrence of any fire or other casualty substantially and adversely affects, for a period of at least ninety (90) days, Airline's use of Airport in the conduct of its air transportation business; provided, however, none of the foregoing is due primarily to any fault of Airline.

#### **9.04 EFFECTIVE DATE OF TERMINATION**

A. Notwithstanding anything to the contrary in this Agreement, no termination declared by either party shall be effective until not less than thirty (30) days have elapsed after written notice to the other specifying the date upon which such termination shall take effect and the cause for which it is being terminated (and if such termination is by reason of a default under this Agreement for which termination is authorized, specifying such default with reasonable certainty). No such termination shall be effective if such cause shall have been cured or obviated during such thirty (30) day period, or in the event such cause is a default under this Agreement (for which termination is authorized) and if by its nature such default cannot be cured within such thirty (30) day period, such termination shall not be effective if the party in default commences to correct such default within said thirty (30) days and corrects the same as promptly as reasonably practicable; provided that the thirty (30) day period shall not apply to termination declared for failure of Airline to make money payments hereunder, for which termination may be declared by the City upon fifteen (15) days' written notice, unless Airline remedies such default within such fifteen (15) day period; and provided further that the Airline will be allowed only two (2) notices of default with respect to money payments in any one year which it may cure. Upon termination of this Agreement, the parties hereto shall be relieved from all obligations hereunder except as set forth in Sections 8.05, 9.05, 9.06, 10.02, 12.08, 12.14, and 12.15. The right of any party hereto to terminate this Agreement shall not in any manner affect or limit such party's right to exercise any other right or remedy it may have rather than its right of termination.

#### **9.05 SURRENDER AND HOLDING OVER**

A. The Airline covenants that at the expiration of the period for which the Demised Premises are leased to it, or at the earlier termination of the letting thereof, it will quit and surrender such Demised Premises in good state and condition, reasonable wear and tear, acts of God or other casualty and damage due to the negligent or willful act or omission of the City excepted, and except as otherwise provided in Section 4.02, the Airline shall forthwith remove there from all equipment, trade fixtures and personal property belonging to it. The City shall have the right on such termination to enter upon and take possession of such Demised Premises with or without process of law, without liability for trespass.

B. Holding over by Airline following the expiration of the term of this Agreement or any extension thereof, without an express agreement as to such holding over, shall be deemed and taken to be a periodic tenancy from month-to-month. The Airline shall be subject to all the terms and conditions of this Agreement as amended from time to time or any extension thereof. Rent, fees and charges for each month of such holding over shall be paid as provided herein and in a

sum equal to the monthly rental required for the month prior to the end of the term of this Agreement or as reestablished as provided for herein. In the event Airline fails to surrender the Preferential Use Facilities and Demised Premises upon termination or expiration of this Agreement, or such month-to-month tenancy, then Airline shall indemnify City against loss or liability resulting from any delay of Airline in not surrendering same.

#### **9.06 TERMINATION OF HOLDOVER**

A. If Airline holds over pursuant to Section 9.05 hereof, either party may, with or without cause, cancel or terminate said tenancy by giving not less than thirty (30) days written notice to the other party. Said notice shall set out the date of such cancellation and termination.

### **PART X - PERFORMANCE BOND, INDEMNIFICATION AND INSURANCE**

#### **10.01 PERFORMANCE BOND**

A. Unless otherwise provided by Airport Rules and Regulations, as they may be adopted or amended from time to time, upon the commencement of the term of this Agreement, the Airline shall deliver to the CEO for the City and County of Denver, and shall maintain in effect at all times during the term of this Agreement, including a period of six (6) months after expiration (or earlier termination of the letting of the Demised Premises hereunder) of said Agreement, a valid corporate Performance Bond, or an irrevocable Letter of Credit, in the amount of Three Million Dollars (\$3,000,000.00), or an amount equal to three (3) months of rent, rates, fees or charges payable hereunder, whichever is less, payable without condition to the City and County of Denver, with surety acceptable to and approved by the City's CEO, which bond or irrevocable letter of credit shall guarantee to the City full and faithful performance of all of the terms and provisions of this Agreement to be performed by the Airline, and as said Agreement may be amended, supplemented or extended.

B. Notwithstanding the foregoing, if at any time during the term hereof, the CEO deems the amount of the surety insufficient to properly protect the City from loss hereunder because the Airline is or has been in arrears with respect to such obligations or because the Airline has, in the opinion of the CEO, violated other terms of this Agreement, the Airline agrees that it will, after receipt of notice, increase the surety to an amount required by the CEO; provided however, the percentage increase in the amount of surety shall not exceed the annual percentage increase that has occurred with respect to the Airline's rental and fee rates in effect under this Agreement.

#### **10.02 INDEMNIFICATION**

A. The Airline agrees to indemnify and save harmless the City, its officers, and employees, from and against (A) any and all loss of or damage to property, or injuries to, or death of, any person or persons, including property and officers, employees and agents of the City; and (B) all claims, damages, suits, costs, expense, penalties, liability, actions or proceedings of any kind or nature whatsoever, of or by anyone whomsoever; which, with respect to clauses (A) and (B) hereof, in any way result from, or arise out of, Airline's operations in connection herewith, or its use or occupancy of any portion of the Airport and the acts, omissions, or wrongful conduct of officers, employees, agents, contractors or subcontractors of the Airline including without

limitation, the provision or failure to provide security as herein required and the use, disposal, generation, transportation or release of pollutants, including but not limited to oil, glycol, toxic or hazardous materials at Denver International Airport by the Airline, its contractors, employees, agents, customers, or anyone claiming or acting by or through the Airline.

B. Airline further agrees that if a prohibited incursion into the Air Operations Area occurs, or the safety or security of the Air Operations Area, the Airfield, the Baggage System or other sterile area safety or security area is breached by or due to the negligence or willful act or omission of any of Airline's employees, agents, or contractors and such incursion or breach results in a civil penalty action being brought against the City by the U.S. Government, Airline agrees to reimburse the City for all expenses, including attorney fees, incurred by the City in defending against the civil penalty action and for any civil penalty or settlement amount paid by the City as a result of such incursion or breach of airfield or sterile area security. The City shall notify Airline of any allegation, investigation, or proposed or actual civil penalty sought by the U.S. Government for such incursion or breach. Civil penalties and settlement and associated expenses reimbursable under this Paragraph include but are not limited to those paid or incurred as a result of violation of Federal Aviation Administration (FAA) regulations or TSA regulations, as they may be amended, or any similar law or regulations intended to replace or compliment such regulations.

C. Without limitation, the terms of this indemnity include an agreement by Airline to indemnify, defend and hold harmless the City from and against any and all expense, loss, claim, damage, or liability suffered by City by reason of Airline's breach of any environmental requirement existing under federal, state or local law, regulation, order or other legal requirement in connection with any of Airline's acts, omissions, operations or uses of property relating to this Agreement, or such a breach by the act or omission of any of Airline's officers, employees, agents, or invitees, whether direct or indirect, or foreseen or unforeseen, including (but not limited to) all cleanup and remedial costs actually and reasonably incurred to satisfy any applicable remediation obligation required by federal, state or local law, and reasonable legal fees and costs incurred by City in connection with enforcement of this provision, but excluding damages solely relating to diminution in value of City real property.

D. Provided however, the City agrees that (I) the Airline need not save harmless or indemnify the City against damage to or loss of property, or injury to or death of persons, caused by the negligence or willful acts of the City, its officers, employees, contractors and agents, and (II) the City will give prompt written notice to the Airline of any claim or suit and the Airline shall have the right to assume the defense and compromise or settle the same to the extent of its own interest. Provided, however, the indemnity provided for herein shall apply only to the extent the City is not reimbursed out of insurance proceeds.

### **10.03 INSURANCE MAINTAINED BY AIRLINE**

A. At all time during the term of this Agreement, unless otherwise required by federal or state governmental law or regulation, the Airline is required and agrees, at its own cost and expense, to provide and keep in force for the benefit of the Airline and the City, a policy, or policies, of insurance written on a single limit each occurrence basis with limits of not less than Three Hundred Million Dollars (\$300,000,000.00) for bodily injury and property damage arising from any operation of the Airline at the Airport and contractual liability coverage. The CEO may increase the limit of insurance required when, in her discretion, she deems the amount stated herein is insufficient. The CEO may establish lesser amounts of insurance for airlines operating exclusively with aircraft of thirty (30) seats or less.

B. Such insurance policy, or policies, and certificates of insurance evidencing the existence thereof shall cover all operations of the Airline at the Airport, shall be in a form and written by a company, or companies, approved by the Airport's Risk Manager and shall insure the Airline's agreement to indemnify the City as set forth in the indemnification provisions hereof. The amount of insurance required hereunder shall in no way limit the liability of the Airline as provided in Section 10.02 of this Agreement. The City shall not be named insured of said insurance. Each such policy and certificate shall contain a special endorsement stating "This policy will not be materially changed or altered or canceled without first giving thirty (30) days written notice by certified mail, return receipt requested, to the CEO, Denver International Airport, AOB- 9th Floor, 8500 Peña Boulevard, Denver, Colorado 80249-6340." All such policies of insurance, or certified copies thereof, together with receipts showing payment of premiums thereon, shall be made available for review by the City at such times and places as required by the Airport's Risk Manager. Certificates of insurance evidencing the existence of said policies shall be delivered to and left in the possession of the Airport's Risk Manager.

#### **10.04 LIENS**

A. Except to the extent inconsistent with other provisions of this Agreement, the Airline covenants and agrees to pay promptly all lawful taxes, excises, license fees and permit fees applicable to its operations at the Airport and to take out and keep current all licenses, municipal, state or federal, required for the conduct of its business at and upon said Airport, and further agrees not to permit any of said taxes, excises or license fees to become delinquent. The Airline further covenants and agrees at all times to maintain adequate Worker's Compensation Insurance in accordance with any present or future Colorado law with an authorized insurance company, or through the Colorado State Compensation Insurance Fund, or through an authorized self-insurance plan approved by the State of Colorado insuring the payment of compensation to all its employees at the Airport. The Airline also covenants and agrees not to permit any mechanic's or materialman's or any other lien to be foreclosed upon the Airport and improvements thereto or thereon, or any part or parcel thereof, by reason of any work or labor performed or materials furnished at the request of the Airline by any mechanic or materialman. The Airline further covenants and agrees to pay promptly when due all bills, debts and obligations incurred by it in connection with its operation of said business on the Airport, and not to permit the same to become delinquent and to suffer no lien, mortgage, judgment or execution to be filed against said premises or improvements thereon which will in any way impair the rights of the City under this Agreement. The Airline shall have the right on giving the City prior written notice to contest any such mechanic's, materialman's or any other lien, and the Airline shall not, pending the termination of such contest, be obligated to pay, remove or otherwise discharge such lien or claim. The Airline agrees to indemnify and save harmless the City from any loss as a result of the Airline's action as aforesaid.

B. If the Airline shall in good faith proceed to contest any such tax, assessment or other public charge, or the validity thereof, by proper legal proceedings which shall operate to prevent the collection thereof or to prevent the appointment of a receiver because of nonpayment of any such taxes, assessments or other public charges, the Airline shall not be required to pay, discharge or remove any such tax, assessment or other public charge so long as such proceeding is pending and undisposed of; provided, however, that the Airline, not less than five (5) days before any such tax, assessment or charge shall become delinquent, shall give notice to the City of the Airline's intention to contest its validity. If such notice is so given by the Airline to the City and such contest is conducted in good faith by the Airline, the City shall not, pending the termination of such legal proceedings, pay, remove or discharge such tax, assessment or other charge.

#### **10.05 LOSS OR DAMAGE TO PROPERTY**

A. The City shall not be liable for any loss of property by theft or burglary from the airport or for any damage to person or property on said Airport resulting from airport operations including but not limited to operating the elevators or electric lighting, or wind, water, rain or snow, which may come into or issue or flow from any part of said Airport, or from the pipes, plumbing, wiring, gas or sprinklers thereof or that may be caused by the City's employees or any other cause whatsoever, and the Airline hereby covenants and agrees to make no claim for any such loss or damage at any time.

#### **10.06 FORCE MAJEURE**

A. Neither the City nor the Airline shall be deemed to be in breach of this Agreement by reason of failure to perform any of its obligations under this Agreement if, while and to the extent that such failure is due to embargoes, shortages of materials, acts of God, acts of the public enemy, acts of superior governmental authority, sabotage, strikes, boycotts, labor disputes, weather conditions, riots, rebellion and any circumstances for which it is not responsible and which are not within its reasonable control. This provision shall not apply to failures by the Airline to pay rents, fees or other charges, or to make any other money payment whatsoever required by this Agreement, except in those cases where provision is made in this Agreement for the abatement of such rents, fees, charges or payments under such circumstances.

#### **10.07 INSURANCE MAINTAINED BY THE CITY**

A. Miscellaneous Insurance. The City shall at all times carry with a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risk thereof:

1. Fire and Extended Coverage Insurance. From and after the time when any contractors engaged in connection with the Airport, or any part thereof, shall cease to be responsible pursuant to the provisions of their respective contracts for loss or damage thereto occurring from any cause, the City shall insure and at all times keep the Airport insured to the extent possible with a responsible insurance company, companies or carriers authorized and qualified under the laws of the State of Colorado assume the risk thereof against direct physical damage or loss from fire and so-called extended coverage perils in an amount not less than 80% of the replacement value of the Facilities so insured, less depreciation; but such amount of insurance shall at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the City of a portion

of any loss or damage as co-insurer; and also if at any time the City shall be unable to obtain such insurance to the extent above required at reasonable cost as determined by the CEO, the City shall maintain such insurance to the extent reasonably obtainable. Insurance against any other risks or type of loss as are or shall be customarily covered may be obtained, under a standard "all risk policy" with extended coverage for public property, or otherwise, including, without limitation, insurance against loss or damage to the Airport by flood or other waters, elements of weather, explosion of any nature, earthquake, and volcanic eruption (or any combination thereof), when, if, and to the extent any such insurance can be procured at reasonable rates in the sole opinion of the CEO.

2. Loss of Use Insurance. To the extent not provided for in leases and other agreements between the City and others relating to the Airport, insurance covering loss of revenues from Airport facilities by reason of necessary interruption, total or partial, in the use thereof, resulting from damage thereto or destruction thereof, however caused, in such amount as is estimated to be sufficient to provide a full normal income during the period of suspension; but
  - a. Such insurance shall cover a period of suspension of the period of reconstruction as estimated by the Airport Engineer, but not less than twelve months;
  - b. Such insurance may exclude losses sustained by the City during the first seven days of any total or partial interruption of use; and
  - c. If at any time the City shall be unable to obtain such insurance to the extent above required, it shall carry such insurance to the extent reasonably obtainable at reasonable rates in the sole option of the CEO.

B. In any calculation of the full normal income for such insurance, consideration shall be given to the expected, as well as current and prior, revenues from such Airport facilities, or from other sources, and may also make allowances for any probable decrease in the operation and maintenance expenses or any other charges and expenses while use is interrupted. Any proceeds of such insurance shall be deposited to the credit of the Revenue Fund and shall be subject to the uses of and shall be applied as provided for moneys in the Revenue Fund.

C. Liability Insurance. Insurance in the form and amount recommended by the CEO and reasonably sufficient to insure against liability to any individual sustaining bodily injury or any person sustaining property damage or the death of any individual by reason of any defect or want of repair in or about the Airport, or by reason of the negligence of any employees, and against such other liability for individuals, including workmen's compensation insurance, to the extent attributed to ownership and operation of the Airport, and damage to property of persons; but in the case of the company or companies insuring the Airport under a general liability policy against loss from bodily injury or property damage, or both, the total liability of such company or companies for all damages because of all bodily injury and all property damage arising out of continuous or repeated exposure to substantially the same general conditions to which the policy applies as the result of any one occurrence, subject to such exclusions generally made to such a policy, shall be not less than \$75,000,000.00 under a single limit of liability endorsement or other like provision of the policy, regardless of the number of:



1. Insureds under the policy,
2. Individuals who sustain bodily injury or persons who sustain property damage,
3. Claims made or suits brought on account of bodily injury or property damage, or
4. Occurrences.

D. Maintenance of Policies. All such insurance policies designated in Subparagraphs (A) and (B) hereof shall be filed with the CEO and shall be subject to inspection at all reasonable times by Airline. If the CEO determines that certain insurance required in Subparagraphs (A) and (B) hereof cannot be obtained to the extent therein required at reasonable rates, the CEO shall prepare a written memorandum to that effect, designating each such type of insurance in question and stating in each such case that the insurance was not obtainable or that designated insurance was required in substitution for the required insurance, the reason or reasons for its substitution, and when and to the extent that the substituted insurance was procured at reasonable rates, as the case may be. Each such memorandum shall be filed with the policies on file with the CEO and shall also be subject to such inspection.

## **PART XI - QUIET ENJOYMENT; INCONVENIENCE DURING CONSTRUCTION**

### **11.01 COVENANT OF QUIET ENJOYMENT**

A. Upon the payment by Airline of all rentals, rates, fees and charges properly assessed to Airline and the performance of the covenants and agreements on the part of Airline to be performed hereunder, Airline shall peacefully have and enjoy the premises, appurtenances, facilities, licenses and privileges granted herein; provided, however, it is recognized that certain temporary inconveniences may occur during construction.

### **11.02 INCONVENIENCE DURING CONSTRUCTION**

A. The Airline recognizes that from time to time during the term of this Agreement it will be necessary for the City to initiate and carry forward extensive programs of construction, reconstruction, expansion, relocation, maintenance and repair in order that the Airport and its facilities may be suitable for the volume and character of air traffic and flight activity which will require accommodation, and that such construction, reconstruction, expansion, relocation, maintenance and repair may inconvenience the Airline in its operations at the Airport. The City shall consult with Airline prior to taking any such action which would adversely affect the Airline's operations at the Airport unless such action is necessitated by circumstances which in the opinion of the CEO pose an immediate threat to the health and safety of persons using the Airport. The Airline agrees that no liability shall attach to the City, its officers, agents, employees, contractors, subcontractors and representatives by reason of minor inconvenience or minor discomfort as a result of such action and, for and in further consideration of the lease of the Demised Premises, the Airline waives any right to claim damages or other consideration for such minor inconvenience of minor discomfort.

**12.01 LEASE BINDING**

A. This Agreement shall be binding on and extend to any successors of the respective parties hereto.

**12.02 PARAGRAPH HEADINGS AND INDEX**

A. The paragraph or Section headings and index or table of contents contained herein are for convenience and reference only and are not intended to define or limit the scope of any provision of this Agreement.

**12.03 SIGNS**

A. The Airline agrees that no signs or advertising displays shall be painted on or erected in any manner upon its Demised Premises without the prior written approval of the CEO or the CEO's authorized representative; and that signs identifying the Airline, or for any other purpose, will conform to reasonable standards established by the CEO, or the CEO's authorized representative, with respect to type, size, design, location, and content. The initial Airline directional signage package (roadway, Terminal, Concourse and directory) is provided by the City. All subsequent revisions and installations are at Airline's expense unless required pursuant to paragraph 4.08 herein.

**12.04 VENDING MACHINES**

A. No telecommunication devices, personal computers, amusement or vending machines or similar machines operated by coins or tokens, credit cards, paper currency, or any imaging or voice process, and no cash machines or pay telephones shall be installed or maintained in or upon the Airline's Demised Premises except with the permission of the Airline and the CEO and the number, type, kind and locations thereof shall be in the discretion of the CEO and the Airline. This prohibition includes, but not by way of limitation, sales from vending machines of such items as cigarettes, candy, maps, coffee, soft drinks, newspapers, stamps and insurance policies; telephones; dispensation of cash, money orders and checks; and operation of mechanical or electronic game devices, electronic video games, entertainment devices, phone cards and internet access. The Airline shall not permit the installation of any such machines, except by a concessionaire authorized by the CEO and subject to and in accordance with the concessionaire's agreement with the City. If and when the Airline permits the installation of vending machines in its Demised Premises, the Airline shall make no charge to the concessionaire for the privilege of installing or maintaining such machines, except that if the Airline provides the electric current or water to the concessionaire a reasonable charge may be made to cover the cost of the electricity and water consumed, and all fees paid by the concessionaire for the privilege shall be the property of the City.

## **12.05 SALE OF FOOD, BEVERAGES AND MERCHANDISE**

A. The Airline shall not sell, or permit the sale of food, food products, beverages (both alcoholic and non-alcoholic) or merchandise upon the Preferential Use Facilities and Demised Premises occupied by it except by a concessionaire to whom the City has granted the right to provide such services in said Preferential Use Facilities and Demised Premises and except that, with respect to its Demised Premises, Airline may sell, or permit the sale of, such items on its own behalf or by a concessionaire selected by Airline. Airline agrees to pay the same fees and charges that would be applicable to an Airport concessionaire with respect to the sale of such products.

## **12.06 PURCHASES BY AIRLINE**

A. Property, services and materials (except as otherwise provided in this Lease) may be purchased or otherwise obtained by the Airline from any person or corporation of its choice and no unjust or unreasonable discriminatory limitations, restrictions, charges or conditions shall be imposed by the City, directly or indirectly, against the Airline or its suppliers for the privilege of purchasing, selling, using, storing, withdrawing, handling, consuming, loading, unloading, or delivering any personal property of the Airline, by the Airline or its suppliers, or for the privilege of transporting such personal property to, from or on the Airport.

## **12.07 NON-DISCRIMINATION**

A. The Airline, for itself, its successors and assigns, as a part of the consideration hereof does hereby agree as follows:

1. As more fully set forth in Appendix 1 attached hereto and incorporated herein by reference, if facilities are constructed, maintained or otherwise operated on the Demised Premises for purposes in which federal financial assistance is extended under a Department of Transportation program or activity, or for another purpose involving the provision of a similar service or benefit, the Airline shall maintain and operate such facilities and services in compliance with all requirements of 49 C.F.R. Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.
2. The Airline will in all of its operations and activities in and at the Airport comply with all requirements of the Air Carrier Access Act, 49 U.S.C. § 41705, and regulations implementing such Act at 14 C.F.R. Part 382, and the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq. and all regulations implementing such Act.

## **12.08 NO PERSONAL LIABILITY**

A. No director, officer or employee of either party shall be held personally liable under this Agreement or because of its execution or attempted execution.

## 12.09 NOTICES

A. All notices required to be given to the City hereunder shall be in writing and shall be sent by certified mail, return receipt requested, addressed to:

Chief Executive Officer  
Department of Aviation  
Denver International Airport  
AOB 9th Floor  
8500 Peña Boulevard  
Denver, Colorado 80249-6340

Chief Financial Officer  
Denver International Airport  
AOB 9th Floor  
8500 Peña Boulevard  
Denver, Colorado 80249-6340

B. All notices required to be given to the Airline hereunder shall be in writing and shall be sent by certified mail, return receipt requested, addressed to:

Frontier Airlines, Inc.  
Attn.: Tosha Sorensen  
4545 Airport Way  
Denver, CO 80339

C. The parties or either of them, may designate in writing from time to time the addresses of substitute or supplementary persons in connection with said notices. The effective date of service of any such notice shall be the date such notice is mailed to the Airline or said CEO.

## 12.10 PLACE AND MANNER OF PAYMENTS

A. In all cases where the Airline is required by this Agreement to pay any rentals, fees or other charges or to make other payments to the City, such payments shall be due and payable without notice and shall be sent to: Airport Revenue Fund, Denver International Airport, P. O. Box 492065, Denver, Colorado 80249-2065, overnight express mail shall be addressed to: Airport Revenue Fund, Denver International Airport, Attn. Accounts Receivable, 8500 Peña Boulevard, Denver, CO 80249-6340 or at such other place in the City and County of Denver as the City may hereafter designate by notice in writing to the Airline. All payments shall be made in legal tender of the United States. Any check or electronic payment shall be received by the City subject to collection, and the Airline agrees to pay any bank charges for use of electronic payment methods or for the collection of any payments.

B. Any payment not made to the City or Airline when due shall accrue interest at the rate of 18% per annum commencing five (5) business days after such due date.

## 12.11 SEVERABILITY

A. In the event any covenant, condition or provision contained in this Agreement is held by any court of competent jurisdiction to be invalid, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained if the invalidity of any such covenant, condition or provision does not materially prejudice either party hereto in its respective rights and obligations contained in the valid covenants, conditions or provisions in this Agreement.

## **12.12 SECURITY**

A. It is understood and agreed by the Airline that in addition to the Airline's responsibilities to maintain the Preferential Use Facilities and Demised Premises as provided herein, it shall take reasonable security precautions to use and maintain the Preferential Use Facilities, Demised Premises, and Baggage System in a manner as to keep them secure from unauthorized intrusion and shall with respect to any area of the premises opening to an air operations area of the airport provide for an adequate security system designed to prevent unauthorized persons or vehicles from entering such air operations area. An "air operations area" is defined to mean any area of the Airport used or intended to be used for landing, takeoff or surface maneuvering of aircraft. An "adequate security system" is further defined as providing for security at a standard no less than required and set out in TSA regulations, including 49 CFR, Subtitle B, Chapter XII, as it may be amended, or any similar law or regulations intended to replace or compliment such regulations.

B. It is further understood and agreed by the Airline that at any time during the term hereof when requested in writing by the CEO or his/her authorized representative, the Airline shall submit to the CEO the security plans that are to be used and are being used by the Airline on any or all of the Preferential Use Facilities and Demised Premises.

## **12.13 WAIVERS**

A. No waiver of default by either party of any of the terms, covenants or conditions hereof to be performed, kept and observed by the Airline or the City shall be construed, or operate, as a waiver of such term, covenant, or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained to be performed, kept and observed by the Airline or the City.

B. The subsequent acceptance of rent hereunder by the City shall not be deemed to be a waiver of any preceding breach by the Airline of any term, covenant or condition of this Agreement other than the failure of the Airline to pay the particular rental so accepted, regardless of the City's knowledge of such preceding breach at the time of acceptance of such rent.

## **12.14 AIRLINE BOOKS AND RECORDS**

A. The Airline agrees that the CEO and the Auditor of the City or any of their duly authorized representatives, until the expiration of three (3) years after the termination of this Agreement, shall have the right, at any reasonable time and at their own expense, to have access to and the right to examine any books, documents, papers and records of the Airline pertinent to this Agreement. The Airline, upon request by either, shall make all such books and records available for examination and copying in Denver.

## **12.15 CITY BOOKS AND RECORDS**

A. The City shall follow such procedures and keep and maintain in Denver such books, records and accounts as are necessary or required under the provisions of this Agreement or the General Bond Ordinance. Such books, records and accounts shall contain all items affecting the computation of airline rentals, rates, fees and charges, recorded in accordance with reasonable accounting principles or procedures. Airline shall have the right, at any reasonable time and at its own expense, until the expiration of three (3) years after the termination of this Agreement, to examine and make copies of the City's books, records and accounts pertinent to the Agreement.

## **12.16 CITY SMOKING POLICY**

A. The Airline agrees that it will prohibit smoking by its employees and the public in the Demised Premises and will not sell or advertise tobacco products. Airline acknowledges that smoking is not permitted in Airport buildings and facilities except for designated smoking lounges. The Airline and its officers, agents and employees shall cooperate and comply with the provisions of the City's Executive Order No. 99 dated December 1, 1993, Executive Order No. 13 dated July 31, 2002, the provisions of Denver Revised Municipal Code, §§ 24-301 to 317 et. seq., and the Colorado Clean Indoor Air Act, C.R.S. §§ 25-14-201 et. seq.

## **12.17 USE, POSSESSION OR SALE OF ALCOHOL OR DRUGS**

A. The Airline and its officers, agents and employees shall cooperate and comply with the provisions of Denver Executive Order No. 94 dated October 29, 2002, and Attachment A thereto, or any successor executive order concerning the use, possession or sale of alcohol or drugs.

## **12.18 THIRD PARTIES**

A. This Agreement does not, and shall not be deemed or construed to, confer upon or grant to any third party or parties (excepting parties to whom the Airline may assign this Agreement in accordance with Section 4.03 hereof, and excepting any successor to the City) any right to claim damages or to bring any suit, action or other proceeding against either the City or the Airline because of any breach hereof or because of any of the terms, covenants, agreements and conditions herein contained.

## **12.19 SUPPLEMENTAL INFORMATION TO BE SUPPLIED BY AIRLINE**

A. Not later than ten (10) business days after the end of each month, the Airline shall complete and file with the City written activity reports for the preceding month on forms provided by the City. Information to be provided will include, but not be limited to; flight, passenger, passengers connecting on flights between concourses, freight and mail information as well as any non-preferential gate and custom use and remain overnight (RON) activity. Flight information will include, but not be limited to, number of flights in and out, revenue and non-revenue, and Domestic and International flights. Passenger information will include, but not be limited to, the daily number of passengers in the following categories: originating, deplaned destination, transfers in and out, revenue and non-revenue, and Domestic and International passengers. In addition, if an airline operates on multiple concourses, separate passenger information will be required for each respective concourse from which it operates.

**12.20 CITY NON-DISCRIMINATION**

A. In connection with the performance of work under this Agreement, the Airline agrees not to refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, marital status, or physical or mental disability. The Airline further agrees to insert the foregoing provision in all subleases hereunder.

**12.21 DISPUTES**

A. It is agreed and understood by the parties hereto that disputes under or related to this Agreement shall be resolved by administrative hearing which shall be conducted in accordance with the procedures set forth in Section 5-17, Revised Municipal Code of the City and County of Denver, or such other substantially similar ordinance as may be adopted hereafter by the City. The City, however, shall retain its right to obtain an order of eviction in accordance with applicable state laws. The parties hereto agree that the CEO's determination resulting from said administrative hearing shall be final, subject only to the right of the parties to appeal the determination under Colorado Rule of Civil Procedure 106, or subject to rights under federal law.

**12.22 AMENDMENTS TO EXHIBITS AND APPENDICES**

A. The parties acknowledge that the rights and obligations of each of them as set forth in this Agreement will extend over a period of years. The Exhibits and Appendices hereto are intended to set forth the parties' current understandings and expectations with respect to the intended leasehold interests and such understandings and expectations may change over time. Therefore, the CEO is expressly authorized to make adjustments to such exhibits and appendices from time to time to reflect agreed-upon changes, without affecting the underlying rights and obligations as set forth herein. Any such adjustments shall be evidenced in writing.

**12.23 ENTIRE AGREEMENT; AMENDMENT**

A. The parties acknowledge and agree that the provisions contained in this Agreement constitute the entire agreement and understanding between the parties with respect to the subject matter thereof, and that all representations made by any officer, agent or employee of the respective parties, unless included herein, are null and void and of no effect. This Agreement cannot be changed or terminated orally. No alterations, amendments, changes or modification, unless expressly reserved to the CEO herein, shall be valid unless executed by an instrument in writing by all the parties with the same formality as this Agreement.

**12.24 CONDITION; FINAL APPROVAL**

A. This Agreement is expressly subject to, and shall not be or become effective or binding on the City until approved by Denver City Council and fully executed by all signatories of the City and a fully executed copy has been delivered to Airline. This Agreement may be signed electronically by either party in the manner specified by the City.

**12.25 PAYMENT OF MINIMUM WAGE**

A. Airline shall comply with, and agrees to be bound by, all requirements, conditions, and City determinations regarding the City's Minimum Wage Ordinance, Sections 20-82 through 20-84 D.R.M.C., including, but not limited to, the requirement that every covered worker shall be

paid no less than the City Minimum Wage in accordance with the foregoing D.R.M.C. Sections. By executing this Agreement, Airline expressly acknowledges that Airline is aware of the requirements of the City's Minimum Wage Ordinance and that any failure by Airline, or any other individual or entity acting subject to this Agreement, to strictly comply with the foregoing D.R.M.C. Sections shall result in the penalties and other remedies authorized therein.

**END OF DOCUMENT**



**Contract Control Number:**  
**Contractor Name:**

PLANE-202053684-00  
FRONTIER AIRLINES INC

IN WITNESS WHEREOF, the parties have set their hands and affixed their seals at Denver, Colorado as of: 2/1/2021

SEAL



**CITY AND COUNTY OF DENVER:**

**ATTEST:**

/s/ Paul Lopez  
Clerk and Recorder/Public Trustee  
Paul López

By: /s/ Michael B. Hancock  
Mayor  
Michael B. Hancock

**APPROVED AS TO FORM:**

Attorney for the City and County of Denver

By: /s/ David Steinberger  
Assistant City Attorney  
David Steinberger

**REGISTERED AND COUNTERSIGNED:**

By: /s/ Brendan J Hanlon  
Chief Financial Officer  
Brendan J Hanlon

By: /s/ Timothy M. O'Brien  
Auditor  
Timothy M. O'Brien

**Contract Control Number:**  
**Contractor Name:**

PLANE-202053684-00  
FRONTIER AIRLINES INC

By: See attached

Name: Howard Diamond  
(please print)

Title: SVP, General Counsel & Secretary  
(please print)

ATTEST: [if required]

By: See attached

Name: Valerie Tyler  
(please print)

Title: Sr. Director, Legal Counsel  
(please print)

**Contract Control Number;**  
**Contractor Name:**

PLANE-202053684-00  
FRONTIER AIRLINES INC

By: /s/ Howard Diamond

Name: Howard Diamond  
(please print)

Title: SVP, General Counsel & Secretary  
(please print)

ATTEST: [if required]

By: /s/ Valerie Tyler

Name: Valerie Tyler  
(please print)

Title: Sr. Director, Legal Counsel  
(please print)

## FALCON ACQUISITION GROUP, INC.

## 2014 EQUITY INCENTIVE PLAN

**1. Purpose.**

The purpose of the Plan is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing such persons with equity ownership opportunities and thereby better aligning the interests of such persons with those of the Company's stockholders. Capitalized terms used in the Plan are defined in Section 11 below.

**2. Eligibility.**

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein.

**3. Administration and Delegation.**

(a) *Administration.* The Plan will be administered by the Administrator. The Administrator shall have authority to determine which Service Providers will receive Awards, to grant Awards and to set all terms and conditions of Awards (including, but not limited to, vesting, exercise and forfeiture provisions). In addition, the Administrator shall have the authority to take all actions and make all determinations contemplated by the Plan and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Administrator may correct any defect or ambiguity, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem necessary or appropriate to carry the Plan and any Awards into effect, as determined by the Administrator. The Administrator shall make all determinations under the Plan in the Administrator's sole discretion and all such determinations shall be final and binding on all persons having or claiming any interest in the Plan or in any Award.

(b) *Appointment of Committees.* To the extent permitted by Applicable Laws, the Board may delegate any or all of its powers under the Plan to one or more Committees. The Board may abolish any Committee at any time and re-vest in itself any previously delegated authority.

**4. Stock Available for Awards.**

(a) *Number of Shares.* Subject to adjustment under Section 8 hereof, Awards may be made under the Plan covering up to 1,000,000 shares of Common Stock. If any Award expires or lapses or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of Common Stock covered by such Award not being issued or being so reacquired by the Company, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) shall be added to the number of shares of Common Stock available for the grant of Awards under the Plan. Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market or treasury shares.

(b) *Substitute Awards.* In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or shares of an entity, the Administrator may grant Awards in substitution for any options or other shares or share-based awards granted prior to such merger or consolidation by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Administrator deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the Plan. Substitute Awards shall not count against the overall share limit set forth in Section 4(a) hereof.

#### 5. *Stock Options.*

(a) *General.* The Administrator may grant Options to any Service Provider. The Administrator shall determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to Applicable Laws, as it considers necessary or advisable.

(b) *No Incentive Stock Options.* No Option granted hereunder shall qualify as an “incentive stock option” within the meaning of Section 422 of the Code.

(c) *Exercise Price.* The Administrator shall establish the exercise price of each Option and specify the exercise price in the applicable Award Agreement. The exercise price shall be not less than 100% of the Fair Market Value or par value per share of Common Stock, whichever is greater, on the date the Option is granted.

(d) *Duration of Options.* Each Option shall be exercisable at such times and subject to such terms and conditions as the Administrator may specify in the applicable Award Agreement, provided that the term of any Option shall not exceed ten years.

(e) *Exercise of Option; Notification of Disposition.* Options may be exercised by delivery to the Company of a written notice of exercise, in a form approved by the Administrator (which may be an electronic form), signed by the person authorized to exercise the Option, together with payment in full (i) as specified in Section 5(f) hereof for the number of shares for which the Option is exercised and (ii) as specified in Section 9(e) hereof for any applicable withholding taxes. Unless otherwise determined by the Administrator, an Option may not be exercised for a fraction of a share of Common Stock.

(f) *Payment Upon Exercise.* Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for in cash or by check, payable to the order of the Company, or, to the extent permitted by the Administrator, by:

(i) (A) delivery of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(ii) delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their Fair Market Value, provided (A) such method of payment is then permitted under Applicable Laws, (B) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Company at any time, and (C) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

- (iii) surrendering shares of Common Stock then issuable upon exercise of the Option valued at their Fair Market Value on the date of exercise;
- (iv) delivery of a promissory note of the Participant to the Company on terms determined by the Administrator;
- (v) delivery of property of any other kind which constitutes good and valuable consideration as determined by the Administrator; or
- (vi) any combination of the above permitted forms of payment (including cash or check).

(g) *Early Exercise of Options.* The Administrator may provide in the terms of an Award Agreement that the Service Provider may exercise an Option in whole or in part prior to the full vesting of the Option in exchange for unvested shares of Restricted Stock with respect to any unvested portion of the Option so exercised. Shares of Restricted Stock acquired upon the exercise of any unvested portion of an Option shall be subject to such terms and conditions as the Administrator shall determine.

#### **6. Restricted Stock; Restricted Stock Units.**

(a) *General.* The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares if issued at no cost) in the event that conditions specified by the Administrator in the applicable Award Agreement are not satisfied prior to the end of the applicable restriction period or periods established by the Administrator for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during applicable restriction period or periods, as set forth in an applicable Award Agreement.

(b) *Terms and Conditions for All Restricted Stock and Restricted Stock Unit Awards.* The Administrator shall determine and set forth in the applicable Award Agreement the terms and conditions applicable to each Restricted Stock and Restricted Stock Unit Award, including the conditions for vesting and repurchase (or forfeiture) and the issue price, in each case, if any.

(c) *Additional Provisions Relating to Restricted Stock.*

(i) *Dividends.* Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such shares, unless otherwise provided by the Administrator in the applicable Award Agreement. In addition, unless otherwise provided by the Administrator, if any dividends or distributions are paid in shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid. Each dividend payment will be made as provided in the applicable Award Agreement, but in no event later than the end of the calendar year in which the dividends are paid to stockholders of that class of shares or, if later, the 15th day of the third month following the later of (A) the date the dividends are paid to stockholders of that class of shares, and (B) the date the dividends are no longer subject to forfeiture.

(ii) *Share Certificates.* The Company may require that any share certificates issued in respect of shares of Restricted Stock be deposited in escrow by the Participant, together with a duly executed, but undated, repurchase/transfer form, with the Company (or its designee).

(d) *Additional Provisions Relating to Restricted Stock Units.*

(i) *Settlement.* Upon the vesting of a Restricted Stock Unit, the Participant shall be entitled to receive from the Company one share of Common Stock or an amount of cash or other property equal to the Fair Market Value of one share of Common Stock on the settlement date, as the Administrator shall determine and as provided in the applicable Award Agreement. The Administrator may provide that settlement of Restricted Stock Units shall occur upon or as soon as reasonably practicable after the vesting of the Restricted Stock Units or shall instead be deferred, on a mandatory basis or at the election of the Participant, in a manner that complies with Section 409A.

(ii) *Voting Rights.* A Participant shall not have any voting rights that may be associated with any Common Stock underlying Restricted Stock Units unless and until such Common Stock is delivered in settlement thereof.

(iii) *Dividend Equivalents.* To the extent provided by the Administrator, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or shares of Common Stock and may be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are paid, as determined by the Administrator, subject, in each case, to such terms and conditions as the Administrator shall establish and set forth in the applicable Award Agreement.

#### **7. Other Stock-Based Awards.**

Other Stock-Based Awards may be granted hereunder to Participants, including, without limitation, Awards entitling Participants to receive shares of Common Stock to be delivered in the future. Such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan, as stand-alone payments and/or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock, cash or other property, as the Administrator shall determine. Subject to the provisions of the Plan, the Administrator shall determine the terms and conditions of each Other Stock-Based Award, including any purchase price, transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement.

#### **8. Adjustments for Changes in Common Stock and Certain Other Events.**

(a) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in this Section 8, the Administrator will equitably adjust each outstanding Award, which adjustments may include adjustments to the number and type of securities subject to each outstanding Award and/or the exercise price or grant price thereof, if applicable, the grant of new Awards to Participants, and/or the making of a cash payment to Participants, as the Administrator deems appropriate to reflect such Equity Restructuring. The adjustments provided under this Section 8(a) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company; provided that whether an adjustment is equitable shall be determined by the Administrator.

(b) In the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award, then the Administrator may, in such manner as it may deem equitable, adjust any or all of:

- (i) the number and kind of shares of Common Stock (or other securities or property) with respect to which Awards may be granted or awarded (including, but not limited to, adjustments of the limitations in Section 4 hereof on the maximum number and kind of shares which may be issued);
- (ii) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards;
- (iii) the grant or exercise price with respect to any Award; and
- (iv) the terms and conditions of any Awards (including, without limitation, any applicable financial or other performance “targets” specified in an Award Agreement).

(c) In the event of any transaction or event described in Section 8(b) hereof (including without limitation any change in control) or any unusual or nonrecurring transaction or event affecting the Company or the financial statements of the Company, or any change in any Applicable Laws or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant’s request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) to facilitate such transaction or event or (z) give effect to such changes in Applicable Laws or accounting principles:

- (i) To provide for the cancellation of any such Award upon the consummation of such event in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant’s rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of such Award or realization of the Participant’s rights, in any case, is equal to or less than zero, then the vested portion of such Award may be terminated without payment;
- (ii) To provide that such Award shall vest and, to the extent applicable, be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;
- (iii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock or shares of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Administrator;



(iv) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, Awards which may be granted in the future;

(v) To replace such Award with other rights or property selected by the Administrator; and/or

(vi) To provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

(d) In the event of any pending share dividend, share split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the Common Stock or the share price of the Common Stock, including any Equity Restructuring, for reasons of administrative convenience the Administrator may refuse to permit the exercise of any Award during a period of up to thirty days prior to the consummation of any such transaction.

(e) Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to an Award or the grant or exercise price of any Award. The existence of the Plan, any Award Agreements and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including without limitation, securities with rights superior to those of the Common Stock or which are convertible into or exchangeable for Common Stock. The Administrator may treat Participants and Awards (or portions thereof) differently under this Section 8.

#### **9. General Provisions Applicable to Awards.**

(a) *Transferability.* Except as the Administrator may otherwise determine or provide in an Award Agreement or otherwise, in any case in accordance with Applicable Laws, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant. Except as the Administrator may otherwise determine or provide in an Award Agreement or otherwise, in any case in accordance with Applicable Laws, shares of Common Stock acquired by a Participant in connection with Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom such shares are issued, either voluntarily or by operation of law, except as may be expressly permitted under the terms of the Stockholders Agreement. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

(b) *Documentation.* Each Award shall be evidenced in an Award Agreement, which may be in such form (written, electronic or otherwise) as the Administrator shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) *Discretion.* Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

(d) *Termination of Status.* The Administrator shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, estate representative, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

(e) *Withholding.* Each Participant shall pay to the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. Except as the Administrator may otherwise determine, all such payments shall be made in cash or by certified check. Notwithstanding the foregoing, to the extent permitted by the Administrator, Participants may satisfy such tax obligations in whole or in part by delivery of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value. The Company may, to the extent permitted by Applicable Laws, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

(f) *Amendment of Award.* The Administrator may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type and changing the date of exercise or settlement. The Participant's consent to such action shall be required unless (i) the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Participant, or (ii) the change is permitted under Section 8 or 10(f) hereof.

(g) *Conditions on Delivery of Common Stock.* The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, (iii) the Participant has entered into the Stockholders Agreement with the Company in the form provided to the Participant by the Company and (iv) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy the requirements of any Applicable Laws. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is determined by the Administrator to be necessary to the lawful issuance and sale of any securities hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained.

(h) *Acceleration.* The Administrator may at any time provide that any Award shall become immediately vested and/or exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

## 10. *Miscellaneous.*

(a) *No Right To Employment or Other Status.* No Person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an applicable Award Agreement.

(b) *No Rights As Stockholder; Certificates.* Subject to the provisions of the applicable Award Agreement, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares. Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any Applicable Laws, the Company shall not be required to deliver to any Participant certificates evidencing shares of Common Stock issued in connection with any Award and instead such shares of Common Stock may be recorded in the share register and/or other applicable books of the Company (or, as applicable, its transfer agent or share plan administrator). The Company may place legends on share certificates issued under the Plan deemed necessary or appropriate by the Administrator in order to comply with Applicable Laws.

(c) *Effective Date and Term of Plan.* The Plan shall become effective on the date on which it is adopted by the Board. No Awards shall be granted under the Plan after the completion of ten years from the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders, but Awards previously granted may extend beyond that date in accordance with the terms of the Plan.

(d) *Amendment of Plan.* The Administrator may amend, suspend or terminate the Plan or any portion thereof at any time; provided that no amendment of the Plan shall materially and adversely affect any Award outstanding at the time of such amendment without the consent of the affected Participant. Awards outstanding under the Plan at the time of any suspension or termination of the Plan shall continue to be governed in accordance with the terms of the Plan and the applicable Award Agreement, as in effect prior to such suspension or termination. The Board shall obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

(e) *Provisions for Foreign Participants.* The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

(f) *Section 409A.*

(i) *General.* The Company intends that all Awards be structured in compliance with, or to satisfy an exemption from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply in connection with any Awards. Notwithstanding anything herein or in any Award Agreement to the contrary, the Administrator may, without a Participant's prior consent, amend this Plan and/or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and actions with retroactive effect) as are necessary or appropriate to preserve the intended tax treatment of Awards under the Plan, including without limitation, any such actions intended to (A) exempt this Plan and/or any Award from the application of Section 409A, and/or (B) comply with the requirements of Section 409A, including without limitation any such regulations, guidance, compliance programs and other

interpretative authority that may be issued after the date of grant of any Award. The Company makes no representations or warranties as to the tax treatment of any Award under Section 409A or otherwise. The Company shall have no obligation under this Section 10(f) or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under Section 409A with respect to any Award and shall have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant, “nonqualified deferred compensation” subject to the imposition of taxes, penalties and/or interest under Section 409A.

(ii) *Separation from Service.* With respect to any Award that constitutes “nonqualified deferred compensation” under Section 409A, any payment or settlement of such Award that is to be made upon a termination of a Participant’s Service Provider relationship shall, to the extent necessary to avoid the imposition of taxes under Section 409A, be made only upon the Participant’s “separation from service” (within the meaning of Section 409A), whether such “separation from service” occurs upon or subsequent to the termination of the Participant’s Service Provider relationship. For purposes of any such provision of this Plan or any Award Agreement relating to any such payments or benefits, references to a “termination,” “termination of employment” or like terms shall mean “separation from service.”

(iii) *Payments to Specified Employees.* Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of “nonqualified deferred compensation” that are otherwise required to be made under an Award to a “specified employee” (as defined under Section 409A and determined by the Administrator) as a result of his or her “separation from service” shall, to the extent necessary to avoid the imposition of taxes under Code Section 409A(a)(2)(B)(i), be delayed until the expiration of the six-month period immediately following such “separation from service” (or, if earlier, until the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award agreement) on the day that immediately follows the end of such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of “nonqualified deferred compensation” under such Award that are, by their terms, payable more than six months following the Participant’s “separation from service” shall be paid at the time or times such payments are otherwise scheduled to be made.

(g) *Limitations on Liability.* Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument he or she executes in his or her capacity as an Administrator, director, officer, other employee or agent of the Company. The Company will indemnify and hold harmless the Administrator and each director, officer, other employee and agent of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been or will be granted or delegated, against any cost or expense (including attorneys’ fees) or liability (including any sum paid in settlement of a claim with the Administrator’s approval) arising out of any act or omission to act concerning this Plan unless arising out of such person’s own fraud or bad faith.

(h) *Lock-Up Period.* The Company may, at the request of any representative of the underwriters or otherwise, in connection with any registration of the offering of any securities of the Company under the Securities Act, prohibit Participants from, directly or indirectly, selling or otherwise transferring any shares of Common Stock or other securities of the Company during a period of up to one hundred eighty days following the effective date of a registration statement of the Company filed under the Securities Act.

(i) *Right of First Refusal.*

(i) Before any shares of Common Stock held by a Participant or any permitted transferee (each, a “**Holder**”) may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (each, a “**Transfer**”), the Company or its assignee(s) shall have a right of first refusal to purchase the shares of Common Stock proposed to be Transferred on the terms and conditions set forth in this Section 10(i) (the “**Right of First Refusal**”). In the event that the Company’s by-laws and/or a stockholders’ agreement applicable to the shares of Common Stock contain a right of first refusal with respect to the shares of Common Stock, such right of first refusal shall apply to the shares of Common Stock to the extent such provisions are more restrictive than the Right of First Refusal set forth in this Section 10(i) and the Right of First Refusal set forth in this Section 10(i) shall not in any way restrict the operation of the Company’s by-laws or the operation of any applicable stockholders’ agreement.

(ii) In the event any Holder desires to Transfer any shares of Common Stock, the Holder shall deliver to the Company a written notice (the “**Notice**”) stating: (A) the Holder’s bona fide intention to sell or otherwise Transfer such shares of Common Stock; (B) the name of each proposed purchaser or other transferee (“**Proposed Transferee**”); (C) the number of shares of Common Stock to be Transferred to each Proposed Transferee; and (D) the price for which the Holder proposes to Transfer the shares of Common Stock (the “**Offered Price**”), and the Holder shall offer such shares of Common Stock at the Offered Price to the Company or its assignee(s).

(iii) Within twenty-five days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the shares of Common Stock proposed to be Transferred to any one or more of the Proposed Transferees by delivery of a written exercise notice to the Holder (a “**Company Notice**”). The purchase price (“**Purchase Price**”) for the shares of Common Stock repurchased under this Section 10(i) shall be the Offered Price.

(iv) Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check or wire transfer), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof, within five days after delivery of the Company Notice or in the manner and at the times mutually agreed to by the Company and the Holder. Should the Offered Price specified in the Notice be payable in property other than cash, the Company or its assignee shall have the right to pay the purchase price in the form of cash equal in amount to the value of such property, as determined by the Administrator.

(v) If all or a portion of the shares of Common Stock proposed in the Notice to be Transferred are not purchased by the Company and/or its assignee(s) as provided in this Section 10(i), then the Holder may sell or otherwise Transfer such shares of Common Stock to that Proposed Transferee at the Offered Price or at a higher price; provided that such sale or other Transfer is consummated within sixty days after the date of the Notice; and provided, further, that any such sale or other Transfer is effected in accordance with any Applicable Laws and the Proposed Transferee agrees in writing that the provisions of this Plan and the applicable Award Agreement and any other applicable agreements governing the shares of Common Stock to be Transferred shall continue to apply to the shares of Common Stock in the hands of such Proposed Transferee. If the shares of Common Stock described in the Notice are not Transferred to the Proposed Transferee within such sixty-day period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal, as provided herein, before any shares of Common Stock held by the Holder may be sold or otherwise Transferred.

(vi) Anything to the contrary contained in this Section 10(i) notwithstanding and to the extent permitted by the Administrator, the Transfer of any or all of the shares of Common Stock during a Participant's lifetime or upon a Participant's death by will or intestacy to the Participant's Immediate Family or a trust for the benefit of the Participant's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "**Immediate Family**" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the shares of Common Stock so Transferred subject to the provisions of this Plan (including the Right of First Refusal), the applicable Award Agreement and any other applicable agreements governing the shares of Common Stock to be Transferred, and there shall be no further Transfer of such shares of Common Stock except in accordance with the terms of this Section 10(i) (or otherwise as expressly provided under the Plan).

(vii) The Right of First Refusal shall terminate as to all shares of Common Stock if the Company becomes a Publicly Listed Company upon such occurrence.

(j) *Data Privacy.* As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this paragraph by and among, as applicable, the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Company and its subsidiaries and affiliates may hold certain personal information about a Participant, including but not limited to, the Participant's name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares held in the Company or any of its subsidiaries and affiliates, details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the "**Data**"). The Company and its subsidiaries and affiliates may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Participant's participation in the Plan, and the Company and its subsidiaries and affiliates may each further transfer the Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. Through acceptance of an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of Common Stock. The Data related to a Participant will be held only as long as is necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Data with respect to such Participant, recommend any necessary corrections to the Data with respect to the Participant or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their human resources representative.

(k) *Stockholder Approval.*

(i) Except as otherwise provided in subsection (b) below, in the event that it shall be determined that any right to receive an Award, payment or other benefit under this Plan (including, without limitation, the acceleration of the vesting and/or exercisability of an Award and taking into account the effect of this Section) to or for the benefit of the Participant (the “**Payments**”), would not be deductible, in whole or part when aggregated with any other right, payment or benefit to or for the Participant under all other agreements or benefit plans of the Company, by the Company or the person making such payment or distribution or providing such right or benefit as a result of Section 280G of the Code, then, to the extent necessary to make the Payments deductible to the maximum extent possible (but only to such extent and after taking into account any reduction in the Payment or benefit under this Plan shall not become exercisable, vested or paid. For purposes of determining whether any of the Payments would not be deductible as a result of Section 280G of the Code and the amount of such disallowed deduction, all Payments will be treated as “parachute payments” within the meaning of Section 280G of the Code, and all “parachute payments” in excess of the “base amount” (as defined under Section 280G(b)(3) of the Code) shall be treated as nondeductible, unless and except to the extent that in the opinion of a nationally recognized accounting firm selected by the Company (the “**Accountants**”), such Payments (in whole or in part) either do not constitute “parachute payments,” including by reason of Section 280G(b)(4) of the Code, or are otherwise not subject to disallowance as a deduction. All determinations required to be made under this subsection (a), including whether and which of the Payments are required to be reduced, the amount of such reduction and the assumptions to be utilized in arriving at such determination, shall be made by the Accountants.

(ii) Notwithstanding any other provision of this Plan, the provisions of subclause (i) above shall not apply to reduce the Payments if the Payments that would otherwise be nondeductible under Section 280G of the Code are disclosed to and approved by the Company’s stockholders in accordance with Section 280G(b)(5)(B) of the Code and related regulations.

(iii) To the extent Section 280G(b)(5)(A)(ii) of the Code is available to exempt the Payments from being “parachute payments,” the Company shall use its commercially reasonable best efforts to prepare and deliver to its stockholders the disclosure required by Section 280G(b)(5)(B) of the Code with respect to the Payments and to obtain the approval of the Company’s stockholders pursuant to subclause (ii) above.

(l) *Severability.* In the event any portion of the Plan or any action taken pursuant thereto shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provisions had not been included, and the illegal or invalid action shall be null and void.

(m) *Governing Documents.* In the event of any contradiction between the Plan and any Award Agreement or any other written agreement between a Participant and the Company or any Subsidiary of the Company that has been approved by the Administrator, the terms of the Plan shall govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan shall not apply.

(o) *Governing Law.* The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of Delaware, disregarding choice-of-law principles of the law of any state that would require the application of the laws of a jurisdiction other than such state.

(p) *Submission to Jurisdiction; Waiver of Jury Trial*; By accepting an Award, each Participant irrevocably and unconditionally consents to submit to the jurisdiction of the courts of the State of Delaware and of the United States of America, in each case located in the State of Delaware, for any action arising out of or relating to the Plan (and agrees not to commence any litigation relating thereto except in such courts), and further agrees that service of any process, summons, notice or document by U.S. registered mail to the address contained in the records of the Company shall be effective service of process for any litigation brought against it in any such court. By accepting an Award, each Participant irrevocably and unconditionally waives any objection to the laying of venue of any litigation arising out of Plan or Award hereunder in the courts of the State of Delaware or the United States of America, in each case located in the State of Delaware, and further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such litigation brought in any such court has been brought in an inconvenient forum. By accepting an Award, each Participant irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in connection with any litigation arising out of or relating to the Plan or any Award hereunder.

(q) *Restrictions on Shares*. Shares of Common Stock acquired in respect of Awards shall be subject to such terms and conditions as the Administrator shall determine, including, without limitation, restrictions on the transferability of shares of Common Stock, the right of the Company to repurchase shares of Common Stock, the right of the Company to require that shares of Common Stock be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements. Such terms and conditions may be additional to those contained in the Plan and may, as determined by the Administrator, be contained in the applicable Award Agreement or in an exercise notice, stockholders' agreement or in such other agreement as the Administrator shall determine, in each case in a form determined by the Administrator. The issuance of such shares of Common Stock shall be conditioned on the Participant's consent to such terms and conditions and the Participant's entering into such agreement or agreements.

(r) *Titles and Headings*. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

(s) *Conformity to Securities Laws*. Participant acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan and all Awards granted hereunder shall be administered only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by Applicable Laws, the Plan and all Award Agreements shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

11. *Definitions*. As used in the Plan, the following words and phrases shall have the following meanings:

(a) "**Administrator**" means the Board or a Committee to the extent that the Board's powers or authority under the Plan have been delegated to such Committee.

(b) "**Applicable Laws**" means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted or issued under the Plan.



(c) **“Award”** means, individually or collectively, a grant under the Plan of Options, Restricted Stock, Restricted Stock Units or Other Stock-Based Awards.

(d) **“Award Agreement”** means a written agreement evidencing an Award, which agreements may be in electronic medium and shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with and subject to the terms and conditions of the Plan.

(e) **“Board”** means the Board of Directors of the Company.

(f) **“Cause,”** with respect to a Participant, means “Cause” (or any term of similar effect) as defined in such Participant’s employment agreement with the Company or one of its subsidiaries if such an agreement exists and contains a definition of Cause (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Cause (or term of similar effect), then Cause shall include, but not be limited to: (i) the Participant’s unauthorized use or disclosure of confidential information or trade secrets of the Company or any material breach of a written agreement between the Participant and the Company, including without limitation a material breach of any employment, confidentiality, non-compete, non-solicit or similar agreement; (ii) the Participant’s commission of, indictment for or the entry of a plea of guilty or *nolo contendere* by the Participant to, a felony under the laws of the United States or any state thereof or any crime involving dishonesty or moral turpitude (or any similar crime in any jurisdiction outside the United States); (iii) the Participant’s negligence or willful misconduct in the performance of the Participant’s duties or the Participant’s willful or repeated failure or refusal to substantially perform assigned duties; (iv) any act of fraud, embezzlement, material misappropriation or dishonesty committed by the Participant against the Company; or (v) any acts, omissions or statements by a Participant which the Company determines to be materially detrimental or damaging to the reputation, operations, prospects or business relations of the Company.

(g) **“Change in Control”** means (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital stock of the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of the Company; (ii) the consummation of a sale of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then “beneficially owned” (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the stockholders of the Company immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a “Change in Control” if: (w) its sole purpose is to change the state of the Company’s incorporation; (x) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction; (y) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing or otherwise); or (z) it constitutes, or includes sales of shares in connection with, the initial public offering of the Company’s common stock or the common stock of any affiliate of the Company.

(h) **“Code”** means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

(i) “**Committee**” means one or more committees or subcommittees of the Board, which may be comprised of one or more directors and/or executive officers of the Company, in either case, to the extent permitted in accordance with Applicable Laws.

(j) “**Common Stock**” means the Non-Voting Common Stock of the Company.

(k) “**Company**” means Falcon Acquisition Group, Inc., a Delaware corporation, or any successor thereto. Except where the context otherwise requires, the term “Company” includes any of the Company’s present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a significant interest, as determined by the Administrator.

(l) “**Consultant**” means any consultant or adviser to the Company or a parent, subsidiary or affiliate of the Company if the services rendered by the consultant or advisor are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company’s securities.

(m) “**Designated Beneficiary**” means the beneficiary or beneficiaries designated, in a manner determined by the Administrator, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant’s death or incapacity. In the absence of an effective designation by a Participant, “Designated Beneficiary” shall mean the Participant’s estate.

(n) “**Director**” means a member of the Board.

(o) “**Disability**” means a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as it may be amended from time to time.

(p) “**Dividend Equivalents**” means a right granted to a Participant pursuant to Section 6(d)(3) hereof to receive the equivalent value (in cash or shares of Common Stock) of dividends paid on shares of Common Stock.

(q) “**Employee**” means any person, including officers and Directors, employed by the Company (within the meaning of Section 3401(c) of the Code) or any parent or subsidiary of the Company.

(r) “**Equity Restructuring**” means, as determined by the Administrator, a non-reciprocal transaction between the Company and its stockholders, such as a share dividend, share split, spin-off or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities of the Company) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

(s) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(t) “**Fair Market Value**” means, as of any date, the value of Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange, its Fair Market Value shall be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the first market trading day immediately prior to such date during which a sale occurred, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; (ii) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the last sales price on such date, or if no sales occurred on such date, then on the date

immediately prior to such date on which sales prices are reported, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or (iii) in the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined by the Administrator in its sole discretion.

(u) “**Option**” means an option to purchase Common Stock.

(v) “**Other Stock-Based Awards**” means other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property.

(w) “**Participant**” means a Service Provider who has been granted an Award under the Plan.

(x) “**Person**” means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or any other entity of whatever nature.

(y) “**Plan**” means this 2014 Equity Incentive Plan.

(z) “**Publicly Listed Company**” means that the Company or its successor (i) is required to file periodic reports pursuant to Section 12 of the Exchange Act and (ii) the Common Stock is listed on one or more National Securities Exchanges (within the meaning of the Exchange Act) or is quoted on NASDAQ or a successor quotation system.

(aa) “**Restricted Stock**” means Common Stock awarded to a Participant pursuant to Section 6 hereof that is subject to certain vesting conditions and other restrictions.

(bb) “**Restricted Stock Unit**” means an unfunded, unsecured right to receive, on the applicable settlement date, one share of Common Stock or an amount in cash or other consideration determined by the Administrator equal to the value thereof as of such payment date, which right may be subject to certain vesting conditions and other restrictions.

(cc) “**Section 409A**” means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

(dd) “**Securities Act**” means the Securities Act of 1933, as amended from time to time.

(ee) “**Service Provider**” means an Employee, Consultant or Director.

(ff) “**Stockholders Agreement**” means that certain Stockholders Agreement by and between the Company and other Persons who are stockholders and may become a party thereto, as may be amended from time to time.

(gg) “**Termination of Service**” means the date the Participant ceases to be a Service Provider.

FALCON ACQUISITION GROUP, INC.

2014 EQUITY INCENTIVE PLAN

STOCK OPTION GRANT NOTICE AND  
STOCK OPTION AGREEMENT

Falcon Acquisition Group, Inc. (the “**Company**”), pursuant to its 2014 Equity Incentive Plan (the “**Plan**”), hereby grants to the participant set forth below (“**Participant**”), an Option to purchase the number of shares of the Company’s Common Stock (referred to herein as “**Shares**”) set forth below. This Option is subject to all of the terms and conditions as set forth herein and in the Stock Option Agreement attached hereto as Exhibit A (the “**Stock Option Agreement**”) and the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Stock Option Grant Notice and the Stock Option Agreement.

**Participant:** \_\_\_\_\_

**Grant Date:** \_\_\_\_\_

**Vesting Commencement Date:** \_\_\_\_\_

**Exercise Price per Share:** \$ \_\_\_\_\_

**Total Exercise Price:** \$ \_\_\_\_\_

**Total Number of Shares Subject to Option:** \_\_\_\_\_

**Expiration Date:** \_\_\_\_\_

**Type of Option:** Non-Qualified Stock Option

**Vesting Schedule:** The Option shall vest and become exercisable as to 25% of the total number of Shares subject to the Option (rounded down to the next whole number of Shares) on each of the first four anniversaries of the Vesting Commencement Date, so that all of the Option shall be fully vested and exercisable on the fourth (4<sup>th</sup>) anniversary of the Vesting Commencement Date, subject to Participant remaining a Service Provider through each such vesting date. Notwithstanding the foregoing, the Option shall be subject to accelerated vesting and exercisability to the extent, if any, provided in Participant’s employment or consulting agreement or offer letter with the Company or its affiliate.

By his or her signature and the Company’s signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Stock Option Agreement and this Grant Notice. Participant has reviewed the Stock Option Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Stock Option Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator of the Plan upon any questions arising under the Plan or the Option.

**FALCON ACQUISITION GROUP, INC.:**

**PARTICIPANT:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_

EXHIBIT A

TO STOCK OPTION GRANT NOTICE

STOCK OPTION AGREEMENT

Pursuant to the Stock Option Grant Notice (“**Grant Notice**”) to which this Stock Option Agreement (this “**Agreement**”) is attached, Falcon Acquisition Group, Inc. (the “**Company**”) has granted to Participant an Option under the Company’s 2014 Equity Incentive Plan (the “**Plan**”) to purchase the number of Shares indicated in the Grant Notice.

ARTICLE I

GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions of the Plan which are incorporated herein by reference. In the event of a conflict between the terms of the Agreement and the Plan, the terms of the Plan shall control.

1.3 Grant of Option. In consideration of Participant’s past and/or continued employment with or service to the Company or a parent, subsidiary or affiliate and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the “**Grant Date**”), the Company irrevocably grants to Participant an Option to purchase any part or all of an aggregate of the number of Shares set forth in the Grant Notice, upon the terms and conditions set forth in the Plan and this Agreement.

ARTICLE II

PERIOD OF EXERCISABILITY

2.1 Vesting; Commencement of Exercisability.

(a) Subject to Sections 2.1(b) and 2.3, the Option shall become vested and exercisable in such amounts and at such times as are set forth in the vesting schedule in the Grant Notice (the “**Vesting Schedule**”).

(b) Unless otherwise determined by the Administrator, any portion of the Option that has not become vested and exercisable on or prior to the date of the Participant’s Termination of Service shall be forfeited on the date of the Participant’s Termination of Service and shall not thereafter become vested or exercisable.

2.2 Duration of Exercisability. The installments provided for in the Vesting Schedule are cumulative. Each such installment which becomes vested and exercisable pursuant to the Vesting Schedule shall remain vested and exercisable until it becomes unexercisable under Section 2.3 or pursuant to the terms of the Plan. Once the Option becomes unexercisable, it shall be forfeited immediately.

2.3 Expiration of Option. The Option may not be exercised to any extent by anyone after the first to occur of the following events:

- (a) The Expiration Date set forth in the Grant Notice;
- (b) The expiration of three months following the date of Participant's Termination of Service, unless such Termination of Service occurs by reason of Participant's death, Disability or Cause;
- (c) The expiration of one year following the date of Participant's Termination of Service by reason of Participant's death or Disability; or
- (d) The date of Participant's Termination of Service for Cause.

### ARTICLE III

#### EXERCISE OF OPTION

3.1 Person Eligible to Exercise. Except as otherwise provided in the Plan, during the lifetime of Participant, only Participant may exercise the Option or any portion thereof. After the death of Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 2.3, be exercised by Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

3.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 2.3.

3.3 Manner of Exercise. The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company or the Secretary's office, or such other place as may be determined by the Administrator, of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Section 2.3:

- (a) As a condition to the exercise of the Option, an executed joinder to the Stockholders Agreement, unless the Optionee has already executed the Stockholders Agreement; and
- (b) An exercise notice in substantially in the form attached as Exhibit B to the Grant Notice (or such other form as is prescribed by the Administrator) (the "**Exercise Notice**") in writing signed by Participant or any other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator; and
- (c) Subject to Section 5(f) of the Plan:
  - (i) Full payment (in cash or by check) for the Shares with respect to which the Option or portion thereof is exercised; or
  - (ii) With the consent of the Administrator, by delivery of Shares then issuable upon exercise of the Option having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof; or
  - (iii) On and after the date the Company becomes a Publicly Listed Company, through the (A) delivery by Participant to the Company of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the

exercise price or (B) delivery by Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price; provided that payment is then made to the Company at such time as may be required by the Administrator; or

(iv) With the consent of the Administrator, any other method of payment permitted under the terms of the Plan; or

(v) Subject to any applicable laws, any combination of the consideration allowed under the foregoing paragraphs; and

(d) The receipt by the Company of full payment for any applicable withholding tax in cash or by check or in the form of consideration permitted by the Administrator, which, following the date the Company becomes a Publicly Listed Company shall include the method provided for in Section 5(f)(i) of the Plan; and

(e) In the event the Option or portion thereof shall be exercised pursuant to Section 3.1 by any person or persons other than Participant, appropriate proof of the right of such person or persons to exercise the Option.

## ARTICLE IV

### OTHER PROVISIONS

#### 4.1 Company Call Right.

(a) During the period beginning on the date of a Participant's Termination of Service and ending on the last date the Option may be exercised in accordance with Section 2.3 (the "**Repurchase Period**"), the Company shall have the right (the "**Call Right**") to repurchase the Option, provided, however, that the Call Right shall terminate upon the Company becoming a Publicly Listed Company.

(b) The Company shall exercise the Call Right (if so elected) by written notice to Participant (and/or, if applicable, any permitted transferees) within the Repurchase Period, specifying a date within such period on which the Call Right shall be exercised and the number of Shares subject to the Option as to which the Call Right is being exercised. In connection with such notice and on the date specified therein, the Company shall deliver to Participant payment in cash or by check of the Repurchase Price (as defined below) for the portion of the Option being purchased.

(c) The purchase price payable by the Company upon exercise of the Call Right (the "**Repurchase Price**") shall be as follows: In the event of any Termination of Service other than a Termination of Service by the Company for Cause, the Fair Market Value, as of the date the Call Right is being exercised, of the Shares subject to the portion of the Option with respect to which the Call Right is being exercised; and in the event of any Termination of Service by the Company for Cause, zero.

(d) Notwithstanding anything herein to the contrary, no payment shall be made under this Section that would cause the Company to violate any Applicable Law, or any rights or preference of any preferred stockholders of the Company, any banking agreement or loan or other financial covenant or cause default of any indebtedness of the Company, regardless of when such agreement, covenant or indebtedness was created, incurred or assumed. Any payment under this Section that would cause such violation or default shall result in an extension of the Repurchase Period, in the sole discretion of the Administrator, until such payment shall no longer cause any such violation or default and at which time the Call Right may be exercised.

4.2 Restrictive Legends and Stop-Transfer Orders.

(a) Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(b) The Company shall not be required: (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement, or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such shares shall have been so transferred.

4.3 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company at its principal executive offices in care of the Secretary of the Company, and any notice to be given to Participant shall be addressed to Participant at the most recent address for Participant shown in the Company’s records. By a notice given pursuant to this Section 4.3, either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to Participant shall, if Participant is then deceased, be given to the person entitled to exercise his or her Option by written notice under this Section 4.3. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

4.4 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.5 Governing Law; Severability. This Agreement and the Exercise Notice shall be administered, interpreted and enforced under the laws of the State of Delaware, without regard to the conflicts of law principles thereof. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

4.6 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

4.7 Successors and Assigns. The Company may assign any of its rights under this Agreement and the Exercise Notice to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

4.8 Entire Agreement. The Plan, this Agreement (including all Exhibits hereto), Participant’s offer letter or employment or consulting agreement with the Company or its affiliates and the



Stockholders Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.9 Certain Incorporations. Without limiting the generality of any other provision of this Agreement, Sections 10(f) (“Section 409A”), 10(h) (“Lock-Up Period”), 10(i) (“Right of First Refusal”), and 10(j) (“Data Privacy”) of the Plan are hereby expressly incorporated into this Agreement as if first set forth herein.

\* \* \* \* \*

EXHIBIT B

TO STOCK OPTION GRANT NOTICE

FORM OF EXERCISE NOTICE

Effective as of today, \_\_\_\_\_, \_\_\_\_\_, the undersigned ("**Participant**") hereby elects to exercise Participant's option to purchase \_\_\_\_\_ Shares of Falcon Acquisition Group, Inc. (the "**Company**") under and pursuant to the Falcon Acquisition Group, Inc. 2014 Equity Incentive Plan (the "**Plan**") and the Stock Option Grant Notice and Stock Option Agreement dated \_\_\_\_\_, \_\_\_\_\_ (the "**Option Agreement**"). Capitalized terms used herein without definition shall have the meanings given in the Option Agreement.

**Grant Date:** \_\_\_\_\_

**Number of Shares as to which Option is Exercised:** \_\_\_\_\_

**Exercise Price per Share:** \$ \_\_\_\_\_

**Total Exercise Price:** \$ \_\_\_\_\_

**Certificate to be issued in name of:** \_\_\_\_\_

**Cash Payment delivered herewith:** \$ \_\_\_\_\_ (Representing the full Exercise Price for the Shares, as well as any applicable withholding tax)

1. Representations of Participant. Participant acknowledges that Participant has received, read and understood the Plan and the Option Agreement. Participant represents that Participant has delivered herewith a duly-executed joinder to the Stockholders Agreement or has previously executed the same. Participant agrees to abide by and be bound by their terms and conditions.

2. Tax Consultation. Participant understands that Participant may suffer adverse tax consequences as a result of Participant's purchase or disposition of the Shares. Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the purchase or disposition of the Shares and that Participant is not relying on the Company for any tax advice. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for Participant's tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

3. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Participant understands and agrees that the Company shall cause any certificates issued evidencing the Shares to have the legends set forth below or legends substantially equivalent thereto, together with any other legends that may be required by state or federal securities laws:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED

UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL (WHICH MAY BE COUNSEL FOR THE COMPANY) REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS.

THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY. SUCH TRANSFER RESTRICTIONS ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

4. Notices. Any notice required or permitted hereunder shall be given in accordance with the provisions set forth in Section 4.3 of the Option Agreement.

5. Further Instruments. Participant hereby agrees to execute such further instruments and to take such further action as the Company determines are reasonably necessary to carry out the purposes and intent of this Agreement.

6. Entire Agreement. The Plan, Stockholders Agreement and Option Agreement are incorporated herein by reference. This Agreement, the Plan, Stockholders Agreement and the Option Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

**ACCEPTED BY:**  
**FALCON ACQUISITION GROUP, INC.**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SUBMITTED BY**  
**PARTICIPANT:**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

## FALCON ACQUISITION GROUP, INC.

## 2014 EQUITY INCENTIVE PLAN

## STOCK PURCHASE RIGHT GRANT NOTICE AND RESTRICTED STOCK PURCHASE AGREEMENT FOR NON-EMPLOYEE DIRECTORS

Pursuant to its 2014 Equity Incentive Plan (the "**Plan**"), Falcon Acquisition Group, Inc., a Delaware corporation (the "**Company**"), hereby grants to the Purchaser listed below ("**Purchaser**"), the right to purchase the number of shares of the Company's Common Stock set forth below (the "**Shares**") at the purchase price set forth below (the "**Stock Purchase Right**"). This Stock Purchase Right is subject to all of the terms and conditions set forth herein, in the Plan and in the certain Restricted Stock Purchase Agreement attached hereto as Exhibit A (the "**Restricted Stock Purchase Agreement**"), each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Stock Purchase Right Grant Notice (the "**Grant Notice**") and the Restricted Stock Purchase Agreement.

**Purchaser:** \_\_\_\_\_

**Date of Grant:** \_\_\_\_\_

**Vesting Start Date:** \_\_\_\_\_

**Purchase Price per Share:** \$0.00

**Number of Shares:** \_\_\_\_\_

**Vesting Schedule:** The Shares subject to this Stock Purchase Right shall vest and be released from the Company's Repurchase Option, as set forth in the Restricted Stock Purchase Agreement, according to the following schedule:

100% of the Shares shall vest and be released from the Company's Repurchase Option (as defined in the Restricted Stock Purchase Agreement) on the first anniversary of the Vesting Start Date, subject to Purchaser remaining a Service Provider through the vesting date. Notwithstanding the foregoing, 100% of the Shares shall vest and be released from the Company's Repurchase Option upon a Change in Control.

**Termination Date:** This Stock Purchase Right shall terminate if not exercised prior to the thirty-first (31<sup>st</sup>) day following the Date of Grant set forth above.

By his or her signature and the Company's signature below, Purchaser agrees to be bound by the terms and conditions of the Plan, the Restricted Stock Purchase Agreement and this Grant Notice. Purchaser has reviewed the Restricted Stock Purchase Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands the provisions of this Grant Notice, the Restricted Stock Purchase Agreement and the Plan. Purchaser hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator of the Plan upon any questions arising under the Plan, this Grant Notice or the Restricted Stock Purchase Agreement. If Purchaser is married or in a registered domestic partnership, his or her spouse or registered domestic partner has signed the Consent of Spouse or Domestic Partner attached to this Grant Notice as Exhibit D.

**FALCON ACQUISITION GROUP, INC.:**

By: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

**PURCHASER:**

By: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

EXHIBIT A

TO STOCK PURCHASE RIGHT GRANT NOTICE

RESTRICTED STOCK PURCHASE AGREEMENT

Pursuant to the Stock Purchase Right Grant Notice (the "**Grant Notice**") to which this Restricted Stock Purchase Agreement (this "**Agreement**") is attached, Falcon Acquisition Group, Inc., a Delaware corporation (the "**Company**"), has granted to Purchaser (as defined in the Grant Notice) the right to purchase the number of shares of Restricted Stock under the Falcon Acquisition Group, Inc. 2014 Equity Incentive Plan (the "**Plan**") indicated in the Grant Notice.

1. General.

(a) Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.

(b) Incorporation of Terms of Plan. The Shares are subject to the terms and conditions of the Plan, which is incorporated herein by reference.

2. Grant of Restricted Stock.

(a) Grant of Restricted Stock. In consideration of Purchaser's agreement to remain in the employ of the Company or its subsidiaries, if Purchaser is an Employee, or to continue to provide services to the Company or its subsidiaries, if Purchaser is a Consultant, or to serve as a Director, if Purchaser is a Director, and for other good and valuable consideration, effective as of the Date of Grant set forth in the Grant Notice (the "**Grant Date**"), the Company irrevocably grants to Purchaser the right to purchase the Shares by execution of the Grant Notice and payment of any purchase price at any time prior to the Termination Date set forth in the Grant Notice, upon the terms and conditions set forth in the Plan and this Agreement.

(b) Purchase Price. Any purchase price of the Shares shall be as set forth in the Grant Notice, without commission or other charge (the "**Purchase Price**"). Any Purchase Price shall be paid by cash or check.

(c) Issuance of Shares. The issuance of the Shares under this Agreement shall occur at the principal office of the Company simultaneously with the execution of this Agreement by the parties or on such other date as the Company and Purchaser shall agree (the "**Issuance Date**"). Subject to the provisions of Section 3 below, on the Issuance Date, the Company shall issue the Shares (which shall be issued in Purchaser's name).

(d) Conditions to Issuance of Stock Certificates. The Shares, or any portion thereof, may be either previously authorized but unissued shares or issued shares which have then been reacquired by the Company. Such Shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any Shares prior to fulfillment of all of the following conditions:

(i) Purchaser's execution and delivery to the Company of a joinder to the Stockholders Agreement; and

(ii) The admission of such Shares to listing on all stock exchanges on which the Company's Common Stock is then listed; and

(iii) The completion of any registration or other qualification of such shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable; and

(iv) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and

(v) The receipt by the Company of full payment for such Shares, including payment of all amounts which, under federal, state or local tax law, the Company (or other employer corporation) is required to withhold upon issuance of such Shares (it being understood that, generally, there are no withholding obligations for non-employees); and

(vi) The lapse of such reasonable period of time following the Issuance Date as the Administrator may from time to time establish for reasons of administrative convenience.

(e) Consideration to the Company. In consideration of the issuance of the Shares by the Company, Purchaser agrees to render faithful and efficient services to the Company or any subsidiary. Nothing in the Plan or this Agreement shall confer upon Purchaser any right to (a) continue in the employ of the Company or any subsidiary or shall interfere with or restrict in any way the rights of the Company and its subsidiaries, which are hereby expressly reserved, to discharge Purchaser, if Purchaser is an Employee, or (b) continue to provide services to the Company or any subsidiary or shall interfere with or restrict in any way the rights of the Company or its subsidiaries, which are hereby expressly reserved, to terminate the services of Purchaser, if Purchaser is a Consultant, at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company and Purchaser.

### 3. Repurchase Option.

(a) If Purchaser ceases to be a Service Provider for any reason, including for cause, death and Disability, the Company or its assignee shall have the right and option to purchase from Purchaser, or Purchaser's personal representative, as the case may be, all of Purchaser's Unreleased Shares (as defined below) as of the date on which Purchaser ceases to be a Service Provider at the purchase price paid by Purchaser for such Shares in connection with the Stock Purchase Rights (the "**Repurchase Option**").

(b) The Company may exercise its Repurchase Option by delivering, personally or by registered mail, to Purchaser (or his or her transferee or legal representative, as the case may be), within ninety (90) days of the date on which Purchaser ceases to be a Service Provider, a notice in writing indicating the Company's intention to exercise the Repurchase Option and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Unreleased Shares being transferred shall deliver the stock certificate or certificates evidencing the Unreleased Shares, and the Company shall deliver the purchase price therefor. Notwithstanding the foregoing, in the event the purchase price of the Unreleased Shares is zero, then the Company automatically shall be deemed to have exercised its Repurchase Option on the date Purchaser ceases to be a Service Provider, and Purchaser shall deliver the stock certificate or certificates evidencing the Unreleased Shares to the Company upon Purchaser's cessation of services to the Company.

(c) At its option, the Company may elect to make any payment for the Unreleased Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to Purchaser stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(d) If the Company does not elect to exercise the Repurchase Option, or if such Repurchase Option is not automatically exercised in accordance with Section 3(b) above, by giving the requisite notice within ninety (90) days following the date on which Purchaser ceases to be a Service Provider, the Repurchase Option shall terminate.

(e) One hundred percent (100%) of the Shares shall initially be subject to the Repurchase Option. The Shares shall be released from the Repurchase Option in accordance with the Vesting Schedule set forth in the Grant Notice until all Shares are released from the Repurchase Option. Fractional Shares shall be rounded to the nearest whole share.

(f) Any Shares which from time to time have not yet been released from the Company's Repurchase Option pursuant to Section 3(e) above shall be referred to herein as "**Unreleased Shares**."

#### 4. Transferability of the Shares; Escrow.

(a) Purchaser hereby authorizes and directs the Secretary of the Company, or such other person designated by the Company from time to time, to transfer the Unreleased Shares as to which the Repurchase Option has been exercised from Purchaser to the Company.

(b) To ensure the availability for delivery of Purchaser's Unreleased Shares upon repurchase by the Company pursuant to the Repurchase Option under Section 3, Purchaser hereby appoints the Secretary, or any other person designated by the Company from time to time as escrow agent, as its attorney-in-fact to sell, assign and transfer unto the Company, such Unreleased Shares, if any, repurchased by the Company pursuant to the Repurchase Option and shall, upon execution of this Agreement, deliver and deposit with the Secretary of the Company, or such other person designated by the Company from time to time, the share certificate(s) representing the Unreleased Shares, together with the stock assignment duly endorsed in blank, attached hereto as Exhibit B. The Unreleased Shares and stock assignment shall be held by the Secretary, or such other person designated by the Company from time to time, in escrow, pursuant to the Joint Escrow Instructions of the Company and Purchaser attached as Exhibit C hereto, until the Company exercises its Repurchase Option as provided in Section 3, until such Unreleased Shares are vested, or until such time as the Repurchase Option no longer is in effect. As a further condition to the Company's obligations under this Agreement, the spouse or registered domestic partner of Purchaser, if any, shall execute and deliver to the Company the Consent of Spouse or Domestic Partner attached hereto as Exhibit D. Upon vesting of the Unreleased Shares, the escrow agent shall promptly deliver to Purchaser the certificate or certificates representing such Shares in the escrow agent's possession belonging to Purchaser, and the escrow agent shall be discharged of all further obligations hereunder; provided, however, that the escrow agent shall nevertheless retain such certificate or certificates as escrow agent if so required pursuant to other restrictions imposed pursuant to this Agreement.

(c) The Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Shares in escrow and while acting in good faith and in the exercise of its judgment.

(d) Transfer or sale of the Shares is subject to restrictions on transfer pursuant to the Plan and any applicable state and federal securities laws. Any transferee shall hold such Shares subject to all of the

provisions hereof and shall acknowledge the same by signing a copy of this Agreement. Any transfer or attempted transfer of any of the Shares not in accordance with the terms of this Agreement shall be void and the Company may enforce the terms of this Agreement by stop transfer instructions or similar actions by the Company and its agents or designees.

5. Ownership, Voting Rights, Duties. This Agreement shall not affect in any way any ownership or other rights or duties of Purchaser, except as specifically provided herein.

6. Adjustment for Stock Split. All references to the number of Shares and the purchase price of the Shares in this Agreement shall be appropriately adjusted to reflect any stock split, stock dividend or other change in the Shares which may be made by the Company after the date of this Agreement.

7. Section 83(b) Election for Unreleased Shares. Purchaser hereby acknowledges that he or she has been informed that, with respect to the purchase of Unreleased Shares, that unless an election is filed by Purchaser with the Internal Revenue Service and, if necessary, the proper state taxing authorities, within thirty (30) days of (a) the purchase of the Shares or (b) in the event that there is no, or only a nominal, Purchase Price for the Shares, the Grant Date, electing pursuant to Section 83(b) of the Code (and similar state tax provisions if applicable) to be taxed currently on any difference between the purchase price of the Shares and their Fair Market Value on the date of purchase, there will be a recognition of taxable income to Purchaser, measured by the excess, if any, of the fair market value of the Shares, at the time the Company's Repurchase Option lapses over the purchase price for the Shares. Purchaser represents that Purchaser has consulted any tax consultant(s) Purchaser deems advisable in connection with the purchase of the Shares or the filing of the Election under Section 83(b) and similar tax provisions.

**PURCHASER ACKNOWLEDGES THAT IT IS PURCHASER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY THE ELECTION UNDER SECTION 83(b), EVEN IF PURCHASER REQUESTS THE COMPANY OR ITS REPRESENTATIVE TO MAKE THIS FILING ON PURCHASER'S BEHALF.**

8. Representations. Purchaser has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Purchaser is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Purchaser understands that Purchaser (and not the Company) shall be responsible for his or her own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

9. Restrictive Legends and Stop-Transfer Orders.

(a) Any share certificate(s) evidencing the Shares issued hereunder shall be endorsed with the following legends and any other legends that may be required by state or federal securities laws:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF REPURCHASE IN FAVOR OF FALCON ACQUISITION GROUP, INC. (THE "COMPANY") AND MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF A RESTRICTED STOCK PURCHASE AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE



“SECURITIES ACT”), AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT.

(b) Purchaser agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) The Company shall not be required: (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement, or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

10. Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company at its principal executive offices in care of the Secretary of the Company, and any notice to be given to Purchaser shall be addressed to Purchaser at the most recent address for Purchaser shown in the Company’s records. By a notice given pursuant to this Section 10, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

11. Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

12. Governing Law; Severability. This Agreement and the Exercise Notice shall be administered, interpreted and enforced under the laws of the State of Delaware, without regard to the conflicts of law principles thereof. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

13. Conformity to Securities Laws. Purchaser acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Shares are to be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

14. Further Instruments. Purchaser hereby agrees to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement including, without limitation, the Investment Representation Statement, in the form attached to the Grant Notice as Exhibit E.

15. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Purchaser and his or her heirs, executors, administrators, successors and assigns.

16. Entire Agreement. The Plan, this Agreement (including all Exhibits hereto) and the Stockholders Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof.

17. Certain Incorporations. Without limiting the generality of any other provision of this Agreement, Sections 10(f) (“Section 409A”), 10(h) (“Lock-Up Period”), 10(i) (“Right of First Refusal”), and 10(j) (“Data Privacy”) of the Plan are hereby expressly incorporated into this Agreement as if first set forth herein.

\* \* \* \* \*

**EXHIBIT B**

**ASSIGNMENT SEPARATE FROM CERTIFICATE**

FOR VALUE RECEIVED I, \_\_\_\_\_, hereby sell, assign and transfer unto \_\_\_\_\_ ( \_\_\_\_\_ ) shares of the Common Stock of Falcon Acquisition Group, Inc. registered in my name on the books of said corporation represented by Certificate No. \_\_\_\_\_ herewith and do hereby irrevocably constitute and appoint \_\_\_\_\_ to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Assignment Separate from Certificate may be used only in accordance with the Restricted Stock Purchase Agreement between Falcon Acquisition Group, Inc. and the undersigned dated \_\_\_\_\_, \_\_\_\_\_.

Dated: \_\_\_\_\_,

Signature: \_\_\_\_\_

**INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise the Repurchase Option, as set forth in the Restricted Stock Purchase Agreement, without requiring additional signatures on the part of Purchaser.**

EXHIBIT C

JOINT ESCROW INSTRUCTIONS

Secretary  
Falcon Acquisition Group, Inc.  
[Address]  
[Address]

Dear Secretary,

As Escrow Agent for both Falcon Acquisition Group, Inc. (the "Company") and the undersigned purchaser of stock of the Company (the "Purchaser"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Restricted Stock Purchase Agreement ("Agreement") between the Company and the undersigned, in accordance with the following instructions:

1. In the event the Company or any entitled parties (referred to collectively for convenience herein as the "Company") exercises the Company's Repurchase Option set forth in the Agreement, the Company shall give to Purchaser and you a written notice specifying the number of shares of stock to be purchased, the purchase price, and the time for a closing hereunder at the principal office of the Company. Purchaser and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

2. At the closing, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the certificate number(s), (c) to fill in the number of shares being transferred, and (d) to deliver the same, together with the certificate evidencing the shares of stock to be transferred, to the Company or its assignee, against the simultaneous delivery to you of the purchase price (by cash, a check, or a combination thereof) for the number of shares of stock being purchased pursuant to the exercise of the Company's Repurchase Option.

3. Purchaser irrevocably authorizes the Company to deposit with you any certificates evidencing shares of stock to be held by you hereunder and any additions and substitutions to said shares as defined in the Agreement. Purchaser does hereby irrevocably constitute and appoint you as Purchaser's attorney-in-fact and agent for the term of this escrow to execute, with respect to such securities, all documents necessary or appropriate to make such securities negotiable and to complete any transaction herein contemplated, including but not limited to the filing with any applicable state blue sky authority of any required applications for consent to, or notice of transfer of, the securities. Subject to the provisions of this paragraph 3 and to the terms of the Agreement, Purchaser shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.

4. Upon written request of Purchaser, but no more than once per calendar year, unless the Company's Repurchase Option has been exercised, you will deliver to Purchaser a certificate or certificates representing the number of shares of stock as are not then subject to the Company's Repurchase Option. Within one hundred twenty (120) days after Purchaser ceases to be a Service Provider, you will deliver to Purchaser a certificate or certificates representing the aggregate number of shares held or issued pursuant to the Agreement and not purchased by the Company or any other entitled parties pursuant to exercise of the Company's Repurchase Option.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Purchaser, you shall deliver all of the same to Purchaser and shall be discharged of all further obligations hereunder.
6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.
7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Purchaser while acting in good faith, and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.
8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.
9. You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.
10. You shall not be liable for the expiration of any rights under any applicable state, federal or local statute of limitations or similar statute or regulation with respect to these Joint Escrow Instructions or any documents deposited with you.
11. You shall be entitled to employ such legal counsel and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefor.
12. Your responsibilities as Escrow Agent hereunder shall terminate if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to each party. In the event of any such termination, the Company shall appoint a successor Escrow Agent.
13. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.
14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession without liability to anyone all or any part of said securities until such disputes shall

have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

15. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at such addresses as a party may designate by written notice to each of the other parties hereto.

16. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Agreement.

17. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

18. These Joint Escrow Instructions shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, excluding that body of law pertaining to conflicts of law.

(Signature Page Follows)

IN WITNESS WHEREOF, these Joint Escrow Instructions shall be effective as of the date first set forth above.

FALCON ACQUISITION GROUP, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PURCHASER

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

ESCROW AGENT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT D**

**CONSENT OF SPOUSE OR DOMESTIC PARTNER**

I, \_\_\_\_\_, spouse or registered domestic partner of \_\_\_\_\_, have read and approve the Restricted Stock Purchase Agreement dated \_\_\_\_\_, between my spouse or registered domestic partner and Falcon Acquisition Group, Inc. In consideration of granting of the right to my spouse or registered domestic partner to purchase shares of common stock of Falcon Acquisition Group, Inc. set forth in the Restricted Stock Purchase Agreement, I hereby appoint my spouse or registered domestic partner as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Restricted Stock Purchase Agreement insofar as I may have any rights in said Restricted Stock Purchase Agreement or any shares issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Restricted Stock Purchase Agreement.

Dated: \_\_\_\_\_,

\_\_\_\_\_  
Signature of Spouse or Registered Domestic Partner



EXHIBIT E

INVESTMENT REPRESENTATION STATEMENT

PURCHASER :  
COMPANY : Falcon Acquisition Group, Inc.  
SECURITY : Common Stock  
AMOUNT :  
DATE :

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of Falcon Acquisition Group, Inc., a Delaware corporation (the "Company"), the undersigned ("Purchaser") represents to the Company the following:

1. Purchaser is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Purchaser is acquiring these Securities for investment for Purchaser's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

2. Purchaser acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein. Purchaser understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Purchaser's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. Purchaser further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Purchaser further acknowledges and understands that the Company is under no obligation to register the Securities. Purchaser understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws or agreements.

3. Purchaser is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Stock Purchase Right to Purchaser, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may under present law be resold, subject to the satisfaction of certain of the conditions

specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited “broker’s transaction” or in transactions directly with a market maker (as said term is defined under the Exchange Act); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Stock Purchase Right, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than six months, or, in the event the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, not less than one year, after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above or, in the case of a non-affiliate who subsequently holds the Securities less than one year, the satisfaction of the conditions set forth in section (2) of the paragraph immediately above.

4. Purchaser further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Purchaser understands that no assurances can be given that any such other registration exemption will be available in such event.

Signature of Purchaser:

\_\_\_\_\_

[                      ]

Date:                      ,

## FORM OF 83(B) ELECTION AND INSTRUCTIONS

These instructions are provided to assist you if you choose to make an election under Section 83(b) of the Internal Revenue Code, as amended, with respect to the shares of common stock of Falcon Acquisition Group, Inc. transferred to you. **Please consult with your personal tax advisor as to whether an election of this nature will be in your best interests in light of your personal tax situation.**

The executed original of the Section 83(b) election must be filed with the Internal Revenue Service not later than 30 days after the date the shares were transferred to you. PLEASE NOTE: There is no remedy for failure to file on time. The steps outlined below should be followed to ensure the election is mailed and filed correctly and in a timely manner. ALSO, PLEASE NOTE: If you make the Section 83(b) election, the election is irrevocable.

Complete Section 83(b) election form (attached as Attachment 1) and make four (4) copies of the signed election form. (Your spouse, if any, should sign the Section 83(b) election form as well.)

Prepare the cover letter to the Internal Revenue Service (sample letter attached as Attachment 2).

Send the cover letter with the originally executed Section 83(b) election form and one (1) copy via certified mail, return receipt requested to the Internal Revenue Service at the address of the Internal Revenue Service where you file your personal tax returns. We suggest that you have the package date-stamped at the post office. The post office will provide you with a certified receipt that includes a dated postmark. Enclose a self-addressed, stamped envelope so that the Internal Revenue Service may return a date-stamped copy to you. However, your postmarked receipt is your proof of having timely filed the Section 83(b) election if you do not receive confirmation from the Internal Revenue Service.

One (1) copy must be sent to Falcon Acquisition Group, Inc. for its records and **one (1) copy must be attached to your federal income tax return for the applicable calendar year.**

Retain the Internal Revenue Service file stamped copy (when returned) for your records.

Please consult your personal tax advisor for the address of the office of the Internal Revenue Service to which you should mail your election form.

ATTACHMENT 1

ELECTION UNDER INTERNAL REVENUE CODE SECTION 83(B)

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in taxpayer's gross income for the current taxable year the amount of any compensation taxable to taxpayer in connection with taxpayer's receipt of shares (the "Shares") of Common Stock of Falcon Acquisition Group, Inc., a Delaware corporation (the "Company").

The name, address and taxpayer identification number of the undersigned taxpayer are:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SSN: \_\_\_\_\_

The name, address and taxpayer identification number of the Taxpayer's spouse are (complete if applicable):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SSN: \_\_\_\_\_

Description of the property with respect to which the election is being made:

( ) shares of Common Stock of the Company.

The date on which the property was transferred was . The taxable year to which this election relates is calendar year .

Nature of restrictions to which the property is subject:

The Shares are subject to repurchase by the Company or its assignee upon the occurrence of certain events. This repurchase right lapses based upon the continued performance of services by the taxpayer over time.

The fair market value at the time of transfer (determined without regard to any lapse restrictions, as defined in Treasury Regulation Section 1.83-3(i)) of the Shares was \$ per Share.

The amount paid by the taxpayer for Shares was per share.

A copy of this statement has been furnished to the Company.

Dated: ,

Taxpayer Signature \_\_\_\_\_

The undersigned spouse of Taxpayer joins in this election. (Complete if applicable).

Dated: \_\_\_\_\_,

Spouse's Signature \_\_\_\_\_

Signature(s) Notarized by:

\_\_\_\_\_

\_\_\_\_\_

ATTACHMENT 2

SAMPLE COVER LETTER TO INTERNAL REVENUE SERVICE

\_\_\_\_\_, \_\_\_\_  
**VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

Internal Revenue Service[Address where taxpayer files returns]

Re: Election under Section 83(b) of the Internal Revenue Code of 1986  
Taxpayer: \_\_\_\_\_  
Taxpayer's Social Security Number: \_\_\_\_\_  
Taxpayer's Spouse: \_\_\_\_\_  
Taxpayer's Spouse's Social Security Number: \_\_\_\_\_

Ladies and Gentlemen:

Enclosed please find an original and one copy of an Election under Section 83(b) of the Internal Revenue Code of 1986, as amended, being made by the taxpayer referenced above. Please acknowledge receipt of the enclosed materials by stamping the enclosed copy of the Election and returning it to me in the self-addressed stamped envelope provided herewith.

Very truly yours,

Enclosures

cc: Falcon Acquisition Group, Inc.

**FRONTIER GROUP HOLDINGS, INC.  
2014 EQUITY INCENTIVE PLAN**

**RESTRICTED STOCK UNIT AWARD GRANT NOTICE**

Frontier Group Holdings, Inc., a Delaware corporation, (the “Company”), pursuant to the Company’s 2014 Equity Incentive Plan, as amended from time to time (the “Plan”), hereby grants to the holder listed below (the “Participant”), an award of restricted stock units (“Restricted Stock Units” or “RSUs”). Each vested Restricted Stock Unit represents the right to receive, in accordance with the Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the “Agreement”), one share of Common Stock (“Share”). This award of Restricted Stock Units is subject to all of the terms and conditions set forth herein and in the Agreement and the Plan, each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Unit Award Grant Notice (the “Grant Notice”) and the Agreement.

**Participant:** [ ]

**Grant Date:** [ ]

**Total Number of RSUs:** [ ]

**Vesting Commencement Date:** [ ]

**Vesting Schedule:** One-third (1/3<sup>rd</sup>) of the Total Number of RSUs shall vest on each anniversary of the Vesting Commencement Date, provided, that Participant continues to serve in Management (as defined below) through the applicable vesting date.

For the purposes of this Grant Notice and the Agreement, Participant shall be deemed to be serving in “Management” if Participant is an Employee who is serving as officer or director of the Company.

**Termination:** If the Participant ceases to serve in Management, all RSUs that have not become vested on or prior to the date of such cessation of service in Management will thereupon be automatically forfeited by the Participant without payment of any consideration therefor.

By his or her signature and the Company’s signature below, the Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and this Grant Notice. The Participant has reviewed the Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Agreement and the Plan. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement. In addition, by signing below, the Participant also agrees that the Company, in its sole discretion, may satisfy any withholding obligations in accordance with Section 2.6(b) of the Agreement by withholding shares of Common Stock otherwise issuable to the Participant upon vesting of the RSUs or using any other method permitted by the Plan.

**FRONTIER GROUP HOLDINGS, INC.:**

**PARTICIPANT:**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Address: \_\_\_\_\_

**EXHIBIT A  
TO RESTRICTED STOCK UNIT AWARD GRANT NOTICE**

**RESTRICTED STOCK UNIT AWARD AGREEMENT**

Pursuant to the Restricted Stock Unit Award Grant Notice (the "Grant Notice") to which this Restricted Stock Unit Award Agreement (this "Agreement") is attached, Frontier Group Holdings, Inc., a Delaware corporation (the "Company"), has granted to the Participant the number of restricted stock units ("Restricted Stock Units" or "RSUs") set forth in the Grant Notice under the Company's 2014 Equity Incentive Plan, as amended from time to time (the "Plan"). Each Restricted Stock Unit represents the right to receive one share of Common Stock (a "Share") upon vesting. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and Grant Notice.

**ARTICLE I.**

**GENERAL**

1.1 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions of the Plan, which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

**ARTICLE II.**

**GRANT OF RESTRICTED STOCK UNITS**

2.1 Grant of RSUs. Pursuant to the Grant Notice and upon the terms and conditions set forth in the Plan and this Agreement, effective as of the Grant Date set forth in the Grant Notice, the Company hereby grants to the Participant an award of RSUs under the Plan in consideration of the Participant's past and/or continued employment with or service to the Company or any affiliates and for other good and valuable consideration.

2.2 Unsecured Obligation to RSUs. Unless and until the RSUs have vested in the manner set forth in Article 2 hereof, the Participant will have no right to receive Common Stock under any such RSUs. Prior to actual payment of any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

2.3 Vesting Schedule; Accelerated Vesting. Subject to Section 2.5 hereof, the RSUs shall vest and become nonforfeitable with respect to the applicable portion thereof according to the vesting schedule set forth in the Grant Notice (rounding down to the nearest whole Share). Notwithstanding the foregoing, one hundred percent (100%) of the RSUs shall vest and become nonforfeitable immediately prior to the consummation of a Change in Control, provided that Participant continues to serve in Management through such date.

2.4 Consideration to the Company. In consideration of the grant of the award of RSUs pursuant hereto, the Participant agrees to render faithful and efficient services to the Company or any affiliate.

2.5 Forfeiture, Termination and Cancellation upon Cessation of Service in Management. Notwithstanding any contrary provision of this Agreement or the Plan, upon the Participant's cessation of service in Management, including, without limitation upon a Termination of Service, for any or no reason, all Restricted Stock Units which have not vested prior to or in connection with such cessation of



service shall thereupon automatically be forfeited, terminated and cancelled as of the applicable termination date without payment of any consideration by the Company, and the Participant, or the Participant's beneficiary or personal representative, as the case may be, shall have no further rights hereunder. No portion of the RSUs which has not become vested as of the date on which the Participant ceases to serve in Management, including, without limitation, upon a Termination of Service, shall thereafter become vested.

#### 2.6 Issuance of Common Stock upon Vesting.

(a) As soon as administratively practicable following the vesting of any Restricted Stock Units pursuant to Section 2.3 hereof, but in no event later than thirty (30) days after such vesting date (for the avoidance of doubt, this deadline is intended to comply with the "short term deferral" exemption from Section 409A of the Code), the Company shall deliver to the Participant (or any transferee permitted under Section 3.2 hereof) a number of Shares equal to the number of RSUs subject to this Award that vest on the applicable vesting date. Notwithstanding the foregoing, in the event Shares cannot be issued pursuant to Section 9(g) of the Plan, the Shares shall be issued pursuant to the preceding sentence as soon as administratively practicable after the Administrator determines that Shares can again be issued in accordance with such Section.

(b) As set forth in Section 9(e) of the Plan, the Company shall have the authority and the right to deduct or withhold, or to require the Participant to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the Restricted Stock Units. The Company shall not be obligated to deliver any Shares to the Participant or the Participant's legal representative unless and until the Participant or the Participant's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of the Participant resulting from the grant or vesting of the Restricted Stock Units or the issuance of Shares.

2.7 Conditions to Delivery of Shares. The Shares deliverable hereunder may be either previously authorized but unissued Shares, treasury Shares or issued Shares which have then been reacquired by the Company. Such Shares shall be fully paid and nonassessable. The Company shall not be required to issue Shares deliverable hereunder prior to fulfillment of the conditions set forth in Section 9(g) of the Plan, including without limitation, the Participant's entry into the Stockholders Agreement with the Company in the form provided to the Participant by the Company.

2.8 Rights as Stockholder. The holder of the RSUs shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of the RSUs and any Shares underlying the RSUs and deliverable hereunder unless and until such Shares shall have been issued by the Company and held of record by such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 8 of the Plan.

### ARTICLE III.

#### OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon the Participant, the Company and all other interested persons. No member of the Administrator or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the RSUs.

3.2 RSUs Not Transferable. The RSUs shall be subject to the restrictions on transferability set forth in Section 9(a) of the Plan.

3.3 Tax Consultation. The Participant understands that the Participant may suffer adverse tax consequences in connection with the RSUs granted pursuant to this Agreement (and the Shares issuable with respect thereto). The Participant represents that the Participant has consulted with any tax consultants the Participant deems advisable in connection with the RSUs and the issuance of Shares with respect thereto and that the Participant is not relying on the Company for any tax advice.

3.4 Binding Agreement. Subject to the limitation on the transferability of the RSUs contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.5 Adjustments Upon Specified Events. The Administrator may accelerate the vesting of the RSUs in such circumstances as it, in its sole discretion, may determine. The Participant acknowledges that the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and Section 8 of the Plan.

3.6 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to the Participant shall be addressed to the Participant at the Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.6, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.7 Participant's Representations. If the Shares issuable hereunder have not been registered under the Securities Act or any applicable state laws on an effective registration statement at the time of such issuance, the Participant shall, if required by the Company, concurrently with such issuance, make such written representations as are deemed necessary or appropriate by the Company and/or its counsel.

3.8 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.9 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.10 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any other Applicable Laws. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Laws. To the extent permitted by Applicable Laws, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such Applicable Laws.

3.11 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; *provided, however*, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of the Participant.

3.12 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.2 hereof, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

3.13 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, then the Plan, the RSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Laws, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.14 Not a Contract of Service Relationship. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve in Management of the Company or any of its affiliates or interfere with or restrict in any way with the right of the Company or any of its affiliates, which rights are hereby expressly reserved, to discharge or to terminate for any reason whatsoever, with or without cause, the services of the Participant at any time.

3.15 Entire Agreement. The Plan, the Grant Notice, this Agreement (including all Exhibits thereto, if any) and the Stockholders Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof.

3.16 Section 409A. This Award is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “Section 409A”). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.17 Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Participant shall have only the rights of a general unsecured creditor of the Company and its affiliates with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the Common Stock as a general unsecured creditor with respect to RSUs, as and when payable hereunder.

3.18 Investment Representations. The Participant hereby represents, warrants, covenants, acknowledges and agrees on behalf of the Participant and his or her spouse or domestic partner, if applicable, that (i) the Participant is holding the RSUs for the Participant's own account, and not for the account of any other person, and (ii) the Participant is holding the RSUs for investment and not with a view to distribution or resale thereof except in compliance with Applicable Laws regulating securities.

3.19 Certain Incorporations. Without limiting the generality of any other provision of this Agreement, Sections 10(f) ("Section 409A"), 10(h) ("Lock-Up Period"), 10(i) ("Right of First Refusal"), and 10(j) ("Data Privacy") of the Plan are hereby expressly incorporated into this Agreement as if first set forth herein.

**FRONTIER GROUP HOLDINGS, INC.**  
**INDEMNIFICATION AGREEMENT**

This Indemnification Agreement (“**Agreement**”) is made as of \_\_\_\_\_, 20\_\_\_\_ by and between Frontier Group Holdings, Inc., a Delaware corporation (the “**Company**”), and \_\_\_\_\_ (“**Indemnitee**”). [This Agreement supersedes and replaces any and all previous Agreements between the Company and Indemnitee covering the subject matter of this Agreement.]

**RECITALS**

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the “**Board**”) has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Bylaws, as amended from time to time (the “**Bylaws**”), and the Amended and Restated Certificate of Incorporation of the Company (the “**Certificate of Incorporation**”) require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the “**DGCL**”). The Bylaws, the Certificate of Incorporation and the DGCL expressly provide that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws, the Certificate of Incorporation and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; [and]

WHEREAS, Indemnitee does not regard the protection available under the Bylaws, the Certificate of Incorporation and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he or she be so indemnified; [and]

[WHEREAS, Indemnitee is a representative of \_\_\_\_\_, a limited partnership (the "**Fund**"), and has certain rights to indemnification and/or insurance provided by the Fund which Indemnitee and the Fund intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company's acknowledgement and agreement to the foregoing being a material condition to Indemnitee's willingness to serve on the Board.]

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a director, officer, employee or agent of the Company, as applicable, or, at the request of the Company, as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise, as applicable. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any Enterprise), if any, is at will, and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director or officer of the Company, by the Certificate of Incorporation, the Bylaws and the DGCL. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as a director, officer, employee or agent of the Company, as applicable, or, at the request of the Company, as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise, as applicable, as provided in Section 16 hereof.

Section 2. Definitions. As used in this Agreement:

(a) References to “**agent**” shall mean any person who is or was a director, officer or employee of the Company or a subsidiary of the Company or other person authorized by the Company to act for the Company, to include such person serving in such capacity as a director, officer, employee, fiduciary or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company.

(b) A “**Change in Control**” shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company’s then outstanding securities unless the change in relative Beneficial Ownership of the Company’s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty-one percent (51%) of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 2(b), the following terms shall have the following meanings:

(A) “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended from time to time.

(B) “**Person**” shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(C) “**Beneficial Owner**” shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) “**Corporate Status**” describes the status of a person who is or was a director, trustee, partner, managing member, officer, employee, agent or fiduciary of the Company or of any other corporation, limited liability company, partnership or joint venture, trust or other enterprise which such person is or was serving at the request of the Company.

(d) “**Disinterested Director**” shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) “**Enterprise**” shall mean the Company and any other corporation, limited liability company, partnership, joint venture, trust or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, employee, agent or fiduciary.

(f) “**Expenses**” shall include all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, fax transmission charges, secretarial services, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements, obligations or expenses of the types customarily incurred in connection with, or as a result of, prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a deponent or witness in, or otherwise participating in, a Proceeding. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent, and (ii) expenses incurred in connection with recovery under any directors’ and officers’ liability insurance policies maintained by the Company, regardless of



whether the Indemnitee is ultimately determined to be entitled to such indemnification, advancement or Expenses or insurance recovery, as the case may be, and (iii) for purposes of Section 14(d) only, Expenses incurred by or on behalf of Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable shall be presumed conclusively to be reasonable. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "**Independent Counsel**" shall mean a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "**Independent Counsel**" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(h) The term "**Proceeding**" shall include any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, regulatory, legislative or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by him or her (or a failure to take action by him or her) or of any action (or failure to act) on his or her part while acting pursuant to his or her Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement or advancement of Expenses can be provided under this Agreement. If the Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, this shall be considered a Proceeding under this paragraph.

(i) Reference to "other enterprise" shall include employee benefit plans; references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she

reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in manner “not opposed to the best interests of the Company” as referred to in this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that his or her conduct was unlawful. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Certificate of Incorporation, the Bylaws, vote of its stockholders or disinterested directors or applicable law.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with or related to each successfully resolved claim, issue or

matter to the fullest extent permitted by law. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness or otherwise asked to participate in any aspect of a Proceeding to which Indemnitee is not a party, he or she shall be indemnified against all Expenses actually and reasonably incurred by him or her on his or her behalf in connection therewith.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4 or 5, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to or a participant in any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by or on behalf of Indemnitee in connection with the Proceeding.

(b) For purposes of Section 8(a), the meaning of the phrase “to the fullest extent permitted by applicable law” shall include, but not be limited to:

- i. to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and
- ii. to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification payment in connection with any claim made against Indemnitee:

- (a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, or (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “**Sarbanes-Oxley Act**”), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act); or

(c) except as provided in Section 14(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (ii) such payment arises in connection with any mandatory counterclaim or cross-claim or affirmative defense brought or raised by Indemnitee in any Proceeding (or any part of any Proceeding), or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary (other than Section 14(d)), the Company shall advance, to the extent not prohibited by law, the Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee, and such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time (which shall include invoices received by the Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be so included), whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee’s ability to repay the Expenses and without regard to Indemnitee’s ultimate entitlement to indemnification under the other provisions of this Agreement. In accordance with Section 14(d), advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that the Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement. This Section 10 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 9.

Section 11. Procedure for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof or Indemnitee's becoming aware thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding, in each case to the extent known to Indemnitee. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. The failure by Indemnitee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement, except to the extent (solely with respect to the indemnity hereunder) that such failure or delay materially prejudices the Company. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

(c) The Company shall not settle any Proceeding (in whole or in part) if such settlement would impose any Expense, judgment, liability, fine, penalty or limitation on Indemnitee which Indemnitee is not entitled to be indemnified hereunder without the Indemnitee's prior written consent.

Section 12. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 11(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (D) if so directed by the Board, by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by or on behalf of

Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) hereof, the Independent Counsel shall be selected as provided in this Section 12(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Delaware Court for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 12(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) If the Company disputes a portion of the amounts for which indemnification is requested, the undisputed portion shall be paid and only the disputed portion withheld pending resolution of any such dispute.

### Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent

not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) Subject to Section 14(e), if the person, persons or entity empowered or selected under Section 12 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60)-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 13(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of

account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. The provisions of this Section 13(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. Whether or not the foregoing provisions of this Section 13(d) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 14. Remedies of Indemnitee.

(a) Subject to Section 14(e), in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 10 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12(a) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6 or 7 or the last sentence of Section 12(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 3, 4 or 8 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of his or her entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by



reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company shall, to the fullest extent permitted by law, indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by or on behalf of Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company if, in the case of indemnification, Indemnitee is wholly successful on the underlying claims; if Indemnitee is not wholly successful on the underlying claims, then such indemnification shall be only to the extent Indemnitee is successful on such underlying claims or otherwise as permitted by law, whichever is greater.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

Section 15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement (i) shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors or otherwise, and (ii) shall be interpreted independently of, and without reference to, any other such rights to which Indemnitee may at any time be entitled. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than

would be afforded currently under the Bylaws, the Certificate of Incorporation and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees or agents of the Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) [The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other corporation, limited liability company, partnership, joint venture, trust or other enterprise.]/[The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by the Fund and certain of its affiliates (collectively, the "**Fund Indemnitors**"). The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the Certificate of Incorporation or Bylaws (or any agreement

between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms hereof.]

Section 16. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Company, as applicable, or, at the request of the Company, as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise, as applicable, or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced (including any appeal thereof) by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of expenses rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors and administrators and other legal representatives. The Company shall require and shall cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to, by written agreement, expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 17. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 18. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws, any directors' and officers' insurance maintained by the Company and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder and provided further, that the provisions of this Agreement shall apply retroactively as of the date such Indemnitee began service as a director, officer, employee or agent of the Company, as applicable, or, at the request of the Company, as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise, as applicable.

Section 19. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 20. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 21. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed, or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company to:

Frontier Group Holdings, Inc.  
7001 Tower Road, Suite 102  
Denver, CO 80249  
Attn: General Counsel

or to any other address as may have been furnished to Indemnitee by the Company.

Section 22. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by or on behalf of Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 23. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "**Delaware Court**"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably CT Corporation as its agent in the State of Delaware for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 24. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 25. Miscellaneous. The headings of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

FRONTIER GROUP HOLDINGS, INC.

INDEMNITEE

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Address:

*[Signature Page to Indemnification Agreement]*

**Employment Agreement**

This Employment Agreement (the "Agreement") is made by and between Frontier Airlines, Inc., a Colorado corporation (the "Company"), and Barry L. Biffle (the "Executive" and, together with the Company, the "Parties") effective as of March 15, 2016 (the "Effective Date"). This Agreement supersedes in its entirety any agreement to which the Company is a party with respect to Executive's employment with the Company, except for option agreements entered into between Executive and the Group.

**RECITALS**

WHEREAS, the Company desires to assure itself of the continued services of Executive by engaging Executive to perform services under the terms hereof; and

WHEREAS, Executive desires to provide continued services to the Company on the terms herein provided.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, including the respective covenants and agreements set forth below, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

**1. Certain Definitions.**

(a) "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person where "control" shall have the meaning given such term under Rule 405 of the Securities Act of 1933, as amended.

(b) "Agreement" shall have the meaning set forth in the preamble hereto.

(c) "Annual Base Salary." shall have the meaning set forth in Section 3(a).

(d) "Annual Bonus" shall have the meaning set forth in Section 3(b).

(e) "Board" shall mean the Board of Directors of the Company or of any company to which the Company's rights and obligations under this Agreement are assigned pursuant to Section 10.

(f) "Cause" shall mean (i) Executive's gross negligence or willful misconduct in the performance of the duties and services required of Executive pursuant to this Agreement or any other written agreement between Executive and the Company; (ii) Executive's conviction of, or plea of guilty or *nolo contendere* to, a felony or crime involving moral turpitude (or any similar crime in any jurisdiction outside the United States); (iii) Executive's willful refusal to perform the duties and responsibilities required of Executive under this Agreement or as lawfully directed by the Board which remains uncorrected for thirty (30) days following written notice to Executive by the Company of such breach; (iv) Executive's material breach of any material

provision of this Agreement, any confidential information or restrictive covenant agreement with the Company or corporate code or policy which remains uncorrected for thirty (30) days following written notice to Executive by the Company of such breach; (v) any act of fraud, embezzlement, material misappropriation or dishonesty committed by Executive against the Company; or (v) any acts, omissions or statements by Executive which the Company determines to be materially detrimental or damaging to the reputation, operations, prospects or business relations of the Company. For purposes of this Section 1(f), an act or failure to act shall be considered "willful" only if done or omitted to be done without a good faith reasonable belief that such act or failure to act was in the best interests of the Company.

(g) "Change in Control" shall mean (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital stock of Group or the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of Group or the Company (other than such an acquisition by a person or group that holds more than fifty percent (50%) of the outstanding capital stock of Group or the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of Group or the Company, in each case, as of either the Effective Date or immediately prior to such acquisition); (ii) the consummation of a sale of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving Group or the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the stockholders of Group or the Company, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall an acquisition, sale or other transaction constitute a "Change in Control" if: (w) its sole purpose is to change the form of ownership of the Company or the state of the Company's incorporation; (x) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; (y) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing or otherwise); or (z) it constitutes, or includes sales of shares in connection with, the initial public offering of the Company's common stock or the common stock of any Affiliate of the Company (including Group).

(h) "COBRA" shall have the meaning set forth in Section 5(b)(iii).

(i) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(j) "Company," shall, except as otherwise provided in Section 8(a), have the meaning set forth in the preamble hereto.

(k) "Competing Business" shall mean a business conducted anywhere in the United States which is related to commercial aviation or its supply chain or is otherwise competitive with any business which the Company conducts or has taken actions in anticipation of conducting at any time during the employment of Executive.



(l) “Confidential Information” shall have the meaning set forth in Section 8(e).

(m) A “Constructive Termination” shall mean Executive’s resignation from employment with the Company that is effective within one-hundred twenty (120) days after the occurrence, without Executive’s written consent, of any of the following: (i) a material diminution in Executive’s base salary that is not proportionately applicable to other officers and key employees of the Company generally; (ii) a material diminution in Executive’s job responsibilities or duties inconsistent in any material respect with Executive’s duties or responsibilities in effect immediately prior to such change, *provided*, that any change made solely as the result of the Company becoming a subsidiary or business unit of a larger company in a Change in Control shall not provide for Executive’s Constructive Termination hereunder; (iii) the relocation of Executive’s direction to a facility or a location more than fifty (50) miles from Executive’s then-present location; or (iv) the failure by any successor entity or corporation following a Change in Control to assume the obligations under this Agreement. Notwithstanding the foregoing, a resignation shall not constitute a “Constructive Termination” unless the condition giving rise to such resignation continues uncured by the Company more than thirty (30) days following Executive’s written notice of such condition provided to the Company 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.

(n) “Date of Termination” shall mean (i) if Executive’s employment is terminated due to Executive’s death, the date of Executive’s death; (ii) if Executive’s employment is terminated due to Executive’s Disability, the date determined pursuant to Section 4(a)(ii); or (iii) if Executive’s employment is terminated pursuant to Section 4(a)(iii)-(vi) either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 4(b), whichever is earlier.

(o) “Disability” shall exist if, as a result of any physical or mental disability or impairment, Executive is unable to perform, with reasonable accommodation, Executive’s material duties hereunder for a period of at least ninety (90) days in any consecutive period of one hundred eighty (180) days.

(p) “Effective Date” shall have the meaning set forth in the preamble hereto.

(q) “Equity Awards” shall have the meaning set forth in Section 6(a).

(r) “Executive” shall have the meaning set forth in the preamble hereto.

(s) “Flight Benefits” shall have the meaning set forth in Section 3(d).

(t) “Group” shall mean Frontier Group Holdings, Inc., a Delaware corporation, or any successor thereto.

(u) “Notice of Termination” shall have the meaning set forth in Section 4(b).

(v) “Person” shall mean any individual, natural person, corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any company limited by shares, limited liability company or joint stock company), incorporated or unincorporated association, governmental authority, firm, society or other enterprise, organization or other entity of any nature.

(w) “Release” shall have the meaning set forth in Section 5(b).

(x) “Release Deadline Date” shall have the meaning set forth in Section 12(d).

(y) “Section 409A” shall mean Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date.

(z) “Separation from Service” shall have the meaning set forth in Section 12(b).

(aa) “Target Bonus” shall have the meaning set forth in Section 3(b).

(bb) “Term” shall have the meaning set forth in Section 2(b).

(cc) “UATP” shall have the meaning set forth in Section 3(d).

## 2. Employment.

(a) General. The Company shall continue to employ Executive and Executive shall continue in the employ of the Company, for the period and in the position set forth in this Section 2, and upon the other terms and conditions herein provided.

(b) Employment Term. The term of employment under this Agreement (as may be extended in accordance with this Section 2(b), the “Term”) shall be for the period beginning on the Effective Date and ending on the fifth anniversary of the Effective Date, subject to earlier termination as provided in Section 4 hereof. The Term shall automatically be extended for successive one year periods unless within ninety (90) days prior to the end of the then current Term either Party provides a written notice of non-renewal to the other Party.

(c) Position and Duties. Executive shall serve as the President and Chief Executive Officer of the Company and as a member of the Board. Executive shall continue to devote substantially all of his time and attention during normal business hours to the business of the Company, will continue act in the best interest of the Company while performing his duties for the Company and will continue to perform with due care his duties and responsibilities for the Company. Executive’s duties will include those normally incidental to the position of President and Chief Executive Officer as well as whatever additional duties may be assigned to him by the Board. Executive shall report to the Chairman of the Board. Executive agrees not to engage in any activity that materially interferes with the performance of Executive’s duties hereunder. During the Term, Executive will not hold outside employment, *provided*, that it shall not be a violation of this Agreement for Executive (i) with prior written consent from the Board, to serve on the board of directors of one other company if such company is not affiliated with commercial aviation or its supply chain or (ii) to manage or engage in other activities in connection with Executive’s personal investments; *provided, further*, that the foregoing permitted activities shall not materially interfere with Executive’s duties hereunder. Executive acknowledges and agrees that Executives owes the Company a duty of loyalty and that the obligations described in this Agreement are in addition to, and not in lieu of, the obligations Executive owes the Company under the common law.

### **3. Compensation and Related Matters.**

(a) Annual Base Salary. During the Term, Executive shall receive a base salary at a rate of four hundred seventy-five thousand dollars (\$475,000) per annum (the "Annual Base Salary"), which shall be paid in accordance with the customary payroll practices and procedures of the Company. Such Annual Base Salary shall be reviewed by the Board from time to time but no less frequently than annually.

(b) Bonus. During the Term, Executive will continue to be eligible to earn a discretionary cash performance bonus (an "Annual Bonus") under the Company's incentive bonus program. Executive's annual bonus opportunity shall continue to be one hundred percent (100%) of the Annual Base Salary (the "Target Bonus") at the target achievement and two hundred percent (200%) of the Annual Base Salary at the maximum achievement. The amount of any Annual Bonus payable under the incentive bonus program may thus vary from zero percent (0%) to two hundred percent (200%), based on the achievement as determined by the Board of individual and Company performance goals to be set by the Board. The amount of any Annual Bonus shall be payable on such date as is determined by the Board in its sole discretion as soon as reasonably practicable after the final audited financial performance information for the Company is available for the calendar year with respect to which such Annual Bonus relates. Notwithstanding any other provision of this Section 3, no bonus shall be payable with respect to any calendar year unless Executive remains continuously employed with the Company during the period beginning on the Effective Date and ending on the applicable bonus payment date except as otherwise provided in Section 5(b)(iv) and Section 5(c)(iv).

(c) Benefits. During the Term, Executive may continue to participate in such employee and executive benefit plans and programs as the Company may from time to time offer generally to provide to its employees and executives, pursuant to the terms and eligibility requirements of those plans.

(d) Flight Benefits. During the Term, Executive shall be eligible to receive flight benefits on Frontier Airlines in the form of a Universal Air Travel Plan, Inc. ("UATP") card made available once per twelve month period that provides for travel solely on Frontier Airlines in the amount of twenty thousand dollars (\$20,000) that must be used, if at all, within twelve months of the date the UATP card is issued (the "Flight Benefits").

(e) Vacation. During the Term, Executive shall continue to be entitled to no less than three (3) weeks of annual paid vacation, subject to the Company's vacation policy, as it may be amended from time to time. Any vacation shall be taken at the reasonable and mutual convenience of the Company and Executive. Holidays shall be provided in accordance with Company policy, as in effect from time to time.

(f) Business Expenses. During the Term, the Company shall continue to reimburse Executive for all reasonable, documented, out-of-pocket travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's applicable expense reimbursement policies and procedures.

#### 4. Termination.

Executive's employment hereunder shall be "at-will" and may be terminated by the Company or Executive, as applicable, at any time for any reason, with or without prior notice, without any breach of this Agreement under the following circumstances:

(a) Circumstances.

(i) Death. Executive's employment hereunder shall terminate upon Executive's death.

(ii) Disability. If Executive incurs a Disability, the Company may give Executive written notice of its intention to terminate Executive's employment. In that event, Executive's employment with the Company shall terminate, effective on the later of the thirtieth (30<sup>th</sup>) day after receipt of such notice by Executive or the date specified in such notice, *provided*, that within the thirty (30) day period following receipt of such notice, Executive shall not have returned to full-time performance of Executive's duties hereunder.

(iii) Termination for Cause. The Company may terminate Executive's employment for Cause.

(iv) Termination without Cause. The Company may terminate Executive's employment without Cause.

(v) Resignation from the Company Deemed a Constructive Termination. Executive may resign Executive's employment with the Company under circumstances deemed a Constructive Termination.

(vi) Resignation from the Company Not Deemed a Constructive Termination. Executive may resign Executive's employment with the Company under circumstances not deemed a Constructive Termination.

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 4 (other than termination pursuant to paragraph (a)(i)) shall be communicated by a written notice to the other party hereto (i) indicating the specific termination provision in this Agreement relied upon, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated unless the termination provision relied upon is Section 4(a)(iv) or (vi), and (iii) specifying a Date of Termination which, if submitted by Executive, shall be at least thirty (30) days following the date of such notice (a "Notice of Termination"); *provided, however*, that in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs following the date of Company's receipt of such Notice of Termination and is prior to the date specified in such Notice of Termination. A Notice of

Termination submitted by the Company may provide for a Date of Termination on the date Executive receives the Notice of Termination, or any date thereafter elected by the Company in its sole discretion. The failure by the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing the Company's rights hereunder.

(c) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its Affiliates.

(d) Forfeitures. In the event that Executive resigns pursuant to Section 4(a)(vi) hereof under circumstances not deemed a Constructive Termination pursuant to Section 4(a)(v) hereof, (i) Executive shall forfeit any unused portion of any UATP card and (ii) Executive shall forfeit any unpaid Annual Bonus.

#### **5. Company Obligations Upon Termination of Employment.**

(a) In General. Upon a termination of Executive's employment for any reason, Executive (or Executive's estate) shall be entitled to receive: (i) any portion of Executive's Annual Base Salary through the Date of Termination not theretofore paid, (ii) any expenses owed to Executive under Section 3(f), and (iii) any amount arising from Executive's participation in, or benefits under, any employee benefit plans, programs or arrangements under Section 3(c), which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements. Except as otherwise set forth in Sections 5(b) and 5(c) below, the payments and benefits described in this Section 5(a) shall be the only payments and benefits payable in the event of termination of Executive's employment for any reason.

(b) Termination Apart from a Change in Control. In the event of termination of Executive's employment by the Company without Cause pursuant to Section 4(a)(iv) hereof, other than within the twelve (12) month period following a Change in Control, in addition to the payments and benefits described in Section 5(a) above, subject to Section 12 and Section 5(d) and subject to Executive's delivery to the Company of a waiver and release of claims agreement in a form substantially comparable to Exhibit A, attached hereto, and in accordance with Section 12(d) (a "Release"), that becomes effective and irrevocable within sixty (60) days following the Date of Termination:

(i) The Company shall pay to Executive, in a single lump-sum payment within sixty (60) days following the Date of Termination, an amount equal to one (1) times the Annual Base Salary plus the Target Bonus for the calendar year in which the Date of Termination occurs.

(ii) The Company shall continue to provide Executive with the Flight Benefits for the one (1)-year period following the Date of Termination.

(iii) If Executive elects to receive continued healthcare coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"),

the Company shall directly pay, or at the Company's election reimburse Executive for, the COBRA premiums for Executive and Executive's covered dependents during the period commencing on Executive's termination of employment and ending upon the earliest of (X) the first anniversary of the Date of Termination, (Y) the date that Executive and/or Executive's covered dependents, as applicable, become no longer eligible for COBRA or (Z) the date Executive becomes eligible to receive healthcare coverage from a subsequent employer.

(iv) Executive shall be eligible to receive a prorated portion of the Annual Bonus Executive would have received with respect to the calendar year during which the Date of Termination occurs had he remained in continuous employment through the date of payment, with the amount determined based on actual performance against applicable metrics and subject to discretionary adjustments permitted under the applicable incentive bonus program and with proration determined by dividing the number of days Executive served hereunder in the calendar year during which the Date of Termination occurred by the total number of days in the calendar year in which the Date of Termination occurred, in each case, as determined by the Board. Any such prorated Annual Bonus shall be payable on the regularly scheduled payment date under the Company's incentive bonus program (in the calendar year following the calendar year in which the Date of Termination occurs).

(c) Termination Within 12 Months Following a Change in Control. In the event of termination of Executive's employment by the Company without Cause pursuant to Section 4(a)(iv) hereof or Executive's Constructive Termination pursuant to Section 4(a)(v) hereof, in each case within twelve (12) months following a Change in Control, in addition to the payments and benefits described in Section 5(a) above, subject to Section 12 and Section 5(d) and subject to Executive's delivery to the Company of a Release in accordance with Section 12(d) that becomes effective and irrevocable within sixty (60) days following the Date of Termination:

(i) The Company shall pay to Executive, in a single lump-sum payment within sixty (60) days of the Date of Termination, an amount equal to two (2) times (A) the Annual Base Salary plus (B) the Target Bonus for the calendar year in which the Date of Termination occurs.

(ii) The Company shall continue to provide Executive with the Flight Benefits for the two (2)-year period following the Date of Termination.

(iii) If Executive elects to receive continued healthcare coverage pursuant to COBRA, the Company shall directly pay, or at the Company's election reimburse Executive for, the COBRA premiums for Executive and Executive's covered dependents during the period commencing on Executive's termination of employment and ending upon the earliest of (X) the second anniversary of the Date of Termination, (Y) the date that Executive and/or Executive's covered dependents, as applicable, become no longer eligible for COBRA or (Z) the date Executive becomes eligible to receive healthcare coverage from a subsequent employer.

(iv) Executive shall be eligible to receive a prorated portion of the Annual Bonus Executive would have received with respect to the calendar year during which the Date of Termination occurs had he remained in continuous employment through the date of payment, with the amount determined based on actual performance against applicable metrics and subject to discretionary adjustments permitted under the applicable incentive bonus program and with proration determined by dividing the number of days Executive served hereunder in the calendar year during which the Date of Termination occurred by the total number of days in the calendar year in which the Date of Termination occurred, in each case, as determined by the Board. Any such prorated Annual Bonus shall be payable on the regularly scheduled payment date under the Company's incentive bonus program (in the calendar year following the calendar year in which the Date of Termination occurs).

(v) Each outstanding equity award, including, without limitation, each stock option, restricted stock unit and restricted stock award, held by Executive shall automatically become vested and, if applicable, exercisable and any restrictions thereon shall immediately lapse, in each case, with respect to one hundred percent (100%) of the then unvested shares subject to such equity award.

(d) Post Termination Obligations. Notwithstanding any other provision of this Agreement, no payment shall be made pursuant to Sections 5(b) or 5(c) following the date Executive first violates any of the restrictive covenants set forth in Section 8.

(e) Exclusive Benefit; No Other Severance. The provisions of this Section 5 shall supersede in their entirety any severance payment provisions in any severance plan, policy, program or other arrangement maintained by the Company.

(f) No Requirement to Mitigate; Survival. Executive shall not be required to mitigate the amount of any payment provided for under this Agreement by seeking other employment or in any other manner. Notwithstanding anything to the contrary in this Agreement, the termination of Executive's employment and the expiration or termination of the Term shall not impair the rights or obligations of any party hereto.

(g) Certain Reductions. The Company shall reduce Executive's severance benefits under this Agreement, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to Executive by the Company in connection with Executive's termination, including but not limited to payments or benefits pursuant to (i) any applicable legal requirement, including, without limitation, the Worker Adjustment and Retraining Notification Act, or (ii) any Company policy or practice providing for Executive to remain on the payroll without being in active service for a limited period of time after being given notice of the termination of Executive's employment. The benefits provided under this Agreement are intended to satisfy, to the greatest extent possible, any and all statutory obligations that may arise out of Executive's termination of employment. Such reductions shall be applied on a retroactive basis, with severance benefits previously paid being recharacterized as payments pursuant to the Company's statutory obligation.

## **6. Treatment of Equity.**

(a) New Stock Option. Promptly following the Effective Date, Executive shall be granted an option (the "Option") to purchase 39,900 shares of Group common stock for an exercise price per share equal to the per share fair market value of Group's common stock on the date of grant, as determined by Group's board of directors. The Option shall vest and become exercisable with respect to one-fourth (1/4) of the shares initially subject to the Option on each of the first four anniversaries of the Effective Date, subject to Executive's continued service to the Company through the applicable vesting date. The Option shall otherwise be subject to the terms of the equity incentive plan pursuant to which it is granted and Group's standard option agreement to be entered into between Executive and Group.

(b) Stockholders Agreement. As a condition to the exercise of the Option or the acquisition of any other equity interest in Group, Executive agrees to enter into any stockholders agreement and/or side agreement restricting the sale of shares of Group common stock requested by Group at any time.

## **7. Indemnification and Cooperation.**

(a) Indemnification. The Company shall indemnify Executive in Executive's capacity as director, officer, employee or agent of the Company to the fullest extent permissible by applicable law and the Company's charter and by-laws, and shall purchase and maintain, for the benefit of Executive, director and officer liability insurance (including post-termination/post-director service tail coverage) in a form at least as comprehensive as, and in an amount that is at least equal to, that maintained by the Company for similarly situated executive officers of the Company. The Company shall use its reasonable best efforts to cause any successor to all or substantially all of the business or assets of the Company to assume expressly in writing and to agree to perform all of the obligations of the Company under this Section 7(a).

(b) Cooperation. Executive shall reasonably cooperate with the Company and its Affiliates in connection with any litigation or regulatory matter or with any government authority on any matter, in each case, pertaining to the Company or any Affiliate of the Company and with respect to which Executive may have relevant knowledge, *provided* that, in connection with such cooperation, the Company shall reimburse Executive's reasonable expenses.

## **8. Restrictive Covenants.**

(a) Affiliates. As used in this Section 8, the term "Company" shall include the Company and any Affiliate of the Company.

(b) Acknowledgements and Agreements. Executive represents that Executive's continued employment by the Company and the performance of Executive's duties hereunder do not and will not breach any agreement with any former employer, including any non-compete agreement, non-solicit agreement or any agreement to keep in confidence or refrain from using information acquired by Executive prior to Executive's employment by the Company. During Executive's employment by the Company, Executive agrees that Executive will not violate any non-solicitation agreements Executive entered into with any former employer or improperly make use of, or disclose, any information or trade secrets of any former employer or other third party, nor will Executive bring onto the premises of the Company or use any unpublished documents or any property belonging to any former employer or other third party, in violation of any lawful agreements with that former employer or third party.



(c) Non-Competition/Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company, and further acknowledges and recognizes that the Company has entered into this Agreement in reliance on, among other things, Executive's agreement to be bound by the non-competition provisions set forth in this Section 8(c). Accordingly, Executive agrees as follows:

(i) Executive shall not, at any time during the Term and the twelve (12) month period following the Date of Termination (or twenty-four (24) month period following the Date of Termination in the event of termination of Executive's employment by the Company without Cause pursuant to Section 4(a)(iv) hereof or Executive's Constructive Termination pursuant to Section 4(a)(v) hereof), directly or indirectly, (A) engage, participate or assist in any Competing Business, (B) enter the employ of, or render any services to, any Person engaged in any Competing Business, (C) acquire a financial interest in, or otherwise become actively involved with, any Person engaged in any Competing Business, whether as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant. Nothing herein shall prohibit Executive from being a passive owner of not more than two percent (2%) of the outstanding equity interest in any entity that is publicly traded, so long as Executive has no active participation in the business of such entity.

(ii) Executive hereby agrees that Executive shall not, at any time during the Term and the twelve (12) month period following the Date of Termination (or twenty-four (24) month period following the Date of Termination in the event of Executive's termination of employment by the Company without Cause pursuant to Section 4(a)(iv) hereof or Executive's Constructive Termination pursuant to Section 4(a)(v) hereof), directly or indirectly, either for himself or on behalf of any other Person, (A) recruit or otherwise solicit or induce any employee, customer or supplier of the Company to terminate its employment or arrangement with the Company, or otherwise change its relationship with the Company, or (B) hire, or cause to be hired, any Person who was employed by the Company at any time during the twelve (12)-month period immediately prior to the Date of Termination or who thereafter becomes employed by the Company.

(iii) In the event the terms of this Section 8(c) shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to, and may be modified by a court of competent jurisdiction to, extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(iv) Executive understands that the restrictions set forth in this Section 8(c) are intended to protect the Company's established employee, customer and supplier relations, and the general goodwill of its business, and Executive agrees that such restrictions are reasonable and appropriate for this purpose.

(v) Tolling. In the event Executive engages in conduct in violation of his covenants in Sections 8(c), the applicable restricted period shall be extended for a period of time equal to the time in which Executive engaged in competitive activity prohibited by this Agreement.

(d) Non-Disparagement. Each of the Parties agrees not to disparage the other party, any of the other's products or practices, or any of the other's agents, representatives, or Affiliates, either orally or in writing, at any time; *provided*, that either party may confer in confidence with their legal representatives and make truthful statements as required by law.

(e) Confidentiality. As used in this Agreement, "Confidential Information" means information belonging to the Company or any Affiliate which is of value to the Company or such Affiliate in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to the Company or such Affiliate. Confidential Information includes, without limitation, patient or other medical information, financial information, reports, forecasts, inventions, improvements and other intellectual property, trade secrets, know-how, designs, processes or formulae, software, market or sales information or plans, customer lists, business plans and prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management of the Company. Confidential Information also includes information developed by Executive in the course of Executive's employment by the Company, as well as other information to which Executive may have access in connection with Executive's employment. Confidential Information also includes the confidential information of others with which the Company or any Affiliate has a business relationship and which is known by Executive or which Executive should have reason to know about. Notwithstanding the foregoing, Confidential Information does not include information in the public domain, unless due to breach of Executive's duties under this Section 8(e).

(i) Executive understands and agrees that Executive's employment creates a relationship of confidence and trust between Executive and the Company with respect to all Confidential Information. At all times, both during Executive's employment with the Company and after its termination, Executive will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the written consent of the Company, except as may be necessary in the ordinary course of performing Executive's duties to the Company or as otherwise required by law.

(ii) All documents, records, data, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to Executive by the Company or any Affiliate or are produced by Executive in connection with Executive's employment will be and remain the sole property of the Company. Executive will return to the Company all such materials and property as and when requested by the Company. In any event, Executive will return all such materials and property immediately upon termination of Executive's employment for any reason, and will not retain any copies thereof following such termination.

**9. Injunctive Relief.**

It is recognized and acknowledged by Executive that a breach of the covenants contained in Section 8 will cause irreparable damage to Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Executive agrees that in the event of a breach of any of the covenants contained in Section 8, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief without the requirement to post any bond.

**10. Assignment and Successors.**

The Company may assign its rights and obligations under this Agreement to any Affiliate or to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise), and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company and its Affiliates. This Agreement shall be binding upon and inure to the benefit of the Company, Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will or operation of law. Notwithstanding the foregoing, Executive shall be entitled, to the extent permitted under applicable law and applicable Company arrangements, to select and change a beneficiary or beneficiaries to receive compensation hereunder following Executive's death by giving written notice thereof to the Company.

**11. Miscellaneous Provisions.**

(a) Right to Work. This Agreement, and employment as the Company's Chief Executive Officer pursuant to this Agreement, is conditioned upon your consent to, and results satisfactory to the Company of, Executive shall be required to (i) a drug test and (ii) a physical exam at Mayo Clinic in Scottsdale, Arizona. All reasonable and customary expenses incurred by Executive in connection with the foregoing shall be reimbursed by the Company, in accordance with the Company's reimbursement policies. Executive shall also be required to provide documentation of Executive's U.S. citizenship and maintain such citizenship during the Term.

(b) Governing Law. This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of Colorado, without giving effect to any principles of conflicts of law, whether of the State of Colorado or any other jurisdiction, and where applicable, the laws of the United States, that would result in the application of the laws of any other jurisdiction.

(c) Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(d) Notices. Any notice, request, claim, demand, document and other communication hereunder to any Party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid, as follows:

- (i) If to the Company:  
Frontier Airlines, Inc.  
7001 Tower Road  
Denver, CO 80249-7312  
Attn: Board of Directors

and copies to:

Latham & Watkins LLP  
140 Scott Drive  
Menlo Park, California 94025-1008  
Attn: Anthony J. Richmond, Esq.  
Facsimile: (650) 463-2600

- (ii) If to Executive, at the address set forth on the signature page hereto, or
- (iii) at any other address as any Party shall have specified by notice in writing to the other Party.

(e) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile shall be deemed effective for all purposes.

(f) Entire Agreement. The terms of this Agreement are intended by the Parties to be the final expression of their agreement with respect to the employment of Executive by the Company and supersede all prior understandings and agreements, whether written or oral, except for the option agreements entered into between Executive and the Group. The Parties further intend that this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

(g) Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Executive and a duly authorized officer of Company, which specifically states the intention to modify, amend or terminate this Agreement. By an instrument in writing signed by Executive or a duly authorized officer of the Company, Executive or the Company, as applicable, may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; *provided, however, that* such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(h) No Inconsistent Actions. The Parties hereto shall not voluntarily undertake any action or course of action inconsistent with, or fail voluntarily to undertake any action or course of action required by, the provisions or essential intent of this Agreement. Furthermore, it is the intent of the Parties hereto to act in a fair and reasonable manner with respect to the interpretation and application of the provisions of this Agreement.

(i) Construction. This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary, (a) the plural includes the singular and the singular includes the plural; (b) “and” and “or” are each used both conjunctively and disjunctively; (c) “any,” “all,” “each,” or “every” means “any and all,” and “each and every”; (d) “includes” and “including” are each “without limitation”; (e) “herein,” “hereof,” “hereunder” and other similar compounds of the word “here” refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (f) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

(j) Arbitration. Any dispute or controversy based on, arising under or relating to this Agreement shall be settled exclusively by final and binding arbitration, conducted before a single neutral arbitrator in the City and County of Denver, Colorado in accordance with the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association (the “AAA”) then in effect. Arbitration may be compelled, and judgment may be entered on the arbitration award in any court having jurisdiction; provided, however, that the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of the provisions of Section 8, and Executive hereby consents that such restraining order or injunction may be granted without requiring the Company to post a bond. Only individuals who are (a) lawyers engaged full-time in the practice of law and (b) on the AAA roster of arbitrators shall be selected as an arbitrator. Within twenty (20) days of the conclusion of the arbitration hearing, the arbitrator shall prepare written findings of fact and conclusions of law. Each party shall bear its own costs and attorneys’ fees in connection with any arbitration; provided that the Company shall bear the cost of the arbitrator and the AAA’s administrative fees.

(k) Enforcement. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(l) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

**12. Section 409A.**

(a) General. The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If Executive notifies the Company that Executive has received advice of tax counsel of a national reputation with expertise in Section 409A that any provision of this Agreement would cause Executive to incur any additional tax or interest under Section 409A (with specificity as to the reason therefor) or the Company (which shall have no obligation to assess the issue absent such notice from Executive) independently makes such determination, the Company and Executive shall take commercially reasonable efforts to reform such provision to try to comply with or be exempt from Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A, provided that any such modifications shall not increase the cost or liability to the Company. To the extent that any provision hereof is modified in order to comply with or be exempt from Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Section 409A. Notwithstanding anything herein to the contrary, Executive acknowledges and agrees that (i) Executive is not relying upon any determination by the Company, its Affiliates, or any of their respective employees, directors, officers, attorneys or agents regarding the tax effects, including, without limitation, tax effects under Section 409A, associated with Executive's entry into this Agreement or the receipt of any payments hereunder, and (ii) in deciding to enter into this Agreement, Executive is relying on Executive's own judgment and the judgment of the professionals of Executive's choice with whom Executive has consulted.

(b) Separation from Service. Notwithstanding any provision to the contrary in this Agreement: (i) no amount that constitutes "deferred compensation" under Section 409A shall be payable pursuant to Sections 5(b) or 5(c) unless the termination of Executive's employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations ("Separation from Service"); (ii) for purposes of Section 409A, Executive's right, if any, to receive installment payments pursuant to Sections 5(b) or 5(c) hereof shall be treated as a right to receive a series of separate and distinct payments; and (iii) to the extent that any reimbursement of expenses or in-kind benefits constitutes "deferred compensation" under Section 409A, such reimbursement or benefit shall be provided no later than December 31<sup>st</sup> of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year. Any good faith determination by the Company in respect of Section 409A shall be final and binding on Executive.

(c) Specified Employee. Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of Executive's Separation from Service with the Company or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive's estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(d) Release. Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of termination of Executive's employment are subject to Executive's execution and delivery of a Release, (i) if Executive fails to execute and deliver the Release on or prior to the Release Deadline (as defined below) or timely revokes the Release thereafter, Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release, and (ii) in any case where the Date of Termination and the Release Deadline fall in two separate taxable years, any payments required to be made to Executive that are conditioned on the Release and are treated as nonqualified deferred compensation for purposes of Section 409A shall be made in the later taxable year. For purposes of this Section 12(d), "Release Deadline" shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to Executive, or, in the event that Executive's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), as determined by the Company, the date that is forty-five (45) days following such delivery date. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of Executive's termination of employment are delayed pursuant to this Section 12(d), such amounts shall be paid in a lump sum on the first payroll date following the date that Executive executes and delivers and does not revoke the Release (and the applicable revocation period has expired) or, in the case of any payments subject to Section 12(d)(iii), on the first payroll period to occur in the subsequent taxable year, if later.

**13. Excess Parachute Payments, Limitation on Payments.**

(a) Best Pay Cap. Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by Executive (including any payment or benefit received in connection with a termination of Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 5 hereof, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (such excise tax, the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject

to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm selected by the Company (the “Independent Advisors”), does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. Promptly following any request to do so, Executive shall provide to any Independent Advisors such information as they may require to assess the impact of Section 280G(b) on any amounts payable hereunder. Any good faith determinations of the Independent Advisors made hereunder shall be final and binding upon the Company and Executive.

**14. Employee Acknowledgment.**

Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive’s own judgment.

*(Signature Page Follows)*



IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date and year first above written.

FRONTIER AIRLINES, INC.

By: /s/ Howard M. Diamond

Name: Howard M. Diamond

Title: General Counsel and Secretary

EXECUTIVE:

/s/ Barry L. Biffle

Barry L. Biffle

Address:

7001 Tower Rd.

Denver, Colorado

80249

*[Signature Page to Barry L. Biffle Employment Agreement]*

**Exhibit A**  
Form of General Release of Claims

In exchange for, and as a condition to the receipt of, the severance benefits ("Severance Benefits") set forth in Section 5(b) or Section 5(c), as applicable, of that certain Employment Agreement by and between Frontier Airlines, Inc. (the "Company") and myself, entered into effective as of [\_\_\_\_], 2016 (the "Employment Agreement"), I freely and voluntarily agree to enter into and be bound by this Waiver and Release of Claims Agreement (the "Release"):

1. I acknowledge that my services with the Company and all subsidiaries and affiliates thereof terminated on [\_\_\_\_].

2. I acknowledge that, but for my timely execution of this Release and my timely delivery of the executed Release to the Company (within the period described in paragraph 5 below), I would not be entitled to receive the Severance Benefits.

3. I, and anyone claiming through me (including, without limitation, my heirs, and agents, representatives and assigns), hereby irrevocably waive and forever release and discharge the Company, its owners, subsidiaries, affiliates, and each of their respective officers, directors, employees, agents, predecessors, successors and assigns (the "Releasees"), from any and all liabilities of any nature whatsoever, known and unknown, fixed or contingent, arising out of, based on, or related to my services to the Company or any other Releasee, the termination of such services, any rights with respect to equity ownership of the Company, and any dealings, transactions or events involving the Releasees occurring prior to or on the date this Release becomes effective, including but not limited to claims under the Civil Rights Act of 1866; the Civil Rights Act of 1871; the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act of 1967 (as amended, the "ADEA"); the Older Workers Benefit Protection Act of 1990; the Americans with Disabilities Act of 1990; the Employment Retirement Income Security Act of 1974; the Rehabilitation Act of 1973; the Family and Medical Leave Act; the federal Worker Adjustment and Retraining Notification Act (and any similar state laws); the Equal Pay Act of 1963; the Fair Labor Standards Act; the Consolidated Omnibus Budget Reconciliation Act of 1985; Executive Order 11141; the Sarbanes-Oxley Act of 2002; the Colorado Anti-Discrimination Act; and any other federal, state or local law, rule or regulation, and common law claims. This includes, but is not limited to, all wrongful termination and "constructive discharge" claims, all discrimination claims, all claims relating to any contracts of employment or other service, whether express or implied, any covenant of good faith and fair dealing, whether express or implied, and any tort of any nature. This release is for any relief, no matter how denominated, including but not limited to wages, back pay, front pay, benefits, compensatory damages, liquidated damages, punitive damages or attorney's fees. I also agree not to commence or cooperate in the prosecution or investigation of any lawsuit, administrative action or other claim or complaint against the Releasees, except as required by law; in the event that any such proceeding is commenced on my behalf, I waive the right to receive any monetary recovery in such proceeding. This Release does not extend to claims due to the failure of the Company to pay the Severance Benefits in accordance with the terms of the Employment Agreement or claims that may arise after the date this Release becomes effective.

4. I understand and agree that this Release will be binding on me and my heirs, administrators and assigns. I acknowledge that I have not assigned any claims or filed or initiated any legal proceedings against any of the Releasees.

5. I understand that I have twenty-one (21) days (or, in the event that my termination of my services is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the ADEA), as determined by the Company, forty-five (45) days) to sign this Release and deliver it to the Company and that I have a right to decide not to sign and deliver this Release. The Company hereby advises me of my right to consult with an attorney before signing the Release and I acknowledge that I have had an opportunity to consult with an attorney and have either held such consultation or have determined not to consult with an attorney.

6. I understand that I may revoke this Release by delivering written notice of my revocation to Frontier Airlines, Inc., 7001 Tower Road, Denver, Colorado 80249, Attn: Board of Directors within the seven (7) day period beginning on the day following the day I sign the Release (the "Revocation Period"). If I do not revoke this Release within the Revocation Period, it will be legally binding and enforceable on the day immediately following the last day of the revocation period.

7. I acknowledge and agree that if any provision of this Release is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of this Release shall continue in full force and effect.

8. This Release is deemed made and entered into in the State of Colorado, and in all respects shall be interpreted, enforced and governed under the internal laws of the State of Colorado without regard to the conflicts of law principles of any jurisdiction.

\* \* \* \* \*

I acknowledge and agree that I have carefully read and fully understand all of the provisions of this Release and that I voluntarily enter into this Release by signing below. Upon execution, I agree to deliver a signed copy of this Release to Frontier Airlines, Inc., 7001 Tower Road, Denver, Colorado 80249, Attn: Board of Directors.

\_\_\_\_\_  
Barry L. Biffle

Date: \_\_\_\_\_

## Amended and Restated Employment Agreement

This Amended and Restated Employment Agreement (the "Agreement") is made by and between Frontier Airlines, Inc., a Colorado corporation ("Frontier"), and James Dempsey ("Executive" and, together with Frontier, the "Parties") effective as of April 13, 2017. This Agreement amends and restates the Employment Agreement entered into between the Parties effective as of March 12, 2014 (the "Prior Agreement") supersedes in their entirety the Prior Agreement, that certain Consulting Agreement between the Parties dated March 12, 2014 (the "Consulting Agreement") and any other agreement to which the Company is a party with respect to Executive's employment or other service relationship with the Company.

### RECITALS

WHEREAS, Frontier desires to assure itself of the continued services of Executive by engaging Executive to perform services under the terms hereof; and

WHEREAS, Executive desires to provide continued services to Frontier on the terms herein provided.

### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, including the respective covenants and agreements set forth below, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

#### 1. Certain Definitions.

(a) "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person where "control" shall have the meaning given such term under Rule 405 of the Securities Act of 1933, as amended.

(b) "Agreement" shall have the meaning set forth in the preamble hereto.

(c) "Annual Base Salary." shall have the meaning set forth in Section 3(a).

(d) "Annual Bonus" shall have the meaning set forth in Section 3(b).

(e) "Board" shall mean the Board of Directors of the Company or, if any successor Company does not have a board of directors, the Person or body authorized to exercise comparable management authority on behalf of the Company under the Company's governing documents and applicable law.

(f) "Cause" shall mean any action or inaction involving Executive's moral turpitude, misfeasance, malfeasance, willful misconduct, gross negligence, a breach of fiduciary duty or a breach of any non-competition, non-solicitation or confidentiality obligations to the Company or the Group.

(g) “Change in Control” shall mean (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital stock of Group or the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of Group or the Company (other than such an acquisition by a person or group that holds more than fifty percent (50%) of the outstanding capital stock of Group or the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of Group or the Company, in each case, as of either the Effective Date or immediately prior to such acquisition); (ii) the consummation of a sale of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving Group or the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then “beneficially owned” (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the stockholders of Group or the Company, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall an acquisition, sale or other transaction constitute a “Change in Control” if: (w) its sole purpose is to change the form of ownership of the Company or the state of the Company’s incorporation; (x) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction; (y) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing or otherwise); or (z) it constitutes, or includes sales of shares in connection with, the initial public offering of the Company’s common stock or the common stock of any Affiliate of the Company (including Group).

(h) “COBRA” shall have the meaning set forth in Section 5(b)(iii).

(i) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(j) The “Company” shall mean Frontier and any Person to whom Frontier or any successor to Frontier may assign its rights and obligations pursuant to Section 10, except as otherwise provided in Section 8(a).

(k) “Competing Business” shall mean a commercial passenger airline business which is certificated by any governmental authority to operate in any part of North America, other than any commercial passenger airline business which is (i) based outside North America and provides service and (ii) does not include in its route network point to point flying within North America.

(l) “Confidential Information” shall have the meaning set forth in Section 8(e).

(m) A “Constructive Termination” will be deemed to have occurred if, in conjunction with the closing of a Change in Control or within twelve (12) months after the closing of a Change in Control, (i) the Board effectively terminates, or curtails the scope of, Executive’s authority to act as Chief Financial Officer of the Company, or (ii) the Company or an Affiliate of the Company fails to provide Executive with a total compensation and benefits package that is, as reasonably determined by the Board, at least comparable to Executive’s total compensation

and benefits package with the Company as of immediately prior to the Change in Control, *provided*, that, in each case, Executive will not be deemed to have incurred a Constructive Termination unless (x) Executive first provides the Board with written notice of the condition giving rise to Constructive Termination within thirty (30) days of Executive learning of such condition's occurrence, (y) the Company fails to cure such condition within thirty (30) days after receiving such written notice (the "Cure Period") and (z) Executive's resignation based on such Constructive Termination is effective within thirty (30) days after the expiration of the Cure Period.

(n) "Date of Termination" shall mean (i) if Executive's employment is terminated due to Executive's death, the date of Executive's death; (ii) if Executive's employment is terminated due to Executive's Disability, the date determined pursuant to Section 4(a)(ii); or (iii) if Executive's employment is terminated pursuant to Section 4(a)(iii)-(vi) either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 4(b), whichever is earlier.

(o) "Disability" shall exist if, as a result of any physical or mental disability or impairment, Executive is unable to perform, with reasonable accommodation, Executive's material duties hereunder for a period of at least ninety (90) days in any consecutive period of one hundred eighty (180) days.

(p) "Effective Date" shall mean March 12, 2014.

(q) "Equity Awards" shall have the meaning set forth in Section 6(a).

(r) "Executive" shall have the meaning set forth in the preamble hereto.

(s) "Flight Benefits" shall have the meaning set forth in Section 3(d).

(t) "Frontier" shall have the meaning set forth in the preamble hereto.

(u) "Group" shall mean Frontier Group Holdings, Inc., a Delaware corporation, or any successor thereto.

(v) "Notice of Termination" shall have the meaning set forth in Section 4(b).

(w) "Person" shall mean any individual, natural person, corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any company limited by shares, limited liability company or joint stock company), incorporated or unincorporated association, governmental authority, firm, society or other enterprise, organization or other entity of any nature.

(x) "Release" shall mean an original document identical to Exhibit "A" attached hereto, except that Executive shall have filled in the blank in paragraph 2 by inserting the Date of Termination and Executive shall have signed such original.

(y) "Release Deadline Date" shall have the meaning set forth in Section 12(d).

(z) “Section 409A” shall mean Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date.

(aa) “Separation from Service” shall have the meaning set forth in Section 12(b).

(bb) “Target Bonus” shall have the meaning set forth in Section 3(b).

(c) “Term” shall mean the period commencing on the Effective Date, continuing until the fourth anniversary of the Effective Date, and continuing for successive one-year extension periods after such fourth anniversary unless the Company or the Executive gives the other written notice of non-extension not less than one hundred twenty (120) days before such fourth or any following anniversary, in which event there shall be no initial extension or no further extensions as the case may be.

(dd) “UATP” shall have the meaning set forth in Section 3(d).

(ee) “Visa” shall mean a visa allowing Executive to reside and work in the United States.

## 2. **Employment.**

(a) General. The Company shall continue to employ Executive and Executive shall continue in the employ of the Company, for the period and in the position set forth in this Section 2, and upon the other terms and conditions herein provided.

(b) Employment Term. Executive shall be employed under this Agreement throughout the Term, subject to earlier termination as provided in Section 4 hereof.

(c) Position and Duties. Executive shall serve as the Chief Financial Officer of the Company. Executive shall continue to devote substantially all of his time and attention during normal business hours to the business of the Company, will continue act in the best interest of the Company while performing his duties for the Company and will continue to perform with due care his duties and responsibilities for the Company. Executive’s duties will include those normally incidental to the position of Chief Financial Officer of a company of the Company’s size and nature as well as whatever additional duties may be reasonably assigned to him by the Board or the Chief Executive Officer, consistent with the duties of a Chief Financial Officer. Executive shall report to the Chief Executive Officer. Executive agrees not to engage in any activity that materially interferes with the performance of Executive’s duties hereunder. Executive also agrees not to hold outside employment. Any position held with a personal or family investment will not count as such employment, provided the pertinent personal or family investment and any related operating business is owned entirely by Executive and/or members of Executive’s family. Executive acknowledges and agrees that Executives owes the Company a duty of loyalty and that the obligations described in this Agreement are in addition to, and not in lieu of, the obligations Executive owes the Company under the common law.

**3. Compensation and Related Matters.**

(a) Annual Base Salary. As of the date of this Agreement, Executive shall receive a base salary at a rate of three hundred eighty-five thousand dollars (\$385,000) per annum (the "Annual Base Salary"), which shall be paid in accordance with the customary payroll practices and procedures of the Company. Such Annual Base Salary shall be reviewed by the Board from time to time but no less frequently than annually.

(b) Annual Bonus. During the Term, Executive will continue to be eligible to earn a discretionary cash performance bonus (an "Annual Bonus") under the Company's incentive bonus program. Executive's annual bonus opportunity with respect to any calendar year shall continue to be seventy-five percent (75%) of the amount paid as Annual Base Salary during such calendar year at the target achievement (the "Target Bonus") and one hundred fifty percent (150%) of the amount paid as Annual Base Salary during such calendar year at the maximum achievement. The amount of any Annual Bonus payable under the incentive bonus program may thus vary from zero percent (0%) to one hundred fifty percent (150%), based on the achievement as determined by the Board of individual and Company performance goals to be set by the Board. The amount of any Annual Bonus shall be payable on such date as is determined by the Board in its sole discretion for the payment of all such annual bonuses, which date shall be as soon as reasonably practicable after the final audited financial performance information for the Company is available for the calendar year to which such annual bonuses relate. Notwithstanding any other provision of this Agreement, no bonus shall be payable with respect to any calendar year unless Executive remains continuously employed with the Company during the period beginning on the Effective Date and ending on the applicable bonus payment date except as otherwise provided in Section 5(a) and Section 5(c)(iv).

(c) Benefits. During the Term, Executive may continue to participate in such employee and executive benefit plans and programs as the Company may from time to time offer generally to provide to its employees and executives, pursuant to the terms and eligibility requirements of those plans. Under the Company's current benefit plans and programs, the Company provides at its expense basic term-life and accidental death and dismemberment insurance in an amount equal to an employee's base salary up to \$250,000.

(d) Flight Benefits. During the Term, the Company shall provide Executive, and Executive's spouse, minor children and parents, a positive space benefit, with the priority code PS2B, to travel on Frontier Airlines. During the Term, Executive shall also be eligible to receive flight benefits on Frontier Airlines in the form of a Universal Air Travel Plan, Inc. ("UATP") card made available once per twelve month period that provides for travel by Executive and Executive's family and friends solely on Frontier Airlines in the amount of eight thousand two hundred fifty dollars (\$8,250) that must be used, if at all, within twelve months of the date the UATP card is issued (the flight benefits described in this section are referred to collectively as the "Flight Benefits").

(e) Vacation. During the Term, Executive shall continue to be entitled to no less than three (3) weeks of annual paid vacation plus Frontier-recognized holidays (currently seven (7) in number), in accordance with the Company's vacation policy, as it may be amended from time to time. Any vacation shall be taken at the reasonable and mutual convenience of the Company and Executive. Holidays shall be provided in accordance with Company policy, as in effect from time to time.



(f) Business Expenses. During the Term, the Company shall continue to reimburse Executive for all reasonable, documented, out-of-pocket travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's expense reimbursement policies and procedures applicable to similarly situated executives.

#### 4. Termination.

Executive's employment hereunder shall be "at-will" and may be terminated by the Company or Executive, as applicable, at any time for any reason, with or without prior notice, without any breach of this Agreement under the following circumstances:

(a) Circumstances.

(i) Death. Executive's employment hereunder shall terminate upon Executive's death.

(ii) Disability. If Executive incurs a Disability, the Company may give Executive written notice of its intention to terminate Executive's employment. In that event, Executive's employment with the Company shall terminate, effective on the later of the thirtieth (30<sup>th</sup>) day after receipt of such notice by Executive or the date specified in such notice, *provided*, that within the thirty (30) day period following receipt of such notice, Executive shall not have returned to full-time performance of Executive's duties hereunder.

(iii) Termination for Cause. The Company may terminate Executive's employment for Cause.

(iv) Termination without Cause. The Company may terminate Executive's employment without Cause. In the event that the Company gives Executive a notice of non-extension, and Executive serves as Chief Financial Officer until the end of the Term, the Company shall be deemed to have terminated Executive's employment without Cause as of the end of the Term.

(v) Resignation from the Company Deemed a Constructive Termination. Executive may resign Executive's employment with the Company under circumstances deemed a Constructive Termination.

(vi) Resignation from the Company Not Deemed a Constructive Termination. Executive may resign Executive's employment with the Company under circumstances not deemed a Constructive Termination.

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 4 (other than termination pursuant to paragraph (a)(i) or a termination resulting from expiration of the Term) shall be communicated by a written notice to the other party hereto (i) indicating the specific termination provision in this Agreement relied upon, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated unless the

termination provision relied upon is Section 4(a)(iv) or (vi), and (iii) specifying a Date of Termination which, if submitted by Executive, shall be at least thirty (30) days following the date of such notice (a “Notice of Termination”); *provided, however*, that in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs following the date of Company’s receipt of such Notice of Termination and is prior to the date specified in such Notice of Termination. A Notice of Termination submitted by the Company may provide for a Date of Termination on the date Executive receives the Notice of Termination, or any date thereafter elected by the Company in its sole discretion. The failure by the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing the Company’s rights hereunder.

(c) Deemed Resignation. Upon termination of Executive’s employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its Affiliates.

(d) Forfeitures. In the event that Executive resigns pursuant to Section 4(a)(vi) hereof under circumstances not deemed a Constructive Termination pursuant to Section 4(a)(v) hereof, (i) Executive shall forfeit any unused portion of any UATP card; (ii) Executive shall forfeit any unpaid Annual Bonus; and (iii) in the event the Company is not then required to file periodic reports pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, Executive’s vested equity awards shall be subject to repurchase by the Group or the Company at a repurchase price equal to the fair market value of the underlying shares less, solely with respect to any unexercised stock options, the exercise price therefor. For this purpose, the fair market value of the underlying shares shall be the fair market value of Group shares as determined by the most recent independent valuation obtained by the Company or the Group for use in connection with the Group’s equity award plan. The Group or the Company shall repurchase Executive’s vested equity awards, if at all, within sixty (60) days after the Date of Termination.

#### **1. Company Obligations Upon Termination of Employment.**

(a) In General. Upon a termination of Executive’s employment for any reason, Executive (or Executive’s estate) shall be entitled to receive: (i) any portion of Executive’s Annual Base Salary through the Date of Termination not theretofore paid, (ii) any expenses owed to Executive under Section 3(f), and (iii) any amount arising from Executive’s participation in, or benefits under, any employee benefit plans, programs or arrangements under Section 3(c), which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements. Upon a termination of Executive’s employment other than pursuant to Section 4(a)(iii) or Section 4(a)(vi), Executive shall be entitled to receive any Annual Bonus payable with respect to the calendar year prior to the year in which the Date of Termination occurs. Upon any termination of Executive’s employment pursuant to Section 4(a)(i) or Section 4(a)(ii), Executive shall be entitled to receive any Annual Bonus payable with respect to the calendar year in which the Date of Termination occurs. Except as otherwise set forth in Sections 5(b) and 5(c) below, the payments and benefits described in this Section 5(a) shall be the only payments and benefits payable in the event of termination of Executive’s employment for any reason.

(b) Termination Apart from a Change in Control. In the event of termination of Executive's employment by the Company without Cause pursuant to Section 4(a)(iv) hereof, other than within the twelve (12) month period following a Change in Control, in addition to the payments and benefits described in Section 5(a) above, subject to Section 12 and Section 5(d) and subject to Executive's delivery to the Company of a Release in accordance with Section 12(d), that becomes effective and irrevocable within sixty (60) days following the Date of Termination:

(i) The Company shall pay to Executive, in a single lump-sum payment within sixty (60) days following the Date of Termination, an amount equal to one (1) times the sum of (A) Executive's then current Annual Base Salary plus (B) the Target Bonus for the calendar year in which the Date of Termination occurs.

(ii) The Company shall continue to provide Executive with the Flight Benefits for the one (1)-year period following the Date of Termination.

(iii) If Executive elects to receive continued healthcare coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall directly pay, or at the Company's election reimburse Executive for, the COBRA premiums for Executive and Executive's covered dependents during the period commencing on Executive's termination of employment and ending upon the earliest of (X) the first anniversary of the Date of Termination, (Y) the date that Executive and/or Executive's covered dependents, as applicable, become no longer eligible for COBRA or (Z) the date Executive becomes eligible to receive healthcare coverage from a subsequent employer.

(c) Termination Within 12 Months Following a Change in Control. In the event of termination of Executive's employment by the Company without Cause pursuant to Section 4(a)(iv) hereof or Executive's Constructive Termination pursuant to Section 4(a)(v) hereof, in each case within twelve (12) months following a Change in Control, in addition to the payments and benefits described in Section 5(a) above, subject to Section 12 and Section 5(d) and subject to Executive's delivery to the Company of a Release in accordance with Section 12(d) that becomes effective and irrevocable within sixty (60) days following the Date of Termination:

(i) The Company shall pay to Executive, in a single lump-sum payment within sixty (60) days of the Date of Termination, an amount equal to two (2) times (A) the Annual Base Salary plus (B) the Target Bonus for the calendar year in which the Date of Termination occurs.

(ii) The Company shall continue to provide Executive with the Flight Benefits for the two (2)-year period following the Date of Termination.

(iii) If Executive elects to receive continued healthcare coverage pursuant to COBRA, the Company shall directly pay, or at the Company's election reimburse Executive for, the COBRA premiums for Executive and Executive's covered dependents during the period commencing on Executive's termination of employment and ending upon the earliest of (X) the second anniversary of the Date of Termination, (Y) the date that Executive and/or Executive's covered dependents, as applicable, become no longer eligible for COBRA or (Z) the date Executive becomes eligible to receive healthcare coverage from a subsequent employer.

(iv) Executive shall be eligible to receive a prorated portion of the Annual Bonus Executive would have received with respect to the calendar year during which the Date of Termination occurs had he remained in continuous employment through the date of payment, with the amount determined based on actual performance against applicable metrics and subject to discretionary adjustments permitted under the applicable incentive bonus program and with proration determined by dividing the number of days Executive served hereunder in the calendar year during which the Date of Termination occurred by the total number of days in the calendar year in which the Date of Termination occurred, in each case, as determined by the Board. Any such prorated Annual Bonus shall be payable (in the calendar year following the calendar year in which the Date of Termination occurs) when the Company pays other annual bonuses for such year under the Company's incentive bonus program.

(v) Each outstanding equity award, including, without limitation, each stock option, restricted stock unit and restricted stock award, held by Executive shall automatically become vested and, if applicable, exercisable and any restrictions thereon shall immediately lapse, in each case, with respect to one hundred percent (100%) of the then unvested shares subject to such equity award.

(d) Post Termination Obligations. Notwithstanding any other provision of this Agreement, no payment shall be made pursuant to Sections 5(b) or 5(c) following the date Executive first materially violates any of the restrictive covenants set forth in Section 8.

(e) Exclusive Benefit; No Other Severance. The provisions of this Section 5 shall supersede in their entirety any severance payment provisions in any severance plan, policy, program or other arrangement maintained by the Company.

(f) No Requirement to Mitigate; Survival. Executive shall not be required to mitigate the amount of any payment provided for under this Agreement by seeking other employment or in any other manner.

(g) Applicable to Executive's Estate or Legal Representative. In the event of the death or Disability of Executive, or of any legal incapacity resulting in the appointment of a legal representative or other fiduciary for Executive, the benefits described in this Section 5 shall be payable on Executive's behalf to Executive's estate or legal representative.

## **2. Treatment of Equity Awards**

(a) Continuing Eligibility to Retain Equity Awards. Executive may continue to own and hold that certain option to purchase the Group's common stock previously granted to Executive on May 12, 2014 (the "Option") on the terms and conditions of the applicable equity incentive plan and the option agreement evidencing the Option (the "Option Agreement").

(b) Stockholders Agreement. As a condition to the exercise of the Option or the acquisition of any other equity interest in Group, Executive agrees to enter into any stockholders agreement and/or side agreement restricting the sale of shares of Group common stock requested by Group at any time.

**3. Indemnification and Cooperation.**

(a) Indemnification. The Company shall indemnify Executive in Executive's capacity as an officer, employee or agent of the Company to the fullest extent permissible by applicable law and the Company's charter and by-laws, and shall purchase and maintain, for the benefit of Executive, officer liability insurance (including post-termination tail coverage) in a form at least as comprehensive as, and in an amount that is at least equal to, that maintained by the Company for similarly situated executive officers of the Company. The Company shall use reasonable efforts to cause any successor to all or substantially all of the business or assets of the Company to assume expressly in writing and to agree to perform all of the obligations of the Company under this Section 7(a).

(b) Cooperation. Executive shall reasonably cooperate with the Company and its Affiliates in connection with any litigation or regulatory matter or with any government authority on any matter, in each case, pertaining to the Company or any Affiliate of the Company and with respect to which Executive may have relevant knowledge, *provided* that, in connection with such cooperation, the Company shall reimburse Executive's reasonable expenses, including reasonable attorneys' fees and costs for counsel of Executive's choosing.

**4. Restrictive Covenants.**

(a) Affiliates. As used in this Section 8, the term "Company," shall include the Company and any Affiliate of the Company.

(b) Acknowledgements and Agreements. Executive represents that Executive's continued employment by the Company and the performance of Executive's duties hereunder do not and will not breach any agreement with any former employer, including any non-compete agreement, non-solicit agreement or any agreement to keep in confidence or refrain from using information acquired by Executive prior to Executive's employment by the Company. During Executive's employment by the Company, Executive agrees that Executive will not violate any non-solicitation agreements Executive entered into with any former employer or improperly make use of, or disclose, any information or trade secrets of any former employer or other third party, nor will Executive bring onto the premises of the Company or use any unpublished documents or any property belonging to any former employer or other third party, in violation of any lawful agreements with that former employer or third party.

(c) Non-Competition/Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company, and further acknowledges and recognizes that the Company has entered into this Agreement in reliance on, among other things, Executive's agreement to be bound by the non-competition provisions set forth in this Section 8(c). Accordingly, Executive agrees as follows:

(i) Executive shall not, at any time during the Term and the twelve (12) month period following the Date of Termination, directly or indirectly, (A) engage, participate or assist in any Competing Business, (B) enter the employ of, or render any

services to, any Person engaged in any Competing Business, (C) acquire a financial interest in, or otherwise become actively involved with, any Person engaged in any Competing Business, whether as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant. Nothing herein shall prohibit Executive from being a passive owner of not more than two percent (2%) of the outstanding equity interest in any entity that is publicly traded, so long as Executive has no active participation in the business of such entity.

(ii) Executive hereby agrees that Executive shall not, at any time during the Term and the twelve (12) month period following the Date of Termination, directly or indirectly, either for himself or on behalf of any other Person, (A) recruit or otherwise solicit or induce any employee, customer or supplier of the Company to terminate its employment or arrangement with the Company, or otherwise change its relationship with the Company, or (B) hire, or cause to be hired, any Person who was employed by the Company at any time during the twelve (12)-month period immediately prior to the Date of Termination.

(iii) In the event the terms of this Section 8(c) shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to, and may be modified by a court of competent jurisdiction to, extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(iv) Executive understands that the restrictions set forth in this Section 8(c) are intended to protect the Company's established employee, customer and supplier relations, and the general goodwill of its business, and Executive agrees that such restrictions are reasonable and appropriate for this purpose.

(v) In the event Executive engages in conduct in violation of his covenants in Sections 8(c), the applicable restricted period shall be extended for a period of time equal to the time in which Executive engaged in competitive activity prohibited by this Agreement.

(d) Non-Disparagement. Each of the Parties agrees not to disparage the other party, any of the other's products or practices, or any of the other's agents, representatives, or Affiliates, either orally or in writing, at any time; *provided*, that either party may confer in confidence with their legal representatives and make truthful statements as required by law.

(e) Confidentiality. As used in this Agreement, "Confidential Information" means information belonging to the Company which is of value to the Company in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to the Company. Confidential Information includes, without limitation, patient or other medical information, financial information, reports, forecasts, inventions, improvements and other intellectual property, trade secrets, know-how, designs, processes or formulae,

software, market or sales information or plans, customer lists, business plans and prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management of the Company. Confidential Information also includes information developed by Executive in the course of Executive's employment by the Company, as well as other information to which Executive may have access in connection with Executive's employment. Confidential Information also includes the confidential information of others with which the Company or any Affiliate has a business relationship and which is known by Executive or which Executive should have reason to know about. Notwithstanding the foregoing, Confidential Information does not include information: (i) in the public domain, unless due to breach of Executive's duties under this Section 8(e); (ii) known to Executive before Executive first began to discuss with representatives of the Company or any of its Affiliates establishing a relationship with the Company; or (iii) that is now, or becomes in the future, available to Persons who are not legally required to treat such information as confidential unless such information was acquired through wrongful acts or omissions of which Executive is aware.

(i) Executive understands and agrees that Executive's employment creates a relationship of confidence and trust between Executive and the Company with respect to all Confidential Information. At all times, both during Executive's employment with the Company and after Executive's termination, Executive will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the consent of the Company, except as may be necessary in the ordinary course of performing Executive's duties to the Company or as otherwise required by law.

(ii) All documents, records, data, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to Executive by the Company or are produced by Executive in connection with Executive's employment will be and remain the sole property of the Company. Executive will return to the Company all such materials and property as and when requested by the Company. In any event, Executive will return all such materials and property immediately upon termination of Executive's employment for any reason, and will not retain any copies thereof following such termination. A deletion of electronic files containing or constituting Confidential Information shall be considered to be the return of the file thus deleted for purposes of compliance with the terms of this Agreement, provided that the deleted files must not be retrievable other than through extraordinary data salvage methods.

#### **5. Injunctive Relief.**

It is recognized and acknowledged by Executive that a breach of the covenants contained in Section 8 will cause irreparable damage to Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Executive agrees that in the event of a breach of any of the covenants contained in Section 8, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief without the requirement to post any bond.

**6. Assignment and Successors.**

The Company may assign its rights and obligations under this Agreement to any Affiliate or to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise), and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company and its Affiliates. This Agreement shall be binding upon and inure to the benefit of the Company, Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will or operation of law. Notwithstanding the foregoing, Executive shall be entitled, to the extent permitted under applicable law and applicable Company arrangements, to select and change a beneficiary or beneficiaries to receive compensation hereunder following Executive's death by giving written notice thereof to the Company.

**7. Miscellaneous Provisions.**

(a) Visa Extension; Permanent Residency; and Citizenship. The Company shall support Executive's application during the Term to extend or replace Executive's Visa, to obtain US permanent residency and/or to obtain citizenship, and pay or reimburse any expenses reasonably incurred in connection with such application(s). In the event that Executive obtains a Visa and subsequently loses the capacity to reside and work in the United States, Executive shall immediately provide the Company written notice of the date as of which Executive lost the capacity to reside and work in the United States. Executive's employment shall terminate on such date, and such termination shall be treated for purposes of Section 5 as a termination under Section 4(a)(iv).

(b) Documentation of Right to Work. Executive shall be required to provide the Company with documentary evidence of Executive's identity and of Executive's ongoing eligibility for employment in the United States. Executive shall also be required to provide documentation of Executive's citizenship and maintain such citizenship during the Term, unless a change in citizenship is approved by the Company, whose approval shall not be unreasonably withheld, conditioned or delayed.

(c) Governing Law. This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of Colorado, without giving effect to any principles of conflicts of law, whether of the State of Colorado or any other jurisdiction, and where applicable, the laws of the United States, that would result in the application of the laws of any other jurisdiction.

(d) Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.



(e) Notices. Any notice, request, claim, demand, document and other communication hereunder to any Party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid, as follows:

(i) If to the Company:

Frontier Airlines, Inc.  
7001 Tower Road  
Denver, CO 80249-7312  
Attn: Board of Directors

with copies to:

Latham & Watkins LLP  
140 Scott Drive  
Menlo Park, California 94025-1008  
Attn: Anthony J. Richmond, Esq.  
Facsimile: (650) 463-2600

(ii) If to Executive, at the address set forth on the signature page hereto, with copies to:

Foley & Lardner LLP  
3000 K Street, NW  
Washington, DC 2007  
Attn: Jay W. Freedman, Esq.  
Facsimile: (202) 672-5399; or

(iii) at any other address as any Party shall have specified by notice in writing to the other Party.

(f) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile shall be deemed effective for all purposes.

(g) Entire Agreement. The terms of this Agreement are intended by the Parties to be the final expression of their agreement with respect to the employment of Executive by the Company and, other than the Option Agreement, supersede all prior understandings and agreements, whether written or oral, including, without limitation, the Prior Agreement and the Consulting Agreement. The Parties further intend that this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

(h) Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Executive and a duly authorized officer of Company, which specifically states the intention to modify, amend or terminate this Agreement. By an instrument in writing signed by Executive or a duly authorized officer of the

Company, Executive or the Company, as applicable, may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(i) **Construction.** This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary, (a) the plural includes the singular and the singular includes the plural; (b) “and” and “or” are each used both conjunctively and disjunctively; (c) “any,” “all,” “each,” or “every” means “any and all,” and “each and every”; (d) “includes” and “including” are each “without limitation”; (e) “herein,” “hereof,” “hereunder” and other similar compounds of the word “here” refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (f) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

(j) **Arbitration.** Any dispute or controversy based on, arising under or relating to this Agreement shall be settled exclusively by final and binding arbitration, conducted before a single neutral arbitrator in the City and County of Denver, Colorado in accordance with the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association (the “AAA”) then in effect. Arbitration may be compelled, and judgment may be entered on the arbitration award in any court having jurisdiction; provided, however, that the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of the provisions of Section 8, and Executive hereby consents that such restraining order or injunction may be granted without requiring the Company to post a bond. Only individuals who are (a) lawyers engaged full-time in the practice of law and (b) on the AAA roster of arbitrators shall be selected as an arbitrator. Within twenty (20) days of the conclusion of the arbitration hearing, the arbitrator shall prepare written findings of fact and conclusions of law. Each party shall bear its own costs and attorneys’ fees in connection with any arbitration; provided that the Company shall bear the cost of the arbitrator and the AAA’s administrative fees.

(k) **Enforcement.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(l) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

**8. Section 409A.**

(a) General. The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If Executive notifies the Company that Executive has received advice of tax counsel of a national reputation with expertise in Section 409A that any provision of this Agreement would cause Executive to incur any additional tax or interest under Section 409A (with specificity as to the reason therefor) or the Company (which shall have no obligation to assess the issue absent such notice from Executive) independently makes such determination, the Company and Executive shall take commercially reasonable efforts to reform such provision to try to comply with or be exempt from Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A, provided that any such modifications shall not increase the cost or liability to the Company. To the extent that any provision hereof is modified in order to comply with or be exempt from Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Section 409A. Notwithstanding anything herein to the contrary, Executive acknowledges and agrees that (i) Executive is not relying upon any determination by the Company, its Affiliates, or any of their respective employees, directors, officers, attorneys or agents regarding the tax effects, including, without limitation, tax effects under Section 409A, associated with Executive's entry into this Agreement or the receipt of any payments hereunder, and (ii) in deciding to enter into this Agreement, Executive is relying on Executive's own judgment and the judgment of the professionals of Executive's choice with whom Executive has consulted.

(b) Separation from Service. Notwithstanding any provision to the contrary in this Agreement: (i) no amount that constitutes "deferred compensation" under Section 409A shall be payable pursuant to Sections 5(b) or 5(c) unless the termination of Executive's employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations ("Separation from Service"); (ii) for purposes of Section 409A, Executive's right, if any, to receive installment payments pursuant to Sections 5(b) or 5(c) hereof shall be treated as a right to receive a series of separate and distinct payments; and (iii) to the extent that any reimbursement of expenses or in-kind benefits constitutes "deferred compensation" under Section 409A, such reimbursement or benefit shall be provided no later than December 31<sup>st</sup> of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year. Any good faith determination by the Company in respect of Section 409A shall be final and binding on Executive.

(c) Specified Employee. Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of Executive's Separation from Service with the Company or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive's estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(d) Release. Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of termination of Executive's employment are subject to Executive's execution and delivery of a Release, (i) if Executive fails to execute and deliver the Release on or prior to the Release Deadline (as defined below) or timely revokes the Release thereafter, Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release, and (ii) in any case where the Date of Termination and the Release Deadline fall in two separate taxable years, any payments required to be made to Executive that are conditioned on the Release and are treated as nonqualified deferred compensation for purposes of Section 409A shall be made in the later taxable year. For purposes of this Section 12(d), "Release Deadline" shall mean the date that is twenty-one (21) days following the Date of Termination, or, in the event that Executive's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), as determined by the Company, the date that is forty-five (45) days following such Date of Termination. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of Executive's termination of employment are delayed pursuant to this Section 12(d), such amounts shall be paid in a lump sum on the first payroll date following the date that Executive executes and delivers and does not revoke the Release (and the applicable revocation period has expired) or, in the case of any payments subject to Section 12(d)(iii), on the first payroll period to occur in the subsequent taxable year, if later.

#### **9. Excess Parachute Payments, Limitation on Payments.**

(a) Best Pay Cap. Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by Executive (including any payment or benefit received in connection with a termination of Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 5 hereof, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (such excise tax, the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to the minimum extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced

(and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm selected by the Company (the "Independent Advisors"), does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. Promptly following any request to do so, Executive shall provide to any Independent Advisors such information as they may require to assess the impact of Section 280G(b) on any amounts payable hereunder. Any good faith determinations of the Independent Advisors made hereunder shall be final and binding upon the Company and Executive.

**10. Executive Acknowledgment.**

Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive's own judgment.

*(Signature Page Follows)*

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date and year first above written.

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel and Secretary

EXECUTIVE:

/s/ James Dempsey

James Dempsey

Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Signature Page to James Dempsey Amended and Restated Employment Agreement]*

## Exhibit A

### Form of General Release of Claims

In exchange for, and as a condition to the receipt of, the severance benefits ("Severance Benefits") set forth in Section 5(b) or Section 5(c), as applicable, of that certain Amended and Restated Employment Agreement by and between Frontier Airlines, Inc. and myself, entered into as of [\_\_\_\_], 2017 (the "Employment Agreement"), I freely and voluntarily agree to enter into and be bound by this Waiver and Release of Claims Agreement (the "Release"):

1. Capitalized terms used but not defined herein shall have the meaning provided in the Employment Agreement.

2. I acknowledge that my services with the Company and all subsidiaries and affiliates thereof terminated on [\_\_\_\_].

3. I acknowledge that, but for my timely execution of this Release and my timely delivery of the executed Release to the Company (within the period described in paragraph 5 below), I would not be entitled to receive the Severance Benefits.

4. I, and anyone claiming through me (including, without limitation, my heirs, and agents, representatives and assigns), hereby irrevocably waive and forever release and discharge the Company, its owners, subsidiaries, affiliates, and each of their respective officers, directors, employees, agents, predecessors, successors and assigns (the "Releasees"), from any and all liabilities of any nature whatsoever, known and unknown, fixed or contingent, arising out of, based on, or related to my services to the Company or any other Releasee, the termination of such services, any rights with respect to equity ownership of the Company, and any dealings, transactions or events involving the Releasees occurring prior to or on the date this Release becomes effective, including but not limited to claims under the Civil Rights Act of 1866; the Civil Rights Act of 1871; the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act of 1967 (as amended, the "ADEA"); the Older Workers Benefit Protection Act of 1990; the Americans with Disabilities Act of 1990; the Employment Retirement Income Security Act of 1974; the Rehabilitation Act of 1973; the Family and Medical Leave Act; the federal Worker Adjustment and Retraining Notification Act (and any similar state laws); the Equal Pay Act of 1963; the Fair Labor Standards Act; the Consolidated Omnibus Budget Reconciliation Act of 1985; Executive Order 11141; the Sarbanes-Oxley Act of 2002; the Colorado Anti-Discrimination Act; and any other federal, state or local law, rule or regulation, and common law claims. This includes, but is not limited to, all wrongful termination and "constructive discharge" claims, all discrimination claims, all claims relating to any contracts of employment or other service, whether express or implied, any covenant of good faith and fair dealing, whether express or implied, and any tort of any nature. This release is for any relief, no matter how denominated, including but not limited to wages, back pay, front pay, benefits, compensatory damages, liquidated damages, punitive damages or attorney's fees. I also agree not to commence or cooperate in the prosecution or investigation of any lawsuit, administrative action or other claim or complaint against the Releasees, except as required by law; in the event that any such proceeding is commenced on my behalf, I waive the right to receive any monetary recovery in such proceeding. This Release does not extend to claims due to the failure of the Company to pay the Severance Benefits in accordance with the terms of the Employment Agreement or claims that may arise after the date this Release becomes effective.

4. I understand and agree that this Release will be binding on me and my heirs, administrators and assigns. I acknowledge that I have not assigned any claims or filed or initiated any legal proceedings against any of the Releasees.

5. I understand that I have twenty-one (21) days (or, in the event that my termination of my services is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the ADEA), as determined by the Company, forty-five (45) days) to sign this Release and deliver it to the Company and that I have a right to decide not to sign and deliver this Release. The Company hereby advises me of my right to consult with an attorney before signing the Release and I acknowledge that I have had an opportunity to consult with an attorney and have either held such consultation or have determined not to consult with an attorney.

6. I understand that I may revoke this Release by delivering written notice of my revocation to Frontier Airlines, Inc., 7001 Tower Road, Denver, Colorado 80249, Attn: [Chief Executive Officer] within the seven (7) day period beginning on the day following the day I sign the Release (the "Revocation Period"). If I do not revoke this Release within the Revocation Period, it will be legally binding and enforceable on the day immediately following the last day of the revocation period.

7. I acknowledge and agree that if any provision of this Release is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of this Release shall continue in full force and effect.

8. This Release is deemed made and entered into in the State of Colorado, and in all respects shall be interpreted, enforced and governed under the internal laws of the State of Colorado without regard to the conflicts of law principles of any jurisdiction.

\* \* \* \* \*

I acknowledge and agree that I have carefully read and fully understand all of the provisions of this Release and that I voluntarily enter into this Release by signing below. Upon execution, I agree to deliver a signed copy of this Release to Frontier Airlines, Inc., 7001 Tower Road, Denver, Colorado 80249, Attn: Chief Executive Officer.

\_\_\_\_\_  
James Dempsey

Date: \_\_\_\_\_



June 1, 2017

Mr. Jake Filene

**Re: Employment Terms**

Dear Jake:

Frontier Airlines, Inc. ("Frontier") is pleased to offer you full-time employment as Deputy Chief Operating Officer. You will have such duties as are normally associated with this position as such duties may be modified or supplemented by Frontier's Chief Operating Officer, to whom you will report. You will be groomed to assume the Chief Operating Officer position within two years, but with no guarantee of such promotion. You will reside in Denver, Colorado and work in Frontier's headquarters located there, except for such travel as may be necessary to fulfill your responsibilities. 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 a mutually agreed upon date no later than July 5, 2017. Starting on that date, you will be paid a base salary at the annual rate of \$300,000 (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.

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% of your base salary 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. For 2017, your target and any actual annual bonus will be prorated based on the portion of the year during which you are employed by Frontier.

Frontier is owned by Frontier Group Holdings, Inc. ("FGHI"). FGHI has adopted an equity incentive plan and related documents (the "2014 Plan") pursuant to which FGHI may grant equity awards and anticipates adopting a new equity incentive plan and related documents (the "2017 Plan") in connection with the initial public offering of its common stock (the "IPO").

In the event that the IPO closes on or prior to June 30, 2017, then on, or as soon as administratively practicable following, the closing of the IPO, FGHI will grant you, pursuant to the 2017 Plan, a number of restricted stock units equal to \$1,000,000 divided by the per share offering price to the public of FGHI's common stock in the IPO, as set forth on the cover to the

final prospectus describing the IPO. In the event the IPO has not closed by June 30, 2017, then as soon as administratively practicable following June 30, 2017, FGHI will grant to you, pursuant to the 2014 Plan or its then applicable equity incentive 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 of June 30, 2017, as determined by FGHI's board of directors, in its sole discretion. In either event, 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 the date you commence employment, subject to your continuing employment by Frontier through the applicable vesting date. In addition, 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.

Frontier will reimburse you for all reasonable expenses you and your immediate family incur in relocating to Denver, Colorado, including, but not limited to, temporary housing, air fare, car rental, hotels, meals, as well as packing, unpacking and shipping costs for personal and household items and an automobile, up to a maximum of \$60,000 for all such expenses.

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 as to the 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 fifty dollars (\$8,250) that must be used, if at all, within twelve months of the date the UATP card is issued.

During the term of your employment, you will also be entitled to three weeks of annual paid vacation, prorated for 2017, in accordance with Frontier's vacation policy as it may be amended from time to time.

You will be eligible during your employment to participate in all of 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 your 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 (1) to comply with the Additional Terms attached hereto as Exhibit A, which by this reference are incorporated in this letter agreement, (2) to sign and return an I-9 Immigration form and provide sufficient documentation establishing your employment eligibility in the United States of America, (3) provide satisfactory proof of your identity as required by United States law, and (4) to complete successfully a medical exam, drug test and background check in accordance with Frontier policy for senior executives.

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 Sunday, June 4, 2017, 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,

FRONTIER AIRLINES, INC.

By: /s/ [Authorized Signatory]

**Accepted by:**

/s/ Jake Filene

Date: June 4, 2017

Exhibit A

Additional Terms

(a) Non-Competition/Non-Solicitation. You acknowledge and recognize the highly competitive nature of Frontier's business, and further acknowledge and recognize that Frontier has agreed to employ you in reliance on, among other things, your agreement to be bound by these additional terms. Accordingly, you agree as follows:

(i) You shall not, while employed by Frontier or during the twelve month period following termination of such employment (or the twenty-four month period following such termination in the event Frontier terminates your employment without Cause 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), directly or indirectly, (A) engage, participate or assist in any Competing Business (defined as any commercial passenger airline business which is certificated by any governmental authority to operate in any part of North America, other than any commercial passenger airline business which is (i) based outside North America and (ii) does not include in its route network point to point flying within North America), (B) enter the employ of, or render any services to, any person or entity engaged in any Competing Business, (C) acquire a financial interest in, or otherwise become actively involved with, any person or entity engaged in any Competing Business, whether as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant. Nothing herein shall prohibit you from being a passive owner of not more than two percent (2%) of the outstanding equity interest in any entity that is publicly traded, so long as you have no active participation in the business of such entity.

(ii) You agree that you shall not, while employed by Frontier or during the twelve month period following termination of such employment (or the twenty-four month period following such termination in the event Frontier terminates your employment without Cause 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), directly or indirectly, either for yourself or any other person or entity, (A) recruit or otherwise solicit or induce any employee, customer or supplier of Frontier to terminate its employment or arrangement with Frontier, or otherwise change its relationship with Frontier, or (B) hire, or cause to be hired, any individual who was employed by Frontier at any time during the twelve (12)-month period immediately prior to the termination of your employment or who thereafter becomes employed by Frontier.

(iii) In the event the terms of this exhibit shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to, and may be modified by a court of competent jurisdiction to, extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(iv) You understand that the restrictions set forth in this exhibit are intended to protect Frontier's established employee, customer and supplier relations, and the general goodwill of its business, and you agree that such restrictions are reasonable and appropriate for this purpose.

(v) In the event you engage in conduct in violation of your covenants in this section (a), the applicable restricted period shall be extended for a period of time equal to the time in which you engaged in activity prohibited by this section (a).

(b) Confidentiality. As used in this exhibit, "Confidential Information" means information belonging to Frontier which is of value to Frontier in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to Frontier. Confidential information includes, without limitation, patient or other medical information, financials information, reports, forecasts, inventions, improvements and other intellectual property, trade secrets, know-how, designs, processes or formulae, software, market or sales information or plans, customer lists, business plans and prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management of Frontier. Confidential information also includes information you develop in the course of your employment by Frontier, as well as other information to which you may have access in connection with your employment. Confidential Information also includes the confidential information of others with which Frontier has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain, unless due to breach of your duties under this exhibit.

(i) You understand and agree that your employment creates a relationship of confidence and trust between you and Frontier with respect to all Confidential Information. At all times, both during your employment with Frontier and after its termination, you will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the written consent of Frontier, except as may be necessary in the ordinary course of performing your duties to Frontier or as otherwise required by law.

(ii) All documents, records, data, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to you by Frontier or are produced by you in connection with your employment will be and remain the sole property of Frontier. You will return to Frontier all such materials and property as and when requested by Frontier. In any event, you will return all such materials and property immediately upon termination of your employment for any reason, and will not retain copies thereof following such termination.

(c) Non-Disparagement. Employee shall not make negative statements against the employer, its employees, or its products/services. This non-disparagement provision does not affect or limit your right to communicate or file a charge with, or participate in any investigation or proceeding conducted by the EEOC, or any other comparable federal, state or local agency.

June 30, 2014

Mr. Howard Diamond

**Re: Employment Terms**

Dear Howard:

Frontier Airlines, Inc. ("**Frontier**") is pleased to offer you full-time employment as Senior Vice President, General Counsel and Secretary. You will have such duties as are normally associated with this position as such duties may be modified or supplemented by Frontier's Chief Executive Officer, to whom you will report. You will reside in Denver, Colorado and work in Frontier's headquarters located there, except for such travel as may be necessary to fulfill your responsibilities. 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 July 28, 2014. Starting on that date, you will be paid a base salary at the annual rate of \$325,000 (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.

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% of your base salary 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. For 2014, your target and any actual annual bonus will be prorated based on the portion of the year during which you are employed by Frontier.

Frontier is owned by Falcon Acquisition Group, Inc. ("**Falcon**"). Falcon has adopted an equity incentive plan and related documents (the "**Equity Plan**") pursuant to which Falcon may grant equity awards.

On or promptly after your start date, Falcon will grant you, pursuant to the Equity Plan, an option to purchase Falcon common stock at a price per share equal to the amount per share invested in Falcon by Falcon's shareholders as of June 30, 2014, as determined by Falcon, with the total number of shares underlying such award to equal 3% of the outstanding common stock of Falcon as of June 30, 2014. For purposes of this paragraph, the outstanding common stock of Falcon shall include the common stock equivalents represented by phantom equity issued to

FAPA Invest, LLC and any equity awards granted to Frontier employees and others as of June 30, 2014. Your equity award shall vest, and any service-based vesting restrictions thereon shall lapse, as applicable, with respect to one-fourth (1/4) of the shares subject to your equity award on each of the first, second, third, and fourth anniversaries of your employment start date, subject to your continuing employment by Frontier through the applicable vesting date. In addition, your equity award shall vest fully upon any Change in Control (as defined in the Equity Plan). Your equity award shall otherwise be subject to the terms of the Equity Plan and standard forms of agreement evidencing the award to be entered into between you and Falcon. The Equity Plan will provide that Falcon may, but shall not be required to, repurchase any vested equity award or any shares issued with respect thereto in the event that your employment by Frontier terminates.

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, and other temporary living expenses, as well as packing, unpacking and shipping costs for personal and household items and an automobile, up to a maximum of \$50,000 for all such expenses.

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 as to the extent and use of such benefits by senior executives (the "Flight Benefit").

During the term of your employment, you will also be entitled to three weeks of annual paid vacation, in accordance with Frontier's vacation policy as it may be amended from time to time.

You will be eligible during your employment to participate in all of 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 your target bonus at the time of termination (or two times the sum of 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 payable 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 in one year shall not affect the amount eligible for reimbursement in any subsequent year, and your right to reimbursement under this letter agreement will not be subject to liquidation or exchange for another benefit.

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 (1) to comply with the Additional Terms attached hereto as Exhibit A, which by this reference are incorporated in this letter agreement, (2) to sign and return an I-9 Immigration form and provide sufficient documentation establishing your employment eligibility in the United States of America, (3) provide satisfactory proof of your identity as required by United States law, and (4) to complete successfully a medical exam, drug test and background check in accordance with Frontier policy for senior executives.

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 [email address] by July 2, 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,

FRONTIER AIRLINES, INC.

By: /s/ David N. Siegel

David N. Siegel  
Chief Executive Officer

**Accepted by:**

/s/ Howard Diamond

Howard Diamond

Date: July 1, 2014

Exhibit A

Additional Terms

(a) Non-Competition/Non-Solicitation. You acknowledge and recognize the highly competitive nature of Frontier's business, and further acknowledge and recognize that Frontier has agreed to employ you in reliance on, among other things, your agreement to be bound by these additional terms. Accordingly, you agree as follows:

(i) You shall not, while employed by Frontier or during the twelve month period following termination of such employment (or the twenty-four month period following such termination in the event Frontier terminates your employment without Cause 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), directly or indirectly, (A) engage, participate or assist in any Competing Business (defined as any commercial passenger airline business which is certificated by any governmental authority to operate in any part of North America, other than any commercial passenger airline business which is (i) based outside North America and (ii) does not include in its route network point to point flying within North America), (B) enter the employ of, or render any services to, any person or entity engaged in any Competing Business, (C) acquire a financial interest in, or otherwise become actively involved with, any person or entity engaged in any Competing Business, whether as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant. Nothing herein shall prohibit you from being a passive owner of not more than two percent (2%) of the outstanding equity interest in any entity that is publicly traded, so long as you have no active participation in the business of such entity.

(ii) You agree that you shall not, while employed by Frontier or during the twelve month period following termination of such employment (or the twenty-four month period following such termination in the event Frontier terminates your employment without Cause 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), directly or indirectly, either for yourself or any other person or entity, (A) recruit or otherwise solicit or induce any employee, customer or supplier of Frontier to terminate its employment or arrangement with Frontier, or otherwise change its relationship with Frontier, or (B) hire, or cause to be hired, any individual who was employed by Frontier at any time during the twelve (12)-month period immediately prior to the termination of your employment or who thereafter becomes employed by Frontier.

(iii) In the event the terms of this exhibit shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to, and may be modified by a court of competent jurisdiction to, extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(iv) You understand that the restrictions set forth in this exhibit are intended to protect Frontier's established employee, customer and supplier relations, and the general goodwill of its business, and you agree that such restrictions are reasonable and appropriate for this purpose.

(v) In the event you engage in conduct in violation of your covenants in this section (a), the applicable restricted period shall be extended for a period of time equal to the time in which you engaged in activity prohibited by this section (a).

(b) Confidentiality. As used in this exhibit, "Confidential Information" means information belonging to Frontier which is of value to Frontier in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to Frontier. Confidential Information includes, without limitation, patient or other medical information, financial information, reports, forecasts, inventions, improvements and other intellectual property, trade secrets, know-how, designs, processes or formulae, software, market or sales information or plans, customer lists, business plans and prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management of Frontier. Confidential Information also includes information you develop in the course of your employment by Frontier, as well as other information to which you may have access in connection with your employment. Confidential Information also includes the confidential information of others with which Frontier has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain, unless due to breach of your duties under this exhibit.

(i) You understand and agree that your employment creates a relationship of confidence and trust between you and Frontier with respect to all Confidential Information. At all times, both during your employment with Frontier and after its termination, you will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the written consent of Frontier, except as may be necessary in the ordinary course of performing your duties to Frontier or as otherwise required by law.

(ii) All documents, records, data, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to you by Frontier or are produced by you in connection with your employment will be and remain the sole property of Frontier. You will return to Frontier all such materials and property as and when requested by Frontier. In any event, you will return all such materials and property immediately upon termination of your employment for any reason, and will not retain any copies thereof following such termination.

September 2, 2015

VIA E-MAIL

Mr. Mark Mitchell

**Re: Employment Terms**

Dear Mark:

Frontier Airlines, Inc. ("Frontier") is pleased to offer you full-time employment as Vice President, Chief Accounting Officer. You will have such duties as are normally associated with this position as such duties may be modified or supplemented by Frontier's Chief Operating Officer, to whom you will report. You will reside in Denver, Colorado and work in Frontier's headquarters located there, except for such travel as may be necessary to fulfill your responsibilities. 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 September 18, 2015. Starting on that date, you will be paid a base salary at the annual rate \$275,000 (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.

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 40% of your base salary, but the actual amount of your annual bonus may range from 0% of your base salary to 80% 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. For 2015, your target and any actual annual bonus will be prorated based on the portion of the year during which you are employed by Frontier.

Frontier is owned by Falcon Acquisition Group, Inc. ("Falcon"). Falcon has adopted an equity incentive plan and related documents (the "Equity Plan") pursuant to which Falcon may grant equity awards.

Frontier will grant you, pursuant to the Equity Plan, an option to purchase 7,500 shares of Falcon common stock. The fair market value of Falcon common stock will be set by Falcon's Board of Directors as of your September 18, 2015 employment start date. Your equity award shall vest, and any service-based vesting restrictions thereon shall lapse, as applicable, with

respect to one-fourth (1/4) of the shares subject to your equity award on each of the first, second, third, and fourth anniversaries of your employment start date, subject to your continuing employment by Frontier through the applicable vesting date. In addition, your equity award shall vest fully upon any Change in Control (as defined in the Equity Plan). Your equity award shall otherwise be subject to the terms of the Equity Plan and standard forms of agreement evidencing the award to be entered into between you and Falcon. The Equity Plan will provide that Falcon may, but shall not be required to, repurchase any vested equity award or any shares issued with respect thereto in the event that your employment by Frontier terminates.

Frontier will pay you \$100,000 towards expenses you incur in relocating to Denver, Colorado (less applicable withholding taxes), including without limitation any sales commission or other expenses (including legal fees) payable by you in connection with the sale of your home in Scottsdale, Arizona, any costs incurred in purchasing a home in the Denver area (not including any part of the purchase price of such a home) or in moving expenses and temporarily living accommodations in the Denver area. Should you terminate your employment with Frontier at any time prior to completing one full year of service, you will be obligated to reimburse the entire \$100,000 relocation allowance (less applicable withholding taxes).

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 as to the extent and use of such benefits by senior executives (the "Flight Benefit").

During the term of your employment, you will also be entitled to three weeks of annual paid vacation, in accordance with Frontier's vacation policy as it may be amended from time to time. For 2015, your vacation will be prorated based upon the portion of the year during which you are employed by Frontier.

You will be eligible during your employment to participate in all of 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 at the time of termination (or two times such base salary if such termination occurs within twelve months after a Change in Control), 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).

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 payable 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 in one year shall not affect the amount eligible for reimbursement in any subsequent year, and your right to reimbursement under this letter agreement will not be subject to liquidation or exchange for another benefit.

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 President in advance of accepting another position.

As a condition of employment, you will be required (1) to comply with the Additional Terms attached hereto as Exhibit A, which by this reference are incorporated in this letter agreement, (2) to sign and return an I-9 Immigration form and provide sufficient documentation establishing your employment eligibility in the United States of America, (3) provide satisfactory proof of your identity as required by United States law, and (4) to complete successfully a medical exam, drug test and background check in accordance with Frontier policy for senior executives.

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 President 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 [email address] by Wednesday, September 2, 2015, 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,

FRONTIER AIRLINES, INC.

By: /s/ James Dempsey

James Dempsey  
Chief Financial Officer

**Accepted by:**

/s/ Mark Mitchell

Mark Mitchell

Date: September 2, 2015



**EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of June 25, 2012, by and between FRONTIER AIRLINES, INC., a Colorado corporation (the "Company"), and DANIEL M. SHURZ (the "Executive").

**RECITALS**

WHEREAS, the Executive has served as Vice President, Strategy and Planning, of the Company;

WHEREAS, the Company desires to continue to employ and retain the Executive as the Company's Senior Vice President, Commercial; and

WHEREAS, the Company and the Executive desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Employment. The Company agrees to continue to employ the Executive, and the Executive agrees to render his services to the Company, as its Senior Vice President Commercial during the Term (as defined below). In connection with his employment, the Executive shall serve without additional payment or compensation of any kind as an officer of any other direct or indirect subsidiary or affiliate of the Company designated by the Company's Chief Executive Officer (collectively, the "Subsidiaries"). The Executive agrees to use his best efforts to promote and further the business, reputation and good name of the Company and the Subsidiaries (collectively, the "Company Group") and the Executive shall promptly and faithfully comply with all instructions, directions, requests, rules and regulations made or issued from time to time by the Company, provided that such instructions, directions, requests, rules or regulations do not violate Colorado law.

2. Term.

(a) The term of employment pursuant to this Agreement (the "Term") shall continue until December 31, 2014; provided that the Company may terminate this Agreement for any reason or no reason by providing the Executive with 30 days prior written notice of such termination.

(b) Notwithstanding the foregoing, this Agreement may be terminated by the Company in the event that "Cause" for such termination exists as provided in Section 8(a) below or by the Executive for Good Reason as provided in Section 8(b) below. If this Agreement is terminated by the Company for "Cause" or by the Executive for "Convenience", the Executive shall not be entitled to any Severance Compensation or other compensation of any kind following the effective date of such termination.

(c) In the event (i) the Company terminates this Agreement or the Executive's employment other than for Cause, or (ii) the Executive terminates this Agreement for Good Reason, the Company shall pay the Executive Severance Compensation as provided in Section 4 hereof. If this Agreement is terminated by the Company other than for Cause, options, if any, granted to the Executive to purchase shares of the Company's common stock and restricted shares, if any, covering shares of the Company's common stock shall immediately become fully vested and exercisable in accordance with the agreements evidencing such awards.

(d) The Term shall automatically renew for successive one year periods unless either party shall have given notice to terminate this Agreement no later than ninety (90) days prior to the end of the then current Term.

3. Compensation. As full and complete compensation for all the Executive's services hereunder, the Company shall pay the Executive the compensation described below.

(a) Base Salary. During the Term, the Company shall pay the Executive an annual base salary of \$225,000 ("Base Salary"). So long as the Company is an affiliate (an "Affiliate") (within the meaning of Rule 12b-1 under the Securities Exchange Act of 1934, as amended) of Republic Airways Holdings Inc. ("Republic"), Republic's Board of Directors shall review the Executive's Base Salary each year and shall have the right in its discretion to increase such Base Salary. If at any time after the date hereof the Company ceases to be an Affiliate of Republic, the Company's Board of Directors shall review the Executive's Base Salary each year and shall have the right in its discretion to increase such Base Salary. In the event this Agreement is terminated prior to the expiration of the Term, the Company shall pay to the Executive, in addition to any Severance Compensation payable under Section 4, any accrued but unpaid Base Salary through the termination date.

(b) Annual Incentive Plan. In addition to the Base Salary, during the Term, so long as the Company is an Affiliate of Republic, the Executive shall be eligible to receive an annual bonus ("Bonus") for any year which will be determined, in its sole discretion, by Republic's Compensation Committee or the Company's Board of Directors, as the case may be, based upon certain performance measures which shall be determined by Republic's Board of Directors or the Company's Board of Directors in its discretion and communicated to the Executive by the end of each January of each year during the Term. The Bonus for a year will be determined and payable by March 15 of the following year. In the event this Agreement or the Executive's employment is terminated by the Company for Cause or by the Executive other than for Good Reason, the Executive shall not be entitled to any Bonus for such year or any subsequent period. In the event this Agreement is not renewed, as set forth in Section 2(a) or (d), the Executive shall remain eligible for the Bonus, payable by March 15 of the following year.

(c) Travel Privileges. The Executive will be provided an annual travel barter account of \$5,000 to purchase airline travel on Frontier. Any unused amount in such barter account shall be forfeited. Additionally, the Company shall provide the Executive, the Executive's spouse, the Executive's children and the Executive's parents privileges to travel on Frontier with the priority code PS2B.

#### 4. Severance Compensation.

(a) Termination Upon Death, or by the Company for Disability or Without Cause. In the event of the Executive's death or in the event the Company terminates this Agreement as a result of the Executive's inability, with reasonable accommodation, to perform the essential functions of his position, by reason of physical or mental incapacity, for a total period of 90 days in any 360-day period ("Executive's Disability") or other than for Cause, the Company shall pay to the Executive or his estate as the case may be as severance compensation one times the Executive's Base Salary as then in effect. The severance compensation shall be paid in a lump sum by the end of the following month following termination of this Agreement, provided that the Company receives a release within 30 days following termination of this Agreement signed by the Executive, substantially in the form attached hereto as Exhibit A, that is no longer revocable. The Executive agrees that the Company may satisfy its obligations to provide severance compensation pursuant to this Section 4(a) by purchasing and maintaining one or more insurance policies payable to either the Executive or his designees or to the Company (with further payment to the Executive or such designees) upon the Executive's death or as a result of the Executive's Disability. The Executive agrees to cooperate with the Company in obtaining such insurance, including by participating in such physical examinations and providing such personal information as may be requested by the Company's insurers. The severance compensation in this Section 4(a) shall be in addition to any other life insurance benefits available to active executive employees of the Company as set forth in the Company's Employee Handbook.

(b) Occurrence of a Change of Control. In the event of a Change of Control or after Republic's Board of Directors or Republic's stockholders approve a Change of Control (provided that after such Change of Control or such approval, the Executive's employment is terminated (i) by the Company without Cause or (ii) by the Executive for Good Reason), the Company shall pay to the Executive as severance compensation two times the Executive's Base Salary as then in effect. The severance compensation shall be paid in a lump sum by the end of the following month following a qualifying event. "Change of Control" shall mean that after the date hereof, (i) any person or group of affiliated or associated persons acquires a majority or more of the voting power of the Company; (ii) the consummation of a sale of all or substantially all of the assets of the Company; (iii) the dissolution of the Company or (iv) the consummation of any merger, consolidation, or reorganization involving the Company in which, immediately after giving effect to such merger, consolidation or reorganization, less than majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the stockholders of the Company immediately prior to such merger, consolidation or reorganization. Notwithstanding the foregoing, distribution of a majority of the Company's common stock to Republic's shareholders or the sale by Republic of more than a majority of the outstanding shares of common stock of the Company to a private equity sponsor shall not for the purposes hereof constitute a Change of Control.

(c) Termination by the Executive for Good Reason. If the Executive terminates this Agreement for Good Reason, prior to the occurrence of a Change of Control as set forth in Section 4(b), the Company shall pay to the Executive as severance compensation one times the Executive's Base Salary as then in effect. The severance compensation shall be paid in a lump sum within ten (10) days following termination.

(d) Continuation of Benefits.

(i) Medical Benefits. Upon termination of this Agreement for any reason by the Executive or the Company, the Executive, Executive's spouse, and Executive's dependents will continue to be eligible for coverage under the Company's group health plan or any successor plan on the same basis as active executive employees of the Company, their spouses, and their dependents for one year following the termination date (upon a termination of this Agreement under Section 4(a) or Section 8(b)(i) following a Change of Control) or two years following the termination date (upon a termination of this Agreement under Section 4(b), Section 8(b)(ii) or Section 8(b)(iii)). If and when group health coverage under another group health plan first becomes available thereafter to the Executive, Executive's spouse, or Executive's dependents (as applicable), the Company's obligations under this paragraph will cease with respect to each person to whom such coverage becomes available, and such person shall have such "COBRA" benefit continuation rights as may then be available under relevant law, treating Executive's employment termination date as the date of such person's "qualifying event."

(ii) Travel Privileges. Upon termination of this Agreement under Sections 4(a), (b) or (c), the Executive shall continue to receive travel privileges set forth in Section 3(c) for one year following the termination date (upon a termination of this Agreement under Section 4(a) or Section 8(b)(i) following a Change of Control) or two years following the termination date (upon a termination of this Agreement under Section 4(b), Section 8(b)(ii) or Section 8(b)(iii)).

(iii) Other Benefits. Except as modified by this Agreement, the Executive shall continue to be eligible for all other benefits available to active executive employees of the Company as set forth in the Company's Employee Handbook.

5. No Other Compensation. Except as otherwise expressly provided herein, or in any other written document executed by the Company and the Executive, no other compensation or other consideration shall become due or payable to the Executive on account of the services rendered to the Company Group. The Company shall have the right to deduct and withhold from the compensation payable to the Executive hereunder any amounts required to be deducted and withheld under the provisions of any statute, regulation, ordinance, order or any other amendment thereto, heretofore or hereafter enacted, requiring the withholding or deduction of compensation.

6. Medical & 401K Benefits. The Company agrees that the Executive shall be entitled to participate in any retirement, 401K, disability, medical, pension, profit sharing, group insurance, or any other plan or arrangement, or in any other benefits now or hereafter generally available to executives of the Company, in each case to the extent that the Executive shall be eligible under the general provisions thereof.

7. Vacation. The Executive shall be entitled to take three weeks of paid vacation which shall accrue monthly during each 12 months of the Executive's employment hereunder, and which vacation shall be taken on dates to be selected by mutual agreement of the Company and the Executive.

8. Termination for Cause or Good Reason.

(a) Termination for Cause by the Company. The Company, by written notice to the Executive, may immediately terminate this Agreement and the Executive's employment hereunder for Cause. As used herein, a termination by the Company "for Cause" shall mean that the Executive has (i) willfully or materially refused to perform a material part of his duties hereunder, (ii) materially breached the provisions of Sections 9, 10 or 11 hereof, (iii) acted fraudulently or dishonestly in his relations with the Company, (iv) committed larceny, embezzlement, conversion or any other act involving the misappropriation of Company funds or assets in the course of his employment, or (v) been indicted or convicted of any felony or other crime involving an act of moral turpitude.

(b) Termination for Good Reason by the Executive. The Executive, by 20 business days prior written notice to the Company, may terminate this Agreement and his employment hereunder for Good Reason, provided that the Company shall have the right to cure such Good Reason within such 20 business day period. As used herein, a termination by the Executive "for Good Reason" shall mean that (i) the Company has materially diminished the duties and responsibilities of the Executive with respect to the Company in comparison to Executive's title and salary immediately prior to the change (i.e., by demoting the Executive to a title with less responsibility than the Executive's prior position), (ii) following the first three months of the Term, the Company has relocated its principal offices more than 25 miles from Denver to another location without the consent of the Executive or (iii) the Company has materially breached the terms of this Agreement.

(c) Termination for Convenience by the Executive. The Executive, by 60 days prior written notice to the Company, may terminate this Agreement and his employment hereunder for Convenience, provided that the Executive shall continue to be bound by Sections 9 and 11 of this Agreement. If this Agreement is terminated by the Executive for "Convenience", the Executive shall not be entitled to any Severance Compensation or other compensation of any kind following the effective date of such termination. As used herein, a termination by the Executive "for Convenience" shall mean that the Executive has terminated this Agreement other than for Good Reason.

9. Confidential Information. The Executive recognizes and acknowledges that he shall receive in the course of his employment hereunder certain confidential information and trade secrets concerning the Company Group's business and affairs which may be of great value to the Company Group. The Executive therefore agrees that he will not disclose any such information relating to the Company Group, the Company Group's personnel or their operations other than in the ordinary course of business or in any way use such information in any manner which could adversely affect the Company Group's business. For purposes of this Agreement, the terms "trade secrets" and "confidential information" shall include any and all information concerning the business and affairs of the Company Group and any division or other affiliate of the Company Group that is not generally available to the public.

10. Non-Competition. The Executive agrees that without the prior written consent of the Company's Chief Executive Officer during the Term and for a period of 12 months following the termination or expiration of this Agreement. Executive will not directly or indirectly render advice or services to or become employed by either Spirit Airlines, Inc. or Allegiant Travel Company or any of their respective subsidiaries or affiliates.

11. Non-Solicitation. The Executive agrees that during the Term, and for a period of 12 months following the termination or expiration of this Agreement, he shall not, without the prior written consent of the Company, directly or indirectly, employ or retain, or have or cause any other person or entity to employ or retain, any person who was employed by the Company Group or any of its divisions or affiliates while the Executive was employed by the Company.

12. Breach of this Agreement. If the Executive commits a breach, or threatens to commit a breach, of any of the provisions of Sections 9, 10 or 11 of this Agreement, then the Company shall have the right and remedy to have those provisions specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed by the Executive that the rights and privileges of the Company granted in Sections 9, 10 and 11 are of a special, unique and extraordinary character and any such breach or threatened breach will cause great and irreparable injury to the Company and that money damages will not provide an adequate remedy to the Company.

13. Notices. All notices and other communications required or permitted hereunder shall be in writing (including facsimile, telegraphic, telex or cable communication) and shall be deemed to have been duly given when delivered by hand, or mailed, certified or registered mail, return receipt requested and postage prepaid:

If to the Company:                    Frontier Airlines, Inc.  
    7001 Tower Road  
    Denver, CO 80249-7312  
    Attn: President and Chief Executive Officer

With a copy to each member of the Company's Board of Directors

If to the Executive:                 Daniel M. Shurz  
    [Address]

14. Applicable Law. This Agreement was negotiated and entered into within the State of Colorado. All matters pertaining to this Agreement shall be governed by the laws of the State of Colorado applicable to contracts made and to be performed wholly therein. Nothing in this Agreement shall be construed to require the commission of any act contrary to law, and wherever there is any conflict between any provision of this Agreement and any material present or future statute, law, governmental regulation or ordinance as a result of which the parties have no legal right to contract or perform, the latter shall prevail, but in such event the provision(s) of this Agreement affected shall be curtailed and limited only to the extent necessary to bring it or them within the legal requirements.

15. Entire Agreement; Modification; Consents and Waivers. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior agreements or understandings, written or oral, between the parties with respect to the subject matter hereof. No interpretation, change, termination or waiver of or extension of time for performance under any provision of this Agreement shall be binding upon any party unless in writing and signed by the party intended to be bound thereby. Except as otherwise provided in this Agreement, no waiver of or other failure to exercise any right under or default or extension of time for performance under any provision or this Agreement shall affect the right of any party to exercise any subsequent right under or otherwise enforce said provision or any other provision hereof or to exercise any right or remedy in the event of any other default, whether or not similar.

16. Severability. The parties acknowledge that, in their view, the terms of this Agreement are fair and reasonable as of the date signed by them, including as to the scope and duration of post-termination activities. Accordingly, if any one or more of the provisions contained in this Agreement shall for any reason, whether by application of existing law or law which may develop after the date of this Agreement, be determined by an arbitrator or court of competent jurisdiction to be excessively broad as to scope of activity, duration or territory, or otherwise unenforceable, the parties hereby jointly request such court to construe any such provision by limiting or reducing it so as to be enforceable to the maximum extent in favor of the Company compatible with then-applicable law. If any one or more of the terms, provisions, covenants or restrictions of this Agreement shall nonetheless be determined by an arbitrator or court of competent jurisdiction to be invalid, void or unenforceable, then the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

17. Assignment. The Company may, at its election, assign this Agreement or any of its rights hereunder. This Agreement may not be assigned by the Executive.

18. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

19. Arbitration. Each of the parties hereby irrevocably and unconditionally consents to arbitrate any dispute arising out of or relating in any manner to this Agreement or the employment relationship contemplated hereby or the termination thereof, or any alleged breach of any term or provision of this Agreement. Such arbitration shall be conducted in Denver County, Colorado by a single arbitrator in accordance with the employment dispute resolution rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any federal or state court in Colorado (and the parties expressly consent to the jurisdiction of such court), or in any other court having jurisdiction. The Company shall be responsible for, and shall pay, 75% of all costs and expenses of any arbitration hereunder, including, without limitation, all costs, fees and expenses of the American Arbitration Association and arbitrator. The Executive shall be responsible for, and shall pay, 25% of all costs and expenses of any arbitration hereunder, including, without limitation, all costs, fees and expenses of the American Arbitration Association and arbitrator. Each of the Parties agrees that in any arbitration arising out of or relating to this Agreement or the employment relationship

contemplated hereby or the termination thereof, or any alleged breach of any term or provision of this Agreement or in any action to enter judgment on an award in such arbitration each party shall bear its own fees and expenses.

20. Survival. The provisions of Sections 9 through 19 of this Agreement shall survive any expiration or termination of this Agreement.

21. Equity Commitment. If at any time after the date hereof the Company ceases to be an Affiliate of Republic, subject to approval by the Company's Compensation Committee, the Executive shall be issued options to purchase shares of common stock of the Company, and/or shall be issued a grant of restricted stock at a price per share equal to the par value thereof, in such numbers and on such general terms as are consistent with awards granted to similarly situated executive officers of the Company, including the Company's Chief Executive Officer. The vesting of options, if any, to purchase shares of Republic's common stock or grants of restricted shares, if any, covering shares of Republic's common stock previously granted to the Executive shall be governed by the terms of the respective stock option agreement or restricted stock agreement evidencing such awards notwithstanding any provision of this Agreement.

22. Indemnification. The Company shall, to the fullest extent allowed by law, defend, indemnify and hold harmless the Executive from and against any and all demands, claims, suits, liabilities, actions asserted or brought against the Executive or in which the Executive is made a party, including, without limitation, all litigation costs and attorneys' fees incurred by the Executive or judgments rendered against the Executive, in connection with any matter arising within the course and scope of Executive's employment with the Company or service as an officer, director or manager of the Company or any of the Subsidiaries. The right of the Executive to indemnification hereunder shall vest at the time of occurrence or performance of any event, act or omission giving rise to any demand, claim, suit, liability, action or legal proceeding of the nature referred to in this Section 23 and, once vested, shall survive the termination of Executive's employment with the Company for any reason.

23. Section 409A Compliance.

(a) Any payments conditioned upon a termination of the Executive's employment will be deemed to be conditioned upon the Executive's separation from service within the meaning of Treasury Regulation Section 1.409A-1(h) and will be construed and interpreted accordingly. If the Executive is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Executive's separation from service, then the Executive shall not be entitled to any severance payments or other benefits pursuant to this Agreement until the earlier of (i) the date which is six months after the date of the Executive's separation from service, or (ii) the date of the Executive's death. This paragraph shall only apply if, and to the extent required in order to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulation Section 1.409A-3(i)(2). Any amounts otherwise payable to the Executive upon or in the six-month period following the Executive's separation from service that are not so paid by reason of this paragraph shall be paid to the Executive (or the Executive's estate, as the case may be) as soon as practicable (and in all events within twenty days) after the expiration of such six-month period or (if applicable, the date of the Executive's death).



(b) Any taxable reimbursement of expenses payable to the Executive shall be paid to the Executive on or before the last day of the Executive's taxable year following the taxable year in which the related expense was incurred. Expense reimbursements and in-kind benefits provided to the Executive shall not be subject to liquidation or exchange for another benefit and the amount of such reimbursements or in-kind benefits that the Executive receives in one taxable year shall not affect the amount of such reimbursements or benefits that the Executive may receive in any other taxable year.

(c) It is intended that any amounts payable under this Agreement and the Company's and the Executive's exercise of any authority or discretion hereunder shall comply with, and avoid the imputation of any tax, penalty or interest under Section 409A of the Code. This Agreement shall be construed and interpreted consistent with that intent. Should the Company pay the Executive contrary to clause (i) or (ii) of Section 24(a) above, the Company shall indemnify the Executive for any taxes due thereon as a result.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the date first above written.

FRONTIER AIRLINES, INC.

By: /s/ David Siegel

Name: David Siegel

Title: President and Chief Executive Officer

DANIEL M. SHURZ

/s/ Daniel M. Shurz

EXHIBIT A

FORM OF RELEASE

In exchange for the payments and benefits set forth in the Employment Agreement between Frontier Airlines, Inc. (the "Company") and me dated January 26, 2012 (the "Agreement"), and to be provided following the Effective Date (as defined below) of this General Release and subject to the terms of the Agreement, and my execution (without revocation) and delivery of this General Release:

1. (a) On behalf of myself, my agents, assignees, attorneys, heirs, executors and administrators, I hereby release the Company and its predecessors, successors and assigns, their current and former parents, affiliates, subsidiaries, divisions and joint ventures (collectively, the "Company Group") and all of their current and former officers, directors, employees, and agents, in their capacity as Company Group representatives (individually and collectively, "Releasees") from any and all controversies, claims, demands, promises, actions, suits, grievances, proceedings, complaints, charges, liabilities, damages, debts, taxes, allowances, and remedies of any type, including but not limited to those arising out of my employment with the Company Group (individually and collectively, "Claims") that I may have by reason of any matter, cause, act or omission. This release applies to Claims that I know about and those I may not know about occurring at any time on or before the date of execution of this General Release.

(b) This General Release includes a release of all rights and Claims under, as amended, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Rehabilitation Act of 1973, the Civil Rights Acts of 1866 and 1991, the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, the Equal Pay Act of 1963, the Family and Medical Leave Act of 1993, the Older Workers Benefit Protection Act of 1990, the Occupational Safety and Health Act of 1970, the Worker Adjustment and Retraining Notification Act of 1989 and the Sarbanes-Oxley Act of 2002, as well as any other federal, state, or local statute, regulation, or common law regarding employment, employment discrimination, termination, retaliation, equal opportunity, or wage and hour. I specifically understand that I am releasing Claims based on age, race, color, sex, sexual orientation or preference, marital status, religion, national origin, citizenship, veteran status, disability and other legally protected categories.

(c) This General Release also includes a release of any Claims for breach of contract, any tortious act or other civil wrong, attorneys' fees, and all compensation and benefit claims including without limitation Claims concerning salary, bonus, and any award(s), grant(s), or purchase(s) under any equity and incentive compensation plan or program.

(d) In addition, I am waiving my right to pursue any Claims against the Company Group and Releasees under any applicable dispute resolution procedure, including any arbitration policy.

I acknowledge that this General Release is intended to include, without limitation, all Claims known or unknown that I have or may have against the Company Group and Releasees through the Effective Date of this General Release. Notwithstanding anything herein, I expressly reserve and do not release pursuant to this General Release (and the definition of "Claims") will

not include) (i) my rights with respect to the enforcement of the Agreement, including but not limited to the right to receive Severance Compensation (as defined in the Agreement), if any, and other payments, benefits and indemnifications specified in the Agreement, (ii) any rights or interest under any Benefit Plans (as defined in the Agreement), (iii) any right to indemnification pursuant to the Company's Certificate of Incorporation or By-laws as in effect on the date hereof, (iv) the protections of the Company Group's directors and officers liability insurance, if any, in each case, to the same extent provided to other senior executives of the Company, (v) any claims and rights that cannot be waived by law, (vi) the vesting and exercise of any equity grant pursuant to the terms of the applicable equity award agreement or the applicable equity incentive plan, (vii) any rights as a stockholder of the Company, and (viii) any rights under Sections 12 and 13 of the Agreement following termination of employment,

2. I acknowledge that I have had at least 21 calendar days from the date of my termination of employment with the Company (the "Termination Date") to consider the terms of this General Release, that I have been advised to consult with an attorney regarding the terms of this General Release prior to executing it, that I have consulted with my attorney, that I fully understand all of the terms and conditions of this General Release, that I understand that nothing contained herein contains a waiver of claims arising after the date of execution of this General Release, and I am entering into this General Release knowingly, voluntarily and of my own free will. I further understand that my failure to sign this General Release and return such signed General Release to the Company, 7001 Tower Road, Denver, CO 80249-7312 by 5:00 pm on the 22<sup>nd</sup> day after the Termination Date will render me ineligible for the payments and benefits described herein and in the Agreement.

3. I understand that once I sign and return this General Release to the Company, I have 7 calendar days to revoke it. I may do so by delivering to the Company, 7001 Tower Road, Denver, CO 80249-7312 written notice of my revocation within the 7-day revocation period (the "Revocation Period"). This General Release will become effective on the 8<sup>th</sup> day after I sign and return it to the Company ("Effective Date"); provided that I have not revoked it during the Revocation Period.

YOU ARE HEREBY ADVISED BY THE COMPANY TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS GENERAL RELEASE.

I HAVE READ THIS GENERAL RELEASE AND UNDERSTAND ALL OF ITS TERMS. I SIGN AND ENTER THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY, WITH FULL KNOWLEDGE OF WHAT IT MEANS.

DANIEL M. SHURZ

\_\_\_\_\_  
Date: \_\_\_\_\_

**AMENDMENT TO  
EMPLOYMENT AGREEMENT**

**THIS AMENDMENT TO EMPLOYMENT AGREEMENT** (this "Amendment") is made and entered into as of September 13, 2013, by and between Frontier Airlines, Inc., a Colorado corporation (the "Company"), and Daniel Shurz (the "Executive"). This Amendment shall become effective as a valid and binding contract as of the date first above written, provided that the operative provisions hereof shall not become effective until the Closing (as defined in that certain Stock Purchase Agreement dated as of even date herewith, by and between Republic Airways Holdings, Inc. and Frontier Airlines Group, Inc. (the "Stock Purchase Agreement," the transactions contemplated by the Stock Purchase Agreement, the "Acquisition", and the date of such Closing being hereinafter referred to as the "Effective Date")). In the event that the Stock Purchase Agreement is terminated or the Acquisition contemplated by the Stock Purchase Agreement is abandoned, this Agreement shall be null and void *ab initio* and shall have no force and effect.

**WHEREAS**, the Company and the Executive are parties to that certain Employment Agreement between the Company and Executive, dated as of June 25, 2012 (the "Agreement"), which sets forth the terms of the Executive's employment with the Company;

**WHEREAS**, the Company and the Executive desire to amend the Agreement, as set forth herein.

**NOW, THEREFORE**, in consideration of the promises and the mutual covenants and conditions herein, the Company and the Executive hereby agree as follows, effective as of immediately prior to the Effective Date.

1. The first two sentences of Section 4(b) of the Agreement are hereby deleted and replaced in their entirety with the following:

"(b) Occurrence of a Change of Control. In the event of the Executive's termination of employment by the Company without Cause or by the Executive for Good Reason, in each case, that occurs within the twelve (12) month period commencing on the consummation of a Change of Control, the Company shall, subject to the Executive delivering to the Company a release within 30 days following the termination of this Agreement, substantially in the form attached hereto as Exhibit A (the "Release"), pay to the Executive in a lump sum an amount equal to two times the Executive's Base Salary as then in effect such payment to be made on the first regular payroll date following the date the Release becomes effective and irrevocable."

2. A new sentence shall be added to the end of Section 4(b) to read as follows:

"For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall the consummation of the transactions (the "Transactions") contemplated by the Stock Purchase Agreement entered into between Republic Airways Holdings, Inc. and Frontier Airlines Group, Inc. constitute a Change of Control. For further avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall an initial public offering of the Company's common stock or the common stock of any affiliate of the Company or any sales by shareholders in connection with such initial public offering constitute a Change of Control."

3. Section 4(c) is hereby deleted and replaced in its entirety with the following:

“(c) Termination by the Executive for Good Reason. If the Executive terminates this Agreement for Good Reason prior the occurrence of a Change of Control as set forth in Section 4(b) hereof, subject to the Executive delivering to the Company a Release within 30 days following the termination of this Agreement, the Company shall pay to the Executive as severance compensation in a lump sum an amount equal to one times the Executive’s Base Salary as then in effect such payment to be made on the first regular payroll date following the date the Release becomes effective and irrevocable.”

4. The first sentence of Section 4(d)(i) of the Agreement is hereby deleted and replaced in its entirety with the following:

“(i) Medical Benefits. Upon termination of this Agreement for any reason by the Executive or the Company, the Executive, Executive’s spouse, and Executive’s dependents will continue to be eligible for coverage under the Company’s group health plan or any successor plan on the same basis as active executive employees of the Company, their spouses, and their dependents for one year following the termination date (upon a termination of this Agreement under Section 4(a) or Section 8(b)(i)) or two years following the termination date (upon a termination of this Agreement under Section 4(b), Section 8(b)(ii) or Section 8(b)(iii)).”

5. Section 4(d)(ii) of the Agreement is hereby deleted and replaced in its entirety with the following:

“(ii) Travel Privileges. Upon termination of this Agreement under Sections 4(a), (b) or (c), the Executive shall continue to receive travel privileges set forth in Section 3(c) for one year following the termination date (upon a termination of this Agreement under Section 4(a) or Section 8(b)(i)) or two years following the termination date (upon a termination of this Agreement under Section 4(b), Section 8(b)(ii) or Section 8(b)(iii)).”

6. Section 21 of the Agreement is hereby deleted in its entirety and replaced with the following:

“21. Equity Incentive. Executive shall be eligible to participate in the equity incentive plan developed for executives of the Company following the closing of the Transactions and be awarded stock options, restricted stock units, restricted stock and/or other equity awards consistent with such plan, in each case, as determined by the Board.”

7. **Counterparts**. This Amendment may be executed in one or more facsimile, electronic or original counterparts, each of which shall be deemed an original and both of which together shall constitute the same instrument.

8. **Ratification**. All terms and provisions of the Agreement not amended hereby, either expressly or by necessary implication, shall remain in full force and effect. From and after the date of this Amendment, all references to the term “Agreement” in this Amendment or the original Agreement shall include the terms contained in this Amendment.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, this Amendment to Employment Agreement has been duly executed by or on behalf of the parties hereto as of the date first above written.

**EXECUTIVE**

**FRONTIER AIRLINES, INC.**

/s/ Daniel Shurz

By: /s/ David Siegel

Name: Daniel Shurz

Name: David Siegel

Title: Chief Executive Officer

February 13, 2019

Mr. Trevor Stedke

**Re: Employment Terms**

Dear Trevor:

Frontier Airlines, Inc. ("Frontier") is pleased to offer you full-time employment as SVP, Operations. You will have such duties as are normally associated with this position as such duties may be modified or supplemented by Frontier's President and CEO, to whom you will report. You will reside in Denver, Colorado and work in Frontier's headquarters located there, except for such travel as may be necessary to fulfill your responsibilities. 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 a mutually agreed upon date no later than April 1, 2019. Starting on that date, you will be paid a base salary at the annual rate of \$350,000 (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.

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% of your base salary 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. For 2019, your target and any actual annual bonus will be prorated based on the portion of the year during which you are employed by Frontier.

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 the date you commence employment, subject to your continuing employment by Frontier through the applicable vesting date. In addition, 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.



Frontier will reimburse you for all reasonable expenses you and your immediate family incur in relocating to Denver, Colorado, including, but not limited to, temporary housing, air fare, car rental, hotels, meals, as well as packing, unpacking and shipping costs for personal and household items and an automobile, up to a maximum of \$75,000 for all such expenses incurred within 18 months of your employment start date.

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 as to the 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 fifty dollars (\$8,250) that must be used, if at all, within twelve months of the date the UATP card is issued.

During the term of your employment, you will also be entitled to three weeks of annual paid vacation, prorated for 2019, in accordance with Frontier's vacation policy as it may be amended from time to time.

You will be eligible during your employment to participate in all of 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 your 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 President and CEO in advance of accepting another position.

As a condition of employment, you will be required (1) to comply with the Additional Terms attached hereto as Exhibit A, which by this reference are incorporated in this letter agreement, (2) to sign and return an I-9 Immigration form and provide sufficient documentation establishing your employment eligibility in the United States of America, (3) provide satisfactory proof of your identity as required by United States law, and (4) to complete successfully a medical exam, drug test and background check in accordance with Frontier policy for senior executives.

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 [howard.diamond@flyfrontier.com](mailto:howard.diamond@flyfrontier.com) by Friday, February 15, 2019, 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,

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond  
General Counsel and Secretary

**Accepted by:**

/s/ Trevor Stedke

Date: February 14, 2019

Exhibit A

Additional Terms

(a) Non-Competition/Non-Solicitation. You acknowledge and recognize the highly competitive nature of Frontier's business, and further acknowledge and recognize that Frontier has agreed to employ you in reliance on, among other things, your agreement to be bound by these additional terms. Accordingly, you agree as follows:

(i) You shall not, while employed by Frontier or during the twelve month period following termination of such employment (or the twenty-four month period following such termination in the event Frontier terminates your employment without Cause 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), directly or indirectly, (A) engage, participate or assist in any Competing Business (defined as any commercial passenger airline business which is certificated by any governmental authority to operate in any part of North America, other than any commercial passenger airline business which is (i) based outside North America and (ii) does not include in its route network point to point flying within North America), (B) enter the employ of, or render any services to, any person or entity engaged in any Competing Business, (C) acquire a financial interest in, or otherwise become actively involved with, any person or entity engaged in any Competing Business, whether as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant. Nothing herein shall prohibit you from being a passive owner of not more than two percent (2%) of the outstanding equity interest in any entity that is publicly traded, so long as you have no active participation in the business of such entity.

(ii) You agree that you shall not, while employed by Frontier or during the twelve month period following termination of such employment (or the twenty-four month period following such termination in the event Frontier terminates your employment without Cause 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), directly or indirectly, either for yourself or any other person or entity, (A) recruit or otherwise solicit or induce any employee, customer or supplier of Frontier to terminate its employment or arrangement with Frontier, or otherwise change its relationship with Frontier, or (B) hire, or cause to be hired, any individual who was employed by Frontier at any time during the twelve (12)-month period immediately prior to the termination of your employment or who thereafter becomes employed by Frontier.

(iii) In the event the terms of this exhibit shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to, and may be modified by a court of competent jurisdiction to, extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(iv) You understand that the restrictions set forth in this exhibit are intended to protect Frontier's established employee, customer and supplier relations, and the general goodwill of its business, and you agree that such restrictions are reasonable and appropriate for this purpose.

(v) In the event you engage in conduct in violation of your covenants in this section (a), the applicable restricted period shall be extended for a period of time equal to the time in which you engaged in activity prohibited by this section (a).

(b) Confidentiality. As used in this exhibit, "Confidential Information" means information belonging to Frontier which is of value to Frontier in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to Frontier. Confidential information includes, without limitation, patient or other medical information, financials information, reports, forecasts, inventions, improvements and other intellectual property, trade secrets, know-how, designs, processes or formulae, software, market or sales information or plans, customer lists, business plans and prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management of Frontier. Confidential information also includes information you develop in the course of your employment by Frontier, as well as other information to which you may have access in connection with your employment. Confidential Information also includes the confidential information of others with which Frontier has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain, unless due to breach of your duties under this exhibit.

(i) You understand and agree that your employment creates a relationship of confidence and trust between you and Frontier with respect to all Confidential Information. At all times, both during your employment with Frontier and after its termination, you will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the written consent of Frontier, except as may be necessary in the ordinary course of performing your duties to Frontier or as otherwise required by law.

(ii) All documents, records, data, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to you by Frontier or are produced by you in connection with your employment will be and remain the sole property of Frontier. You will return to Frontier all such materials and property as and when requested by Frontier. In any event, you will return all such materials and property immediately upon termination of your employment for any reason, and will not retain copies thereof following such termination.

(c) Non-Disparagement. Employee shall not make negative statements against the employer, its employees, or its products/services. This non-disparagement provision does not affect or limit your right to communicate or file a charge with, or participate in any investigation or proceeding conducted by the EEOC, or any other comparable federal, state or local agency.

**AMENDED AND RESTATED PHANTOM EQUITY INVESTMENT AGREEMENT**

This Amended and Restated Phantom Equity Investment Agreement (this "Agreement") is made as of December 3, 2013, by and among (a) Frontier Airlines, Inc., a Colorado corporation (the "Company"), (b) Falcon Acquisition Group, Inc., a Delaware corporation ("Falcon"), and (c) FAPAInvest, LLC, a Colorado limited liability company ("FAPAInvest"), acting as agent for and on behalf of those persons employed as of June 24, 2011 (the "Agreement Date") as pilots by the Company (such persons, collectively, the "Participating Pilots").

WHEREAS, as of the Agreement Date, the Participating Pilots were represented by Frontier Airline Pilots Association ("FAPA") as parties to that certain Collective Bargaining Agreement with the Company dated as of March 2, 2007 (such agreement, as amended through the Agreement Date, the "CBA");

WHEREAS, in connection with a restructuring effort undertaken by Republic Airways Holdings Inc., a Delaware corporation ("Republic"), as presented to the Republic Board of Directors at its May 25, 2011 meeting, on the Agreement Date, FAPA and the Company entered into Letter of Agreement 67 to the CBA (such Letter of Agreement 67 dated, and as executed on, the Agreement Date and without regard to any subsequent amendments or modifications, "LOA 67"), pursuant to which FAPA agreed, on behalf of the Participating Pilots, to certain modifications to the CBA (as set forth in Paragraph A of LOA 67) evidencing a deferral of certain payments and employee benefits to which the Participating Pilots would otherwise be entitled under the CBA, in consideration of, among other things, treating such deferrals as investments by the Participating Pilots in the Company (the "Investments"), which gave immediate value to the Company and Republic in executing Republic's restructuring effort as presented to the Republic Board of Directors at its May 25, 2011 meeting;

WHEREAS, on the Agreement Date, the Company, Republic and FAPAInvest entered into that certain Commercial Agreement (the "Commercial Agreement"), which specifies, among other things, the terms and conditions of the Participating Pilots' phantom equity participation in the Company, in recognition of the immediate value of the Investments to the Company and Republic as described above;

WHEREAS, in connection with the Commercial Agreement, the Company, FAPAInvest and Republic entered into that certain Phantom Equity Investment Agreement effective as of June 1, 2012 (the "Prior Agreement");

WHEREAS, prior to the closing of the transactions (the "Stock Purchase") contemplated by the Stock Purchase Agreement entered into between Republic and Falcon, dated as of September 30, 2013, Republic owned all of the issued and outstanding equity securities of the Company through its ownership of 100% of Frontier Airlines Holdings, Inc. ("Holdings"); and

WHEREAS, pursuant to the Stock Purchase, Falcon acquired 100% ownership of Holdings effective as of December 3, 2013 (the "Closing Date");

WHEREAS, as a result of the Stock Purchase, Republic automatically ceased to be a party to the Prior Agreement; and

WHEREAS, in connection with the Stock Purchase, the Company and FAPAInvest desire to amend and restate the Prior Agreement as set forth herein and Falcon desires to become a party to this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, mutual covenants and agreements set forth herein, the parties hereto agree as follows (capitalized terms contained in this Agreement and not otherwise defined herein shall have the respective meanings ascribed to them in the Commercial Agreement or LOA 67, as applicable):

#### **SECTION 1. DEFINITIONS**

1.1 "409A Event" shall mean an event that qualifies as a change in ownership or effective control, or ownership of a substantial portion of assets, under Treas. Reg. section 1.409A-3(i)(5) of the Internal Revenue Code of 1986, as amended (the "Code").

1.2 "Affiliate" shall mean, with respect to any person or entity, any person or entity directly or indirectly controlling or controlled by or under direct or indirect common control with such person or entity, where "control" (including, with correlative meaning, the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

1.3 "Applicable Time Period" shall mean (i) in the event the applicable Payment Date is the first Payment Date hereunder, the period beginning on the date of the first Investment by the Participating Pilots and ending on the first Payment Date hereunder, or (ii) in the event the applicable Payment Date is not the first Payment Date hereunder, the period beginning on the preceding Payment Date and ending on the applicable Payment Date.

1.4 "Capitalization" shall mean the fully-diluted capitalization of Falcon, which consists of (i) the number of shares of Common Stock issued and outstanding and (ii) the number of shares of Common Stock into which issued and outstanding warrants, options and other securities convertible or exchangeable into Common Stock may be so converted or exchanged ("Conversion Shares").

1.5 "Common Stock" shall mean the common stock of Falcon.

1.6 "Falcon Per Share Price" shall mean (i) in the event that the Common Stock is listed on a national stock exchange, the closing trading price of a share of the Common Stock; (ii) on the date of a Qualifying IPO, the "price to public" per share of Common Stock as set forth on the final prospectus for such Qualifying IPO; or (iii) in any other event, the fair market value per share of the Common Stock determined as follows: Unless Falcon and FAPAInvest agree upon a valuation, the valuation determined by an accounting firm, valuation firm or other firm providing similar valuation services that is of recognized standing nationally in the United States (each such firm, a "Valuation Firm") and engaged by Falcon and agreed to by FAPAInvest; provided that if Falcon and FAPAInvest cannot agree on a Valuation Firm, FAPAInvest shall select and engage a second Valuation Firm. Each Valuation Firm shall deliver its written determination of the fair market value per share of the Common Stock as of the applicable date

(the "Valuation") to both Falcon and FAPAInvest within thirty (30) days of being retained. The Valuation or, if there are two Valuations the average of the two Valuations, shall be the final Falcon Per Share Price and shall be final and binding upon all parties hereto. Falcon and FAPAInvest shall bear the expenses and fees of the Valuation Firm engaged by them in providing such Valuation.

1.7 "Indigo-Affiliated Funds" shall mean Indigo Frontier Holdings Company, LLC, a Delaware LLC, and its Affiliates.

1.8 "Invested Capital" shall mean, without duplication, the sum of (i) the aggregate cash purchase price paid by the Indigo-Affiliated Funds for shares of Common Stock, and (ii) additional capital invested by the Indigo-Affiliated Funds in the Company through June 30, 2014 for the repayment to Republic of pre-delivery payments made in respect of the Company's aircraft order with Airbus, the payment of transaction-related fees and expenses and other general corporate purposes, including working capital; provided that Invested Capital shall not exceed \$150,000,000.

1.9 "Investment Recovery Date" shall mean that date that the Indigo-Affiliated Funds receive cumulative cash proceeds in respect of their ownership interest in Falcon (including, without limitation, cash dividends, distributions and other cash payments in respect of the ownership interest in Falcon paid to the Indigo-Affiliated Funds by Falcon, but excluding any management fees paid to Indigo-Affiliated Funds) equal to the aggregate Invested Capital plus an 8.0% annual return, in each case, measured as of the date cash proceeds are paid to the Indigo-Affiliated Funds.

1.10 "Non-409A Qualifying IPO" shall mean a Qualifying IPO that does not constitute a 409A Event.

1.11 "Payment Date" shall mean the 2020 Payment Date, the 2022 Payment Date and the 2025 Payment Date (each, as defined in Section 2.4 hereof) or any other date on which a payment is made to the Participating Pilots hereunder as a result of acceleration of payment upon the occurrence of a 409A Event.

1.12 "Profit Sharing Plan" shall mean the Frontier Airlines Pilots Profit Sharing Plan, as amended.

1.13 "Qualifying IPO" shall mean an underwritten initial public offering of the Common Stock in which the aggregate "price to public" as set forth on the final prospectus for such initial public offering is at least \$50,000,000.

1.14 "Taxable Compensation" shall mean the compensation from the Company and its Affiliates as reported in Box 1 of Form W-2, excluding any compensation received by a Participating Pilot from the Company or its Affiliates for services rendered as a Management Pilot



## SECTION 2. PHANTOM EQUITY PARTICIPATION

2.1 Issuance and Vesting of Phantom Units. The parties agree and acknowledge that the aggregate value of the Investments to be made by the Participating Pilots as set forth in Paragraph A of LOA 67 is \$39.3 million (the "Investment Value"). In consideration of the Investments made by the Participating Pilots pursuant to Paragraph A of LOA 67, the Company hereby grants to FAPAInvest, for the benefit of the Participating Pilots, units ("Units") on the terms and conditions set forth below:

(a) Units. Each Unit represents the right to receive from the Company on a Payment Date cash and/or shares of Common Stock in an amount equal to the Falcon Per Share Price. Units that vest solely upon Investments made by the Participating Pilots shall be referred to herein as "Investment-Based Units". Units that vest based upon both Investments made by the Participating Pilots and the occurrence of the Investment Recovery Date shall be referred to herein as "Investment Recovery Units".

(b) Unit Pool. The aggregate number of Units subject to this Agreement (the "Unit Pool") shall be the number that, after giving effect to such issuance and treating, solely for the purpose of calculating the Unit Pool, Units as Conversion Shares, equals four percent (4.0%) of Capitalization of Falcon as of June 30, 2014. Eighty-seven and one-half percent (87.5%) of the Unit Pool shall consist of Investment-Based Units (the "Investment Unit Pool") and twelve and one-half percent (12.5%) of the Unit Pool shall consist of Investment Recovery Units (the "Recovery Unit Pool").

(c) Vesting.

(i) As of the Closing Date, that number of Investment-Based Units calculated by multiplying the Investment Unit Pool times a fraction, the numerator of which is the aggregate Investment that has been made as of the Closing Date and the denominator of which is the Investment Value, vested. Thereafter, the Investment-Based Units shall vest at such times the Investments are made as set forth in Schedule 1.1(b) attached hereto. On each applicable vesting date, the number of Investment-Based Units vesting shall equal the number calculated by multiplying the Investment Unit Pool by a fraction, the numerator of which is the amount of the Investment on such vesting date and the denominator of which is the Investment Value. The parties acknowledge that the portion of the Investment Value that will have vested as of December 31, 2013 is \$24,600,000.

(ii) On the Investment Recovery Date, that number of Investment Recovery Units calculated by multiplying the Recovery Unit Pool times a fraction, the numerator of which is the aggregate Investment that has been made as of the Investment Recovery Date and the denominator of which is the Investment Value, shall vest. Thereafter, the Investment Recovery Units shall vest at such times the Investments are made as set forth in Schedule 1.1(b) attached hereto. On each applicable vesting date, the number of Investment Recovery Units vesting shall equal the number calculated by multiplying the Recovery Unit Pool by a fraction, the numerator of which is the amount of the Investment on such vesting date and the denominator of which is the Investment Value.

(d) Termination. In the event of a Participating Pilot's termination of employment with the Company for any reason, including, without limitation, because of such

Participating Pilot's resignation, retirement, death, or termination of employment by the Company (any such termination of employment, a "Termination Event"), then the vesting of the Participating Pilot's Pro Rata Share (as defined below) of the Unit Pool shall immediately cease as of the effective date of such Termination Event, and the Participating Pilot's Pro Rata Share of the vested Units shall be paid out on one or more Payment Dates as set forth in Section 2.4 below.

(e) Notices. So long as Investments are being made by the Participating Pilots, then within 45 days of the end of each calendar quarter beginning with the quarter first ending after the Closing Date, the Company shall prepare and deliver to FAPAInvest a written summary (in a form reasonably acceptable to FAPAInvest) of the Investments made by the Participating Pilots and the Units vested.

## 2.2 Adjustments to Units.

(a) Equitable Adjustments. In the event any Falcon stockholders receive a cash dividend, cash distribution or other cash payment in respect of the ownership interests in Falcon, each Unit shall be adjusted to provide for an amount equal to such cash dividend, distribution or other payment to be paid as and when payments in respect of the vested Units are made in accordance with Section 2.4. In the event Falcon otherwise engages in a nonreciprocal transaction between Falcon and its stockholders, such as a stock dividend, stock split, reverse stock split or spin-off, or a recapitalization, reorganization or similar transaction, that affects the number or kind of shares of Common Stock or the share price and causes a change in the Falcon Per Share Price represented by Units, the Units shall be equitably adjusted to reflect such nonreciprocal transaction.

(b) Administrative Costs. FAPAInvest in its sole discretion shall determine any amounts that are to be set aside out of the funds that would have otherwise been distributed to the Participating Pilots under this Agreement to cover costs of the establishment, administration, oversight of, and the enforcement of FAPAInvest's and the Participating Pilots' rights under, this Agreement and/or the Profit Sharing Plan. Any payments received by the Participating Pilots under this Agreement will be net of any such amounts set aside pursuant to this Section. In this regard, FAPAInvest may engage such professionals and service providers as it deems appropriate to assist with the establishment, administration, oversight and enforcement of this Agreement, and include the fees and expenses for such persons as costs of establishment, administration, oversight and enforcement of this Agreement for purposes of the set aside under this Section. Any set aside amounts remaining after the last payment to the Participating Pilots under this Agreement shall be allocated and paid to the same Participating Pilots and in the same proportion as such last payment under this Agreement.

## 2.3 Determination of Pro Rata Share and Allocation Schedule.

(a) Pro Rata Share. Each Participating Pilot's pro rata share ("Pro Rata Share") of the amount payable in respect of vested Units on a particular Payment Date shall be calculated as a ratio determined by dividing (i) the portion of Taxable Compensation of the Participating Pilot corresponding to the Applicable Time Period by (ii) the aggregate Taxable Compensation of all Participating Pilots as such compensation is reported for the Applicable

Time Period, in each case to four decimal places. (For example: if a Participating Pilot's compensation for the Applicable Time Period is \$100,000 and the total Participating Pilots' compensation for the Applicable Time Period is \$60,000,000, that Participating Pilot's Pro Rata Share of amounts payable in respect of vested Units as of the applicable Payment Date would be 0.1667%).

(b) Notice and Allocation Schedule. No later than thirty (30) days prior to each Payment Date, the Company shall deliver to FAPAInvest accurate and complete information (collectively, "Information") setting forth (i) the effective date(s) of every Termination Event that occurred after the date Participating Pilots first began making Investments hereunder (or after the last Payment Date, as applicable) and prior to such applicable Payment Date, and the name of each Participating Pilot whose employment with the Company was terminated by such Termination Event; (ii) the Taxable Compensation earned by each Participating Pilot for the Applicable Time Period as described in Section 2.3(a) above; and (iii) the number of Units vested through the applicable Payment Date. Based on the Information received, FAPAInvest shall then determine each Participating Pilot's Pro Rata Share due on such Payment Date and no later than two business days prior to such Payment Date, FAPAInvest shall provide the Company with an allocation schedule (the "Allocation Schedule") for such Payment Date, which Allocation Schedule shall identify (1) the Participating Pilots who shall receive a cash payment or Shares, as applicable, on such Payment Date and (2) each such Participating Pilot's Pro Rata Share. The Allocation Schedule once provided by FAPAInvest to the Company shall be considered final with respect to the applicable Payment Date, and the Company shall be entitled to rely upon such Allocation Schedule in allocating payments in respect of the vested Units among the Participating Pilots on such Payment Date absent manifest error. For purposes of preparing the Information, determining a Participating Pilot's Investment and Pro Rata Share, and preparing the Allocation Schedule, any Participating Pilot who has not had a Termination Event prior to the date on which the Information is prepared by the Company shall be deemed to have continued as an employee of the Company through the Payment Date.

## 2.4 Payments

(a) Payment Pursuant to Prior Agreement. The parties acknowledge and agree that the Stock Purchase constituted a 409A Event under the Prior Agreement. Pursuant to the Prior Agreement, on or before December 31, 2013, subject to FAPAInvest timely providing the Allocation Schedule as set forth in the Prior Agreement, the Company shall pay to or for the benefit of the Participating Pilots in accordance with the Prior Agreement an amount equal to \$1,768,000 less (i) amounts required to be withheld pursuant to Section 7.2 of the Prior Agreement and (ii) the amount specified by FAPAInvest to the Company in writing within ten (10) business days of the Closing Date, which shall be paid to FAPAInvest when payments are made to the Participating Pilots under this Section 2.4(a) for FAPAInvest's use pursuant to Section 1.2(c) of the Prior Agreement and Section 2.2(b) of this Agreement.

(b) Scheduled Payments. Subject to FAPAInvest timely providing the Allocation Schedule, payments in respect of vested Units shall be made on or within ninety (90) days following January 1, 2020 (the "2020 Payment Date"), on or within ninety (90) days following January 1, 2022 (the "2022 Payment Date"), and/or within ninety (90) days following January 1, 2025 (the "2025 Payment Date"), subject to earlier payment upon the occurrence of a

409A Event as set forth on Schedule 2.4 hereto. Any payments made upon the occurrence of a 409A Event shall be paid in cash, provided that in the event the 409A Event is a Qualifying IPO, Falcon will use reasonable best efforts to register the shares of Common Stock with the Securities and Exchange Commission, and if such Shares are registered, the payments shall be made in shares of Common Stock. Any payments made upon the 2020 Payment Date, the 2022 Payment Date and the 2025 Payment Date shall be paid in cash except to the extent specified in Schedule 2.4 with respect to a non-409A Qualifying IPO that occurs prior to the 2020 Payment Date. In no event may amounts paid be less than zero.

(c) Other Events. The parties hereto acknowledge that there may be other events and circumstances not covered by this Agreement that may occur. The parties agree to address such events in a manner that to the extent practicable is consistent with this Section 2.4 and Schedule 2.4 with the intent of this Agreement to provide the value of the Units to the Participating Pilots in a manner that complies with Section 409A of the Code.

### **SECTION 3. REPRESENTATIONS AND WARRANTIES OF FALCON**

Falcon hereby represents and warrants to FAPAInvest for the benefit of FAPAInvest and the Participating Pilots as follows:

3.1 Authorization; Validity of Agreement. Falcon has the requisite corporate power and authority to execute and deliver this Agreement to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery by Falcon of this Agreement and the consummation by Falcon of the transactions contemplated by this Agreement have been duly authorized by, and this Agreement and each of the transactions contemplated by this Agreement have been validly approved by, the requisite vote of Falcon's Board of Directors. No other corporate action or proceeding on the part of Falcon is necessary for the execution and delivery by Falcon of this Agreement, the performance by Falcon of its obligations under this Agreement or the consummation by Falcon of the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Falcon and, assuming due authorization, execution and delivery of this Agreement by FAPAInvest and the Company, is a valid and binding obligation of Falcon enforceable against Falcon in accordance with its terms, subject, as to enforcement, to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect affecting creditors' rights generally and (b) general principles of equity.

3.2 No Conflict. The execution and delivery by Falcon of this Agreement does not, and the performance by Falcon of its obligations under this Agreement or the consummation by Falcon of any of the transactions contemplated by this Agreement will not, (a) conflict with, or result in or constitute any violation or breach of or default under, or give rise (either with or without due notice or the passage of time or both or the happening or occurrence of any other event (including through the action or inaction of any person)) to any right of termination, amendment, cancellation or acceleration of any obligation to pay or repay with respect to, or result in the loss of any benefit under, any provision of (i) the certificate of incorporation or bylaws of Falcon or (ii) any material indenture, loan agreement, mortgage, guarantee, other indebtedness, lease or other agreement, contract, instrument, obligation, understanding or arrangement to which Falcon is a party, or by which Falcon may be bound; (b) conflict with, or

result in or constitute any violation of, any award, decision, judgment, decree, injunction, writ, order, subpoena, ruling, verdict or arbitration award entered, issued, made or rendered by any federal, state, local or foreign government or any other governmental entity, or any law, applicable to Falcon; (c) result in the creation or imposition of (or the obligation to create or impose) any Liens on any of the properties or assets of Falcon; or (d) conflict with, or result in or constitute any violation of, or result in the termination, suspension or revocation of, any authorization applicable to Falcon or to any of its properties or assets, or result in any other impairment of the rights of the holder of any such authorization.

3.3 Consents and Approvals. No authorization of or from any governmental entity or any other person on the part of Falcon is required in connection with the execution or delivery by Falcon of this Agreement, the performance by Falcon of its obligations under this Agreement or consummation by Falcon of the transactions contemplated by this Agreement.

#### **SECTION 4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

The Company hereby represents and warrants to FAPAInvest for the benefit of FAPAInvest and the Participating Pilots as follows except as set forth in Schedule 3:

4.1 Authorization; Validity of Agreement. The Company has the requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery by the Company of this Agreement and the consummation by the Company of the transactions contemplated by this Agreement have been duly authorized by, and this Agreement and each of the transactions contemplated by this Agreement have been validly approved by, the requisite vote of the Company's Board of Directors. No other corporate action or proceeding on the part of the Company is necessary for the execution and delivery by the Company of this Agreement, the performance by the Company of its obligations under this Agreement or the consummation by the Company of the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the Company and, assuming due authorization, execution and delivery of this Agreement by FAPAInvest and Falcon, is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject, as to enforcement, to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect affecting creditors' rights generally and (b) general principles of equity.

4.2 No Conflict. The execution and delivery by the Company of this Agreement does not, and the performance by the Company of its obligations under this Agreement or the consummation by the Company of any of the transactions contemplated by this Agreement will not, (a) conflict with, or result in or constitute any violation or breach of or default under, or give rise (either with or without due notice or the passage of time or both or the happening or occurrence of any other event (including through the action or inaction of any person)) to any right of termination, amendment, cancellation or acceleration of any obligation to pay or repay with respect to, or result in the loss of any benefit under, any provision of (i) the articles of incorporation or bylaws of the Company or (ii) any material indenture, loan agreement, mortgage, guarantee, other indebtedness, lease or other agreement, contract, instrument, obligation, understanding or arrangement to which the Company is a party, or by which the

Company may be bound; (b) conflict with, or result in or constitute any violation of, any award, decision, judgment, decree, injunction, writ, order, subpoena, ruling, verdict or arbitration award entered, issued, made or rendered by any federal, state, local or foreign government or any other governmental entity, or any law, applicable to the Company; (c) result in the creation or imposition of (or the obligation to create or impose) any Liens on any of the properties or assets of the Company; or (d) conflict with, or result in or constitute any violation of, or result in the termination, suspension or revocation of, any authorization applicable to the Company or to any of its properties or assets, or result in any other impairment of the rights of the holder of any such authorization.

4.3 Consents and Approvals. No authorization of or from any governmental entity or any other person on the part of the Company is required in connection with the execution or delivery by the Company of this Agreement, the performance by the Company of its obligations under this Agreement or consummation by the Company of the transactions contemplated by this Agreement.

#### **SECTION 5. REPRESENTATIONS AND WARRANTIES OF FAPAInvest**

FAPAInvest hereby represents and warrants to Falcon and the Company that except as set forth in Schedule 3:

5.1 Authorization; Validity of Agreement. FAPAInvest has the requisite limited liability company power and authority to execute and deliver this Agreement, to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. FAPAInvest has taken all requisite action to, and no other action or proceeding on the part of FAPAInvest is necessary for, the execution and delivery by FAPAInvest of this Agreement, the performance by FAPAInvest of its obligations under this Agreement or the consummation by FAPAInvest of the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by FAPAInvest and, assuming due authorization, execution and delivery of this Agreement by the Company and Falcon, is a valid and binding obligation of FAPAInvest and is enforceable by the Company and Falcon against FAPAInvest in accordance with its terms, subject, as to enforcement, to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect affecting creditors' rights generally and (b) general principles of equity.

5.2 Consents and Approvals. No authorization of or from any governmental entity or any other person on the part of FAPAInvest is required in connection with the execution or delivery by FAPAInvest of this Agreement, the performance by FAPAInvest of its obligations under this Agreement or consummation by FAPAInvest of the transactions contemplated by this Agreement.

#### **SECTION 6. COVENANTS OF FALCON**

6.1 Information. As soon as practicable after June 30, 2014, Falcon shall provide to FAPAInvest a summary in reasonable detail of the amount of Invested Capital as of June 30, 2014. During the term of this Agreement, Falcon will provide to FAPAInvest adequately detailed annual and quarterly financial statements and information pertaining to the Indigo-Affiliated

Funds' recovery of Invested Capital. If the Investment Recovery Date occurs, Falcon will promptly so certify in writing to FAPAInvest. In addition, on a quarterly basis, Falcon will disclose to the management of FAPAInvest all transactions in the prior quarter by Indigo-Affiliated Funds in the equity securities of Falcon, including issuances, redemptions, cash dividends, distributions and other cash payments in respect of the ownership interest in Falcon. The provision of financial statements, information and disclosure pursuant to this paragraph shall be for the use of FAPAInvest's board of managers without further distribution except to FAPAInvest's or such board's professional advisors. Access and use of such financial statements, information and disclosure by FAPAInvest's board of managers and its professional advisors, or other mutually approved parties, shall be conditioned upon and governed by each member of the FAPAInvest board of directors and each professional advisor, or other mutually approved party, entering into a form of confidentiality agreement acceptable to Falcon and FAPAInvest and consistent with applicable securities laws and regulations.

6.2 Ownership of the Company. During the term of this Agreement, Falcon shall own securities or interests of the Company representing 100% of the total combined voting power of all classes of securities or interests directly or through an unbroken chain of entities ending with the Company.

6.3 Other Business. The parties intend that the sole business of Falcon shall be to own, directly or through one or more subsidiaries, the Company. During the term of this Agreement, in the event Falcon (directly or indirectly including through one or more subsidiaries) proposes to engage in a business other than the business of owning the Company, FAPAInvest shall be provided the option to continue to hold Units tracking Common Stock as provided herein or to modify such Units to track Company interests in a manner mutually agreeable between the parties.

6.4 Reimbursements. Falcon or a subsidiary of Falcon shall reimburse FAPAInvest the following:

(a) Up to \$175,000 for documented legal fees and expenses related to litigation by the International Brotherhood of Teamsters within thirty (30) days of the Closing Date.

(b) Up to \$100,000 for documented legal fees and expenses related to the agreement dated October 22, 2013, between FAPAInvest and Falcon (the "LOI"), the Term Sheet dated November 6, 2013 and any amendments to the Commercial Agreement, the Profit Sharing Plan and the Prior Agreement, \$50,000 of which was previously paid to FAPAInvest upon signing of the LOI.

(c) Up to \$250,000 in documented legal fees and expenses related to claims made against FAPAInvest and/or its managers in regard to any modification of the Commercial Agreement, the Profit Sharing Plan or the Prior Agreement.

## **SECTION 7. CONDITIONS**

7.1 Conditions to the Investment. The obligation of FAPAInvest to make and continue the Investments is subject to satisfaction by the Company of the conditions set forth in Paragraph C of the Commercial Agreement, unless waived by FAPAInvest in writing.

## **SECTION 8. MISCELLANEOUS**

8.1 Status Under Code Section 409A. The parties to this Agreement intend that all payments under this Agreement be paid upon the occurrence of a permissible payment event specified under Treasury Regulation section 1.409A-3(a) and that this Agreement thus comply with the Code and this Agreement should be interpreted accordingly. Specifically, payments are intended to be paid at a fixed time specified in this Agreement, or upon the earlier occurrence of a 409A Event. Notwithstanding the foregoing, the Participating Pilots shall be solely responsible for any taxes, acceleration of taxes, interest or penalties arising under Section 409A of the Code with respect to amounts covered by this Agreement; and neither the Company, Falcon, FAPAInvest nor any of their Affiliates shall have any responsibility with respect thereto. Vested Units, once vested, will remain vested, and amounts payable in respect thereof will only be payable under this Agreement and will not be subject to impermissible substitution and acceleration under (or other violations of) Section 409A.

8.2 Tax Withholding. The Company is authorized to withhold from any payment under this Agreement, or from any payroll or other payment to a Participating Pilot, amounts of withholding and other taxes due or potentially payable in connection with any allocation or payment under this Agreement and to take such other action as the Company may deem advisable to enable it and/or the Participating Pilots to satisfy obligations for the payment of withholding taxes and other tax obligations relating to participation in the payments due under this Agreement.

8.3 Notices. Unless otherwise provided, any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon delivery, when delivered personally or by overnight courier or sent by facsimile or electronic mail, or 48 hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed as follows (or at such other address for a party as shall be specified by like notice):

(i) in the case of FAPAInvest, to:

Mountain Capital Investment Advisors LLC  
PO Box 351085  
Westminster, CO 80035  
Attention: Brandt Bums  
Email: [email address]  
Facsimile No.: (303) 544-6046



with a copy to (which shall not constitute notice):

Faegre Baker Daniels LLP  
3200 Wells Fargo Center  
1700 Lincoln Street  
Denver, CO 80203-4532  
Attention: Douglas R. Wright  
Email: [email address]  
Facsimile No.: (303) 607-3600

(ii) in the case of the Company or Falcon, to:

Falcon Acquisition Group, Inc.  
2525 East Camelback Road  
Suite 900  
Phoenix, Arizona 85016  
Email: [email address]  
Attention: William A. Franke

with a copy to (which shall not constitute notice):

Latham & Watkins LLP  
140 Scott Drive  
Menlo Park, CA 94025  
Email: [email address]  
Attention: Anthony J. Richmond, Esq.

8.4 Amendment of this Agreement; Waivers. This Agreement may be amended only by written amendment executed by FAPAInvest, the Company and Falcon. Any term of this Agreement may be waived only with the written consent of FAPAInvest, the Company and Falcon.

8.5 Interpretation. When a reference is made in this Agreement to Sections, paragraphs or clauses, such reference shall be to a Section, paragraph or clause to this Agreement unless otherwise indicated. The words "include," "includes," and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement has been negotiated by the respective parties hereto and their attorneys and the language hereof shall not be construed for or against any party. The phrases "the date of this Agreement," "the date hereof," and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first set forth above. The words "hereof," "herein," "herewith," "hereby" and "hereunder" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

8.6 Fee and Expenses. Subject to the reimbursement provisions of Section 6.4, each party shall pay all costs and expenses incurred by it in connection with the execution and delivery of this Agreement and the transactions contemplated hereby, including fees of legal counsel.

8.7 Further Assurances. Each party to this Agreement shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such agreements, certificates, instruments and documents as the other party hereto may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

8.8 Employment and Other Rights. Neither the Agreement nor any action taken hereunder shall be construed as giving any Participating Pilot the right to continue in the employ or service of the Company, or as interfering in any way with the right of the Company to terminate any Participating Pilot's employment or service at any time.

8.9 Unfunded Arrangement. The arrangement created by this Agreement shall be unfunded, and except as otherwise provided in this Agreement the Company shall not be required to segregate any assets that may at any time be represented by interests in the arrangement created by this Agreement. Neither FAPAInvest nor any Participating Pilot shall, by virtue of this Agreement, have any interest in any specific assets of the Company.

8.10 Other Benefit and Compensation Programs. Payments received by a Participating Pilot pursuant to this Agreement shall not be treated as a part of such Participating Pilot's regular recurring compensation for purposes of the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company unless expressly so provided by such other plan, contract or arrangement, or unless the Company expressly determines otherwise.

8.11 Third Party Beneficiaries. The Participating Pilots are third-party beneficiaries of this Agreement and have the right to enforce FAPAInvest's rights and remedies hereunder. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person other than the parties hereto, the Participating Pilots and their respective permitted successors and assigns any benefit, right or remedy.

8.12 Interests Not Transferable; Assignment by the Parties; Business Transactions. A Participating Pilot's right or interest in this Agreement or any payment due under this Agreement, may not be transferred by the Participating Pilot except upon his/her death by laws of descent and distribution, and shall not otherwise be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any such attempted action shall be void. This Agreement shall not be assignable by operation of law (other than to a successor or in connection with a merger, consolidation or similar transaction) or otherwise (any attempted assignment in contravention hereof being null and void); provided that FAPAInvest may assign all or part of its rights and obligations under this Agreement, but only if the transferee agrees in writing for the benefit of the Company and Falcon (with a copy thereof to be furnished to the Company and Falcon) to be bound by the terms of this Agreement (any such transferee shall be included in the term "FAPAInvest"). If during the term of this Agreement, the Company and Falcon cease to be part of a controlled group of businesses under Section 414(b) or (c) of the Code, all obligations of the Company and Falcon under this Agreement shall continue as an obligation of the Company and all references to Falcon in this Agreement thereafter shall be disregarded.

8.13 Entire Agreement. This Agreement, the Commercial Agreement and all other documents required to be delivered pursuant hereto (together with any necessary reference to the terms of LOA 67) constitute the entire agreement among the parties with respect to the subject matter hereof and except for references to the Prior Agreement in Section 2.4(a) hereof, supersede the Prior Agreement and all other prior documents, agreements and understandings, both written and verbal, among the parties with respect to the subject matter hereof and the transactions contemplated hereby.

8.14 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, then, if possible, such illegal, invalid or unenforceable provision shall be modified to such extent as is necessary to comply with such present or future laws and such modification shall not affect any other provision hereof; provided that if such provision may not be so modified such illegality, invalidity or unenforceability shall not affect any other provision, but this Agreement shall be reformed, construed and enforced as if such invalid, illegal or unenforceable provision had never been contained herein.

8.15 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Delaware applicable to contracts made and to be performed wholly within said State, without giving effect to the conflict of laws principles thereof.

8.16 Dispute Resolution. Any dispute arising under this Agreement shall be handled in accordance with the dispute resolution process agreed to between FAPAInvest and the Company; provided, that, if FAPAInvest and the Company cannot agree on a dispute resolution process within thirty (30) days of either party notifying the other party in writing of the existence of a dispute hereunder, all parties reserve the right to pursue any and all remedies as may be available under applicable law.

8.17 Injunctive Relief. The parties agree that their remedies at law in the event of any default or threatened default by the other parties in the performance of or compliance with any of the terms of this Agreement are not and will not be adequate to the fullest extent permitted by law, and that such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise without FAPAInvest, the Company or Falcon having to prove actual damage or post any bond or other security.

8.18 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to each of the other parties, it being understood that all parties need not sign the same counterpart.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

**FRONTIER AIRLINES, INC.**

By: /s/ David N. Siegel  
Name: David N. Siegel  
Title: President and CEO

**FALCON ACQUISITION GROUP, INC.**

By: /s/ John R. Wilson  
Name: John R. Wilson  
Title: Director

**FAPAINVEST, LLC, as agent for Participating Pilots**

By: /s/ Brandt Burns  
Name: Brandt Burns  
Title: Manager

**Schedule 1.1(b)**

**Schedule of Investments**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	
<b>July Snapback Avoidance</b>	1.3	2.7	2.7	2.7	2.7			
<b>Jan 2012 Snapback Avoidance</b>		3.6	3.6	3.6	3.6	3.6		
2.0% <b>One-Year Freeze</b>	0.9							
<b>401K</b>								
0.0% 2H 2011	1.9							
3.0% 2012		1.5						
3.0% 2013			1.5					
4.0% 2014				0.8				
5.0% 2015								
<b>Sick Pay Adjustment</b>	0.9	0.9	0.9	0.9	0.9			
<b>Vacation</b>		1.6	1.6	1.6	1.6			
Total Savings:	5.0	10.3	10.3	9.6	8.8	3.6		
Discount Rate	15.0%							
NPV of Savings	5.0	10.5	9.1	7.4	5.5	1.8	39.3	<b>Total NPV</b>

## Schedule 2.4

### Illustrative Section 2.4 Events<sup>1</sup>

(a) 409A Event after December 31, 2016 and prior to January 1, 2020.

(i) The Participating Pilots will receive an amount equal to the value of the vested Units (based on the Falcon Per Share Price), paid on, and measured as of, the date of the closing of the 409A Event.

(ii) On the 2020 Payment Date, the Participating Pilots will receive an amount equal to the value of the Investment Recovery Units that vested (if any) from the date of the closing of the 409A Event to December 31, 2019, such value (based on the Falcon Per Share Price) to be measured as of December 31, 2019.

(iii) On the 2022 Payment Date, the Participating Pilots will receive an amount equal to the value of the Investment Recovery Units that vested (if any) between January 1, 2020 and December 31, 2021, such value (based on the Falcon Per Share Price) to be measured as of December 31, 2021.

(b) 409A Event prior to January 1, 2017 and no other events prior to January 1, 2020.

(i) The Participating Pilots will receive an amount equal to the value of the vested Units (based on the Falcon Per Share Price), paid on, and measured as of, the date of the closing of the 409A Event.

(ii) On the 2020 Payment Date, the Participating Pilots will receive an amount equal to (x) the value of the Units that vested from the date of the closing of the 409A Event to December 31, 2019, such value (based on the Falcon Per Share Price) to be measured as of December 31, 2019, minus (y) the amount that would have been paid on the 2017 Payment Date (as defined in the Prior Agreement) based on the applicable terms of the Prior Agreement (the "Reduction Amount").

(iii) On the 2022 Payment Date (or on the closing of another 409A Event between January 1, 2020 and December 31, 2021), the Participating Pilots will receive payment of the Reduction Amount, paid in cash. In addition, if any Units vest between January 1, 2020 and December 31, 2021, the Participating Pilots will receive an amount equal to the value of those Units that vested (if any) between January 1, 2020 and December 31, 2021, such value (based on the Falcon Per Share Price) to be measured as of December 31, 2021.

<sup>1</sup> Amounts cannot be less than zero. Payments and amounts in these illustrations do not take into account dividends and other payments per Section 2.2(a), costs per Section 2.2(b) or tax withholding per Section 7.2. Per Share prices and number of Shares issued shall be adjusted for any stock splits, reclassifications or similar transactions. Payments and amounts are illustrative only and assume that the Participating Pilots have made the indicated Investments.

(c) Non-409A Qualifying IPO prior to 2020 and no other events prior to 2020.

(i) On the 2020 Payment Date, the Participating Pilots will receive (x) (a) a number of shares of Common Stock (“Shares”) equal to 50% of the number of vested Units and (b) an amount in cash equal to the 50% of the number of vested Units multiplied by the Falcon Per Share Price determined as of the date of the Non-409A Qualifying IPO minus (y)(a) a number of Shares having a value (based on the Falcon Per Share Price determined as of the date of the Non-409A Qualifying IPO) equal to 50% of the Reduction Amount and (b) 50% of the Reduction Amount in respect of cash paid to the Participating Pilots. Notwithstanding the foregoing, if the Shares are not publicly traded on an exchange or over-the-counter market on the 2020 Payment Date, the amount otherwise payable in Shares will be paid in cash based on the Falcon Per Share Price as of December 31, 2019.

(ii) With respect to amounts to be paid in cash in accordance with subclause (x)(b) above, promptly following the date of the Non-409A Qualifying IPO, Falcon shall establish a rabbi trust in a form to be agreed upon between the parties’ advisors and place in such trust the aggregate amount of cash required to satisfy Falcon’s 2020 Payment Date cash obligations.

(iii) On the 2022 Payment Date (or on the closing of another 409A Event between January 1, 2020 and December 31, 2021), the Participating Pilots will receive payment of the Reduction Amount in the form determined in accordance with clause (i) above. Notwithstanding the foregoing, if the Shares are not publicly traded on an exchange or over-the-counter market on the 2022 Payment Date, the Reduction Amount will be paid in cash. In addition, if any Units vest between January 1, 2020 and December 31, 2021, the Participating Pilots will receive an amount equal to the value of those Units that vested between January 1, 2020 and December 31, 2021, such value (based on the Falcon Per Share Price) to be measured as of December 31, 2021 and paid in cash.

(d) No event prior to 2020.

(i) On the 2020 Payment Date, the Participating Pilots will receive an amount in cash equal to (x) the value of vested Units (based on the Falcon Per Share Price) measured as of December 31, 2019, minus (y) the Reduction Amount.

(ii) On the 2022 Payment Date (or on the closing of a 409A Event between January 1, 2020 and December 31, 2021), the Participating Pilots will receive payment of the Reduction Amount in cash. In addition, if the Investment Recovery Units vest between January 1, 2020 and December 31, 2021, the Participating Pilots will receive an amount in cash equal to the value of those Units that vested between January 1, 2020 and December 31, 2021, such value (based on the Falcon Per Share Price) to be measured as of December 31, 2021.

(e) Later Vesting. In addition to payments under subsections (a) through (d) above, if the Investment Recovery Units vest between January 1, 2022 and December 31, 2024, the Participating Pilots will receive on the 2025 Payment Date an amount in cash equal to the value of those Units that vested between January 1, 2022 and December 31, 2024, such value (based on the Falcon Per Share Price) to be measured as of December 31, 2024.

## Illustrative Section 2.4 Calculations

(a) 409A Event between December 31 2016 and January 1, 2020.

Assumptions:

- Capitalization as of June 30, 2014 of 96,000,000
  - Unit Pool of 4,000,000
    - 3,500,000 Investment-Based Units, 100% vested
    - 500,000 Investment Recovery Units
  - 409A Event closing on December 31, 2017
  - Falcon Per Share Price at closing of the 409A Event of \$10 per share
  - Falcon Per Share Price as of December 31, 2021 of \$20 per share.
  - Participating Pilot X's Pro Rata Share is .1%
  - Investment Recovery Date is November 30, 2021
- (i) On December 31, 2017, the date of the closing of the 409A Event, Participating Pilots would receive \$35,000,000 (\$10 x 3,500,000 Investment-Based Units).  
Participating Pilot X would receive \$35,000 (.1% x \$35,000,000).
- (ii) On the 2020 Payment Date, Participating Pilots would receive \$0. Participating Pilot X would receive \$0.
- (iii) On the 2022 Payment Date, Participating Pilots would receive \$10,000,000 (\$20 x 500,000 Investment Recovery Units).  
Participating Pilot X would receive \$10,000 (.1% x \$10,000,000).

(b) 409A Event prior to January 1, 2017 and no other events prior to January 1, 2020

Assumptions:

- Capitalization as of June 30, 2014 of 96,000,000
- Unit Pool of 4,000,000
  - 3,500,000 Investment-Based Units
  - 500,000 Investment Recovery Units
- 409A Event closing on December 31, 2014
- Total Investment Value as of December 31, 2014 of \$32,000,000
- Total Investment Value as of December 31, 2016 of \$39,300,000
- Vested Investment-Based Units as of December 31, 2014 of 2,849,872 ( $\$32,000,000 / \$39,300,000 \times 3,500,000$ )
- Falcon Per Share Price at closing of the 409A Event of \$10 per share
- Valuation per Prior Agreement as of December 31, 2016 of \$12 per Unit
- Falcon Per Share Price as of December 31, 2019 of \$15 per share
- Falcon Per Share Price as of December 31, 2024 of \$20 per share
- Participating Pilot X's Pro Rata Share is .1%
- Investment Recovery Date is November 30, 2023
- Reduction Amount of \$3,153,600



- (i) On December 31, 2014, the date of the closing of the 409A Event, Participating Pilots would receive \$28,498,720 (\$10 x 2,849,872 vested Investment-Based Units)  
Participating Pilot X would receive \$28,499 (.1% x \$28,498,720)
- (ii) On the 2020 Payment Date, Participating Pilots would receive \$6,733,320 (\$15 x 659,128 Investment-Based Units vesting from December 31, 2014 to December 31, 2016 less the Reduction Amount of \$3,153,600)  
Participating Pilot X would receive \$6,733 (.1% x \$6,733,320).
- (iii) On the 2022 Payment Date, Participating Pilots would receive \$3,153,600 (the Reduction Amount)  
Participating Pilot X would receive \$3,154 (.1% x \$3,153,600).
- (iv) On the 2025 Payment Date, Participating Pilots would receive \$10,000,000 (\$20 x 500,000 Investment Recovery Units)  
Participating Pilot X would receive \$10,000 (.1% x \$10,000,000)
- (c) Non-409A Qualifying IPO prior to 2020 and no other events prior to 2020.

Assumptions:

- Capitalization as of June 30, 2014 of 96,000,000
- Unit Pool of 4,000,000
  - 3,500,000 Investment-Based Units
  - 500,000 Investment Recovery Units
- Non-409A Qualifying IPO closing on December 31, 2014
- Total Investment Value as of December 31, 2014 of \$32,000,000
- Total Investment Value as of December 31, 2017 of \$39,300,000
- Vested Investment-Based Units as of December 31, 2014 of 2,849,872 ( $\$32,000,000 / \$39,300,000 \times 3,500,000$ )
- Falcon Per Share Price in Non-409A Qualifying IPO of \$10 per share
- Valuation per Prior Agreement as of December 31, 2016 of \$12 per Unit
- Falcon Per Share Price as of December 31, 2019 of \$15 per share
- Falcon Per Share Price as of December 31, 2024 of \$20 per share
- Participating Pilot X's Pro Rata Share is .1%
- Investment Recovery Date is November 30, 2023
- Reduction Amount of \$3,153,600

- (i) On the 2020 Payment Date, Participating Pilots would receive 1,592,320 Shares<sup>2</sup> ((0.5 x 3,500,000 Investment-Based Units or 1,750,000) – the Reduction Amount due in Shares (0.5 x \$3,153,600/\$10 or 157,680)) and \$15,923,200 in cash ((0.5 x 3,500,000 Investment-Based Units x \$10 or \$17,500,000) – the cash Reduction Amount (0.5 x \$3,153,600 or \$1,576,800))
- Participating Pilot X would receive 1,592 Shares (.1% x 1,592,320 Shares) and \$15,923 in cash (.1% x \$15,923,200)
- (ii) On the 2022 Payment Date, Participating Pilots would receive 157,680 Shares<sup>3</sup> ((the Reduction Amount due in Shares (0.5 x 3,153,600/\$10)) and \$1,576,800 in cash (the cash Reduction Amount (0.5 x \$3,153,600))
- Participating Pilot X would receive \$1,577 (.1% x \$1,576,800)
- (iii) On the 2025 Payment Date, Participating Pilots would receive \$10,000,000 (\$20 x 500,000 Investment Recovery Units)
- Participating Pilot X would receive \$10,000 (.1% x \$10,000,000)
- (d) No event prior to 2020.
- Capitalization as of June 30, 2014 of 96,000,000
  - Unit Pool of 4,000,000
    - 3,500,000 Investment-Based Units, 100% vested
    - 500,000 Investment Recovery Units
  - Falcon Per Share Price as of December 31, 2019 of \$15 per share
  - Falcon Per Share Price as of December 31, 2024 of \$20 per share
  - Participating Pilot X's Pro Rata Share is .1%
  - Investment Recovery Date is November 30, 2023
  - Reduction Amount of \$3,153,600
- (i) On the 2020 Payment Date, Participating Pilots would receive \$49,346,400 (\$15 x 3,500,000 Investment-Based Units less the Reduction Amount of \$3,153,600)
- Participating Pilot X would receive \$49,346 (.1% x \$49,346,400)
- (ii) On the 2022 Payment Date, Participating Pilots would receive \$3,153,600 (the Reduction Amount)
- Participating Pilot X would receive \$3,154 (1% x \$3,153,600)
- (iii) On the 2025 Payment Date, Participating Pilots would receive \$10,000,000 (\$20 x 500,000 Investment Recovery Units)
- Participating Pilot X would receive \$10,000 (.1% x \$10,000,000)

<sup>2</sup> Assumes the Company is publicly traded. If the Company is not publicly traded in lieu of the 1,592,320 Shares, the amount will be paid in cash based on December 31, 2019 price.

<sup>3</sup> Assumes the Company is publicly traded. If the Company is not publicly traded in lieu of the 157,680 Shares, \$3,153,600 will be paid in cash.

---

### Schedule 3

Litigation styled International Brotherhood of Teamsters, Airline Division v. Frontier Airlines, et al (U.S. District Court, District of Colorado Civil Action No. 11-cv-02007) and any other claims by or on behalf of the International Brotherhood of Teamsters against any of the Company, Republic and FAPAInvest. Scheduling these matters is made solely for the purposes of disclosure of potential exceptions to the representations and warranties in this Agreement, and neither the Company nor FAPAInvest admits any liability in these matters as a result thereof or otherwise.

**AMENDMENT TO  
AMENDED AND RESTATED PHANTOM EQUITY INVESTMENT AGREEMENT**

WHEREAS, Frontier Airlines, Inc. (the "Company"), Frontier Group Holdings, Inc. (formerly known as Falcon Acquisition Group, Inc.) ("Falcon") and FAPAInvest, LLC ("FAPAInvest") (collectively, the "Parties") entered into the Amended and Restated Phantom Equity Investment Agreement (the "Restated Agreement") as of December 3, 2013;

WHEREAS, the Restated Agreement may be amended by a written amendment executed by the Parties; and

WHEREAS, the Parties believe it in the best interests of the Participating Pilots to clarify the definition of taxable compensation for allocation purposes under the Restated Agreement;

NOW, THEREFORE, the Parties agree to amend the Restated Agreement in the following manner, effective as of the dates stated below (capitalized terms used herein without definition have the meanings ascribed to such terms in the Restated Agreement):

Section 1.14 is amended, effective December 3, 2013, to read as follows:

"1.14 "Compensation" shall mean, for purposes of any allocations made under this Agreement, the gross compensation from the Company and its Affiliates, which is the "Gross Pay" value listed on the Company-generated annual "201[X] W-2 and Earnings Summary" from the Company and its Affiliates (which for avoidance of doubt is also equal to the amount listed on the last calendar year Company pay summary as "YTD" summary). Compensation shall exclude any compensation received by a Participating Pilot from the Company or its Affiliates for services rendered as a Management Pilot.

Sections 2.3 (a) and (b) are amended, effective December 3, 2013 as follows:

The term "Taxable Compensation" in Sections 2.3(a)(i), 2.3.(a)(ii), and 2.3(b)(ii) is changed to "Compensation".

IN WITNESS WHEREOF, the Parties hereto have duly executed this amendment as of December 20, 2016 with the effective dates set forth herein.

**[SIGNATURES APPEAR ON FOLLOWING PAGE]**

---

**FRONTIER AIRLINES, INC.**

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel

**FRONTIER GROUP HOLDINGS, INC. f/k/a  
FALCON ACQUISITION GROUP, INC.**

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel

**FAPAINVEST, LLC, as agent for Participating Pilots**

By: /s/ Brandt Burns

Name: Brandt Burns

Title: Manager

**SECOND AMENDMENT TO  
AMENDED AND RESTATED PHANTOM EQUITY INVESTMENT AGREEMENT**

This Second Amendment To Amended and Restated Phantom Equity Investment Agreement (this "Amendment") is made effective as of December 27, 2019 (the "Amendment Effective Date") by and among (a) Frontier Airlines, Inc., a Colorado corporation (the "Company"), (b) Frontier Group Holdings, Inc., a Delaware corporation, formerly known as Falcon Acquisition Group, Inc. ("Falcon"), and (c) FAPAInvest, LLC, a Colorado limited liability company ("FAPAInvest"), acting as agent for and on behalf of Participating Pilots (collectively, the "Parties"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement (as defined below).

**RECITALS**

The Company, Falcon and FAPAInvest previously entered into an Amended and Restated Phantom Equity Investment Agreement dated December 3, 2013, as amended on December 20, 2016 (the "Agreement"); and

The Parties hereto wish to amend the Agreement, as set forth herein.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

**1. Applicable Time Period.** Section 1.3 of the Agreement is hereby deleted in its entirety and replaced with the following:

"1.3 "Applicable Time Period" means June 24, 2011 through December 31, 2016."

**2. Valuation Firm.** Section 1.6(iii) of the Agreement is hereby modified and amended with the following:

"(iii) in any other event, the fair market value per share of the Common Stock determined by Armanino, LLP (the "Falcon Valuation Firm") and, solely to the extent FAPAInvest does not agree with using the Falcon Valuation Firm, by an accounting firm, valuation firm or other firm providing similar valuation services that is of recognized standing nationally in the United States designated by FAPAInvest (the "FAPAInvest Valuation Firm") and, each of the Falcon Valuation Firm and the FAPAInvest Valuation Firm, a "Valuation Firm")."

For the avoidance of doubt, the last three sentences of Section 1.6 shall remain unchanged.

**3. Information Delivery.** The portion of Section 2.3(b) that precedes subsection (i) is hereby deleted and replaced with the following:

“No later than thirty days after the Amendment Effective Date, the Company shall deliver to FAPAInvest accurate and complete information (collectively, “Information”) setting forth”

**4. Indemnification.** The following shall be inserted in the Agreement immediately following the last sentence of Section 2.3(b):

“FAPAInvest will indemnify, defend and hold harmless the Company, Falcon and their respective affiliates and their respective shareholders, members, partners, directors, managers, officers, employees, affiliates, agents and advisors from and against any damages, losses, deficiencies, obligations, penalties, judgments, settlements, claims, payments, fines, interest costs and expenses, including the costs and expenses of any and all actions and demands, assessments, judgments, settlements and compromises relating thereto and the costs and expenses of attorneys, accountants, consultants and other professionals incurred in the investigation or defense thereof or the enforcement of rights hereunder (collectively “Damages”) relating to or resulting from any claim made by any Participating Pilot or group of Participating Pilots to the extent relating to his, her or their allocation of the amounts payable on the 2020 Payment Date and 2022 Payment Date as set forth in the Allocation Schedule. The Parties agree that a minimum of \$3 million from the 2020 payment will be set aside by FAPAInvest in accordance with Section 2.2(b) of this Agreement until the 2022 Payment Date. At the 2022 Payment Date, sufficient amounts of those funds will be retained, plus any funds required from the Reduction Amount to equal three times (3X) any unreleased or otherwise unresolved claim amounts plus an additional \$1,000,000 for surety until all claims are resolved, which funds will be held in an escrow account mutually identified by the Company and FAPAInvest accessible solely to resolve claims and fund administrative costs and the foregoing indemnification obligation (collectively, “Reserved Obligations”). Falcon and the Company will indemnify, defend and hold harmless FAPAInvest and its respective affiliates and their respective shareholders, members, partners, directors, managers, officers, employees, affiliates, agents and advisors from and against any Damages relating to or resulting from any inaccuracy in the Information (including Uniformed Services Employment and Reemployment Rights Act and job classification related claims) in connection with the determination of the allocation of the amounts payable on the 2020 Payment Date and 2022 Payment Date as set forth in the Allocation Schedule.”

**5. Payments Requirements.** Section 2.4(b) of the Agreement is hereby deleted in its entirety and replaced with the following:

“Each Participating Pilot who has provided the Parties a Release in accordance with Section 2.4(d) of this Agreement, shall be paid the amount set forth in such Participating Pilot’s Release as the amount to be paid on the 2020 Payment Date (as defined below),

such payment to be made in a single cash lump sum, less withholding taxes, authorized deductions and amounts set aside by FAPAInvest in accordance with Sections 2.2(b) and 2.3(b) of this Agreement, on or before the date (the "2020 Payment Date") that is the later of (i) 15 days after the date FAPAInvest provides the Allocation Schedule to the Company and (ii), solely with respect to a Participating Pilot who is no longer employed by the Company, 15 days after the date FAPAInvest provides the Company the information necessary for the Company to make payment to the Participating Pilot and the Participating Pilot has provided the Company any tax forms required for the Company to pay the Participating Pilot. In 2022, each Participating Pilot who has provided the Parties a Release in accordance with Section 2.4(d) of this Agreement, shall be paid the amount calculated by multiplying the percentage set forth in such Participating Pilot's Release as such Participating Pilot's percentage interest for the 2022 Payment Date (as defined below) times the aggregate amount payable on the 2022 Payment Date, such payment to be made in a single cash lump sum, less withholding taxes, authorized deductions and amounts set aside by FAPAInvest in accordance with Sections 2.2(b) and 2.3(b) of this Agreement, on or before the date (the "2022 Payment Date") that is the later of (i) 15 days after the Parties mutually agree on the amount to be set aside in accordance with the penultimate sentence of Section 2.3(b) of the Agreement and (ii), solely with respect to a Participating Pilot who is no longer employed by the Company, 15 days after the date FAPAInvest provides the Company the information necessary for the Company to make payment to the Participating Pilot and the Participating Pilot has provided the Company any tax forms required for the Company to pay the Participating Pilot. As soon as administratively practicable following the date on which the Reserved Obligations have been fully satisfied (the "Final Payment Date"), each Participating Pilot who has provided the Parties a Release in accordance with Section 2.4(d) of this Agreement, shall be paid the amount calculated by multiplying the percentage set forth in such Participating Pilot's Release as such Participating Pilot's percentage interest for the 2022 Payment Date times the aggregate amount payable on the Final Payment Date, such payment to be made in a single cash lump sum, less withholding taxes and authorized deductions."

**6. Payment Requirements.** New Section 2.4(d) is inserted into the Agreement, to read in its entirety as follows:

"(d) Payment Requirements. Prior to the payment of any amount under this Agreement to a Participating Pilot, the Participating Pilot must provide a written acknowledgement and release (the "Release") to the Parties in a form mutually acceptable to the Parties. The Release will include an acknowledgement of the amount to be paid on the 2020 Payment Date and the percentage interest of the amount to be paid on the 2022 Payment Date, and will release the Parties from any liability under this Agreement, as amended, other than payment of the amount payable on the 2020 Payment Date and the percentage interest in the amount payable on the 2022 Payment Date, in each case, as set forth in the Release."



7. **Reduction Amount.** Schedule 2.4(b)(ii)(y) shall be deleted in its entirety and replaced with the following:

“(y) \$21,759,734 (the “**Reduction Amount**”).”

8. **Administrative Costs.** As soon as administratively practicable following the Amendment Effective Date, the Company shall remit \$2,500 to FAPAInvest. The Parties agree that the Parties shall equally share up to a maximum of \$ 10,000 of the out of pocket administrative costs associated with distributing and procuring Releases.

9. **Non-Disclosure Carve-Out.** As soon as administratively practicable following the Amendment Effective Date, the Parties hereby agree to negotiate a reasonable carveout from the Non-Disclosure Agreement entered into as of December 3, 2014 among Falcon, FAPAInvest, Brandt Burns, Jeff Thomas and Shane Newman (the “**NDA**”) to permit the parties to the NDA to share financial information regarding Falcon and Frontier solely to the extent necessary to evaluate the aggregate amounts payable under the Agreement. At a minimum, FAPAInvest shall be entitled to provide information regarding the December 31, 2019 Valuation(s), the Reduction Amount, illustrative examples of the amounts payable to individual Participating Pilots and the methodologies employed in determining the amounts payable to the Participating Pilots.

10. **Counterparts.** This Amendment may be executed in one or more facsimile, electronic or original counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

11. **Ratification.** All terms and provisions of the Agreement not amended hereby, either expressly or by necessary implication, shall remain in full force and effect. From and after the date of this Amendment, all references to the term “**Agreement**” in the Agreement shall include the terms contained in this Amendment.

12. **Conflicting Provisions.** In the event of any conflict between the original terms of the Agreement and this Amendment, the terms of this Amendment shall prevail.

[Signature Page Follows]

**SECOND AMENDMENT TO  
AMENDED AND RESTATED PHANTOM EQUITY INVESTMENT AGREEMENT**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Amendment as of the date first written above.

**FRONTIER AIRLINES, INC.**

By: /s/ Howard Diamond

Name: Howard Diamond  
Title: General Counsel

**FRONTIER GROUP HOLDINGS, INC.**

By: /s/ Howard Diamond

Name: Howard Diamond  
Title: General Counsel

**FAPAINVEST, LLC, as agent for Participating Pilots**

By: /s/ Jeff Thomas

Name: Jeff Thomas  
Title: Member

PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT (this "Agreement"), dated as of December 3, 2013 and effective as of the Closing Date (as hereinafter used, as such term is defined in that certain Stock Purchase Agreement, dated as of September 30, 2013, by and between Republic Airways Holdings Inc., a Delaware corporation ("Seller"), and Falcon Acquisition Group, Inc., a Delaware corporation ("Buyer") (as amended from time to time, the "Purchase Agreement"), is made by and among Indigo Partners LLC, a Nevada limited liability company (the "Consultant"), Frontier Airlines Holdings, Inc., a Delaware corporation ("Frontier Holdings"), and Frontier Airlines, Inc., a Colorado corporation (the "Airline," and together with Frontier Holdings, the "Company").

WHEREAS, Seller owns all of the issued and outstanding capital stock (the "Stock") of Frontier Holdings;

WHEREAS, Frontier Holdings owns all of the issued and outstanding capital stock of the Airline;

WHEREAS, Buyer is acquiring all of the Stock on the terms and subject to the conditions set forth in the Purchase Agreement;

WHEREAS, the Company desires to receive financial and management consulting services from the Consultant and to obtain the benefit of the experience of the Consultant in business and financial management;

WHEREAS, the Consultant is willing, in connection with Buyer's acquisition of the Stock, to provide financial and management consulting services to the Company; and

WHEREAS, the compensation arrangements set forth in this Agreement are designed to compensate the Consultant for providing such financial and management consulting services to the Company and for arranging the transactions contemplated by the Purchase Agreement.

NOW THEREFORE, in consideration of the foregoing premises and the respective agreements hereinafter set forth and the mutual benefits to be derived herefrom, the Consultant and the Company hereby agree as follows:

1. Engagement. The Company hereby engages the Consultant as a financial and management consultant, and the Consultant hereby agrees to provide financial and management consulting services to the Company, in each case on the terms and subject to the conditions set forth below.

2. Services of the Consultant. The Consultant hereby agrees during the term of this Agreement to consult with the boards of directors of the Company (the "Boards") and the management of the Company in such manner and on such business and financial matters as may be reasonably requested from time to time by the Boards, including with respect to:

- (i) business strategy;

- (ii) budgeting of future corporate investments;
- (iii) acquisition and divestiture strategies; and
- (iv) debt and equity financings.

3. Personnel. The Consultant shall provide, and devote to the performance of this Agreement such employees, agents and representatives of the Consultant as the Consultant shall deem appropriate for the furnishing of the services provided hereunder.

4. Consulting Fees. The Company shall pay to the Consultant an annual consulting fee of \$1,500,000 in immediately available funds (the "Consulting Fee"). The Consulting Fee shall be payable in arrears in equal quarterly installments of \$375,000 each with the first payment due on February 28, 2014. In the event the Closing Date is after December 1, 2013, the Consulting Fee for the first quarter shall be payable on a pro rata basis based on the actual number of days elapsed in the quarter for that quarter.

5. Expenses. Upon presentation of appropriate documentation, the Company shall promptly reimburse the Consultant for all reasonable fees and expenses (including, without limitation, reasonable legal, accounting, consulting, travel and other third party fees and expenses) incurred by or on behalf of the Consultant or any of its affiliates or its or their respective stockholders, members, partners, directors, managers, officers, employees, agents and representatives (collectively, the "Representatives") in connection with the rendering of any services hereunder (including, without limitation, expenses incurred in connection with the consummation of the transactions contemplated by the Purchase Agreement and in connection with attending Company-related meetings).

6. Term. The term of this Agreement will commence on the date hereof and continue until the date that Buyer and its affiliates own less than 10% of the Stock (and/or any securities issued upon conversion thereof or in exchange therefor) acquired by Buyer pursuant to the Purchase Agreement. Notwithstanding the foregoing, the termination or expiration of the term of this Agreement, whether pursuant to this paragraph or otherwise, shall not affect the Company's obligations hereunder to pay (i) the Consulting Fee for all periods up to and including the date on which such termination or expiration occurs (determined on a pro rata basis for any partial period based on the actual number of days elapsed in such period) and (ii) all reasonable fees and expenses incurred by the Consultant, its affiliates and/or its or their respective Representatives in connection with the rendering of services hereunder on or prior to the date on which such termination or expiration occurs. Sections 7 through 18 of this Agreement shall survive the termination of this Agreement with respect to matters arising before or after such termination.

7. Liability. Neither the Consultant nor any of its affiliates or its or their respective Representatives shall be liable to the Company or any of its respective affiliates or subsidiaries for any loss, liability, damage or expense arising out of or in connection with the performance of services contemplated by this Agreement, unless such loss, liability, damage or expense shall be proven to result directly from the gross negligence or willful misconduct of the Consultant, and in no event shall the Consultant or any of its affiliates or its or their respective Representatives be liable to the Company or any of its respective affiliates or subsidiaries for any indirect, special, incidental or consequential damages, including, without limitation, lost profits or savings, whether or not such damages are foreseeable, arising out of or in connection with the performance of services contemplated by this Agreement.

8. Indemnification. The Company hereby agrees to indemnify and hold harmless the Consultant, its affiliates and its and their respective Representatives (collectively, the “Consultant Related Parties”) against and from any and all losses, liability, suits, claims, costs, damages and expenses (including attorneys’ fees) arising from or relating to this Agreement or their performance hereunder (collectively, the “Indemnified Liabilities”), except as a result of the Consultant’s fraud, willful misconduct or gross negligence. The rights of any Consultant Related Party to indemnification hereunder will be in addition to any other rights any such person may have under any other agreement or instrument to which such Consultant Related Party is or becomes a party or is or otherwise becomes a beneficiary or under law or regulation. The Company hereby acknowledges that each Consultant Related Party may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more persons or entities with whom or which such Consultant Related Party may be associated (including, without limitation, any other Consultant Related Party). The Company hereby acknowledges and agrees that (a) the Company shall be the indemnitor of first resort with respect to any Indemnified Liability, (b) the Company shall be primarily liable for all Indemnified Liabilities and any indemnification afforded to any Consultant Related Party in respect of any Indemnified Liabilities, whether created by law, organizational or constituent documents, contract (including this Agreement) or otherwise, (c) any obligation of any other person or entity with whom or which any Consultant Related Party may be associated (including, without limitation, any other Consultant Related Party) to indemnify such Consultant Related Party and/or advance expenses to such Consultant Related Party in respect of any proceeding shall be secondary to the obligations of the Company hereunder, (d) the Company shall be required to indemnify each Consultant Related Party and advance expenses to each Consultant Related Party hereunder to the fullest extent provided herein without regard to any rights such Consultant Related Party may have against any other person or entity with whom or which such Consultant Related Party may be associated (including, without limitation, any other Consultant Related Party) or insurer of any such person or entity and (e) the Company (on behalf of itself and its insurers) irrevocably waives, relinquishes and releases any other person or entity with whom or which any Consultant Related Party may be associated from any claim of contribution, subrogation or any other recovery of any kind in respect of amounts paid by the Company hereunder.

9. Independent Contractor Status. The Consultant and the Company acknowledge and agree that the Consultant will perform services hereunder as an independent contractor, retaining control over and responsibility for its operations and personnel. Neither the Consultant nor any of its affiliates or its or their respective Representatives shall be considered employees or agents of the Company as a result of this Agreement nor shall the Consultant or any of its affiliates or its or their respective Representatives have any authority to contract in the name of or bind the Company, except as expressly agreed to in writing by the Company.

10. Notices. Any notice, report or payment required or permitted to be given or made under this Agreement by any party to any other party shall be deemed to have been duly given or made if personally delivered or, if mailed, when mailed by registered or certified mail, postage prepaid, to the other party at the following addresses (or in such other address as shall be given in writing, by one party to the others):

If to the Consultant:

Indigo Partners LLC  
2525 E. Camelback Road  
Suite 900  
Phoenix, AZ 85016  
Attn: Managing Member

If to the Company:

Frontier Airlines Holdings, Inc.  
Frontier Airlines, Inc.  
7001 Tower Rd  
Denver, CO 80249  
Attention: Chief Executive Officer

11. Entire Agreement; Modification. This Agreement, the documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof. No provision of this Agreement may be amended, modified or waived without the prior written consent of the Company and the Consultant.

12. Waiver of Breach. The waiver by any party of a breach of any provision of this Agreement by any other party shall not operate or be construed as a waiver of any subsequent breach of that provision or any other provision hereof.

13. Assignment. Neither the Consultant nor the Company may assign its rights or obligations under this Agreement without the express written consent of the other parties hereto, except that the Consultant may assign its rights and obligations to any of its affiliates. The parties acknowledge and agree that each of the Consultant Related Parties shall be third-party beneficiaries with respect to Sections 8 and 18 of this Agreement, in each case, entitled to enforce such provisions as though each such Consultant Related Party were a party to this Agreement.

14. Successors. This Agreement and all the obligations and benefits hereunder shall inure to the successors and permitted assigns of the parties.

15. Counterparts. This Agreement may be executed and delivered by each of the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same agreement.

16. Choice of Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Delaware without giving effect to any choice

of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

17. Joint and Several. Each of Frontier Holdings and the Airline acknowledge and agree that the obligations of the Company hereunder are joint and several obligations of Frontier Holdings and the Airline.

18. Freedom to Pursue Opportunities. In recognition that the Consultant Related Parties currently have, and will in the future have or will consider acquiring, investments in numerous companies with respect to which one or more Consultant Related Parties may serve as an advisor or director, or in some other capacity, and in recognition that the Consultant Related Parties have myriad duties to various investors and partners, and in anticipation that the Company and its subsidiaries, on the one hand, and the Consultant Related Parties, on the other hand, may engage in the same or similar activities or lines of business and have an interest in the same areas of corporate opportunities, and in recognition of the benefits to be derived by the Company hereunder and in recognition of the difficulties which may confront any advisor who desires and endeavors fully to satisfy such advisor's duties in determining the full scope of such duties in any particular situation, the provisions of this Section 18 are set forth to regulate, define and guide the conduct of certain affairs of the Company and its subsidiaries as they may involve the Consultant Related Parties. Except as the Consultant or any Consultant Related Party may otherwise expressly agree in writing after the date hereof:

(a) Each Consultant Related Party will have the right: (i) to directly or indirectly engage in any business (including, without limitation, any business activities or lines of business that are the same as or similar to those pursued by, or competitive with, the Company or any of its subsidiaries), (ii) to directly or indirectly do business with any client or customer of the Company or any of its subsidiaries, (iii) to take any other action that such Consultant Related Party believes in good faith is necessary to or appropriate to fulfill its obligations as described in the first sentence of this Section 18 to persons or entities other than the Company and its subsidiaries, and (iv) not to communicate or present potential transactions, matters or business opportunities to the Company or any of its subsidiaries, and to pursue, directly or indirectly, any such opportunity for itself or a persons or entities other than the Company and its subsidiaries, and to direct any such opportunity to another person or entity.

(b) No Consultant Related Party will have any duty (contractual or otherwise) to communicate or present any corporate opportunities to the Company or any of its subsidiaries or to refrain from any actions specified in Section 18(a), and the Company, on behalf of itself and its subsidiaries, hereby renounces and waives any right to require any Consultant Related Party to act in a manner inconsistent with the provisions of this Section 18.

(c) Except as provided in this Section 18, no Consultant Related Party will be liable to the Company or any of its subsidiaries for breach of any duty (contractual or otherwise) by reason of any activities or omissions of the types referred to in this Section 18 or of any such person's participation therein.

*(Signature Page Follows)*

IN WITNESS WHEREOF, the parties hereto have caused this Professional Services Agreement to be duly executed and delivered on the date and year first above written.

**INDIGO PARTNERS LLC**

/s/ William A. Franke

By: William A. Franke

Its: President and Managing Partner

**FRONTIER AIRLINES HOLDINGS, INC.**

/s/ David N. Siegel

By: David N. Siegel

Its: President and Chief Executive Officer

**FRONTIER AIRLINES, INC.**

/s/ David N. Siegel

By: David N. Siegel

Its: President and Chief Executive Officer

**[Signature Page to Professional Services Agreement]**



**SUBSCRIPTION AGREEMENT**

THIS SUBSCRIPTION AGREEMENT (this "Agreement") is entered into as of December 3, 2013, by and between Falcon Acquisition Group, Inc., a Delaware corporation (the "Company"), and Indigo Frontier Holdings Company, LLC, a Delaware limited liability company (the "Purchaser").

**RECITALS:**

WHEREAS, the Company was formed in order to acquire all of the outstanding capital stock of Frontier Airlines Holdings, Inc., a Delaware corporation, pursuant to the terms of that certain Stock Purchase Agreement (as amended, the "Purchase Agreement"), dated as of September 30, 2013, by and between the Company and Republic Airways Holdings Inc., a Delaware corporation; and

WHEREAS, in order to provide the necessary equity capital to effectuate the transactions contemplated by the Purchase Agreement, the Purchaser desires to purchase from the Company, and the Company desires to issue to the Purchaser, an aggregate of 7,000,000 shares (the "Shares") of Voting Common Stock, par value \$0.001 per share, of the Company (the "Common Stock"), for an aggregate cash purchase price of \$70,000,000 on the terms and conditions set forth herein.

**AGREEMENT:**

In consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

**ARTICLE 1  
DEFINITIONS**

1.1 Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"Governmental Authority" means the government of any nation, state, city, locality or other political subdivision of any thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity exercising public functions owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Person" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"Requirements of Law" means, as to any Person, the provisions of any organizational or governing documents of such Person, and any law, treaty, rule, regulation, right, privilege, qualification, license or franchise, order, judgment, or determination, in each

case, of an arbitrator or a court or other Governmental Authority, in each case, applicable to or binding upon such Person or any of its property (or to which such Person or any of its property is subject) or applicable to any or all of the transactions contemplated by, or referred to in, this Agreement.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the Securities Exchange Commission thereunder.

## **ARTICLE 2 PURCHASE AND SALE OF COMMON STOCK**

2.1 Purchase and Sale of Shares. Upon the terms and subject to the conditions set forth herein, contemporaneously with the execution and delivery of this Agreement, the Company is issuing to the Purchaser, and the Purchaser is purchasing from the Company, the Shares for an aggregate purchase price of \$70,000,000 to be paid to the Company by wire transfer of immediately available federal funds.

## **ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

The Company hereby represents and warrants to the Purchaser as of the date hereof as follows:

3.1 Organization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with full corporate power and authority to conduct its business as it is presently being conducted and to own and lease its properties and assets.

3.2 Authorization; Noncontravention. The Company’s execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby: (a) have been authorized by all necessary corporate action on the part of the Company, (b) will not violate any Requirements of Law applicable to the Company, or result in a material breach or default under any contractual obligations of the Company, or under any order, writ, judgment, injunction, decree, determination or award of any court, arbitrator or other Governmental Authority, in each case applicable to the Company or its properties and (c) does not conflict with or contravene the terms of the certificate of incorporation or bylaws of the Company.

3.3 Governmental Authorization; Third Party Consents. No approval, consent, compliance, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person in respect of any Requirements of Law in effect on the date hereof, and no lapse of a waiting period under any Requirements of Law in effect on the date hereof, is required in connection with the execution, delivery or performance by the Company of this Agreement that has not been obtained or made.

3.4 Binding Effect. This Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable

against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability.

3.5 Capitalization. Effective upon the closing of the consummation of the transactions contemplated by the Purchase Agreement, the entire authorized capital stock of the Company will consist of (i) 12,000,000 shares of Voting Common Stock, of which 7,000,000 shares will be issued and outstanding, (ii) 2,000,000 shares of Non-Voting Common Stock, par value \$0.001 per share, of which no shares will be issued and outstanding, and (iii) 1,000,000 shares of Preferred Stock, par value \$0.001 per share, of which no shares will be issued and outstanding. When issued and delivered against payment therefor as provided in this Agreement, the Shares will be duly authorized and validly issued, fully paid and nonassessable and free of preemptive rights.

#### **ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

The Purchaser hereby represents and warrants to the Company as of the date hereof as follows:

4.1 Organization; Capacity. The Purchaser is duly organized, validly existing and in good standing under the laws of the State of Delaware with full power and authority to conduct its business as it is presently being conducted and to own and lease its properties and assets.

4.2 Authorization; Noncontravention. The Purchaser's execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including, without limitation, the acquisition of the Shares by the Purchaser, will not violate any Requirements of Law applicable to the Purchaser, or result in a material breach or default under any contractual obligations of the Purchaser, or under any order, writ, judgment, injunction, decree, determination or award of any court, arbitrator or other Governmental Authority, in each case applicable to the Purchaser or its properties. The acquisition of the Shares by the Purchaser: (a) has been authorized by all necessary limited liability company action on the part of the Purchaser and (b) does not conflict with or contravene the terms of the Purchaser's limited liability company agreement.

4.3 Binding Effect. This Agreement has been duly executed and delivered by the Purchaser, and this Agreement constitutes the legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability.

4.4 Securities Law Representations.

(a) The Purchaser is receiving the Shares for investment for the Purchaser's own account and not with a view to, or for resale in connection with, the distribution or other disposition thereof, other than as contemplated hereby.

(b) The Purchaser has been given the opportunity to obtain any information or documents relating to, and to ask questions and receive answers about, the Company and the business and prospects of the Company which the Purchaser deems necessary to evaluate the merits and risks related to the Purchaser's investment in the Shares and to verify the information received, and the Purchaser's knowledge and experience in financial and business matters are such that the Purchaser is capable of evaluating the merits and risks of the purchase of the Shares.

(c) The Purchaser's financial condition is such that the Purchaser can afford to bear the economic risk of holding the Shares for an indefinite period of time and has adequate means for providing for the Purchaser's current needs and contingencies and to suffer a complete loss of the investment in the Shares.

(d) The Purchaser has been advised that (i) the Company's issuance of the Shares will not have been registered under the Securities Act, (ii) the Shares may need to be held indefinitely, and the Purchaser must continue to bear the economic risk of the investment in the Shares unless they are subsequently registered under the Securities Act or an exemption from such registration is available, (iii) there is no public market for the Shares and (iv) when and if the Shares may be disposed of without registration in reliance on Rule 144 promulgated under the Securities Act, such disposition can be made only in limited amounts in accordance with the terms and conditions of such Rule.

(e) The Purchaser has been advised that and consents to the placement of a restrictive legend in the following form on the certificate representing the Shares:

“THE SECURITIES OF FALCON ACQUISITION GROUP, INC. REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, OR AN EXEMPTION FROM REGISTRATION, UNDER SAID ACT AND SUCH LAWS.

THE SECURITIES OF FALCON ACQUISITION GROUP, INC. REPRESENTED BY THIS CERTIFICATE OR DOCUMENT ARE SUBJECT TO VOTING RESTRICTIONS WITH RESPECT TO CERTAIN SECURITIES HELD BY PERSONS OR ENTITIES THAT FAIL TO QUALIFY AS “CITIZENS OF THE UNITED STATES” AS THE TERM IS DEFINED IN SECTION 40102(a)(15) OF SUBTITLE VII OF TITLE 49 OF THE UNITED STATES CODE, AS AMENDED, IN ANY SIMILAR LEGISLATION OF THE UNITED STATES ENACTED IN SUBSTITUTION OR REPLACEMENT THEREFOR, AND AS INTERPRETED BY THE DEPARTMENT OF TRANSPORTATION, ITS PREDECESSORS AND SUCCESSORS, FROM TIME TO TIME. SUCH VOTING

RESTRICTIONS ARE CONTAINED IN THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION AND THE BYLAWS OF FALCON ACQUISITION GROUP, INC., AS THE SAME MAY BE AMENDED OR RESTATED FROM TIME TO TIME. A COMPLETE AND CORRECT COPY OF SUCH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION AND THE BYLAWS SHALL BE FURNISHED FREE OF CHARGE TO THE HOLDER OF THE SECURITIES REPRESENTED HEREBY UPON WRITTEN REQUEST TO THE SECRETARY OF FALCON ACQUISITION GROUP, INC.”

(f) The Purchaser understands that the Company has no present intention of registering the Shares.

(g) The Purchaser is an “accredited investor” within the meaning of Regulation D under the Securities Act.

## ARTICLE 5 REGISTRATION RIGHTS

### 5.1 Registration Rights.

(a) Upon request of the Purchaser, the Company will enter into a registration rights agreement with the Purchaser (the “Registration Rights Agreement”) containing customary terms and conditions satisfactory to the Purchaser, including, without limitation, (i) eight demand registrations for the Purchaser, (ii) an unlimited number of demand registrations on Form S-3 or successor short form (if available to the Company) for the Purchaser without any minimum transaction size or period between registrations, (iii) unlimited piggyback registration rights for the Purchaser and (iv) priority registration for the equity securities of the Company held by the Purchaser versus the registration rights, if any, granted to any other stockholder of the Company.

(b) All expenses incurred in connection with the negotiation, preparation and authorization of the Registration Rights Agreement and each registration pursuant to, and incident to the Company’s performance of or compliance with the terms of the Registration Rights Agreement, including all registration and filing fees, fees and expenses of compliance with securities or blue sky laws, listing application fees, printing expenses, transfer agent’s and registrar’s fees, cost of distributing prospectuses in preliminary and final form as well as any supplements thereto, fees and disbursements of counsel for the Company and all accountants and other Persons retained by the Company and the reasonable fees and disbursements of one U.S. counsel for the Purchaser (all such expenses being herein called “Registration Expenses”) shall be borne by the Company; provided, that all underwriting discounts and commissions and transfer taxes, if any, attributable to the sale of equity securities of the Company shall not be included as Registration Expenses and shall be borne by the applicable seller of such equity securities of the Company.

(c) The Purchaser may transfer all or any portion of its registration rights under this Section 5.1 or the Registration Rights Agreement to any transferee of all or any portion of the Shares. After any such transfer and assignment, the Purchaser shall retain its rights under this Section 5.1 and the Registration Rights Agreement with respect to all other equity securities of the Company owned by the Purchaser.

(d) The Company shall not grant registration rights to any other equity holder of the Company without the prior written consent of the Purchaser.

## **ARTICLE 6 MISCELLANEOUS**

6.1 Representations and Warranties. Except as contained herein, each party hereto expressly acknowledges no party to this Agreement has made any representations or warranties to any other party to this Agreement concerning the Company and its subsidiaries, the business and prospects of the Company and its subsidiaries, or the merits of any investment in the Company and its subsidiaries.

6.2 Amendment and Waiver. Any amendment, supplement or modification of or to any provision of this Agreement, any waiver of any provision of this Agreement, and any consent to any departure by any party from the terms of any provision of this Agreement, shall be effective (a) only if it is made or given in writing and signed by all parties hereto and (b) only in the specific instance and for the specific purpose for which made or given.

6.3 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which may be delivered by facsimile or other digital imaging device (e.g., pdf) and when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

6.4 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

6.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof.

6.6 Notices. All notices and other communications provided for or permitted hereunder shall be in writing and shall be deemed to have been duly given and received when delivered by overnight courier or hand delivery, when sent by facsimile, or five days after mailing if sent by registered or certified mail (return receipt requested) postage prepaid, to the Company and the Purchaser at the following addresses (or at such other address for any such Person as shall be specified by like notices, provided that notices of a change of address shall be effective only upon receipt thereof).

If to the Company, to:

Falcon Acquisition Group, Inc.  
c/o Indigo Partners  
2525 East Camelback Road  
Suite 900  
Phoenix, Arizona 85016  
Attention: William A. Franke  
Facsimile: (602) 224-1555

With a mandatory copy to:

Latham & Watkins LLP  
140 Scott Drive  
Menlo Park, CA 94025  
Attention: Tony Richmond  
Facsimile: (650) 463-2600

If to the Purchaser, to:

Indigo Frontier Holdings Company, LLC  
c/o Indigo Partners  
2525 East Camelback Road  
Suite 900  
Phoenix, Arizona 85016  
Attention: William A. Franke  
Facsimile: (602) 224-1555

With a mandatory copy to:

Latham & Watkins LLP  
140 Scott Drive  
Menlo Park, CA 94025  
Attention: Tony Richmond  
Facsimile: (650) 463-2600

6.7 Survival. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery hereof and transfer of the Shares.

6.8 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired.

6.9 Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

6.10 Further Assurances. Each of the parties shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations, or other actions by, or giving any notices to, or making any filings with, any Governmental Authority or any other Person) as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement (including, without limitation, entry into the Registration Rights Agreement).

*(Signature Page Follows)*



IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement or caused this Agreement to be executed and delivered by their authorized representatives as of the date first above written.

**FALCON ACQUISITION GROUP, INC.**

By: /s/ John R. Wilson

Name: John R. Wilson

Title: Vice President and Assistant Secretary

**INDIGO FRONTIER HOLDINGS COMPANY, LLC**

By: Indigo Denver Management Company, LLC

Its: Manager

By: /s/ William A. Franke

Name: William A. Franke

Title: Managing Member

**[Signature Page to Subscription Agreement]**

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(a)**

AIRBUS

A320 FAMILY AIRCRAFT

PURCHASE AGREEMENT

BETWEEN

AIRBUS S.A.S.

as Seller

AND

REPUBLIC AIRWAYS HOLDINGS INC.

as Buyer

CONTENTS

0 –	DEFINITIONS	2
1 –	SALE AND PURCHASE	9
2 –	SPECIFICATION	9
3 –	PRICE	12
4 –	PRICE REVISION	15
5 –	PAYMENT TERMS	16
6 –	MANUFACTURE PROCEDURE – INSPECTION	20
7 –	CERTIFICATION	21
8 –	TECHNICAL ACCEPTANCE	23
9 –	DELIVERY	25
10 –	EXCUSABLE DELAY AND TOTAL LOSS	29
11 –	INEXCUSABLE DELAY	31
12 –	WARRANTIES AND SERVICE LIFE POLICY	32
13 –	PATENT AND COPYRIGHT INDEMNITY	48
14 –	TECHNICAL DATA AND SOFTWARE SERVICES	51
15 –	SELLER REPRESENTATIVE SERVICES	59
16 –	TRAINING SUPPORT AND SERVICES	62
17 –	EQUIPMENT SUPPLIER PRODUCT SUPPORT	72
18 –	BUYER FURNISHED EQUIPMENT	74
19 –	INDEMNITIES AND INSURANCE	79
20 –	TERMINATION	82
21 –	ASSIGNMENTS AND TRANSFERS	85
22 –	MISCELLANEOUS PROVISIONS	87

---

<b>EXHIBITS</b>	<b>TITLES</b>
Exhibit A-1	A320 STANDARD SPECIFICATION Appendix 1 to Exhibit A-1 A320 AIRCRAFT SPECIFICATION CHANGE NOTICES
Exhibit A-2	A319 STANDARD SPECIFICATION Appendix 1 to Exhibit A-2 A319 AIRCRAFT SPECIFICATION CHANGE NOTICES
Exhibit B-1	FORM OF SPECIFICATION CHANGE NOTICE
Exhibit B-2	FORM OF MANUFACTURER'S SPECIFICATION CHANGE NOTICE
Exhibit C	PART 1 SELLER PRICE REVISION FORMULA PART 2 CFM INTERNATIONAL PRICE REVISION FORMULA CPI 186.92
Exhibit D	FORM OF CERTIFICATE OF ACCEPTANCE
Exhibit E	FORM OF BILL OF SALE
Exhibit F	SERVICE LIFE POLICY – LIST OF ITEMS
Exhibit G	TECHNICAL DATA INDEX
Exhibit H	MATERIAL SUPPLY AND SERVICES

**A320 FAMILY AIRCRAFT PURCHASE AGREEMENT**

This A320 Family Aircraft Purchase Agreement (“**Agreement**”) is dated as of September 30, 2011

**BETWEEN:**

**AIRBUS S.A.S.**, a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, France and registered with the Toulouse Registre du Commerce under number RCS Toulouse 383 474 814 (the “**Seller**”),

and

**REPUBLIC AIRWAYS HOLDINGS INC.**, a corporation organized and existing under the laws of the State of Delaware, United States of America, having its principal corporate offices located at 8909 Purdue Road, Suite 300, Indianapolis, Indiana 46268, United States of America (the “**Buyer**”).

**WHEREAS** subject to the terms and conditions of this Agreement, the Seller desires to sell the Aircraft to the Buyer and the Buyer desires to purchase the Aircraft from the Seller.

**NOW THEREFORE IT IS AGREED AS FOLLOWS:**

**DEFINITIONS**

For all purposes of this Agreement (defined below), except as otherwise expressly provided, the following terms will have the following meanings:

A319 Aircraft – any or all of the A319-100 aircraft for which the delivery schedule as of the date hereof is set forth in Clause 9.1 to be sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A319 Airframe and all components, equipment, parts and accessories installed in or on such A319 Airframe and the A319 Propulsion System, as applicable, installed thereon upon delivery.

A319 Airframe – any A319 Aircraft, excluding the A319 Propulsion System therefor.

A319 Propulsion System – as defined in Clause 2.3.

A319 Specification – the A319 Standard Specification as amended by all applicable SCNs.

A319 Standard Specification – the A319 standard specification document number \*\*\*\*\*, a copy of which is annexed as Exhibit A-2 to the Agreement.

A320 Aircraft – any or all of the A320-200 aircraft for which the delivery schedule as of the date hereof is set forth in Clause 9.1 to be sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A320 Airframe and all components, equipment, parts and accessories installed in or on such A320 Airframe and the A320 Propulsion System, as applicable, installed thereon upon delivery.

A320 Airframe – any A320 Aircraft, excluding the A320 Propulsion System therefor.

A320 Propulsion System – as defined in Clause 2.3.

A320 Specification – the A320 Standard Specification as amended by all applicable SCNs.

A320 Standard Specification – the A320 standard specification document number \*\*\*\*\*, a copy of which is annexed hereto as Exhibit A-1.

AACS – Airbus Americas Customer Services, Inc., a corporation organized and existing under the laws of Delaware, having its principal offices at 198 Van Buren Street, Suite 300, Herndon, VA 20170, or any successor thereto.

Affiliate – with respect to any person or entity, any other person or entity directly or indirectly controlling, controlled by or under common control with such person or entity.

Agreement – this Airbus A320 family aircraft purchase agreement, including all exhibits and appendixes attached hereto, as the same may be amended or modified and in effect from time to time.

AirbusWorld – as defined in Clause 14.10.1.

Aircraft – as applicable, any or all of the A319 Aircraft and any or all of the A320 Aircraft.

Aircraft Training Services – all flight support services including but not limited to any and all training courses, flight training, flight assistance, line training, line assistance and more generally all flights of any kind performed by the Seller, its agents, employees or subcontractors, and maintenance support, maintenance training (including Practical Training), training support of any kind performed on aircraft and provided to the Buyer pursuant to this Agreement.

Airframe – as applicable, the A319 Airframe or the A320 Airframe.

AirN@v Family – as defined in Clause 14.9.1.

Approved BFE Supplier – as defined in Clause 18.1.2.

AOG – as defined in Clause 15.1.4.

ATA Specification – recommended specifications developed by the Air Transport Association of America reflecting consensus in the commercial aviation industry on accepted means of communicating information, conducting business, performing operations and adhering to accepted practices.

Attestation – as defined in Clause 16.3.3.

Aviation Authority – when used with respect to any jurisdiction, the government entity that, under the laws of such jurisdiction, has control over civil aviation or the registration, airworthiness or operation of civil aircraft in such jurisdiction.

Balance of the Final Price – as defined in Clause 5.4.

Base Flight Training – as defined in Clause 16.6.2.1.

Base Period – as defined in Clause 3.1.1.3.

Base Price – for any Aircraft, Airframe, SCNs or Propulsion System, as defined in Clause 3.1.

BFE Data – as defined in Clause 14.3.2.1.

BFE Engineering Definition – as defined in Clause 18.1.3.

BFE Supplier – as defined in Clause 18.1.1.

Bill of Sale – as defined in Clause 9.2.2.

Business Day – with respect to any action to be taken hereunder, a day other than a Saturday, Sunday or other day designated as a holiday in the jurisdiction in which such action is required to be taken.

Buyer Furnished Equipment or BFE – as defined in Clause 18.1.1.

Buyer's Inspector(s) – as defined in Clause 6.2.1.

CDF Date – as defined in Clause 2.4.2.

CDR – as defined in Clause 18.1.5(iii)(b).

Certificate – as defined in Clause 16.3.3.

Certificate of Acceptance – as defined in Clause 8.3.

Change in Law – as defined in Clause 7.3.1.

COC Data – as defined in Clause 14.8.

Confidential Information – as defined in Clause 22.11.

Contractual Definition Freeze or CDF – as defined in Clause 2.4.2.

Customization Milestones Chart – as defined in Clause 2.4.1.

DDU or Delivery Duty Unpaid – is the term Delivery Duty Unpaid as defined by publication n° 560 of the International Chamber of Commerce, published in January 2000.

Declaration of Design and Performance or DDP – the documentation provided by an equipment manufacturer guaranteeing that the corresponding equipment meets the requirements of the Specification, the interface documentation and all the relevant certification requirements.

Delivery – with respect to any Aircraft, the transfer of title to such Aircraft from the Seller to the Buyer in accordance with Clause 9.

Delivery Date – the date on which Delivery occurs.

Delivery Location – the facilities of the Seller at the location of final assembly of the Aircraft.

Delivery Period – as defined in Clause 11.1.

Development Changes – as defined in Clause 2.2.2.

EASA – the European Aviation Safety Agency or any successor thereto.



End-User License Agreement for Airbus Software – as defined in Clause 14.9.4.

Excusable Delay – as defined in Clause 10.1.

Export Certificate of Airworthiness – an export certificate of airworthiness issued by the Aviation Authority of the Delivery Location for export of an Aircraft to the United States.

FAA – the U.S. Federal Aviation Administration, or any successor thereto.

FAI – as defined in Clause 18.1.5 (iv).

Failure – as defined in Clause 12.2.1(ii).

Final Price – as defined in Clause 3.2.

First Quarter or 1Q – means the 3-month period of January, February and March.

Fleet Serial Numbers – as defined in Clause 14.2.1.

Fourth Quarter or 4Q – means the 3-month period of October, November and December.

Goods and Services – any goods, excluding Aircraft, and services that may be purchased by the Buyer from the Seller or its designee.

GTC – as defined in Clause 14.10.3.

Indemnitee – as defined in Clause 19.3.

Indemnitor – as defined in Clause 19.3.

Inexcusable Delay – as defined in Clause 11.1.

Inhouse Warranty – as defined in Clause 12.1.7.1.

Inhouse Warranty Labor Rate – as defined in Clause 12.1.7.5(ii).

Inspection – as defined in Clause 6.2.1.

Instructor(s) – as defined in Clause 16.3.3.

Interface Problem – as defined in Clause 12.4.1.

Irrevocable SCN – an SCN which is irrevocably part of the A319 Specification or the A320 Specification, as expressly set forth in Appendix 1 to Exhibit A-1 and Appendix 1 to Exhibit A-2, as applicable.

Item – as defined in Clause 12.2.1(i).

LIBOR – means, for any period, the rate per annum equal to the quotation that appears on the LIBOR01 page of the Reuters screen (or such other page as may replace the LIBOR01 page) or if such service is not available, the British Bankers' Association LIBOR rates on Bloomberg (or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, two (2) Business Days prior to the beginning of such period as the rate for twelve-month U.S. dollar deposits to be delivered on the first day of each period.

Losses – as defined in Clause 19.1.

Major BFE – as defined in Clause 18.1.5(iii).

Manufacture Facilities – means the various manufacture facilities of the Seller, its Affiliates or any subcontractor, where the Airframe or its parts are manufactured or assembled.

Manufacturer Specification Change Notice or MSCN – as defined in Clause 2.2.2.1.

NEO Aircraft – means an Aircraft incorporating the New Engine Option.

New Engine Option or NEO – as defined in Clause 2.1.

Option Catalogs – as defined in Clause 2.4.1.

Other Agreement – as defined in Clause 5.12.1.

Other Indebtedness – as defined in Clause 20.5(iv).

Paris Convention – as defined in Clause 13.1.1(ii)(b).

PDR – as defined in Clause 18.1.5(iii)(a).

PEP – as defined in Clause 14.13.1.

Practical Training – as defined in Clause 16.8.2.

Predelivery Payment – any of the payments determined in accordance with Clause 5.3.

Predelivery Payment Reference Price – as defined in Clause 5.3.2.

Propulsion System – either or both, as the context requires, of the A319 Propulsion System and the A320 Propulsion System.

Propulsion System Manufacturer – means the manufacturer of the Propulsion System as set out in Clause 2.3.

Propulsion System Price Revision Formula – the applicable Propulsion System price revision formula set forth in Part 2 of Exhibit C.

Propulsion System Reference Price – the applicable Propulsion System reference price set forth in Part 2 of Exhibit C.

Quarter – means any or, depending on the context, all of the First Quarter, Second Quarter, Third Quarter and Fourth Quarter.

Ready for Delivery – means the time when the Technical Acceptance Process has been completed in accordance with Clause 8 and all technical conditions required for the issuance of the Export Certificate of Airworthiness have been satisfied.

Relevant Amounts – as defined in Clause 5.12.1(ii).

Revision Service Period – as defined in Clause 14.5.

Scheduled Delivery Month – as defined in Clause 9.1.

Scheduled Delivery Quarter – as defined in Clause 9.1.

SEC – as defined in Clause 20.5(i).

Second Quarter or 2Q – means the 3-month period of April, May and June.

Seller Price Revision Formula – the Seller price revision formula set forth in Part 1 of Exhibit C.

Seller Representative – as defined in Clause 15.1.1.

Seller's Customer Services Catalog – as defined in Clause 16.3.1.

Seller's Training Center(s) – as defined in Clause 16.2.1.

Service Life Policy – as described in Clause 12.2.

Sharklets – means a new large wingtip device, currently under development by the Seller, designed to enhance the eco-efficiency and payload range performance of the A320 family aircraft and which are part of the New Engine Option and corresponding Irrevocable SCNs.

SI – as defined in Clause 18.1.5(v).

Software Services – as defined in Clause 14.1.

Specification – as applicable, the A319 Specification or the A320 Specification.

Specification Change Notice or SCN – as defined in Clause 2.2.1.

Standard Specification – the A319 Standard Specification or the A320 Standard Specification, as applicable.

Successor – as defined in Clause 21.4.

Supplier – as defined in Clause 12.3.1.1.

Supplier Part – as defined in Clause 12.3.1.2.

Supplier Product Support Agreements – as defined in Clause 12.3.1.3.

Taxes – as defined in Clause 5.5.

Technical Acceptance Flight – as defined in Clause 8.1.2(iv).

Technical Acceptance Process – as defined in Clause 8.1.1.

Technical Data – as defined in Clause 14.1.

Termination – as defined in Clause 20.2.1(i)(d).

Termination Event – as defined in Clause 20.1.

Third Party – as defined in Clause 14.15.2.

Third Party Entity – as defined in Clause 12.8.

Third Quarter or 3Q – means the 3-month period of July, August and September.

Total Loss – as defined in Clause 10.4.

Training Conference – as defined in Clause 16.1.3.

Type Certificate – as defined in Clause 7.1.

VAT – as defined in Clause 5.5.1.

Warranted Part – as defined in Clause 12.1.1.1.

Warranty Claim – as defined in Clause 12.1.5.

Warranty Period – as defined in Clause 12.1.3.

The definition of a singular in this Clause 0 will apply to the plural of the same word.

Except where otherwise indicated, references in this Agreement to an exhibit, schedule, article, section, subsection or clause refer to the appropriate exhibit or schedule to, or article, section, subsection or clause in this Agreement.

Each agreement defined in this Clause 0 will include all appendices, exhibits and schedules thereto. If the prior written consent of any person is required hereunder for an amendment, restatement, supplement or other modification to any such agreement and the

consent of each such person is obtained, references in this Agreement to such agreement shall be to such agreement as so amended, restated, supplemented or modified.

References in this Agreement to any statute will be to such statute as amended or modified and in effect at the time any such reference is operative.

The term "including" when used in this Agreement means "including without limitation" except when used in the computation of time periods.

Technical and trade terms not otherwise defined herein will have the meanings assigned to them as generally accepted in the aircraft manufacturing industry.

**1 – SALE AND PURCHASE**

The Seller will sell and deliver to the Buyer, and the Buyer will purchase and take delivery of 80 (eighty) NEO Aircraft, consisting of 20 (twenty) A319 Aircraft and 60 (sixty) A320 Aircraft from the Seller, subject to the terms and conditions contained in this Agreement.

**2 – SPECIFICATION**

**2.1 Aircraft Specification**

**2.1.1** The A320 Aircraft will be manufactured in accordance with the A320 Standard Specification, as modified or varied prior to the date of this Agreement by the Specification Change Notices listed in Appendix 1 to Exhibit A-1 which includes the Irrevocable SCNs.

The A319 Aircraft will be manufactured in accordance with the A319 Standard Specification, as modified or varied prior to the date of this Agreement by the Specification Change Notices listed in Appendix 1 to Exhibit A-2 which includes the Irrevocable SCNs.

**2.1.2 New Engine Option**

**2.1.2.1** The Seller is currently developing a new engine option (the "**New Engine Option**" or "**NEO**"), applicable to the Aircraft. The specification of the NEO Aircraft shall be derived from the current Standard Specification and based on the new Propulsion Systems, as set forth in Clause 2.3 below, and Sharklets, combined with the required airframe structural adaptations, as well as Aircraft systems and software adaptations required to operate such NEO Aircraft. The foregoing is currently reflected in the Irrevocable SCNs listed in Appendix 1 to Exhibits A-1 and Appendix 1 to Exhibit A-2, the implementation of which is hereby irrevocably accepted by the Buyer.

**2.1.2.2** The New Engine Option shall modify the design weights of the Standard Specification as follows:

2.2            Specification Amendment

The parties understand and agree that the Specification may be further amended following signature of this Agreement in accordance with the terms of this Clause 2.

2.2.1            Specification Change Notice

The Specification may be amended by written agreement between the parties in a notice, substantially in the form set out in Exhibit B-1 (each, a “**Specification Change Notice**” or “**SCN**”) and will set out the SCN’s Aircraft embodiment rank and will also set forth, in detail, the particular change to be made to the Specification and the effect, if any, of such change on design, performance, weight, Delivery Date of the Aircraft affected thereby and on the text of the Specification. An SCN may result in an adjustment to the Base Price of the Aircraft, which adjustment, if any, will be specified in the SCN.

2.2.2            Development Changes

The Specification may also be amended to incorporate changes deemed necessary by the Seller to improve the Aircraft, prevent delay or ensure compliance with this Agreement (“**Development Changes**”), as set forth in this Clause 2.

2.2.2.1            Manufacturer Specification Changes Notices

- (i)            The Specification may be amended by the Seller through a Manufacturer Specification Change Notice (“**MSCN**”), which will be substantially in the form set out in Exhibit B-2 hereto, or by other appropriate means, and will set out the MSCN’s Aircraft embodiment rank as well as, in detail, the particular change to be made to the Specification and the effect, if any, of such change on performance, weight, Base Price of the Aircraft, Delivery Date of the Aircraft affected thereby and interchangeability or replaceability requirements under the Specification.
- (ii)            Except when the MSCN is necessitated by an Aviation Authority directive or by equipment obsolescence, in which case the MSCN will be accomplished without requiring the Buyer’s consent, if the MSCN adversely affects the performance, weight, Base Price, Delivery Date of the Aircraft affected thereby or the interchangeability or replaceability requirements under the Specification,

the Seller will notify the Buyer of a reasonable period of time during which the Buyer must accept or reject such MSCN. If the Buyer does not notify the Seller of the rejection of the MSCN within such period, the MSCN will be deemed accepted by the Buyer and the corresponding modification will be accomplished.

2.2.2.2 If the Seller revises the Specification to incorporate Development Changes which have no adverse effect on any of the elements identified in Clause 2.2.2.1, such Development Change will be performed by the Seller without the Buyer's consent.

In such cases, the Seller will provide to the Buyer the details of all changes in an adapted format and on a regular basis.

2.2.2.3 The Seller may at its discretion notify Seller from time to time that certain items, which are currently BFE in the Specification, shall be deemed to be seller-furnished equipment ("**SFE**") and the parties agree that, upon such notice, such BFE items shall thereafter be excluded from the provisions of Clauses 2.2.2.1 (ii) and 2.2.2.2 above and shall be considered instead SFE and thereafter chargeable to the Buyer.

2.3 Propulsion System

2.3.1 Each A320 Airframe will be equipped with a set of two (2) CFM International LEAP-X1A26 engines (such set, an "**A320 Propulsion System**").

Each A319 Airframe will be equipped with a set of two (2) CFM International LEAP-X1A24 engines (such set, an "**A319 Propulsion System**").

2.4 Milestones

2.4.1 Customization Milestones Chart

Within a reasonable period following signature of this Agreement, the Seller will provide the Buyer with a customization milestones chart (the "**Customization Milestones Chart**"), setting out how far in advance of the Scheduled Delivery Month of the Aircraft an SCN must be executed in order to integrate into the Specification any items requested by the Buyer from the Seller's catalogues of Specification change options (the "**Option Catalogs**").

2.4.2 Contractual Definition Freeze

The Customization Milestone Chart will in particular specify the date(s) by which the contractual definition of the Aircraft must be finalized and all SCNs need to have been executed by the Buyer (the "**Contractual Definition Freeze**" or "**CDF**") in order to enable their incorporation into the manufacturing of the Aircraft and Delivery of the Aircraft in the Scheduled Delivery Month. Each such date will be referred to as a "**CDF Date**".

**3 – PRICE**

3.1 Base Price of the Aircraft

The Base Price of the Aircraft is the sum of:

- (i) the Base Price of the Airframe and
- (ii) the Base Price of the Propulsion System.

3.1.1 Base Price of the A320 Airframe

3.1.1.1 In respect of the A320 Aircraft, the Base Price of the A320 Airframe is the sum of the following base prices:

- (i) \*\*\*\*\*
- (ii) \*\*\*\*\* and
- (iii) \*\*\*\*\*

3.1.1.2 The Base Price of the A320 Airframe has been established in accordance with the average economic conditions prevailing in \*\*\*\*\* and corresponding to a theoretical delivery in \*\*\*\*\* (the “**Base Period**”).

3.1.2 Base Price of the A320 Propulsion System

3.1.2.1 The Base Price of a set of two (2) CFM International LEAP-X engines (the “LEAP- X1A26 Engines”) is:

\*\*\*\*\*.

Said Base Price has been established in accordance with the delivery conditions prevailing in \*\*\*\*\* and has been calculated from the reference price indicated by CFM International and set forth in Part 2 of Exhibit C.

3.1.3 Base Price of the A319 Airframe

In respect of A319 Aircraft, the Base Price of the A319 Airframe is the sum of the following base prices:

- (i) \*\*\*\*\*



(ii) \*\*\*\*\* and

(iii) \*\*\*\*\*

3.1.3.1 The Base Price of the A319 Airframe has been established in accordance with the average economic conditions prevailing in \*\*\*\*\* and corresponding to a theoretical delivery in \*\*\*\*\* (the “**Base Period**”).

3.1.4 Base Price of the A319 Propulsion System

3.1.4.1 The Base Price of a set of two (2) CFM International CFM LEAP-X1A24 model engines for the A319 Aircraft (the “LEAP-X1A24 Engines”) is the sum of:

(i) \*\*\*\*\*

Said Base Price has been established in accordance with the delivery conditions prevailing in \*\*\*\*\* and has been calculated from the reference price indicated by CFM International and set forth in Part 2 of Exhibit C.

3.2 Final Price of the Aircraft

The “**Final Price**” of each Aircraft will be the sum of:

(i) the Base Price of the Airframe, as adjusted to the applicable Delivery Date of such Aircraft in accordance with Clause 4.1;

(ii) the aggregate of all increases or decreases to the Base Price of the Airframe as agreed in any Specification Change Notice or part thereof applicable to the Airframe subsequent to the date of this Agreement as adjusted to the Delivery Date of such Aircraft in accordance with Clause 4.1;

(iii) the Propulsion System Reference Price as adjusted to the Delivery Date of in accordance with Clause 4.2;

(iv) the aggregate of all increases or decreases to the Propulsion System Reference Price as agreed in any Specification Change Notice or part thereof applicable to the Propulsion System subsequent to the date of this Agreement as adjusted to the Delivery Date in accordance with Clause 4.2; and

- 
- (v) any other amount resulting from any other provisions of this Agreement relating to the Aircraft and/or any other written agreement between the Buyer and the Seller relating to the Aircraft.

---

**4 – PRICE REVISION**

4.1 Seller Price Revision Formula

The Base Prices of the Airframe and of the SCNs relating to the Airframe are subject to revision up to and including the Delivery Date in accordance with the Seller Price Revision Formula.

4.2 Propulsion System Price Revision

4.2.1 The Propulsion System Reference Price and SCNs relating to the Propulsion System are subject to revision up to and including the Delivery Date in accordance with the Propulsion System Price Revision Formula.

4.2.2 The Reference Price of the Propulsion System, the prices of the related equipment and the Propulsion System Price Revision Formula are based on information received from the Propulsions Systems Manufacturer and are subject to amendment by the Propulsion System Manufacturer at any time prior to Delivery. If the Propulsion System Manufacturer makes any such amendment, the amendment will be deemed to be incorporated into this Agreement and the Reference Price of the Propulsion System, the prices of the related equipment and the Propulsion System Price Revision Formula will be adjusted accordingly. The Seller agrees to notify the Buyer promptly upon receiving notice of any such amendment from the Propulsion System Manufacturer.

5 – **PAYMENT TERMS**

5.1 Seller's Account

The Buyer will pay, from bank accounts within the United States, the Predelivery Payments, the Balance of the Final Price and any other amount due hereunder at the relevant times required by the Agreement and in immediately available funds in United States dollars to:

Beneficiary Name: \*\*\*\*\*

Account Identification: \*\*\*\*\*

with:

\*\*\*\*\*

SWIFT: \*\*\*\*\*

ABA: \*\*\*\*\*

\*\*\*\*\*

or to such other account as may be designated by the Seller in written notice to Buyer at least two Business Days prior to the date such payment is due.

5.2 \*\*\*\*\*

5.3 Predelivery Payments

5.3.1 Predelivery Payments are nonrefundable (although amounts equal to Predelivery Payments may be paid to the Buyer pursuant to Clause 10 or 11) and will be paid by the Buyer to the Seller for the Aircraft.

5.3.2 The Predelivery Payment Reference Price for an Aircraft to be delivered in calendar year T is determined in accordance with the following formula:

\*\*\*\*\*

5.3.3 Predelivery Payments will be paid according to the following schedule:

<u>Payment Date</u>		<u>Percentage of Predelivery Payment Reference Price</u>
*****	*****	*****
	*****	
*****	*****	*****

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

TOTAL PAYMENT PRIOR TO DELIVERY \*\*\*\*\*

In the event of the above schedule resulting in any Predelivery Payment falling due prior to the date of signature of the Agreement, such Predelivery Payments shall be made upon signature of this Agreement.

5.3.4 \*\*\*\*\* The Seller will be under no obligation to segregate any Predelivery Payment, or any amount equal thereto, from the Seller's funds generally.

5.3.5 \*\*\*\*\*

\*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(iii) \*\*\*\*\*

5.4 Payment of Balance of the Final Price of the Aircraft

Before the Delivery Date or concurrent with the Delivery of each Aircraft, the Buyer will pay to the Seller the Final Price of such Aircraft less an amount equal to the Predelivery Payments received for such Aircraft by the Seller (the "Balance of the Final Price").

The Seller's receipt of the full amount of all Predelivery Payments and of the Balance of the Final Price of such Aircraft, and any amounts due under Clause 5.8, are a condition precedent to the Seller's obligation to deliver such Aircraft to the Buyer.

5.5 Taxes

5.5.1 \*\*\*\*\*

5.5.2 \*\*\*\*\*

5.5.3 \*\*\*\*\*

“Taxes” means any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority or any political subdivision or taxing authority thereof or therein.

5.6 Application of Payments

\*\*\*\*\*

5.7 Setoff Payments

Notwithstanding anything to the contrary contained herein, the Seller may set-off any matured obligation owed by the Buyer or any of its Affiliates to the Seller or any of its Affiliates against any obligation (whether or not matured) owed by the Seller or any of its Affiliates to the Buyer or any of its Affiliates, regardless of the place of payment or currency.

5.8 Overdue Payments

5.8.1 If any payment due to the Seller from the Buyer is not received by the Seller on the date or dates due, the Seller will have the right to claim from the Buyer, and the Buyer will \*\*\*\*\*

5.8.2 If any Predelivery Payment is not received by the date on which it is due, the Seller, in addition to any other rights and remedies available to it, will be under no obligation to deliver any Aircraft remaining to be delivered under this Agreement within such Aircraft’s Scheduled Delivery Month(s). Upon receipt of the full amount of all such overdue Predelivery Payments, together with interest on such Predelivery Payments in accordance with Clause 5.8.1, the Seller will provide the Buyer with new Scheduled Delivery Months for the affected Aircraft, subject to the Seller’s commercial and industrial constraints.

5.9 Proprietary Interest

Notwithstanding any provision of law to the contrary, the Buyer will not, by virtue of anything contained in this Agreement (including, without limitation, any Predelivery Payments hereunder, or any designation or identification by the Seller of a particular aircraft as an Aircraft to which any of the provisions of this Agreement refers) acquire any proprietary, insurable or other interest whatsoever in any Aircraft before Delivery of and payment for such Aircraft, as provided in this Agreement.

5.10 Payment in Full

The Buyer’s obligation to make payments to the Seller hereunder will not be affected by and will be determined without regard to any setoff, counterclaim, recoupment, defense or other right that the Buyer may have against the Seller or any other person and all such payments will be made without deduction or withholding of any kind. The Buyer will ensure that the sums received by the Seller under this Agreement will

be equal to the full amounts expressed to be due to the Seller hereunder, without deduction or withholding on account of and free from any and all taxes, levies, imposts, duties or charges of whatever nature, except that if the Buyer is compelled by law to make any such deduction or withholding the Buyer will pay such additional amounts to the Seller as may be necessary so that the net amount received by the Seller after such deduction or withholding will equal the amounts that would have been received in the absence of such deduction or withholding.

5.11 Other Charges

Unless expressly stipulated otherwise, any charges due under this Agreement other than those set out in Clauses 5.3 and 5.8 will be paid by the Buyer at the same time as payment of the Balance of the Final Price or, if invoiced, within \*\*\*\*\* after the invoice date.

5.12 \*\*\*\*\*

5.12.1 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

\*\*\*\*\*

5.12.2 \*\*\*\*\*

6 – **MANUFACTURE PROCEDURE – INSPECTION**

6.1 Manufacture Procedures

The Airframe will be manufactured in accordance with the requirements of the laws of the jurisdiction of incorporation of the Seller or of its relevant Affiliate as enforced by the Aviation Authority of such jurisdiction.

6.2 Inspection

6.2.1 The Buyer or its duly authorized representatives (the “**Buyer’s Inspector(s)**”) will be entitled to inspect the manufacture of the Airframe and all materials and parts obtained by the Seller for the manufacture of the Airframe (the “**Inspection**”) on the following terms and conditions;

- (i) any Inspection will be conducted pursuant to the Seller’s system of inspection and the relevant Airbus Procedures, as developed under the supervision of the relevant Aviation Authority and generally applicable to commercial airline customers of Seller for A320 family aircraft;
- (ii) the Buyer’s Inspector(s) will have access to such relevant technical documentation solely to the extent reasonably necessary for the purpose of the Inspection;
- (iii) any Inspection and any related discussions with the Seller and other relevant personnel by the Buyer’s Inspector(s) will be at reasonable times during business hours and will take place in the presence of the relevant inspection department personnel of the Seller;
- (iv) the Inspections will be performed in a manner not to unduly delay or hinder the manufacture or assembly of the Aircraft or the performance of this Agreement by the Seller or any other work in progress at the Manufacture Facilities.

6.2.2 Location of Inspections

The Buyer’s Inspector(s) will be entitled to conduct any such Inspection at the relevant Manufacture Facility of the Seller or the Affiliates and where possible at the Manufacture Facilities of the sub-contractors provided that if access to any part of the Manufacture Facilities where the Airframe manufacture is in progress or materials or parts are stored are restricted for security or confidentiality reasons, the Seller will be allowed reasonable time to make the relevant items available elsewhere.

6.3 Seller’s Service for Buyer’s Inspector(s)

For the purpose of the Inspections with respect to an Aircraft, and starting from a mutually agreed date until the Delivery Date of such Aircraft, the Seller will furnish without additional charge suitable space and office equipment in or conveniently located with respect to the Delivery Location for the use of a reasonable number of Buyer’s Inspector(s).



7- **CERTIFICATION**

Except as set forth in this Clause 7, the Seller will not be required to obtain any certificate or approval with respect to the Aircraft.

7.1 Type Certification

The Seller will obtain or cause to be obtained (i) a type certificate under EASA procedures for joint certification in the transport category and (ii) an FAA type certificate (the "**Type Certificate**") to allow the issuance of the Export Certificate of Airworthiness.

7.2 Export Certificate of Airworthiness

Subject to the provisions of Clause 7.3, each Aircraft will be delivered to the Buyer with an Export Certificate of Airworthiness issued by EASA in a condition enabling the Buyer to obtain at the time of Delivery a Standard Airworthiness Certificate issued pursuant to Part 21 of the US Federal Aviation Regulations and a Certificate of Sanitary Construction issued by the U.S. Public Health Service of the Food and Drug Administration. However, the Seller will have no obligation to make and will not be responsible for any costs of alterations or modifications to such Aircraft to enable such Aircraft to meet FAA or U.S. Department of Transportation requirements for specific operation on the Buyer's routes, whether before, at or after Delivery of any Aircraft.

If the FAA requires additional or modified data before the issuance of the Export Certificate of Airworthiness, the Seller will provide such data or implement the required modification to the data, in either case, at the Buyer's cost.

7.3 Specification Changes before Aircraft Ready for Delivery

7.3.1 If, any time before the date on which an Aircraft is Ready for Delivery, any law, rule or regulation is enacted, promulgated, becomes effective and/or an interpretation of any law, rule or regulation is issued by the EASA that requires any change to the Specification for the purposes of obtaining the Export Certificate of Airworthiness (a "**Change in Law**"), the Seller will make the required modification and the parties hereto will sign an SCN pursuant to Clause 2.2.1.

7.3.2 The Seller will as far as practicable, but at its sole discretion and without prejudice to Clause 7.3.3(ii), take into account the information available to it concerning any proposed law, rule or regulation or interpretation that could become a Change in Law, in order to minimize the costs of changes to the Specification as a result of such proposed law, regulation or interpretation becoming effective before the applicable Aircraft is Ready for Delivery.

7.3.3 The cost of implementing the required modifications referred to in Clause 7.3.1 will be:

(i) \*\*\*\*\* and

(ii) \*\*\*\*\*

7.3.4 Notwithstanding the provisions of Clause 7.3.3, if a Change in Law relates to an item of BFE or to the Propulsion System the costs related thereto will \*\*\*\*\* and the Seller will have no obligation with respect thereto.

7.4 Specification Changes after Aircraft Ready For Delivery

Nothing in Clause 7.3 will require the Seller to make any changes or modifications to, or to make any payments or take any other action with respect to, any Aircraft that is Ready for Delivery before the compliance date of any law or regulation referred to in Clause 7.3. Any such changes or modifications made to an Aircraft after it is Ready for Delivery will be at the \*\*\*\*\*.

**8 – TECHNICAL ACCEPTANCE**

8.1 Technical Acceptance Process

8.1.1 Prior to Delivery, the Aircraft will undergo a technical acceptance process developed by the Seller (the “**Technical Acceptance Process**”). Completion of the Technical Acceptance Process will demonstrate the satisfactory functioning of the Aircraft and will be deemed to demonstrate compliance with the Specification. Should it be established that the Aircraft does not comply with the Technical Acceptance Process requirements, the Seller will without hindrance from the Buyer be entitled to carry out any necessary changes and, as soon as practicable thereafter, resubmit the Aircraft to such further Technical Acceptance Process as is necessary to demonstrate the elimination of the noncompliance.

8.1.2 The Technical Acceptance Process will:

- (i) commence on a date notified by the Seller to the Buyer not later than \*\*\*\*\* notice prior thereto,
- (ii) take place at the Delivery Location,
- (iii) be carried out by the personnel of the Seller, and
- (iv) include a technical acceptance flight that will \*\*\*\*\* (the “**Technical Acceptance Flight**”), and

8.2 Buyer’s Attendance

8.2.1 The Buyer is entitled to elect to attend the Technical Acceptance Process.

8.2.2 If the Buyer elects to attend the Technical Acceptance Process, the Buyer:

- (i) will comply with the reasonable requirements of the Seller, with the intention of completing the Technical Acceptance Process within \*\*\*\*\* after its commencement, and
- (ii) may have a maximum of \*\*\*\*\* of its representatives (no more than \*\*\*\*\* of whom will have access to the cockpit at any one time) accompany the Seller’s representatives on the Technical Acceptance Flight, during which the Buyer’s representatives will comply with the instructions of the Seller’s representatives.

8.2.3 If the Buyer does not attend or fails to cooperate in the Technical Acceptance Process, the Seller will be entitled to complete the Technical Acceptance Process and the Buyer will be deemed to have accepted that the Technical Acceptance Process has been satisfactorily completed, in all respects.

8.3 Certificate of Acceptance

Upon successful completion of the Technical Acceptance Process, the Buyer will, on or before the Delivery Date, sign and deliver to the Seller a certificate of acceptance in respect of the Aircraft in the form of Exhibit D (the “**Certificate of Acceptance**”).

8.4 Finality of Acceptance

The Buyer’s signature of the Certificate of Acceptance for the Aircraft will constitute waiver by the Buyer of any right it may have, under the Uniform Commercial Code as adopted by the State of New York or otherwise, to revoke acceptance of the Aircraft for any reason, whether known or unknown to the Buyer at the time of acceptance.

8.5 Aircraft Utilization

The Seller will, \*\*\*\*\*, be entitled to use the Aircraft prior to Delivery as may be necessary to obtain the certificates required under Clause 7. Such use will not limit the Buyer’s obligation to accept Delivery of the Aircraft hereunder.

The Seller will be authorized to use the Aircraft for \*\*\*\*\* for any other purpose without the specific agreement of the Buyer.

9 – DELIVERY

9.1 Delivery Schedule

Subject to Clauses 2, 7, 8 10 and 18:

the Seller will have the Aircraft listed in the table below Ready for Delivery at the Delivery Location within the following months (each a “Scheduled Delivery Month”) or quarters (each a “Scheduled Delivery Quarter”):

<u>Aircraft Rank</u>		<u>Quarter</u>	<u>Scheduled Delivery</u>	<u>Year</u>
1	A320 Aircraft	*****		*****
2	A320 Aircraft	*****		*****
3	A320 Aircraft	*****		*****
4	A320 Aircraft	*****		*****
5	A320 Aircraft	*****		*****
6	A320 Aircraft	*****		*****
7	A320 Aircraft	*****		*****
8	A320 Aircraft	*****		*****
9	A320 Aircraft	*****		*****
10	A320 Aircraft	*****		*****
11	A320 Aircraft	*****		*****
12	A320 Aircraft	*****		*****
13	A320 Aircraft	*****		*****
14	A320 Aircraft	*****		*****
15	A320 Aircraft	*****		*****
16	A320 Aircraft	*****		*****
17	A320 Aircraft	*****		*****
18	A320 Aircraft	*****		*****
19	A320 Aircraft	*****		*****
20	A320 Aircraft	*****		*****
21	A320 Aircraft	*****		*****
22	A320 Aircraft	*****		*****
23	A320 Aircraft	*****		*****
24	A320 Aircraft	*****		*****
25	A320 Aircraft	*****		*****
26	A320 Aircraft	*****		*****
27	A320 Aircraft	*****		*****
28	A320 Aircraft	*****		*****
29	A320 Aircraft	*****		*****

<u>Aircraft Rank</u>			<u>Scheduled Delivery</u>
30	A320 Aircraft	*****	*****
31	A320 Aircraft	*****	*****
32	A320 Aircraft	*****	*****
33	A320 Aircraft	*****	*****
34	A320 Aircraft	*****	*****
35	A320 Aircraft	*****	*****
36	A320 Aircraft	*****	*****
37	A320 Aircraft	*****	*****
38	A320 Aircraft	*****	*****
39	A320 Aircraft	*****	*****
40	A320 Aircraft	*****	*****
41	A320 Aircraft	*****	*****
42	A320 Aircraft	*****	*****
43	A320 Aircraft	*****	*****
44	A320 Aircraft	*****	*****
45	A320 Aircraft	*****	*****
46	A320 Aircraft	*****	*****
47	A320 Aircraft	*****	*****
48	A320 Aircraft	*****	*****
49	A320 Aircraft	*****	*****
50	A320 Aircraft	*****	*****
51	A320 Aircraft	*****	*****
52	A320 Aircraft	*****	*****
53	A320 Aircraft	*****	*****
54	A320 Aircraft	*****	*****
55	A320 Aircraft	*****	*****
56	A320 Aircraft	*****	*****
57	A320 Aircraft	*****	*****
58	A320 Aircraft	*****	*****
59	A320 Aircraft	*****	*****
60	A320 Aircraft	*****	*****
61	A320 Aircraft	*****	*****
62	A320 Aircraft	*****	*****
63	A319 Aircraft	*****	*****
64	A319 Aircraft	*****	*****
65	A319 Aircraft	*****	*****
66	A319 Aircraft	*****	*****

<u>Aircraft Rank</u>			<u>Scheduled Delivery</u>
67	A319 Aircraft	*****	*****
68	A319 Aircraft	*****	*****
69	A319 Aircraft	*****	*****
70	A319 Aircraft	*****	*****
71	A319 Aircraft	*****	*****
72	A319 Aircraft	*****	*****
73	A319 Aircraft	*****	*****
74	A319 Aircraft	*****	*****
75	A319 Aircraft	*****	*****
76	A319 Aircraft	*****	*****
77	A319 Aircraft	*****	*****
78	A319 Aircraft	*****	*****
79	A319 Aircraft	*****	*****
80	A319 Aircraft	*****	*****

The Seller will give the Buyer the Scheduled Delivery Month of each Aircraft \*\*\*\*\* before the first day of the Scheduled Delivery Quarter of the respective Aircraft. The Seller will give the Buyer at least \*\*\*\*\* written notice of the anticipated date on which the Aircraft will be Ready for Delivery. Thereafter, the Seller will notify the Buyer of any change to such dates.

9.2 Delivery Process

9.2.1 The Buyer will, when the Aircraft is Ready for Delivery, pay the Balance of the Final Price, take Delivery of the Aircraft and remove the Aircraft from the Delivery Location.

9.2.2 The Seller will deliver and transfer title to the Aircraft to the Buyer free and clear of all encumbrances (except for any liens or encumbrances created by or on behalf of the Buyer) provided that the Balance of the Final Price of such Aircraft has been paid by the Buyer pursuant to Clause 5.4 and that the Certificate of Acceptance has been signed and delivered to the Seller pursuant to Clause 8.3. The Seller will provide the Buyer with a bill of sale in the form of Exhibit E (the “**Bill of Sale**”) and such other documentation confirming transfer of title and receipt of the Final Price of the Aircraft as may reasonably be requested by the Buyer. Title to, property in and risk of loss of or damage to the Aircraft will transfer to the Buyer contemporaneously with the delivery by the Seller to the Buyer of such Bill of Sale.

- 9.2.3 If the Buyer fails to (i) deliver the signed Certificate of Acceptance with respect to an Aircraft to the Seller when required pursuant to Clause 8.3, or (ii) pay the Balance of the Final Price of such Aircraft to the Seller and take Delivery of the Aircraft, then the Buyer will be deemed to have rejected Delivery wrongfully when such Aircraft was duly tendered to the Buyer hereunder. If such a deemed rejection arises, then in addition to the remedies of Clause 5.8.1, (a) the Seller will retain title to such Aircraft and (b) the Buyer will indemnify and hold the Seller harmless against any and all costs (including but not limited to any parking, storage, and insurance costs) and consequences resulting from the Buyer's rejection (including but not limited to risk of loss of or damage to such Aircraft), it being understood that the Seller will be under no duty to the Buyer to store, park, insure or otherwise protect such Aircraft. These rights of the Seller will be in addition to the Seller's other rights and remedies in this Agreement.
- 9.2.4 If the Buyer fails to remove the Aircraft from the Delivery Location, then, without prejudice to the Seller's other rights and remedies under this Agreement or at law, the provisions of Clause 9.2.3 (b) shall apply.
- 9.3 Flyaway
- 9.3.1 The Buyer and the Seller will cooperate to obtain any licenses that may be required by the Aviation Authority of the Delivery Location for the purpose of exporting the Aircraft.
- 9.3.2 All expenses of, or connected with, flying the Aircraft from the Delivery Location after Delivery will be borne by the Buyer. The Buyer will make direct arrangements with the supplying companies for the fuel and oil required for all post-Delivery flights.



**10 – EXCUSABLE DELAY AND TOTAL LOSS**

10.1 Scope of Excusable Delay

Neither the Seller nor any Affiliate of the Seller, will be responsible for or be deemed to be in default on account of delays in delivery of the Aircraft or failure to deliver or otherwise in the performance of this Agreement or any part hereof due to causes beyond the Seller's, or any Affiliate's control or not occasioned by the Seller's, fault or negligence ("Excusable Delay"), including, but not limited to: \*\*\*\*\*.

10.2 Consequences of Excusable Delay

If an Excusable Delay occurs:

- (i) the Seller will notify the Buyer of such Excusable Delay as soon as practicable after becoming aware of the same;
- (ii) the Seller will not be responsible for any damages arising from or in connection with such Excusable Delay suffered or incurred by the Buyer;
- (iii) the Seller will not be deemed to be in default in the performance of its obligations hereunder as a result of such Excusable Delay;
- (iv) the Seller will as soon as practicable after the removal of the cause of such delay resume performance of its obligations under this Agreement and in particular will notify the Buyer of the revised Scheduled Delivery Month.

10.3 Termination on Excusable Delay

10.3.1 If any Delivery is delayed as a result of an Excusable Delay for a period of more than \*\*\*\*\* after the last day of the Scheduled Delivery Month, then either party may terminate this Agreement with respect to the affected Aircraft, by giving written notice to the other party \*\*\*\*\* after the \*\*\*\*\*. However, the Buyer will not be entitled to terminate this Agreement pursuant to this Clause 10.3.1 if the Excusable Delay is caused directly or indirectly by the action or inaction of the Buyer.

10.3.2 If the Seller advises the Buyer in its notice of a revised Scheduled Delivery Month pursuant to Clause 10.2.1(iv) that there will be a delay in Delivery of an Aircraft of more than \*\*\*\*\* of the Scheduled Delivery Month, then either party may terminate this Agreement with respect to the affected Aircraft. Termination will be made by giving written notice to the other party \*\*\*\*\* after the Buyer's receipt of the notice of a revised Scheduled Delivery Month.

10.3.3 If this Agreement is not terminated under the terms of Clause 10.3.1 or 10.3.2, then the Seller will be entitled to reschedule Delivery. The Seller will notify the Buyer of the new Scheduled Delivery Month after the \*\*\*\*\* referred to in Clause 10.3.1 or 10.3.2, and this new Scheduled Delivery Month will be deemed to be an amendment to the applicable Scheduled Delivery Month in Clause 9.1.

10.4 Total Loss, Destruction or Damage

If, prior to Delivery, any Aircraft is lost or destroyed or in the reasonable opinion of the Seller is damaged beyond economic repair (“Total Loss”), the Seller will notify the Buyer to this effect within \*\*\*\*\* of such occurrence. The Seller will include in said notification (or as soon after the issue of the notice as such information becomes available to the Seller) the earliest date consistent with the Seller’s other commitments and production capabilities that an aircraft to replace the Aircraft may be delivered to the Buyer, and the Scheduled Delivery Month will be extended as specified in the Seller’s notice to accommodate the delivery of the replacement aircraft; provided, however, that if the Scheduled Delivery Month is extended to a month that is later than \*\*\*\*\* after the last day of the original Scheduled Delivery Month then this Agreement will terminate with respect to said Aircraft unless:

- (i) the Buyer notifies the Seller within \*\*\*\*\* month of the date of receipt of the Seller’s notice that it desires the Seller to provide a replacement aircraft during the month quoted in the Seller’s notice; and
- (ii) the parties execute an amendment to this Agreement recording the change in the Scheduled Delivery Month.

Nothing herein will require the Seller to manufacture and deliver a replacement aircraft if such manufacture would require the reactivation of its production line for the model or series of aircraft that includes the Aircraft.

10.5 Termination Rights Exclusive

If this Agreement is terminated as provided for under the terms of Clauses 10.3 or 10.4, such termination will discharge all obligations and liabilities of the parties hereunder with respect to such affected Aircraft and undelivered material, services, data or other items applicable thereto and to be furnished under the Agreement.

10.6 Remedies

THIS CLAUSE 10 SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 11, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING, WITHOUT LIMITATION, ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE. THE BUYER WILL NOT BE ENTITLED TO CLAIM THE REMEDIES AND RECEIVE THE BENEFITS PROVIDED IN THIS CLAUSE 10 WHERE THE DELAY REFERRED TO IN THIS CLAUSE 10 IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE BUYER OR ITS REPRESENTATIVES.

**11 – INEXCUSABLE DELAY**

11.1 \*\*\*\*\*

\*\*\*\*\*

11.2 Renegotiation

If, as a result of an Inexcusable Delay, the Delivery does not occur within \*\*\*\*\* of the Delivery Period the Buyer will have the right, exercisable by written notice to the Seller given between \*\*\*\*\*, to require from the Seller a renegotiation of the Scheduled Delivery Month for the affected Aircraft. Unless otherwise agreed between the Seller and the Buyer during such renegotiation, the said renegotiation will not prejudice the Buyer's right to receive liquidated damages in accordance with Clause 11.1.

11.3 Termination

If, as a result of an Inexcusable Delay, the Delivery does not occur within \*\*\*\*\* of the Delivery Period and the parties have not renegotiated the Delivery Date pursuant to Clause 11.2, then both parties will have the right exercisable by written notice to the other party, given between \*\*\*\*\*, to terminate this Agreement in respect of the affected Aircraft. In the event of termination, \*\*\*\*\*.

11.4 Remedies

THIS CLAUSE 11 SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 10, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING WITHOUT LIMITATION ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE. THE BUYER WILL NOT BE ENTITLED TO CLAIM THE REMEDIES AND RECEIVE THE BENEFITS PROVIDED IN THIS CLAUSE 11 WHERE THE DELAY REFERRED TO IN THIS CLAUSE 11 IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE BUYER OR ITS REPRESENTATIVES.

**12 – WARRANTIES AND SERVICE LIFE POLICY**

This Clause covers the terms and conditions of the warranty and service life policy.

**12.1 Standard Warranty**

**12.1.1 Nature of Warranty**

**12.1.1.1** For the purpose of this Agreement the term “**Warranted Part**” will mean any Seller proprietary component, equipment, accessory or part, which is installed on an Aircraft at Delivery thereof and

- (i) which is manufactured to the detailed design of the Seller or a subcontractor of the Seller and
- (ii) which bears a part number of the Seller at the time of such Delivery.

**12.1.1.2** Subject to the conditions and limitations as hereinafter provided for and except as provided for in Clause 12.1.2, the Seller warrants to the Buyer that each Aircraft and each Warranted Part will at Delivery to the Buyer be free from defects:

- (i) in material;
- (ii) in workmanship, including without limitation processes of manufacture;
- (iii) in design (including without limitation the selection of materials) having regard to the state of the art at the date of such design; and
- (iv) arising from failure to conform to the Specification, except to those portions of the Specification relating to performance or where it is expressly stated that they are estimates or approximations or design aims.

**12.1.2 Exclusions**

The warranties set forth in Clause 12.1.1 will not apply to Buyer Furnished Equipment, nor to the Propulsion System, nor to any component, equipment, accessory or part installed on the Aircraft at Delivery that is not a Warranted Part except that:

- (i) any defect in the Seller’s workmanship in respect of the installation of such items in the Aircraft, including any failure by the Seller to conform to the installation instructions of the manufacturers of such items, that invalidates any applicable warranty from such manufacturers, will constitute a defect in workmanship for the purpose of this Clause 12.1 and be covered by the warranty set forth in Clause 12.1.1.2(ii); and

- (ii) any defect inherent in the Seller's design of the installation, in consideration of the state of the art at the date of such design, which impairs the use of such items, will constitute a defect in design for the purpose of this Clause 12.1 and be covered by the warranty set forth in Clause 12.1.1.2(iii).

12.1.3 Warranty Period

The warranties set forth in Clauses 12.1.1 and 12.1.2 will be limited to those defects that become apparent within \*\*\*\*\* of the affected Aircraft (the "**Warranty Period**").

12.1.4 Limitations of Warranty

12.1.4.1 The Buyer's remedy and the Seller's obligation and liability under Clauses 12.1.1 and 12.1.2 are limited to, at the Seller's expense and option, the repair, replacement or correction of any Warranted Part which is defective (or to the supply of modification kits, rectifying the defect), together with a credit to the Buyer's account with the Seller of an amount equal to the mutually agreed direct labor costs expended in performing the removal and reinstallation thereof on the Aircraft at the labor rate defined in Clause 12.1.7.5.

The Seller may alternatively furnish to the Buyer's account with the Seller a credit equal to the price at which the Buyer is then entitled to purchase a replacement for the defective Warranted Part.

12.1.4.2 In the event of a defect covered by Clauses 12.1.1.2(iii), 12.1.1.2(iv) and 12.1.2(ii) becoming apparent within the Warranty Period, the Seller shall also, if so requested by the Buyer in writing, correct such defect in any Aircraft which has not yet been delivered to the Buyer, \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

12.1.4.3 Cost of Inspection

In addition to the remedies set forth in Clauses 12.1.4.1 and 12.1.4.2, the Seller will reimburse the direct labor costs incurred by the Buyer in performing inspections of the Aircraft to determine whether or not a defect exists in any Warranted Part within the Warranty Period subject to the following conditions:

- (i) such inspections are recommended by a Seller Service Bulletin to be performed within the Warranty Period;
- (ii) the reimbursement will not apply for any inspections performed as an alternative to accomplishing corrective action as recommended by the Seller prior to the date of such inspection;

- (iii) the labor rate for the reimbursement will be the Inhouse Warranty Labor Rate; and
- (iv) the manhours used to determine such reimbursement will not exceed the Seller's estimate of the manhours required for such inspections.

12.1.5 Warranty Claim Requirements

The Buyer's remedy and the Seller's obligation and liability under this Clause 12.1 with respect to any warranty claim submitted by the Buyer (each a "**Warranty Claim**") are subject to the following conditions:

- (i) the defect having become apparent within the Warranty Period;
- (ii) the Buyer having filed a warranty claim within \*\*\*\*\* of discovering the defect;
- (iii) \*\*\*\*\*
- (iv) the Seller having received a Warranty Claim complying with the provisions of Clause 12.1.6 below.

12.1.6 Warranty Administration

The warranties set forth in Clause 12.1 will be administered as hereinafter provided for:

12.1.6.1 Claim Determination

Determination as to whether any claimed defect in any Warranted Part is a valid Warranty Claim will be made by the Seller and will be based upon the claim details, reports from the Seller's Representatives, historical data logs, inspections, tests, findings during repair, defect analysis and other relevant documents.

12.1.6.2 Transportation Costs

The cost of transporting a Warranted Part claimed to be defective to the facilities designated by the Seller and for the return therefrom of a repaired or replaced Warranted Part will be \*\*\*\*\*.

12.1.6.3 Return of an Aircraft

If the Buyer and the Seller mutually agree, prior to such return, that it is necessary to return an Aircraft to the Seller for consideration of a Warranty Claim, the Seller \*\*\*\*\*. The Buyer will make reasonable efforts to minimize the duration of the corresponding flights.

12.1.6.4 On Aircraft Work by the Seller

If the Seller determines that a defect subject to this Clause 12.1 justifies the dispatch by the Seller of a working team to repair or correct such defect through the embodiment of one or several Seller's Service Bulletins at the Buyer's facilities, or if the Seller accepts the return of an Aircraft to perform or have performed such repair or correction, then the \*\*\*\*\*.

The condition which has to be fulfilled for on-Aircraft work by the Seller is that, in the reasonable opinion of the Seller, the work necessitates the technical expertise of the Seller as manufacturer of the Aircraft.

If said condition is fulfilled and if the Seller is requested to perform the work, the Seller and the Buyer will agree on a schedule and place for the work to be performed.

#### 12.1.6.5 Warranty Claim Substantiation

Each Warranty Claim filed by the Buyer under this Clause 12.1 will contain at least the following data:

- (i) description of defect and any action taken, if any,
- (ii) date incident and/or removal date,
- (iii) description of Warranted Part claimed to be defective,
- (iv) part number,
- (v) serial number (if applicable),
- (vi) position on Aircraft,
- (vii) total flying hours or calendar time, as applicable, at the date of defect appearance,
- (viii) time since last shop visit at the date of defect appearance,
- (ix) Manufacturer Serial Number of the Aircraft and/or its registration,
- (x) Aircraft total flying hours and/or number of landings at the date of defect appearance,
- (xi) Warranty Claim number,
- (xii) date of Warranty Claim,
- (xiii) Delivery Date of Aircraft or Warranted Part to the Buyer,

Warranty Claims are to be addressed as follows:

AIRBUS  
CUSTOMER SERVICES DIRECTORATE  
WARRANTY ADMINISTRATION  
Rond Point Maurice Bellonte  
B.P. 33  
F 31707 BLAGNAC CEDEX  
FRANCE

12.1.6.6 Replacements

Replaced components, equipment, accessories or parts will become the Seller's property.

Title to and risk of loss of any Aircraft, component, accessory, equipment or part and returned by the Buyer to the Seller will at all times remain with the Buyer, except that:

- (i) when the Seller has possession of a returned Aircraft, component, accessory, equipment or part to which the Buyer has title, the Seller will have such responsibility therefor as is chargeable by law to a bailee for hire, but the Seller will not be liable for loss of use; and
- (ii) title to and risk of loss of a returned component, accessory, equipment or part will pass to the Seller upon shipment by the Seller to the Buyer of any item furnished by the Seller to the Buyer as a replacement therefor.

Upon the Seller's shipment to the Buyer of any replacement component, accessory, equipment or part provided by the Seller pursuant to this Clause 12.1, title to and risk of loss of such replacement component, accessory, equipment or part will pass to the Buyer.

12.1.6.7 Rejection

The Seller will provide reasonable written substantiation in case of rejection of a Warranty Claim. In such event the Buyer will refund to the Seller reasonable inspection and test charges incurred in connection therewith.

12.1.6.8 Inspection

The Seller will have the right to inspect the affected Aircraft, documents and other records relating thereto in the event of any Warranty Claim under this Clause 12.1.

12.1.7 Inhouse Warranty



12.1.7.1 Seller's Authorization

The Seller hereby authorizes the Buyer to repair Warranted Parts (“**Inhouse Warranty**”) subject to the terms of this Clause 12.1.7.

12.1.7.2 Conditions for Seller's Authorization

The Buyer will be entitled to repair such Warranted Parts:

- (i) provided the Buyer notifies the Seller Representative of its intention to perform Inhouse Warranty repairs before any such repairs are started where the estimated cost of such repair is in excess of \*\*\*\*\*. The Buyer's notification will include sufficient detail regarding the defect, estimated labor hours and material to allow the Seller to ascertain the reasonableness of the estimate. The Seller agrees to use all reasonable efforts to ensure a prompt response and will not unreasonably withhold authorization;
- (ii) if adequate facilities and qualified personnel are available to the Buyer;
- (iii) if repairs are performed in accordance with the Seller's Technical Data or written instructions; and
- (iv) only to the extent specified by the Seller, or, in the absence of such specification, to the extent reasonably necessary to correct the defect, in accordance with the standards set forth in Clause 12.1.10.

12.1.7.3 Seller's Rights

The Seller will have the right to require the return of any Warranted Part, or any part removed therefrom, which is claimed to be defective if, in the judgment of the Seller, the nature of the claimed defect requires technical investigation. Such return will be subject to the provisions of Clause 12.1.6.2. Furthermore, the Seller will have the right to have a Seller representative present during the disassembly, inspection and testing of any Warranted Part claimed to be defective, subject to such presence being practical and not unduly delaying the repair.

12.1.7.4 Inhouse Warranty Claim Substantiation

Claims for Inhouse Warranty credit will be filed within the time period set forth in 12.1.5 (ii) and will contain the same information as that required for Warranty Claims under Clause 12.1.6.5 and in addition will include:

- (i) a report of technical findings with respect to the defect;
- (ii) for parts required to remedy the defect:
  - part numbers,

- serial numbers (if applicable),
- parts description,
- quantity of parts,
- unit price of parts,
- related Seller's or third party's invoices (if applicable),
- total price of parts,

(iii) detailed number of labor hours;

(iv) Inhouse Warranty Labor Rate;

(v) total claim value.

12.1.7.5 \*\*\*\*\*

The Buyer's sole remedy and the Seller's sole obligation and liability with respect to Inhouse Warranty Claims will be \*\*\*\*\* determined as set forth below:

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

The Inhouse Warranty Labor Rate is \*\*\*\*\*. For the purposes of this Clause 12.1.7.5 only, \*\*\*\*\*, defined in the Seller's Price Revision Formula set forth in Exhibit C to the Agreement.

(iii) \*\*\*\*\*

12.1.7.6 Limitation

The Buyer will in \*\*\*\*\*.

12.1.7.7 Scrapped Material

The Buyer will retain any defective Warranted Part beyond economic repair and any defective part removed from a Warranted Part during repair for a period of either \*\*\*\*\* of the Seller's request to that effect.

Notwithstanding the foregoing, the Buyer may scrap any such defective parts, which are beyond economic repair and not required for technical evaluation locally, with the agreement of the Seller Representative(s).

Scrapped Warranted Parts will be evidenced by a record of scrapped material certified by an authorized representative of the Buyer and will be kept in the Buyer's file for a least the duration of the applicable Warranty Period.

12.1.8 Standard Warranty in case of Pooling or Leasing Arrangements

Without prejudice to Clause 21.1, the warranties provided for in this Clause 12.1 for any Warranted Part will accrue to the benefit of any airline in revenue service, other than the Buyer, if the Warranted Part enters into the possession of any such airline as a result of a pooling or leasing agreement between such airline and the Buyer, in accordance with the terms and subject to the limitations and exclusions of the foregoing warranties and to the extent permitted by any applicable law or regulations.

12.1.9 Warranty for Corrected, Replaced or Repaired Warranted Parts

Whenever any Warranted Part, which contains a defect for which the Seller is liable under Clause 12.1, has been corrected, replaced or repaired pursuant to the terms of this Clause 12.1, \*\*\*\*\*.

If a defect is attributable to a defective repair or replacement by the Buyer, a Warranty Claim with respect to such defect will be rejected, notwithstanding any subsequent correction or repair, and will immediately terminate the remaining warranties under this Clause 12.1 in respect of the affected Warranted Part.

12.1.10 Accepted Industry Standard Practices Normal Wear and Tear

The Buyer's rights under this Clause 12.1 are subject to the Aircraft and each component, equipment, accessory and part thereof being maintained, overhauled, repaired and operated in accordance with accepted industry standard practices, all Technical Data and any other instructions issued by the Seller, the Suppliers and the Propulsion System Manufacturer and all applicable rules, regulations and directives of the relevant Aviation Authorities.

The Seller's liability under this Clause 12.1 will not extend to normal wear and tear nor to:

- (i) any Aircraft or component, equipment, accessory or part thereof, which has been repaired, altered or modified after Delivery, except by the Seller or in a manner approved by the Seller;

- (ii) any Aircraft or component, equipment, accessory or part thereof, which has been operated in a damaged state; or
- (iii) any component, equipment, accessory and part from which the trademark, name, part or serial number or other identification marks have been removed.

12.1.11 DISCLAIMER OF SELLER LIABILITY

THE SELLER WILL NOT BE LIABLE FOR, AND THE BUYER WILL INDEMNIFY THE SELLER AGAINST, THE CLAIMS OF ANY THIRD PARTIES FOR LOSSES DUE TO ANY DEFECT, NONCONFORMANCE OR PROBLEM OF ANY KIND, ARISING OUT OF OR IN CONNECTION WITH ANY REPAIR OF WARRANTED PARTS UNDERTAKEN BY THE BUYER UNDER THIS CLAUSE 12.1 OR ANY OTHER ACTIONS UNDERTAKEN BY THE BUYER UNDER THIS CLAUSE 12, WHETHER SUCH CLAIM IS ASSERTED IN CONTRACT OR IN TORT, OR IS PREMISED ON ALLEGED, ACTUAL, IMPUTED, ORDINARY OR INTENTIONAL ACTS OR OMISSIONS OF THE BUYER OR THE SELLER.

12.2 Seller Service Life Policy

In addition to the warranties set forth in Clause 12.1, the Seller further agrees that should a Failure occur in any Item (as these terms are defined herein below) that has not suffered from an extrinsic force, then, subject to the general conditions and limitations set forth in Clause 12.2.4, the provisions of this Clause 12.2 will apply.

For the purposes of this Clause 12.2:

- (i) “**Item**” means any item listed in Exhibit F;
- (ii) “**Failure**” means a breakage or defect that can reasonably be expected to occur on a fleetwide basis and which materially impairs the utility of the Item.

12.2.1 Periods and Seller’s Undertakings

Subject to the general conditions and limitations set forth in Clause 12.2.4, the Seller agrees that if a Failure occurs in an Item before the Aircraft in which such Item was originally installed has completed thirty thousand (30,000) flying hours or twenty thousand (20,000) flight cycles or within twelve (12) years after the Delivery of said Aircraft, whichever will first occur, the Seller will, at its discretion and as promptly as practicable and with the Seller’s financial participation as hereinafter provided, either:

- (i) design and furnish to the Buyer a correction for such Item with a Failure and provide any parts required for such correction (including Seller designed standard parts but excluding industry standard parts), or
- (ii) replace such Item.

12.2.2 Seller's Participation in the Costs

Subject to the general conditions and limitations set forth in Clause 12.2.4, any part or Item that the Seller is required to furnish to the Buyer under this Service Life Policy in connection with the correction or replacement of an Item will be furnished to the Buyer \*\*\*\*\* therefor, \*\*\*\*\* determined in accordance with the following formula:

\*\*\*\*\*

- (i) \*\*\*\*\*
- (ii) \*\*\*\*\*
- (iii) \*\*\*\*\*

12.2.3 General Conditions and Limitations

12.2.3.1 The undertakings set forth in this Clause 12.2 will be valid after the period of the Seller's warranty applicable to an Item under Clause 12.1.

12.2.3.2 The Buyer's remedies and the Seller's obligations and liabilities under this Service Life Policy are subject to the prior compliance by the Buyer with the following conditions:

- (i) the Buyer will maintain log books and other historical records with respect to each Item, adequate to enable the Seller to determine whether the alleged Failure is covered by this Service Life Policy and, if so, to define the portion of the costs to be borne by the Seller in accordance with Clause 12.2.3;
- (ii) the Buyer will keep the Seller informed of any significant incidents relating to an Aircraft, howsoever occurring or recorded;
- (iii) the Buyer will comply with the conditions of Clause 12.1.10;
- (iv) the Buyer will implement specific structural inspection programs for monitoring purposes as may be established from time to time by the Seller. Such programs will be as compatible as possible with the Buyer's operational requirements and will be carried out at the Buyer's expense. Reports relating thereto will be regularly furnished to the Seller;
- (v) the Buyer will report any breakage or defect in a Item in writing to the Seller within \*\*\*\*\* after such breakage or defect becomes apparent, whether or not said breakage or defect can reasonably be expected to occur in any other aircraft, and the Buyer will have provided to the Seller sufficient detail on the breakage or defect to enable the Seller, acting reasonably, to determine whether said breakage or defect is subject to this Service Life Policy.

- 12.2.3.3 Except as otherwise provided for in this Clause 12.2, any claim under this Service Life Policy will be administered as provided for in, and will be subject to the terms and conditions of, Clause 12.1.6.
- 12.2.3.4 In the event of the Seller having issued a modification applicable to an Aircraft, the purpose of which is to avoid a Failure, the Seller may elect to supply the necessary modification kit \*\*\*\*\* established by the Seller. If such a kit is so offered to the Buyer, then, to the extent of such Failure and any Failures that could ensue therefrom, the validity of the Seller's commitment under this Clause 12.2 will be subject to the Buyer incorporating such modification in the relevant Aircraft, as promulgated by the Seller and in accordance with the Seller's instructions, within a reasonable time.
- 12.2.3.5 THIS SERVICE LIFE POLICY IS NEITHER A WARRANTY, PERFORMANCE GUARANTEE, NOR AN AGREEMENT TO MODIFY ANY AIRCRAFT OR AIRFRAME COMPONENTS TO CONFORM TO NEW DEVELOPMENTS OCCURRING IN THE STATE OF AIRFRAME DESIGN AND MANUFACTURING ART. THE SELLER'S OBLIGATION UNDER THIS CLAUSE 12.2 IS TO MAKE ONLY THOSE CORRECTIONS TO THE ITEMS OR FURNISH REPLACEMENTS THEREFOR AS PROVIDED FOR IN THIS CLAUSE 12.2. THE BUYER'S SOLE REMEDY AND RELIEF FOR THE NON-PERFORMANCE OF ANY OBLIGATION OR LIABILITY OF THE SELLER ARISING UNDER OR BY VIRTUE OF THIS SERVICE LIFE POLICY WILL BE IN A CREDIT FOR GOODS AND SERVICES (NOT INCLUDING AIRCRAFT), LIMITED TO THE AMOUNT THE BUYER REASONABLY EXPENDS IN PROCURING A CORRECTION OR REPLACEMENT FOR ANY ITEM THAT IS THE SUBJECT OF A FAILURE COVERED BY THIS SERVICE LIFE POLICY AND TO WHICH SUCH NON-PERFORMANCE IS RELATED, LESS THE AMOUNT THAT THE BUYER OTHERWISE WOULD HAVE BEEN REQUIRED TO PAY UNDER THIS CLAUSE 12.2 IN RESPECT OF SUCH CORRECTED OR REPLACEMENT ITEM. WITHOUT LIMITING THE EXCLUSIVITY OF WARRANTIES AND GENERAL LIMITATIONS OF LIABILITY PROVISIONS SET FORTH IN CLAUSE 12.5, THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL CLAIMS TO ANY FURTHER DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES, ARISING UNDER OR BY VIRTUE OF THIS SERVICE LIFE POLICY.
- 12.3 Supplier Warranties and Service Life Policies
- Prior to or at Delivery of the first Aircraft, the Seller will provide the Buyer, in accordance with the provisions of Clause 17, with the warranties and, where applicable, service life policies that the Seller has obtained for Supplier Parts pursuant to the Supplier Product Support Agreements.
- 12.3.1 Definitions
- 12.3.1.1 "**Supplier**" means any supplier of Supplier Parts.

12.3.1.2 “**Supplier Part**” means any component, equipment, accessory or part installed in an Aircraft at the time of Delivery thereof and for which there exists a Supplier Product Support Agreement. For the sake of clarity, Propulsion System and Buyer Furnished Equipment and other equipment selected by the Buyer to be supplied by suppliers with whom the Seller has no existing enforceable warranty agreements are not Supplier Parts.

12.3.1.3 “**Supplier Product Support Agreements**” means agreements between the Seller and Suppliers, as described in Clause 17.1.2, containing enforceable and transferable warranties and, in the case of landing gear suppliers, service life policies for selected structural landing gear elements.

12.3.2 Supplier’s Default

12.3.2.1 In the event of any Supplier, under any standard warranty obtained by the Seller pursuant to Clause 12.3.1, \*\*\*\*\* (ii) the Buyer submitting in reasonable time to the Seller reasonable evidence that such default has occurred, then Clause 12.1 will apply to the extent (a) the same would have been applicable had such Supplier Part been a Warranted Part, and (b) the Seller can reasonably perform said Supplier’s obligations, except that the Supplier’s warranty period as indicated in the Supplier Product Support Agreement will apply.

12.3.2.2 In the event of any Supplier, under any Supplier Service Life Policy obtained by the Seller pursuant to Clause 12.3.1,\*\*\*\*\* (ii) the Buyer submitting in reasonable time to the Seller reasonable evidence that such default has occurred, then Clause 12.2 will apply to the extent (a) the same would have been applicable had such Supplier Item been listed in Exhibit F, Seller Service Life Policy, and (b) the Seller can reasonably perform said Supplier’s obligations, except that the Supplier’s Service Life Policy period as indicated in the Supplier Product Support Agreement will apply.

12.3.2.3 At the Seller’s request, the Buyer will assign to the Seller, and the Seller will be subrogated to, all of the Buyer’s rights against the relevant Supplier with respect to and arising by reason of such default and will provide reasonable assistance to enable the Seller to enforce the rights so assigned.

12.4 Interface Commitment

12.4.1 Interface Problem

If the Buyer experiences any technical problem in the operation of an Aircraft or its systems due to a malfunction, the cause of which, after due and reasonable investigation, is not readily identifiable by the Buyer but which the Buyer reasonably believes to be attributable to the design characteristics of one or more components of the Aircraft (“**Interface Problem**”), the Seller will, if so requested by the Buyer, and without additional charge to the Buyer except for transportation of the Seller’s or its designee’s personnel to the Buyer’s facilities, promptly conduct or have conducted an

investigation and analysis of such problem to determine, if possible, the cause or causes of the problem and to recommend such corrective action as may be feasible. The Buyer will furnish to the Seller all data and information in the Buyer's possession relevant to the Interface Problem and will cooperate with the Seller in the conduct of the Seller's investigations and such tests as may be required.

At the conclusion of such investigation, the Seller will promptly advise the Buyer in writing of the Seller's opinion as to the cause or causes of the Interface Problem and the Seller's recommendations as to corrective action.

#### 12.4.2 Seller's Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of a Warranted Part, the Seller will, if so requested by the Buyer and pursuant to the terms and conditions of Clause 12.1, correct the design of such Warranted Part to the extent of the Seller's obligation as defined in Clause 12.1.

#### 12.4.3 Supplier's Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of any Supplier Part, the Seller will, if so requested by the Buyer, reasonably assist the Buyer in processing any warranty claim the Buyer may have against the Supplier.

#### 12.4.4 Joint Responsibility

If the Seller determines that the Interface Problem is attributable partially to the design of a Warranted Part and partially to the design of any Supplier Part, the Seller will, if so requested by the Buyer, seek a solution to the Interface Problem through cooperative efforts of the Seller and any Supplier involved.

The Seller will promptly advise the Buyer of such corrective action as may be proposed by the Seller and any such Supplier. Such proposal will be consistent with any then existing obligations of the Seller hereunder and of any such Supplier towards the Buyer. Such corrective action, unless reasonably rejected by the Buyer, will constitute full satisfaction of any claim the Buyer may have against either the Seller or any such Supplier with respect to such Interface Problem.

#### 12.4.5 General

12.4.5.1 All requests under this Clause 12.4 will be directed to both the Seller and the affected Supplier.

12.4.5.2 Except as specifically set forth in this Clause 12.4, this Clause will not be deemed to impose on the Seller any obligations not expressly set forth elsewhere in this Agreement.



12.4.5.3 All reports, recommendations, data and other documents furnished by the Seller to the Buyer pursuant to this Clause 12.4 will be deemed to be delivered under this Agreement and will be subject to the terms, covenants and conditions set forth in this Clause 12 and in Clause 22.11.

12.5 Exclusivity of Warranties

THIS CLAUSE 12 SETS FORTH THE EXCLUSIVE WARRANTIES, EXCLUSIVE LIABILITIES AND EXCLUSIVE OBLIGATIONS OF THE SELLER, AND THE EXCLUSIVE REMEDIES AVAILABLE TO THE BUYER, WHETHER UNDER THIS AGREEMENT OR OTHERWISE, ARISING FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART, SOFTWARE, DATA OR SERVICE DELIVERED BY THE SELLER UNDER THIS AGREEMENT.

THE BUYER RECOGNIZES THAT THE RIGHTS, WARRANTIES AND REMEDIES IN THIS CLAUSE 12 ARE ADEQUATE AND SUFFICIENT TO PROTECT THE BUYER FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN THE GOODS AND SERVICES SUPPLIED UNDER THIS AGREEMENT. THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES OF THE SELLER AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, WHETHER EXPRESS OR IMPLIED BY CONTRACT, TORT, OR STATUTORY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMITY OR DEFECT OR PROBLEM OF ANY KIND IN ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART, SOFTWARE, DATA OR SERVICE DELIVERED BY THE SELLER UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO:

- (I) ANY IMPLIED WARRANTY OF MERCHANTABILITY AND/OR FITNESS FOR ANY GENERAL OR PARTICULAR PURPOSE;
- (II) ANY IMPLIED OR EXPRESS WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE;
- (III) ANY RIGHT, CLAIM OR REMEDY FOR BREACH OF CONTRACT;
- (IV) ANY RIGHT, CLAIM OR REMEDY FOR TORT, UNDER ANY THEORY OF LIABILITY, HOWEVER ALLEGED, INCLUDING, BUT NOT LIMITED TO, ACTIONS AND/OR CLAIMS FOR NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL ACTS, WILLFUL DISREGARD, IMPLIED WARRANTY, PRODUCT LIABILITY, STRICT LIABILITY OR FAILURE TO WARN;
- (V) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER THE UNIFORM COMMERCIAL CODE OR ANY OTHER STATE OR FEDERAL STATUTE;

- (VI) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER ANY REGULATIONS OR STANDARDS IMPOSED BY ANY INTERNATIONAL, NATIONAL, STATE OR LOCAL STATUTE OR AGENCY;
- (VII) ANY RIGHT, CLAIM OR REMEDY TO RECOVER OR BE COMPENSATED FOR:
  - (A) LOSS OF USE OR REPLACEMENT OF ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THIS AGREEMENT;
  - (B) LOSS OF, OR DAMAGE OF ANY KIND TO, ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THIS AGREEMENT;
  - (C) LOSS OF PROFITS AND/OR REVENUES;
  - (D) ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGE.

THE WARRANTIES AND SERVICE LIFE POLICY PROVIDED BY THIS AGREEMENT WILL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY THE SELLER AND THE BUYER. IN THE EVENT THAT ANY PROVISION OF THIS CLAUSE 12 SHOULD FOR ANY REASON BE HELD UNLAWFUL, OR OTHERWISE UNENFORCEABLE, THE REMAINDER OF THIS CLAUSE 12 WILL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSES OF THIS CLAUSE 12.5, THE "SELLER" SHALL BE UNDERSTOOD TO INCLUDE THE SELLER, ANY OF ITS SUPPLIERS, SUBCONTRACTORS, AND AFFILIATES AND ANY OF THEIR RESPECTIVE INSURERS.

12.6

#### Duplicate Remedies

The remedies provided to the Buyer under Clause 12.1 and Clause 12.2 as to any defect in respect of the Aircraft or any part thereof are mutually exclusive and not cumulative. The Buyer will be entitled to the remedy that provides the maximum benefit to it, as the Buyer may elect, pursuant to the terms and conditions of this Clause 12 for any particular defect for which remedies are provided under this Clause 12; provided, however, that the Buyer will not be entitled to elect a remedy under both Clause 12.1 and Clause 12.2 for the same defect. The Buyer's rights and remedies herein for the nonperformance of any obligations or liabilities of the Seller arising under these warranties will be in monetary damages limited to the amount the Buyer expends in procuring a correction or replacement for any covered part subject to a defect or nonperformance covered by this Clause 12, and the Buyer will not have any right to require specific performance by the Seller.

12.7 Negotiated Agreement

The Buyer specifically recognizes that:

- (i) the Specification has been agreed upon after careful consideration by the Buyer using its judgment as a professional operator of aircraft used in public transportation and as such is a professional within the same industry as the Seller;
- (ii) this Agreement, and in particular this Clause 12, has been the subject of discussion and negotiation and is fully understood by the Buyer; and
- (iii) the price of the Aircraft and the other mutual agreements of the Buyer set forth in this Agreement were arrived at in consideration of, inter alia, the provisions of this Clause 12, specifically including the waiver, release and renunciation by the Buyer set forth in Clause 12.5.

12.8 Disclosure to Third Party Entity

In the event of the Buyer intending to designate a third party entity (a “**Third Party Entity**”) to administer this Clause 12, the Buyer will notify the Seller of such intention prior to any disclosure of this Clause to the selected Third Party Entity and will cause such Third Party Entity to enter into a confidentiality agreement and or any other relevant documentation with the Seller solely for the purpose of administrating this Clause 12.

12.9 Transferability

Without prejudice to Clause 21.1, the Buyer’s rights under this Clause 12 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller’s prior written consent, which will not be unreasonably withheld.

Any transfer in violation of this Clause 12.9 will, as to the particular Aircraft involved, void the rights and warranties of the Buyer under this Clause 12 and any and all other warranties that might arise under or be implied in law.

**13 – PATENT AND COPYRIGHT INDEMNITY**

13.1 Indemnity

13.1.1.1 Subject to the provisions of Clause 13.2.3, the Seller will indemnify the Buyer from and against any damages, costs and/or expenses including legal costs (excluding damages, costs, expenses, loss of profits and other liabilities in respect of or resulting from loss of use of the Aircraft) resulting from any infringement or claim of infringement by the Airframe (or any part or software installed therein at Delivery) of:

(i) any British, French, German, Spanish or U.S. patent;

and

(ii) any patent issued under the laws of any other country in which the Buyer may lawfully operate the Aircraft, provided that:

(a) from the time of design of such Airframe, accessory, equipment and/or part and until infringement claims are resolved, such country and the flag country of the Aircraft are each a party to the Chicago Convention on International Civil Aviation of December 7, 1944, and are each fully entitled to all benefits of Article 27 thereof,

or in the alternative,

(b) from such time of design and until infringement claims are resolved, such country and the flag country of the Aircraft are each a party to the International Convention for the Protection of Industrial Property of March 20, 1883 (“Paris Convention”);

and

(iii) in respect of computer software installed on the Aircraft, any copyright, provided that the Seller’s obligation to indemnify will be limited to infringements in countries which, at the time of infringement, are members of The Berne Union and recognize computer software as a “work” under the Berne Convention.

13.1.2 Clause 13.1.1 will not apply to

(i) Buyer Furnished Equipment or Propulsion System; or

(ii) parts not the subject of a Supplier Product Support Agreement; or

(iii) software not developed or created by the Seller.

13.1.3 In the event that the Buyer, due to circumstances contemplated in Clause 13.1.1, is prevented from using the Aircraft (whether by a valid judgment of a court of

competent jurisdiction or by a settlement arrived at between claimant, Seller and Buyer), the Seller will at its discretion and expense either:

- (i) procure for the Buyer the right to use the Aircraft to the Buyer; or
- (ii) replace the infringing part of the Aircraft as soon as possible with a non-infringing substitute complying in all other respects with the requirements of this Agreement.

13.2 Administration of Patent and Copyright Indemnity Claims

13.2.1 If the Buyer receives a written claim or a suit is threatened or commenced against the Buyer for infringement of a patent or copyright referred to in Clause 13.1, the Buyer will:

- (i) forthwith notify the Seller giving particulars thereof;
- (ii) furnish to the Seller all data, papers and records within the Buyer's control or possession relating to such patent or claim;
- (iii) refrain from admitting any liability or making any payment or assuming any expenses, damages, costs or royalties or otherwise acting in a manner prejudicial to the defense or denial of such suit or claim provided always that nothing in this sub-Clause (iii) will prevent the Buyer from paying such sums as may be required in order to obtain the release of the Aircraft, provided such payment is accompanied by a denial of liability and is made without prejudice;
- (iv) fully co-operate with, and render all such assistance to, the Seller as may be pertinent to the defense or denial of the suit or claim;
- (v) act in such a way as to mitigate damages, costs and expenses and / or reduce the amount of royalties which may be payable.

13.2.2 The Seller will be entitled either in its own name or on behalf of the Buyer to conduct negotiations with the party or parties alleging infringement and may assume and conduct the defense or settlement of any suit or claim in the manner which, in the Seller's opinion, it deems proper.

13.2.3 The Seller's liability hereunder will be conditional upon the strict and timely compliance by the Buyer with the terms of this Clause and is in lieu of any other liability to the Buyer express or implied which the Seller might incur at law as a result of any infringement or claim of infringement of any patent or copyright.

THE INDEMNITY PROVIDED IN THIS CLAUSE 13 AND THE OBLIGATIONS AND LIABILITIES OF THE SELLER UNDER THIS CLAUSE 13 ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER INDEMNITIES, WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES ON THE PART OF THE SELLER AND RIGHTS,

CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY ARISING FROM OR WITH RESPECT TO LOSS OF USE OR REVENUE OR CONSEQUENTIAL DAMAGES), WITH RESPECT TO ANY ACTUAL OR ALLEGED PATENT INFRINGEMENT OR THE LIKE BY ANY AIRFRAME, PART OR SOFTWARE INSTALLED THEREIN AT DELIVERY, OR THE USE OR SALE THEREOF, PROVIDED THAT, IN THE EVENT THAT ANY OF THE AFORESAID PROVISIONS SHOULD FOR ANY REASON BE HELD UNLAWFUL OR OTHERWISE INEFFECTIVE, THE REMAINDER OF THIS CLAUSE WILL REMAIN IN FULL FORCE AND EFFECT. THIS INDEMNITY AGAINST PATENT AND COPYRIGHT INFRINGEMENTS WILL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY THE SELLER AND THE BUYER.

**14 – TECHNICAL DATA AND SOFTWARE SERVICES**

14.1 Scope

This Clause 14 covers the terms and conditions for the supply of technical data (hereinafter “**Technical Data**”) and software services described hereunder (hereinafter “**Software Services**”) to support the Aircraft operation.

14.1.1 The Technical Data will be supplied in the English language using the aeronautical terminology in common use.

14.1.2 Range, form, type, format, quantity and delivery schedule of the Technical Data to be provided under this Agreement are outlined in Exhibit G hereto.

14.2 Aircraft Identification for Technical Data

14.2.1 For those Technical Data that are customized to the Buyer’s Aircraft, the Buyer agrees to the allocation of fleet serial numbers (“**Fleet Serial Numbers**”) in the form of block of numbers selected in the range from 001 to 999.

14.2.2 The sequence will not be interrupted unless two (2) different Propulsion Systems or two (2) different models of Aircraft are selected.

14.2.3 The Buyer will indicate to the Seller the Fleet Serial Number allocated to each Aircraft corresponding to the delivery schedule set forth in Clause 9.1 no later than \*\*\*\*\* before the Scheduled Delivery Month of the first Aircraft. Neither the designation of such Fleet Serial Numbers nor the subsequent allocation of the Fleet Serial Numbers to Manufacturer Serial Numbers for the purpose of producing certain customized Technical Data will constitute any property, insurable or other interest of the Buyer in any Aircraft prior to the Delivery of such Aircraft as provided for in this Agreement.

The customized Technical Data that are affected thereby are the following:

- (i) Aircraft Maintenance Manual,
- (ii) Illustrated Parts Catalogue,
- (iii) Trouble Shooting Manual,
- (iv) Aircraft Wiring Manual,
- (v) Aircraft Schematics Manual,
- (vi) Aircraft Wiring Lists.

- 14.3 Integration of Equipment Data
- 14.3.1 Supplier Equipment
  - Information, including revisions, relating to Supplier equipment that is installed on the Aircraft at Delivery, or through Airbus Service Bulletins thereafter, will be introduced into the customized Technical Data to the extent necessary for understanding of the affected systems, at no additional charge to the Buyer.
- 14.3.2 Buyer Furnished Equipment
  - 14.3.2.1 The Seller will introduce Buyer Furnished Equipment data for Buyer Furnished Equipment that is installed on the Aircraft by the Seller (hereinafter “**BFE Data**”) into the customized Technical Data, \*\*\*\*\* to the Buyer for the initial issue of the Technical Data provided at or before Delivery of the first Aircraft, provided such BFE Data is provided in accordance with the conditions set forth in Clauses 14.3.2.2 through 14.3.2.6.
  - 14.3.2.2 The Buyer will supply the BFE Data to the Seller at least \*\*\*\*\* prior to the Scheduled Delivery Month of the first Aircraft.
  - 14.3.2.3 The Buyer will supply the BFE Data to the Seller in English and will be established in compliance with the then applicable revision of ATA *i*Specification 2200 (*iSpec* 2200), Information Standards for Aviation Maintenance.
  - 14.3.2.4 The Buyer and the Seller will agree on the requirements for the provision to the Seller of BFE Data for “on-aircraft maintenance”, such as but not limited to timeframe, media and format in which the BFE Data will be supplied to the Seller, in order to manage the BFE Data integration process in an efficient, expeditious and economic manner.
  - 14.3.2.5 The BFE Data will be delivered in digital format (SGML) and/or in Portable Document Format (PDF), as agreed between the Buyer and the Seller.
  - 14.3.2.6 \*\*\*\*\*
- 14.4 Supply
  - 14.4.1 Technical Data will be supplied on-line and/or off-line, as set forth in Exhibit G hereto.
  - 14.4.2 The Buyer will not receive any credit or compensation for any unused or only partially used Technical Data supplied pursuant to this Clause 14.
- 14.4.3 Delivery
  - 14.4.3.1 For Technical Data provided off-line, such Technical Data and corresponding revisions will be sent to up to two (2) addresses as indicated by the Buyer.



- 14.4.3.2 Technical Data provided off-line will be delivered by the Seller at the Buyer's named place of destination under DDU conditions.
- 14.4.3.3 The Technical Data will be delivered according to a mutually agreed schedule to correspond with the Deliveries of Aircraft. The Buyer will provide no less than \*\*\*\*\* notice when requesting a change to such delivery schedule.
- 14.4.3.4 It will be the responsibility of the Buyer to coordinate and satisfy local Aviation Authorities' requirements with respect to Technical Data. Reasonable quantities of such Technical Data will be supplied by the Seller at no charge to the Buyer at the Buyer's named place of destination. Notwithstanding the foregoing, and in agreement with the relevant Aviation Authorities, preference will be given to the on-line access to such Buyer's Technical Data through AirbusWorld.
- 14.5 Revision Service
- For each firmly ordered Aircraft covered under this Agreement, revision service for the Technical Data will be provided \*\*\*\*\* (each a "**Revision Service Period**").
- Thereafter revision service will be provided in accordance with the terms and conditions set forth in the Seller's then current Customer Services Catalog.
- 14.6 Service Bulletins (SB) Incorporation
- During Revision Service Period and upon the Buyer's request, which will be made \*\*\*\*\* of the applicable Service Bulletin, Seller Service Bulletin information will be incorporated into the Technical Data, provided that the Buyer notifies the Seller through the relevant AirbusWorld on-line Service Bulletin Reporting application that it intends to accomplish such Service Bulletin. The split effectivity for the corresponding Service Bulletin will remain in the Technical Data until notification from the Buyer that embodiment has been completed on all of the Buyer's Aircraft. The foregoing is applicable for Technical Data relating to maintenance only. For operational Technical Data either the pre or post Service Bulletin status will be shown.
- 14.7 Technical Data Familiarization
- Upon request by the Buyer, the Seller will provide up to \*\*\*\*\* of Technical Data familiarization training at the Seller's or the Buyer's facilities. The basic familiarization course is tailored for maintenance and engineering personnel.
- 14.8 Customer Originated Changes (COC)
- If the Buyer wishes to introduce Buyer originated data (hereinafter "**COC Data**") into any of the customized Technical Data that are identified as eligible for such incorporation in the Seller's then current Customer Services Catalog, the Buyer will notify the Seller of such intention.

The incorporation of any COC Data will be performed under the methods and tools for achieving such introduction and the conditions specified in the Seller's then current Customer Services Catalog.

14.9 AirN@v Family products

14.9.1 The Technical Data listed herebelow are provided on DVD and include integrated software (hereinafter together referred to as "**AirN@v Family**").

14.9.2 The AirN@v Family covers several Technical Data domains, reflected by the following AirN@v Family products:

- (i) AirN@v / Maintenance,
- (ii) AirN@v / Planning,
- (iii) AirN@v / Repair,
- (iv) AirN@v / Workshop,
- (v) AirN@v / Associated Data,
- (vi) AirN@v / Engineering.

14.9.3 Further details on the Technical Data included in such products are set forth in Exhibit G.

14.9.4 The licensing conditions for the use of AirN@v Family integrated software will be set forth in a separate agreement to be executed by the parties the earlier of \*\*\*\*\*, the "**End-User License Agreement for Airbus Software**".

14.9.5 The revision service and the license to use AirN@v Family products will be granted \*\*\*\*\* Revision Service Period. At the end of such Revision Service Period, \*\*\*\*\*.

14.10 On-Line Technical Data

14.10.1 The Technical Data defined in Exhibit G as being provided on-line will be made available to the Buyer through the Airbus customer portal AirbusWorld ("**AirbusWorld**") as set forth in a separate agreement to be executed by the parties the earlier of \*\*\*\*\*.

14.10.2 Access to Technical Data through AirbusWorld will be \*\*\*\*\* Revision Service Period.

14.10.3 Access to AirbusWorld will be subject to the General Terms and Conditions of Access to and Use of AirbusWorld (hereinafter the "**GTC**"), as set forth in a separate agreement to be executed by the parties the earlier of \*\*\*\*\*.

14.10.4 The list of the Technical Data provided on-line may be extended from time to time. For any Technical Data which is or becomes available on-line, the Seller reserves the right to eliminate other formats for the concerned Technical Data.

14.10.5 Access to AirbusWorld will be granted \*\*\*\*\* for the Technical Data related to the Aircraft which will be operated by the Buyer.

14.10.6 For the sake of clarification, Technical Data accessed through AirbusWorld – which access will be covered by the terms and conditions set forth in the GTC – will remain subject to the conditions of this Clause 14.

In addition, should AirbusWorld provide access to Technical Data in software format, the use of such software will be subject to the conditions of the End-User License Agreement for Airbus Software.

14.11 Waiver, Release and Renunciation

The Seller warrants that the Technical Data are prepared in accordance with the state of the art at the date of their development. Should any Technical Data prepared by the Seller contain a non-conformity or defect, the sole and exclusive liability of the Seller will be to take all reasonable and proper steps to correct such Technical Data. Irrespective of any other provisions herein, no warranties of any kind will be given for the Customer Originated Changes, as set forth in Clause 14.8.

THE WARRANTIES, OBLIGATIONS AND LIABILITIES OF THE SELLER (AS DEFINED BELOW FOR THE PURPOSES OF THIS CLAUSE) [AND REMEDIES OF THE BUYER SET FORTH IN THIS CLAUSE 14] ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS AND LIABILITIES OF THE SELLER AND RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, EXPRESS OR IMPLIED, ARISING BY LAW, CONTRACT OR OTHERWISE, WITH RESPECT TO ANY NON-CONFORMITY OR DEFECT OF ANY KIND, IN ANY TECHNICAL DATA OR SERVICES DELIVERED UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO:

- (I) ANY WARRANTY AGAINST HIDDEN DEFECTS;
- (II) ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS;
- (III) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OR TRADE;
- (IV) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY, WHETHER IN CONTRACT OR IN TORT, WHETHER OR NOT ARISING FROM THE SELLER'S NEGLIGENCE, ACTUAL OR IMPUTED; AND

(V) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY FOR LOSS OF OR DAMAGE TO ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART, SOFTWARE, DATA OR SERVICES DELIVERED UNDER THIS AGREEMENT, FOR LOSS OF USE, REVENUE OR PROFIT, OR FOR ANY OTHER [DIRECT,] INCIDENTAL OR CONSEQUENTIAL DAMAGES; PROVIDED THAT, IN THE EVENT THAT ANY OF THE AFORESAID PROVISIONS SHOULD FOR ANY REASON BE HELD UNLAWFUL OR OTHERWISE INEFFECTIVE, THE REMAINDER OF THIS AGREEMENT WILL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSES OF THIS CLAUSE 14, THE "SELLER" WILL BE UNDERSTOOD TO INCLUDE THE SELLER, ANY OF ITS SUPPLIERS AND SUBCONTRACTORS, ITS AFFILIATES AND ANY OF THEIR RESPECTIVE INSURERS.

14.12 Proprietary Rights

14.12.1 All proprietary rights relating to Technical Data, including but not limited to patent, design and copyrights, will remain with the Seller and/or its Affiliates, as the case may be.

These proprietary rights will also apply to any translation into a language or languages or media that may have been performed or caused to be performed by the Buyer.

14.12.2 Whenever this Agreement and/or any Technical Data provides for manufacturing by the Buyer, the consent given by the Seller will not be construed as any express or implicit endorsement or approval whatsoever of the Buyer or of the manufactured products. The supply of the Technical Data will not be construed as any further right for the Buyer to design or manufacture any Aircraft or part thereof, including any spare part.

14.13 Performance Engineer's Program

14.13.1 In addition to the Technical Data provided under Clause 14, the Seller will provide to the Buyer Software Services, which will consist of the Performance Engineer's Programs ("PEP") for the Aircraft type covered under this Agreement. Such PEP is composed of software components and databases, and its use is subject to the license conditions set forth in the End-User License Agreement for Airbus Software.

14.13.2 Use of the PEP will be limited to one (1) copy to be used on the Buyer's computers for the purpose of computing performance engineering data. The PEP is intended for use on ground only and will not be placed or installed on board the Aircraft.

14.13.3 The license to use the PEP and the revision service will be provided \*\*\*\*\* Revision Service Period as set forth in Clause 14.5.

- 14.13.4 At the end of such PEP Revision Service Period, the PEP will be provided to the Buyer at the standard commercial conditions set forth in the Seller's then current Customer Services Catalog.
- 14.14 Future Developments
- The Seller continuously monitors technological developments and applies them to Technical Data, document and information systems' functionalities, production and methods of transmission.
- The Seller will implement and the Buyer will accept such new developments, it being understood that the Buyer will be informed in due time by the Seller of such new developments and their application and of the date by which the same will be implemented by the Seller.
- 14.15 Confidentiality
- 14.15.1 This Clause, the Technical Data, the Software Services and their content are designated as confidential. All such Technical Data and Software Services are provided to the Buyer for the sole use of the Buyer who undertakes not to disclose the contents thereof to any third party without the prior written consent of the Seller, except as permitted therein or pursuant to any government or legal requirement imposed upon the Buyer.
- 14.15.2 If the Seller authorizes the disclosure of this Clause or of any Technical Data or Software Services to third parties either under this Agreement or by an express prior written authorization or, specifically, where the Buyer intends to designate a maintenance and repair organization or a third party to perform the maintenance of the Aircraft or to perform data processing on its behalf (each a "**Third Party**"), the Buyer will notify the Seller of such intention prior to any disclosure of this Clause and/or the Technical Data and/or the Software Services to such Third Party.
- The Buyer hereby undertakes to cause such Third Party to agree to be bound by the conditions and restrictions set forth in this Clause 14 with respect to the disclosed Clause, Technical Data or Software Services and will in particular cause such Third Party to enter into a confidentiality agreement with the Seller and appropriate licensing conditions, and to commit to use the Technical Data solely for the purpose of maintaining the Buyer's Aircraft and the Software Services exclusively for processing the Buyer's data.
- 14.16 Transferability
- Without prejudice to Clause 21.1, the Buyer's rights under this Clause 14 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller's prior written consent.

---

Any transfer in violation of this Clause 14.16 will, as to the particular Aircraft involved, void the rights and warranties of the Buyer under this Clause 14 and any and all other warranties that might arise under or be implied in law.

15 – **SELLER REPRESENTATIVE SERVICES**

The Seller will \*\*\*\*\* to the Buyer the services described in this Clause 15, at the Buyer’s main base or at other locations to be mutually agreed.

15.1 Customer Support Representative(s)

15.1.1 The Seller will \*\*\*\*\* to the Buyer the services of Seller customer support representative(s), as defined in Appendix A to this Clause 15 (each a “**Seller Representative**”), at the Buyer’s main base or such other locations as the parties may agree.

15.1.2 In providing the services as described herein, any Seller Representatives, or any Seller employee(s) providing services to the Buyer hereunder, are deemed to be acting in an advisory capacity only and at no time will they be deemed to be acting as Buyer’s employees, contractors or agents, either directly or indirectly.

15.1.3 The Seller will provide to the Buyer an annual written accounting of the consumed man- months and any remaining man-month balance from the \*\*\*\*\* defined in Appendix A to this Clause 15. Such accounting will be deemed final and accepted by the Buyer unless the Seller receives written objection from the Buyer within \*\*\*\*\* of receipt of such accounting.

15.1.4 In the event of a need for Aircraft On Ground (“AOG”) technical assistance after the end of the assignment referred to in Appendix A to this Clause 15, the Buyer will have nonexclusive access to:

(i) AIRTAC (Airbus Technical AOG Center);

(ii) The Seller Representative network closest to the Buyer’s main base. A list of contacts of the Seller Representatives closest to the Buyer’s main base will be provided to the Buyer.

As a matter of reciprocity, the Buyer agrees that Seller Representative(s) may provide services to other airlines during any assignment with the Buyer.

15.1.5 Should the Buyer request Seller Representative services \*\*\*\*\* specified in Appendix A to this Clause 15, the Seller may provide such additional services subject to terms and conditions to be mutually agreed.

15.1.6 The Seller will cause similar services to be provided by representatives of the Propulsion System Manufacturer and Suppliers, when necessary and applicable.

15.2 Buyer’s Support

15.2.1 From the date of arrival of the first Seller Representative and for the duration of the assignment, the Buyer will provide \*\*\*\*\* a suitable, lockable office, conveniently located with respect to the Buyer’s principal maintenance facilities for the Aircraft,

with complete office furniture and equipment including telephone, internet, email and facsimile connections for the sole use of the Seller Representative(s). All related communication costs will be \*\*\*\*\*.

15.2.2 \*\*\*\*\*

15.2.3 \*\*\*\*\*

15.2.4 Should the Buyer request any Seller Representative referred to in Clause 15.1 above to travel on business to a city other than his usual place of assignment, the Buyer will be responsible for all related transportation costs and expenses.

15.2.5 Absence of an assigned Seller Representative during normal statutory vacation periods will be covered by other seller representatives on the same conditions as those described in Clause 15.1.4, and such services will be counted against the total \*\*\*\*\* provided in Appendix A to this Clause 15.

15.2.6 The Buyer will assist the Seller in obtaining from the civil authorities of the Buyer's country those documents that are necessary to permit the Seller Representative to live and work in the Buyer's country.

15.2.7 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(iii) \*\*\*\*\*

15.3 Withdrawal of the Seller Representative

The Seller will have the right to withdraw its assigned Seller Representatives as it sees fit if conditions arise, which are in the Seller's reasonable opinion dangerous to their safety or health or prevent them from fulfilling their contractual tasks.

15.4 Indemnities

INDEMNIFICATION PROVISIONS APPLICABLE TO THIS CLAUSE 15 ARE SET FORTH IN CLAUSE 19.



**SELLER REPRESENTATIVE ALLOCATION**

The Seller Representative allocation provided to the Buyer pursuant to Clause 15.1 is defined hereunder.

1. \*\*\*\*\*
2. \*\*\*\*\*
3. \*\*\*\*\*

**16 – TRAINING SUPPORT AND SERVICES**

16.1 General

16.1.1 This Clause 16 sets forth the terms and conditions for the supply of training support and services for the Buyer’s personnel to support the Aircraft operation.

16.1.2 The range, quantity and validity of training to be \*\*\*\*\* under this Agreement are covered in Appendix A to this Clause 16.

16.1.3 Scheduling of training courses covered in Appendix A to this Clause 16 will be mutually agreed during a training conference (the “**Training Conference**”) that will be held no later than \*\*\*\*\* prior to Delivery of the first Aircraft.

16.2 Training Location

16.2.1 The Seller will provide training at its training center in \*\*\*\*\* (individually a “**Seller’s Training Center**” and collectively the “**Seller’s Training Centers**”).

16.2.2 If the unavailability of facilities or scheduling difficulties make training by the Seller at any Seller’s Training Center impractical, the Seller will ensure that the Buyer is provided with such training at another location designated by the Seller.

16.2.2.1 Upon the Buyer’s request, the Seller may also provide certain training at a location other than the Seller’s Training Centers, including one of the Buyer’s bases, if and when practicable for the Seller, under terms and conditions to be mutually agreed upon. In such event, all additional charges listed in Clauses 16.5.2 and 16.5.3 will be \*\*\*\*\*.

16.2.2.2 If the Buyer requests training at a location as indicated in Clause 16.2.2.1 and requires such training to be an Airbus approved course, the Buyer undertakes that the training facilities will be approved prior to the performance of such training. The Buyer will, as necessary and with adequate time prior to the performance of such training, provide access to the training facilities set forth in Clause 16.2.2.1 to the Seller’s and the competent Aviation Authority’s representatives for approval of such facilities.

16.3 Training Courses

16.3.1 Training courses will be as described in the Seller’s customer services catalog (the “**Seller’s Customer Services Catalog**”). The Seller’s Customer Services Catalog also sets forth the minimum and maximum number of trainees per course.

All training requests or training course changes made outside of the scope of the Training Conference will be submitted by the Buyer with a minimum of \*\*\*\*\* prior notice.

16.3.2 The following terms and conditions will apply to training performed by the Seller:

- (i) Training courses will be the Seller's standard courses as described in the Seller's Customer Services Catalog valid at the time of execution of the course. The Seller will be responsible for all training course syllabi, training aids and training equipment necessary for the organization of the training courses. For the avoidance of doubt, such training equipment does not include provision of aircraft for the purpose of performing training.
- (ii) The training equipment and the training curricula used for the training of flight, cabin and maintenance personnel will not be fully customized but will be configured in order to obtain the relevant Aviation Authority's approval and to support the Seller's training programs.
- (iii) Training data and documentation for trainees receiving the training at the Seller's Training Centers will be \*\*\*\*\*. Training data and documentation will be marked "FOR TRAINING ONLY" and as such are supplied for the sole and express purpose of training; training data and documentation will not be revised.

16.3.3 When the Seller's training courses are provided by the Seller's instructors (individually an "**Instructor**" and collectively "**Instructors**") the Seller will deliver a Certificate of Recognition or a Certificate of Course Completion (each a "**Certificate**") or an attestation (an "**Attestation**"), as applicable, at the end of any such training course. Any such Certificate or Attestation will not represent authority or qualification by any Aviation Authority but may be presented to such Aviation Authority in order to obtain relevant formal qualification.

In the event of training courses being provided by a training provider selected by the Seller as set forth in Clause 16.2.2, the Seller will cause such training provider to deliver e a Certificate or Attestation, which will not represent authority or qualification by any Aviation Authority, but may be presented to such Aviation Authority in order to obtain relevant formal qualification.

16.3.3.1 Should the Buyer wish to exchange any of the training courses provided under Appendix A to this Clause 16, the Buyer will place a request for exchange to this effect with the Seller. The Buyer may exchange, subject to the Seller's confirmation, the \*\*\*\*\* under Appendix A to this Clause 16 as follows:

- (i) flight operations training courses as listed under Article 1 of Appendix A to this Clause 16 may be exchanged for any flight operations training courses described in the Seller's Customer Services Catalog current at the time of the Buyer's request;
- (ii) maintenance training courses as listed under Article 3 of Appendix A to this Clause 16 may be exchanged for any maintenance training courses described in the Seller's Customer Services Catalog current at the time of the Buyer's request;

(iii) should any one of the \*\*\*\*\* thereunder (flight operations or maintenance) have been fully drawn upon, the Buyer will be entitled to exchange for flight operations or maintenance training courses as needed against the remaining allowances.

The exchange value will be based on the Seller's Training Course Exchange Matrix applicable at the time of the request for exchange and which will be provided to the Buyer at such time.

It is understood that the above provisions will apply to the extent that \*\*\*\*\* under Appendix A to this Clause 16 remain available to the full extent necessary to perform the exchange.

All requests to exchange training courses will be submitted by the Buyer with a minimum of \*\*\*\*\* prior notice. The requested training will be subject to the Seller's then existing planning constraints.

16.3.3.2 Should the Buyer use none or only part of the training to be provided pursuant to this Clause 16, no compensation or non-training credit of any nature will be provided.

16.3.3.3 Should the Buyer decide to cancel or reschedule a training course, fully or partially, and irrespective of the location of the training, a minimum advance notification of at least \*\*\*\*\* prior to the relevant training course start date is required.

16.3.3.4 If the notification occurs \*\*\*\*\* prior to such training, \*\*\*\*\* of such training will be, as applicable, either deducted from the training allowance defined in Appendix A to this Clause 16 or invoiced at the Seller's then applicable price.

16.3.3.5 If the notification occurs \*\*\*\*\* prior to such training, a \*\*\*\*\* of such training will be, as applicable, either deducted from the \*\*\*\*\* defined in Appendix A to this Clause 16 or invoiced at the Seller's then applicable price.

16.3.3.6 All courses exchanged under Clause 16.3.3.1 will remain subject to the provisions of this Clause 16.3.3.

16.4 Prerequisites and Conditions

16.4.1 Training will be conducted in English and all training aids used during such training will be written in English using common aeronautical terminology.

16.4.2 The Buyer hereby acknowledges that all training courses conducted pursuant to this Clause 16 are "Standard Transition Training Courses" and not "Ab Initio Training Courses".

16.4.3 Trainees will have the prerequisite knowledge and experience specified for each course in the Seller's Customer Services Catalog.

- 16.4.3.1 The Buyer will be responsible for the selection of the trainees and for any liability with respect to the entry knowledge level of the trainees.
- 16.4.3.2 The Seller reserves the right to verify the trainees' proficiency and previous professional experience.
- 16.4.3.3 The Seller will provide to the Buyer during the Training Conference an Airbus PreTraining Survey for completion by the Buyer for each trainee.
- The Buyer will provide the Seller with an attendance list of the trainees for each course, with the validated qualification of each trainee, at the time of reservation of the training course and in no event any later than \*\*\*\*\* before the start of the training course. The Buyer will return concurrently thereto the completed Airbus Pre-Training Survey, detailing the trainees' associated background. If the Seller determines through the Airbus Pre-Training Survey that a trainee does not match the prerequisites set forth in the Seller's Customer Services Catalog, following consultation with the Buyer, such trainee will be withdrawn from the program or directed through a relevant entry level training (ELT) program, which will be at the Buyer's expense.
- 16.4.3.4 If the Seller determines at any time during the training that a trainee lacks the required level, following consultation with the Buyer, such trainee will be withdrawn from the program or, upon the Buyer's request, the Seller may be consulted to direct the above mentioned trainee(s), if possible, to any other required additional training, which will be at the Buyer's expense.
- 16.4.4 The Seller will in no case warrant or otherwise be held liable for any trainee's performance as a result of any training provided.
- 16.5 Logistics
- 16.5.1 Trainees
- 16.5.1.1 Living and travel expenses for the Buyer's trainees will be \*\*\*\*\*.
- 16.5.1.2 It will be the responsibility of the Buyer to make all necessary arrangements relative to authorizations, permits and/or visas necessary for the Buyer's trainees to attend the training courses to be provided hereunder. Rescheduling or cancellation of courses due to the Buyer's failure to obtain any such authorizations, permits and/or visas will be subject to the provisions of Clauses 16.3.3.3 thru 16.3.3.5.
- 16.5.2 Training at External Location – Seller's Instructors
- 16.5.2.1 In the event of training being provided at the Seller's request at any location other than the Seller's Training Centers, as provided for in Clause 16.2.2, the expenses of the Seller's Instructors will be \*\*\*\*\*.
- 16.5.2.2 In the event of training being provided by the Seller's Instructor(s) at any location other than the Seller's Training Centers at the Buyer's request, the Buyer will

reimburse the Seller for all the expenses related to the assignment of such Seller Instructors and the performance of their duties as aforesaid. Such per diem will include, but will not be limited to, lodging, food and local transportation to and from the place of lodging and the training course location.

16.5.2.3 \*\*\*\*\*  
\*\*\*\*\*

16.5.2.4 \*\*\*\*\*  
\*\*\*\*\*

16.5.2.5 Buyer's Indemnity  
Except in case of gross negligence or willful misconduct of the Seller, the Seller will not be held liable to the Buyer for any delay or cancellation in the performance of any training outside of the Seller's Training Centers associated with any transportation described in this Clause 16.5.2, and the Buyer will indemnify and hold harmless the Seller from any such delay and/or cancellation and any consequences arising therefrom.

16.5.3 Training Material and Equipment Availability – Training at External Location  
Training material and equipment necessary for course performance at any location other than the Seller's Training Centers or the facilities of a training provider selected by the Seller will be provided by the Buyer \*\*\*\*\* in accordance with the Seller's specifications.  
Notwithstanding the foregoing, should the Buyer request the performance of a course at another location as per Clause 16.2.2.1, the Seller may, upon the Buyer's request, provide the training material and equipment necessary for such course's performance. Such provision will be at the Buyer's expense.

16.6 Flight Operations Training  
The Seller will provide training for the Buyer's flight operations personnel as further detailed in Appendix A to this Clause 16, including the courses described in this Clause 16.6.

16.6.1 Flight Crew Training Course  
The Seller will perform a flight crew training course program for the Buyer's flight crews, each of which will consist of two (2) crew members, who will be either captain(s) or first officer(s).

16.6.2 Base Flight Training

- 16.6.2.1 The Buyer will provide at its own cost its delivered Aircraft, or any other aircraft it operates, for any base flight training, which will consist of \*\*\*\*\* per pilot, performed in accordance with the related Airbus training course definition (the “**Base Flight Training**”).
- 16.6.2.2 Should it be necessary to ferry the Buyer’s delivered Aircraft to the location where the Base Flight Training will take place, the additional flight time required for the ferry flight to and/or from the Base Flight Training field will not be deducted from the Base Flight Training time.
- 16.6.2.3 If the Base Flight Training is performed outside of the zone where the Seller usually performs such training, the ferry flight to the location where the Base Flight Training will take place will be performed by a crew composed of the Seller’s and/or the Buyer’s qualified pilots, in accordance with the relevant Aviation Authority’s regulations related to the place of performance of the Base Flight Training.
- 16.6.3 **Flight Crew Line Initial Operating Experience**
- In order to assist the Buyer with initial operating experience after Delivery of the first Aircraft, the Seller will provide to the Buyer pilot Instructor(s) as set forth in Appendix A to this Clause 16.
- Should the Buyer request, subject to the Seller’s consent, such Seller pilot Instructors to perform any other flight support during the flight crew line initial operating period, such as but not limited to line assistance, demonstration flight(s), ferry flight(s) or any flight(s) required by the Buyer during the period of entry into service of the Aircraft, it is understood that such flight(s) will be \*\*\*\*\* set forth in Appendix A to this Clause 16.
- It is hereby understood by the Parties that the Seller’s pilot Instructors will only perform the above flight support services to the extent they bear the relevant qualifications to do so.
- 16.6.4 **Type Specific Cabin Crew Training Course**
- The Seller will provide type specific training for cabin crews at one of the locations defined in Clause 16.2.1.
- If the Buyer’s Aircraft is to incorporate special features, the type specific cabin crew training course will be performed no earlier than \*\*\*\*\* before the scheduled Delivery Date of the Buyer’s first Aircraft.
- 16.6.5 **Training on Aircraft**
- During any and all flights performed in accordance with this Clause 16.6, the Buyer will bear full responsibility for the aircraft upon which the flight is performed, including but not limited to any required maintenance, \*\*\*\*\* in line with Clause 16.13.

The Buyer will assist the Seller, if necessary, in obtaining the validation of the licenses of the Seller's pilots performing Base Flight Training or initial operating experience by the Aviation Authority of the place of registration of the Aircraft.

16.7 Performance / Operations Courses

The Seller will provide performance/operations training for the Buyer's personnel as defined in Appendix A to this Clause 16.

The available courses will be listed in the Seller's Customer Services Catalog current at the time of the course.

16.8 Maintenance Training

16.8.1 The Seller will provide maintenance training for the Buyer's ground personnel as further set forth in Appendix A to this Clause 16.

The available courses will be as listed in the Seller's Customer Services Catalog current at the time of the course.

The practical training provided in the frame of maintenance training will be performed on the training devices in use in the Seller's Training Centers.

16.8.2 Practical Training on Aircraft

Notwithstanding Clause 16.8.1 above, upon the Buyer's request, the Seller may provide Instructors for the performance of practical training on aircraft ("**Practical Training**").

Irrespective of the location at which the training takes place, the Buyer will provide at its own cost an aircraft for the performance of the Practical Training.

Should the Buyer require the Seller's Instructors to provide Practical Training at facilities selected by the Buyer, such training will be subject to prior approval of the facilities by the Seller. All costs related to such Practical Training, including but not limited to the Seller's approval of the facilities, will be borne by the Buyer.

The provision of a Seller Instructor for the Practical Training will be deducted from the trainee days allowance defined in Appendix A to this Clause 16, subject to the conditions detailed in Paragraph 4.4 thereof.

16.9 Supplier and Propulsion System Manufacturer Training

Upon the Buyer's request, the Seller will provide to the Buyer the list of the maintenance and overhaul training courses provided by major Suppliers and the applicable Propulsion System Manufacturer on their respective products.



16.10 Proprietary Rights

All proprietary rights, including but not limited to patent, design and copyrights, relating to the Seller's training data and documentation will remain with the Seller and/or its Affiliates and/or its Suppliers, as the case may be.

These proprietary rights will also apply to any translation into a language or languages or media that may have been performed or caused to be performed by the Buyer.

16.11 Confidentiality

The Seller's training data and documentation are designated as confidential and as such are provided to the Buyer for the sole use of the Buyer, for training of its own personnel, who undertakes not to disclose the content thereof in whole or in part, to any third party without the prior written consent of the Seller, save as permitted herein or otherwise pursuant to any government or legal requirement imposed upon the Buyer.

In the event of the Seller having authorized the disclosure of any training data and documentation to third parties either under this Agreement or by an express prior written authorization, the Buyer will cause such third party to agree to be bound by the same conditions and restrictions as the Buyer with respect to the disclosed training data and documentation and to use such training data and documentation solely for the purpose for which they are provided.

16.12 Transferability

Without prejudice to Clause 21.1, the Buyer's rights under this Clause 16 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller's prior written consent.

16.13 Indemnities and Insurance

INDEMNIFICATION PROVISIONS AND INSURANCE REQUIREMENTS APPLICABLE TO THIS CLAUSE 16 ARE AS SET FORTH IN CLAUSE 19.

THE BUYER WILL PROVIDE THE SELLER WITH AN ADEQUATE INSURANCE CERTIFICATE PRIOR TO ANY TRAINING ON AIRCRAFT.

**APPENDIX A TO CLAUSE 16**

**TRAINING ALLOWANCE**

For the avoidance of doubt, all quantities indicated below are the total quantities \*\*\*\*\* , unless otherwise specified.

The contractual training courses defined in this Appendix A will be provided up to \*\*\*\*\* under this Agreement.

Notwithstanding the above, flight operations training courses \*\*\*\*\* in this Appendix A will be provided by the Seller within a period starting \*\*\*\*\* before and ending six (6) months after Delivery of such Aircraft.

Any deviation to said training delivery schedule will be mutually agreed between the Buyer and the Seller.

**1 FLIGHT OPERATIONS TRAINING**

**1.1 Flight Crew Training (standard transition course)**

The Seller will provide flight crew training (standard transition course) \*\*\*\*\* for \*\*\*\*\* of the Buyer's flight crews \*\*\*\*\* Aircraft as of the date hereof.

**1.2 Flight Crew Line Initial Operating Experience**

The Seller will provide to the Buyer pilot Instructor(s) \*\*\*\*\* for a period of \*\*\*\*\*.

Unless otherwise agreed during the Training Conference, in order to follow the Aircraft Delivery schedule, the maximum number of pilot Instructors present at any one time will be limited to \*\*\*\*\* pilot Instructors.

**1.3 Type Specific Cabin Crew Training Course**

The Seller will provide to the Buyer \*\*\*\*\* type specific training for cabin crews for \*\*\*\*\* of the Buyer's cabin crew instructors, pursers or cabin attendants.

**1.4 Airbus Pilot Instructor Course (APIC)**

The Seller will provide to the Buyer transition Airbus Pilot Instructor Course(s) (APIC), for flight and synthetic instruction, \*\*\*\*\* for \*\*\*\*\* of the Buyer's flight instructors. APIC courses will be performed in groups of \*\*\*\*\* trainees.

**2 PERFORMANCE / OPERATIONS COURSE(S)**

The Seller will provide to the Buyer \*\*\*\*\* trainee days of performance / operations training \*\*\*\*\* for the Buyer's personnel.

**3 MAINTENANCE TRAINING**

3.1 The Seller will provide to the Buyer \*\*\*\*\* trainee days of maintenance training \*\*\*\*\* for the Buyer's personnel.

3.2 The Seller will provide to the Buyer \*\*\*\*\* Engine Run-up courses.

**4 TRAINEE DAYS ACCOUNTING**

Trainee days are counted as follows:

4.1 For instruction at the Seller's Training Centers: one (1) day of instruction for one (1) trainee equals one (1) trainee day. The number of trainees originally registered at the beginning of the course will be counted as the number of trainees to have taken the course.

4.2 For instruction outside of the Seller's Training Centers: one (1) day of instruction by one (1) Seller Instructor equals \*\*\*\*\* trainee days, except for structure maintenance training course(s).

4.3 For structure maintenance training courses outside the Seller's Training Center(s), one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or the minimum number of trainees as indicated in the Seller's Customer Services Catalog.

4.4 For practical training, whether on training devices or on aircraft, one (1) day of instruction by one (1) Seller Instructor equals \*\*\*\*\* trainee days.

**17 – EQUIPMENT SUPPLIER PRODUCT SUPPORT**

17.1 Equipment Supplier Product Support Agreements

17.1.1 The Seller has obtained enforceable and transferable Supplier Product Support Agreements from Suppliers of Supplier Parts, the benefit of which is hereby accepted by the Buyer. Said Supplier Product Support Agreements become enforceable by Buyer from the date of this Agreement and for as long as Buyer is an operator of Airbus aircraft.

17.1.2 These agreements are based on the World Airlines Suppliers Guide, are made available to the Buyer through the SPSA Application, and include Supplier commitments as contained in the Supplier Product Support Agreements which include the following provisions:

17.1.2.1 Technical data and manuals required to operate, maintain, service and overhaul the Supplier Parts will be prepared in accordance with the applicable provisions of ATA Specification including revision service and be published in the English language. The Seller will recommend that a software user guide, where applicable, be supplied in the form of an appendix to the Component Maintenance Manual. Such data will be provided in compliance with the applicable ATA Specification;

17.1.2.2 Warranties and guarantees, including standard warranties. In addition, landing gear Suppliers will provide service life policies for selected structural landing gear elements;

17.1.2.3 Training to ensure efficient operation, maintenance and overhaul of the Supplier Parts for the Buyer's instructors, shop and line service personnel;

17.1.2.4 Spares data in compliance with ATA iSpecification 2200, initial provisioning recommendations, spare parts and logistic service including routine and expedite deliveries;

17.1.2.5 Technical service to assist the Buyer with maintenance, overhaul, repair, operation and inspection of Supplier Parts as well as required tooling and spares provisioning.

17.2 Supplier Compliance

The Seller will monitor Suppliers' compliance with support commitments defined in the Supplier Product Support Agreements and will, if necessary, jointly take remedial action with the Buyer.

17.3 Nothing in this Clause 17 shall be construed to prevent or limit the Buyer from entering into direct negotiations with a Supplier with respect to different or additional terms and conditions applicable to Suppliers Parts selected by the Buyer to be installed on the Aircraft.

Upon the Buyer's request, the Seller will provide the Buyer with Supplier Product Support Agreements familiarization training at the Seller's facilities in Blagnac, France. An on-line training module will be further available through AirbusWorld, access to which will be subject to the GTC.

**18 – BUYER FURNISHED EQUIPMENT**

18.1 Administration

18.1.1 In accordance with the Specification, the Seller will install those items of equipment that are identified in the Specification as being furnished by the Buyer (“**Buyer Furnished Equipment**” or “**BFE**”), provided that the BFE and the supplier of such BFE (the “**BFE Supplier**”) are referred to in the Airbus BFE Product Catalog valid at the time the BFE Supplier is selected.

18.1.2 Notwithstanding the foregoing and without prejudice to Clause 2.4, if the Buyer wishes to install BFE manufactured by a supplier who is not referred to in the Airbus BFE Product Catalog, the Buyer will so inform the Seller and the Seller will conduct a feasibility study of the Buyer’s request, in order to consider approving such supplier, provided that such request is compatible with the Seller’s industrial planning and the associated Scheduled Delivery Month for the Buyer’s Aircraft. In addition, it is a prerequisite to such approval that the considered supplier be qualified by the Seller’s Aviation Authorities to produce equipment for installation on civil aircraft. Any approval of a supplier by the Seller under this Clause 18.1.2 will be \*\*\*\*\*. The Buyer will cause any BFE supplier approved under this Clause 18.1.2 (each an “**Approved BFE Supplier**”) to comply with the conditions set forth in this Clause 18 and specifically Clause 18.2.

Except for the specific purposes of this Clause 18.1.2, the term “**BFE Supplier**” will be deemed to include Approved BFE Suppliers.

18.1.3 The Seller will advise the Buyer of the dates by which, in the planned release of engineering for the Aircraft, the Seller requires from each BFE Supplier a written detailed engineering definition encompassing a Declaration of Design and Performance (the “**BFE Engineering Definition**”). The Seller will reasonably provide to the Buyer and/or the BFE Supplier(s), the interface documentation necessary for development of the BFE Engineering Definition.

The BFE Engineering Definition will include the description of the dimensions and weight of BFE, the information related to its certification and the information necessary for the installation and operation thereof, including when applicable 3D models compatible with the Seller’s systems. The Buyer will furnish, or cause the BFE Suppliers to furnish, the BFE Engineering Definition by the dates advised by the Seller pursuant to the preceding paragraph after which the BFE Engineering Definition will not be revised, except through an SCN executed in accordance with Clause 2.

18.1.4 The Seller will also provide in due time to the Buyer a schedule of dates and the shipping addresses for delivery of the BFE and, where requested by the Seller, additional spare BFE to permit installation in the Aircraft in a timely manner. The Buyer will provide, or cause the BFE Suppliers to provide, the BFE by such dates in a serviceable condition. The Buyer will, upon the Seller’s request, provide to the Seller dates and references of all BFE purchase orders placed by the Buyer.

The Buyer will also provide, when requested by the Seller, at Airbus Operations S.A.S. in Toulouse, France, and/or at Airbus Operations GmbH, Division Hamburger Flugzeugbau in Hamburg, Germany, adequate field service including support from BFE Suppliers to act in a technical advisory capacity to the Seller in the installation, calibration and possible repair of a BFE.

18.1.5

Without prejudice to the Buyer's obligations hereunder, in order to facilitate the development of the BFE Engineering Definition, the Seller will organize meetings between the Buyer and BFE Suppliers. The Buyer hereby agrees to participate in such meetings and to provide adequate technical and engineering expertise to reach decisions within a timeframe specified by the Seller.

In addition, prior to Delivery of the Aircraft to the Buyer, the Buyer agrees:

- (i) to monitor the BFE Suppliers and ensure that they will enable the Buyer to fulfil its obligations, including but not limited to those set forth in the Customization Milestone Chart;
- (ii) that, should a timeframe, quality or other type of risk be identified at a given BFE Supplier, the Buyer will allocate resources to such BFE Supplier so as not to jeopardize the industrial schedule of the Aircraft;
- (iii) for major BFE, including, but not being limited to, seats, galleys and IFE ("**Major BFE**") to participate on a mandatory basis in the specific meetings that take place between BFE Supplier selection and BFE delivery, namely:
  - (a) Preliminary Design Review ("**PDR**"),
  - (b) Critical Design Review ("**CDR**");
- (iv) to attend the First Article Inspection ("**FAI**") for the first shipset of all Major BFE. Should the Buyer not attend such FAI, the Buyer will delegate the FAI to the BFE Supplier thereof and confirmation thereof will be supplied to the Seller in writing;
- (v) to attend the Source Inspection ("**SI**") that takes place at the BFE Supplier's premises prior to shipping, for each shipset of all Major BFE. Should the Buyer not attend such SI, the Buyer will delegate the SI to the BFE Supplier and confirmation thereof will be supplied to the Seller in writing. Should the Buyer not attend the SI, the Buyer will be deemed to have accepted the conclusions of the BFE Supplier with respect to such SI.

The Seller will be entitled to attend the PDR, the CDR and the FAI. In doing so, the Seller's employees will be acting in an advisory capacity only and at no time will they be deemed to be acting as Buyer's employees or agents, either directly or indirectly.

18.1.6

The BFE will be imported into France or into Germany by the Buyer under a suspensive customs system (Régime de l'entrepôt douanier ou régime de

perfectionnement actif or Zollverschluss) without application of any French or German tax or customs duty, and will be delivered on a DDU basis, to the following shipping addresses:

Airbus Operations S.A.S.  
316 Route de Bayonne  
31300 Toulouse  
France

or

Airbus Operations GmbH  
Kreetslag 10  
21129 Hamburg  
Germany

Or such other location as may be specified by the Seller.

18.2

#### Applicable Requirements

The Buyer is responsible for ensuring, at its expense, and warrants that the BFE will:

- (i) be manufactured by either a BFE Supplier referred to in the Airbus BFE Product Catalog or an Approved BFE Supplier, and
- (ii) meet the requirements of the applicable Specification of the Aircraft, and
- (iii) be delivered with the relevant certification documentation, including but not limited to the DDP, and
- (iv) comply with the BFE Engineering Definition, and
- (v) comply with applicable requirements incorporated by reference to the Type Certificate and listed in the Type Certificate Data Sheet, and
- (vi) be approved by the Aviation Authority issuing the Export Certificate of Airworthiness and by the Buyer's Aviation Authority for installation and use on the Aircraft at the time of Delivery of the Aircraft, and
- (vii) not infringe any patent, copyright or other intellectual property right of the Seller or any third party, and
- (viii) not be subject to any legal obligation or other encumbrance that may prevent, hinder or delay the installation of the BFE in the Aircraft and/or the Delivery of the Aircraft.



The Seller will be entitled to refuse any item of BFE that it considers incompatible with the Specification, the BFE Engineering Definition or the certification requirements.

18.3 Buyer's Obligation and Seller's Remedies

18.3.1 Any delay or failure by the Buyer or the BFE Suppliers in:

- (i) complying with the foregoing warranty or in providing the BFE Engineering Definition or field service mentioned in Clause 18.1.4, or
- (ii) furnishing the BFE in a serviceable condition at the requested delivery date, or
- (iii) obtaining any required approval for such BFE equipment under the above mentioned Aviation Authorities' regulations,

may delay the performance of any act to be performed by the Seller, including Delivery of the Aircraft. The Seller will not be responsible for such delay which will cause the Final Price of the affected Aircraft to be adjusted in accordance with the updated delivery schedule and to include in particular the amount of the Seller's additional costs attributable to such delay or failure by the Buyer or the BFE Suppliers, such as storage, taxes, insurance and costs of out-of sequence installation.

18.3.2 In addition, in the event of any delay or failure mentioned in 18.3.1 above, the Seller may:

- (i) select, purchase and install equipment similar to the BFE at issue, in which event the Final Price of the affected Aircraft will also be increased by the purchase price of such equipment plus reasonable costs and expenses incurred by the Seller for handling charges, transportation, insurance, packaging and, if so required and not already provided for in the Final Price of the Aircraft, for adjustment and calibration; or
- (ii) if the BFE is delayed by more than ten (10) days beyond, or is not approved within ten (10) days of the dates specified in Clause 18.1.4, deliver the Aircraft without the installation of such BFE, notwithstanding applicable terms of Clauses 7 and 8, and the Seller will thereupon be relieved of all obligations to install such equipment.

18.4 Title and Risk of Loss

Title to and risk of loss of any BFE will at all times remain with the Buyer except that risk of loss (limited to cost of replacement of said BFE) will be with the Seller for as long as such BFE is under the care, custody and control of the Seller.

18.5 Disposition of BFE Following Termination

- 18.5.1 \*\*\*\*\*
- 18.5.2 The Buyer will cooperate with the Seller in facilitating the sale of BFE pursuant to Clause 18.5.1 and will be responsible for all costs incurred by the Seller in removing and facilitating the sale of such BFE. The Buyer will \*\*\*\*\*
- 18.5.3 The Seller will notify the Buyer as to those items of BFE not sold by the Seller pursuant to Clause 18.5.1 above and, at the Seller's request, the Buyer will undertake to remove such items from the Seller's facility within \*\*\*\*\* of the date of such notice. The Buyer will have no claim against the Seller for damage, loss or destruction of any item of BFE removed from the Aircraft and not removed from Seller's facility within such period.
- 18.5.4 The Buyer will have no claim against the Seller for damage to or destruction of any item of BFE damaged or destroyed in the process of being removed from the Aircraft, provided that the Seller will use reasonable care in such removal.
- 18.5.5 The Buyer will grant the Seller title to any BFE items that cannot be removed from the Aircraft without causing damage to the Aircraft or rendering any system in the Aircraft unusable.

**INDEMNITIES AND INSURANCE**

The Seller and the Buyer will each be liable for Losses (as defined below) arising from the acts or omissions of their respective directors, officers, agents or employees occurring during or incidental to such party's exercise of its rights and performance of its obligations under this Agreement, except as provided in Clauses 19.1 and 19.2.

## 19.1 Seller's Indemnities

The Seller will, except in the case of gross negligence or wilful misconduct of the Buyer, its directors, officers, agents and/or employees, be solely liable for and will indemnify and hold the Buyer, its Affiliates and each of their respective directors, officers, agents, employees and insurers harmless against all losses, liabilities, claims, damages, costs and expenses, including court costs and reasonable attorneys' fees ("**Losses**"), arising from:

- (i) claims for injuries to, or death of, the Seller's directors, officers, agents or employees, or loss of, or damage to, property of the Seller or its employees when such Losses occur during or are incidental to either party's exercise of any right or performance of any obligation under this Agreement, and
- (ii) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to the Technical Acceptance Flights.

## 19.2 Buyer's Indemnities

The Buyer will, except in the case of gross negligence or wilful misconduct of the Seller, its directors, officers, agents and/or employees, be solely liable for and will indemnify and hold the Seller, its Affiliates, its subcontractors, and each of their respective directors, officers, agents, employees and insurers, harmless against all Losses arising from:

- (i) claims for injuries to, or death of, the Buyer's directors, officers, agents or employees, or loss of, or damage to, property of the Buyer or its employees, when such Losses occur during or are incidental to either party's exercise of any right or performance of any obligation under this Agreement, and
- (ii) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to (a) the provision of Seller Representatives services under Clause 15 including services performed on board the aircraft or (b) the provision of Aircraft Training Services to the Buyer.

19.3 Notice and Defense of Claims

If any claim is made or suit is brought against a party or entity entitled to indemnification under this Clause 19 (the “**Indemnitee**”) for damages for which liability has been assumed by the other party under this Clause 19 (the “**Indemnitor**”), the Indemnitee will promptly give notice to the Indemnitor and the Indemnitor (unless otherwise requested by the Indemnitee) will assume and conduct the defense, or settlement, of such claim or suit, as the Indemnitor will deem prudent. Notice of the claim or suit will be accompanied by all information pertinent to the matter as is reasonably available to the Indemnitee and will be followed by such cooperation by the Indemnitee as the Indemnitor or its counsel may reasonably request, at the expense of the Indemnitor.

\*\*\*\*\*

19.4 Insurance

19.4.1 For all Aircraft Training Services, to the extent of the Buyer’s undertaking set forth in Clause 19.2, the Buyer will:

- (i) cause the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents and employees to be named as additional insured under the Buyer’s Comprehensive Aviation Legal Liability insurance policies, including War Risks and Allied Perils (such insurance to include the AVN 52E Extended Coverage Endorsement Aviation Liabilities or any further Endorsement replacing AVN 52E as may be available as well as any excess coverage in respect of War and Allied Perils Third Parties Legal Liabilities Insurance), and
- (ii) with respect to the Buyer’s Hull All Risks and Hull War Risks insurances and Allied Perils, cause the insurers of the Buyer’s hull insurance policies to waive all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers.

19.4.2 Any applicable deductible will be borne by the Buyer. The Buyer will furnish to the Seller, not less than seven (7) Business Days prior to the start of any Aircraft Training Services, certificates of insurance, in English, evidencing the limits of liability cover and period of insurance coverage in a form acceptable to the Seller from the Buyer’s insurance broker(s), certifying that such policies have been endorsed as follows:

- (i) under the Comprehensive Aviation Legal Liability Insurances, the Buyer’s policies are primary and non-contributory to any insurance maintained by the Seller,

- (ii) such insurance can only be cancelled or materially altered by the giving of not less than \*\*\*\*\* (but \*\*\*\*\* or such lesser period as may be customarily available in respect of War Risks and Allied Perils) prior written notice thereof to the Seller, and
- (iii) under any such cover, all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers have been waived.

20 – **TERMINATION**

20.1 Termination Events

Each of the following will constitute a “**Termination Event**”

- (1) \*\*\*\*\*
- (2) \*\*\*\*\*
- (3) \*\*\*\*\*
- (4) \*\*\*\*\*
- (5) \*\*\*\*\*
- (6) \*\*\*\*\*
- (7) \*\*\*\*\*
- (8) \*\*\*\*\*
- (9) \*\*\*\*\*
- (10) \*\*\*\*\*
- (11) \*\*\*\*\*

20.2 Remedies in Event, of Termination

20.2.1 \*\*\*\*\*

- A. \*\*\*\*\*
- B. \*\*\*\*\*
- C. \*\*\*\*\*
- D. \*\*\*\*\*

20.2.2 \*\*\*\*\*

- A. \*\*\*\*\*
- B. \*\*\*\*\*
- C. \*\*\*\*\*

20.2.3 \*\*\*\*\*

- A. \*\*\*\*\*
  - i. \*\*\*\*\*

- ii. \*\*\*\*\*
- iii. \*\*\*\*\*
- iv. \*\*\*\*\*
- v. \*\*\*\*\*
- vi. \*\*\*\*\*
- vii. \*\*\*\*\*

B. \*\*\*\*\*

20.2.4 The parties to this Agreement are commercially sophisticated parties acting within the same industry, and represented by competent counsel and the parties expressly agree and declare as follows:

A. \*\*\*\*\*;

B. \*\*\*\*\*

C. \*\*\*\*\*

20.3 Definitions

\*\*\*\*\*

i. \*\*\*\*\*

ii. \*\*\*\*\*

iii. \*\*\*\*\*.

20.4 Notice of Termination Event

Within \*\*\*\*\* of becoming aware of the occurrence of a Termination Event by the Buyer, the Buyer will notify the Seller of such occurrence in writing, provided, that any failure by the Buyer to notify the Seller will not prejudice the Seller's rights or remedies hereunder.

20.5 Information Covenants

The Buyer hereby covenants and agrees that, from the date of this Agreement until no further Aircraft are to be delivered hereunder, the Buyer will furnish or cause to be furnished to the Seller the following:

a. \*\*\*\*\*

- b. \*\*\*\*\*
- c. \*\*\*\*\*
- d. \*\*\*\*\*
- e. \*\*\*\*\*

For the purposes of this Clause 20, (x) an “Authorized Officer” of the Buyer will mean the Chief Executive Officer, the Chief Financial Officer or any Vice President and above who reports directly or indirectly to the Chief Financial Officer and (y) “Subsidiaries” will mean, as of any date of determination, those companies owned by the Buyer whose financial results the Buyer is required to include in its statements of consolidated operations and consolidated balance sheets.

20.6 Nothing contained in this Clause 20 will be deemed to waive or limit the Seller’s rights or ability to request adequate assurance under Article 2, Section 609 of the Uniform Commercial Code (the “UCC”). It is further understood that any commitment of the Seller or the Propulsion Systems manufacturer to provide financing to the Buyer shall not constitute adequate assurance under Article 2, Section 609 of the UCC.



**21 – ASSIGNMENTS AND TRANSFERS**

21.1 Assignments

Except as hereinafter provided, neither party may sell, assign, novate or transfer its rights or obligations under this Agreement to any person without the prior written consent of the other, except that the Seller may sell, assign, novate or transfer its rights or obligations under this Agreement to any Affiliate without the Buyer's consent.

21.2 Assignments on Sale, Merger or Consolidation

The Buyer will be entitled to assign its rights under this Agreement at any time due to a merger, consolidation or a sale of all or substantially all of its assets, provided the Buyer first obtains the written consent of the Seller. The Buyer will provide the Seller with no less than 90 days notice if the Buyer wishes the Seller to provide such consent. The Seller will provide its consent if:

- (i) the surviving or acquiring entity is organized and existing under the laws of the United States;
- (ii) the surviving or acquiring entity has executed an assumption agreement, in form and substance reasonably acceptable to the Seller, agreeing to assume all of the Buyer's obligations under this Agreement;
- (iii) at the time, and immediately following the consummation, of the merger, consolidation or sale, no Termination Event exists or will have occurred and be continuing;
- (iv) there exists with respect to the surviving or acquiring entity no basis for a Termination Event;
- (v) the surviving or acquiring entity is an air carrier holding an operating certificate issued by the FAA at the time, and immediately following the consummation, of such sale, merger or consolidation; and
- (vi) \*\*\*\*\*

21.3 Designations by Seller

The Seller may at any time by notice to the Buyer designate facilities or personnel of the Seller or any other Affiliate of the Seller at which or by whom the services to be performed under this Agreement will be performed. Notwithstanding such designation, the Seller will remain ultimately responsible for fulfilment of all obligations undertaken by the Seller in this Agreement.

In the event that the Seller is subject to a corporate restructuring having as its object the transfer of, or succession by operation of law in, all or a substantial part of its assets and liabilities, rights and obligations, including those existing under this Agreement, to a person (the "**Successor**") that is an Affiliate of the Seller at the time of that restructuring, for the purpose of the Successor carrying on the business carried on by the Seller at the time of the restructuring, such restructuring will be completed without consent of the Buyer following notification by the Seller to the Buyer in writing. The Buyer recognizes that succession of the Successor to the Agreement by operation of law that is valid under the law pursuant to which that succession occurs will be binding upon the Buyer.

22 – MISCELLANEOUS PROVISIONS

22.1 Data Retrieval

On the Seller's reasonable request no more frequently than \*\*\*\*\*, the Buyer will provide the Seller with all the necessary data, as customarily compiled by the Buyer and pertaining to the operation of the Aircraft, to assist the Seller in making an efficient and coordinated survey of all reliability, maintenance, operational and cost data with a view to monitoring the efficient and cost effective operations of the Airbus fleet worldwide

22.2 Notices

All notices, requests and other communications required or authorized hereunder will be given in writing either by personal delivery to a authorized officer of the party to whom the same is given or by commercial courier, certified air mail (return receipt requested) or facsimile at the addresses and numbers set forth below. The date on which any such notice or request is received (or delivery is refused), will be deemed to be the effective date of such notice or request.

The Seller will be addressed at:

Airbus S.A.S.  
Attention: Senior Vice President Contracts  
1, Rond Point Maurice Bellonte  
31707 Blagnac Cedex,  
France

Telephone: \*\*\*\*\*  
Facsimile: \*\*\*\*\*

The Buyer will be addressed at:

Republic Airways Holdings Inc.  
8909 Purdue Road Suite 300  
Indianapolis, Indiana 46268  
Attention: President

Telephone: \*\*\*\*\*  
Facsimile: \*\*\*\*\*

From time to time, the party receiving the notice or request may designate another address or another person.

22.3 Waiver

The failure of either party to enforce at any time any of the provisions of this Agreement, to exercise any right herein provided or to require at any time performance by the other party of any of the provisions hereof will in no way be construed to be a present or future waiver of such provisions nor in any way to affect the validity of this Agreement or any part hereof or the right of the other party thereafter to enforce each and every such provision. The express waiver by either party of any provision, condition or requirement of this Agreement will not constitute a waiver of any future obligation to comply with such provision, condition or requirement.

22.4 International Supply Contract

The Buyer and the Seller recognize that this Agreement is an international supply contract which has been the subject of discussion and negotiation, that all its terms and conditions are fully understood by the parties, and that the Specification and price of the Aircraft and the other mutual agreements of the parties set forth herein were arrived at in consideration of, inter alia, all provisions hereof specifically including all waivers, releases and remunerations by the Buyer set out herein.

22.5 Certain Representations of the Parties

22.5.1 Buyer's Representations

The Buyer represents and warrants to the Seller:

- (i) the Buyer is a corporation organized and existing in good standing under the laws of the State of Delaware and has the corporate power and authority to enter into and perform its obligations under this Agreement;
- (ii) neither the execution and delivery by the Buyer of this Agreement, nor the consummation of any of the transactions by the Buyer contemplated thereby, nor the performance by the Buyer of the obligations thereunder, constitutes a breach of any agreement to which the Buyer is a party or by which its assets are bound;
- (iii) this Agreement has been duly authorized, executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer enforceable against the Buyer in accordance with its terms.

22.5.2 Seller's Representations

The Seller represents and warrants to the Buyer:

- (i) the Seller is organized and existing in good standing under the laws of the Republic of France and has the corporate power and authority to enter into and perform its obligations under the Agreement;

- (ii) neither the execution and delivery by the Seller of this Agreement, nor the consummation of any of the transactions by the Seller contemplated thereby, nor the performance by the Seller of the obligations thereunder, constitutes a breach of any agreement to which the Seller is a party or by which its assets are bound;
- (iii) this Agreement has been duly authorized, executed and delivered by the Seller and constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms.

22.6 Interpretation and Law

22.6.1 THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF WILL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

Each of the Seller and the Buyer (i) hereby irrevocably submits itself to the nonexclusive jurisdiction of the courts of the state of New York, New York County, and of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defense based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

THE PARTIES HEREBY ALSO AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS WILL NOT APPLY TO THIS TRANSACTION.

22.6.2 Service of process in any suit, action or proceeding in respect of any matter as to which the Seller or the Buyer has submitted to jurisdiction under Clause 22.6 may be made (i) on the Seller by delivery of the same personally or by dispatching the same via Federal Express, UPS, or similar international air courier service prepaid to, CT Corporation, New York City offices as agent for the Seller, it being agreed that service upon CT Corporation will constitute valid service upon the Seller or by any other method authorized by the laws of the State of New York, and (ii) on the Buyer by delivery of the same personally or by dispatching the same by Federal Express, UPS, or similar international air courier service prepaid, return receipt requested to its address for notices designated pursuant to Clause 22.2, or by any other method authorized by the laws of the State of New York; provided in each case that failure to deliver or mail

such copy will not affect the validity or effectiveness of the service of process made as aforesaid.

22.7 Headings

All headings in this Agreement are for convenience of reference only and do not constitute a part of this Agreement.

22.8 Waiver of Jury Trial

EACH OF THE PARTIES HERETO WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM OR CROSS-CLAIM THEREIN.

22.9 Waiver of Consequential Damages

In no circumstances shall either party claim or receive incidental (other than as provided in Clause 20) or consequential damages under this Agreement.

22.10 No Representations Outside of this Agreement

The parties declare that, prior to the execution of this Agreement, they, with the advice of their respective counsel, apprised themselves of sufficient relevant data in order that they might intelligently exercise their own judgments in deciding whether to execute this Agreement and in deciding on the contents of this Agreement. Each party further declares that its decision to execute this Agreement is not predicated on or influenced by any declarations or representations by any other person, party, or any predecessors in interest, successors, assigns, officers, directors, employees, agents or attorneys of any said person or party, except as set forth in this Agreement. This Agreement resulted from negotiation involving counsel for all of the parties hereto and no term herein will be construed or interpreted against any party under the contra proferentum or any related doctrine.

22.11 Confidentiality

Subject to any legal or governmental requirements of disclosure (whether imposed by applicable law, court order otherwise), the parties (which for this purpose will include their employees and legal counsel) will maintain the terms and conditions of this Agreement and any reports or other data furnished hereunder strictly confidential, including but not limited to, the Aircraft pricing and all confidential, proprietary or trade secret information contained in any reports or other data furnished to it by the other party hereunder (the "**Confidential Information**"), provided that disclosure may be made to each party's respective accountants and lawyers so long as such accountants and lawyers have agreed to maintain the Confidential Information as strictly confidential. To the extent the Buyer furnishes any Confidential Information to its accountants or lawyers in accordance with this Clause 22.11, the Buyer agrees that it shall be liable to the Seller for damages resulting from unauthorized disclosures of Confidential Information by such parties. Without limiting the generality of the

foregoing, the Buyer and the Seller will use their best efforts to limit the disclosure of the contents of this Agreement to the extent legally permissible in (i) any filing required to be made by the Buyer or the Seller with any governmental agency and will make such applications as will be necessary to implement the foregoing, and (ii) any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto. With respect to any public disclosure or filing, each party agrees to submit to the other a copy of the proposed document to be filed or disclosed and will give the other party a reasonable period of time in which to review said document. The Buyer and the Seller will consult with each other prior to the making of any public disclosure or filing, permitted hereunder, of this Agreement or the terms and conditions thereof.

The provisions of this Clause 22.11 will survive any termination of this Agreement.

22.12 Severability

If any provision of this Agreement should for any reason be held ineffective, the remainder of this Agreement will remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law that renders any provision of this Agreement prohibited or unenforceable in any respect.

22.13 Entire Agreement

This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any previous understanding, commitments or representations whatsoever, whether oral or written. This Agreement will not be amended or modified except by an instrument in writing of even date herewith or subsequent hereto executed by both parties or by their fully authorized representatives.

22.14 Inconsistencies

In the event of any inconsistency between the terms of this Agreement and the terms contained in either (i) the Specification, or (ii) any other Exhibit, in each such case the terms of this Agreement will prevail over the terms of the Specification or any other Exhibit. For the purpose of this Clause 22.14, the term Agreement will not include the Specification or any other Exhibit hereto.

22.15 Language

All correspondence, documents and any other written matters in connection with this Agreement will be in English.

22.16 Counterparts

This Agreement has been executed in two (2) original copies.

Notwithstanding the foregoing, this Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an

---

original, but all such counterparts will together constitute but one and the same instrument.



IN WITNESS WHEREOF, this A320 Family Aircraft Purchase Agreement was entered into as of the day and year first above written.

AIRBUS S.A.S.

By: /s/ Patrick de Castelbajac

Title: Vice President Contracts

REPUBLIC AIRWAYS HOLDINGS INC.

By: /s/ Bryan Bedford

Title: President

Purchase Agreement SigPage

---

**EXHIBIT A-1**

**A320 SPECIFICATION**

**\*\*\*\*\***

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

---

**EXHIBIT A-2**

**A319 SPECIFICATION**

**\*\*\*\*\***

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

**FORM OF  
SPECIFICATION CHANGE NOTICE**

EXH B-1 -1

[LOGO]

For

**SPECIFICATION CHANGE NOTICE**

SCN Number

Issue

Dated

Page

(SCN)

**Title:**

**Description:**

**Remarks/References**

**Specification changed by this SCN**

**This SCN requires prior or concurrent acceptance of the following SCN(s):**

**Price per aircraft**

US DOLLARS:

AT DELIVERY CONDITIONS:

This change will be effective on

AIRCRAFT No. and subsequent.

Provided approval is received by

**Buyer approval**

**Seller approval**

By:

By:

Date:

Date:

[LOGO]

For

**SPECIFICATION CHANGE NOTICE**

SCN Number

Issue

(SCN)

Dated

Page

**Specification repercussion:**

After contractual agreement with respect to weight, performance, delivery, etc, the indicated part of the specification wording will read as follows:

EXH B-1 -3



**[LOGO]**

For

**SPECIFICATION CHANGE NOTICE**

SCN Number

Issue

Dated

Page

**(SCN)**

**Scope of change (FOR INFORMATION ONLY)**

EXH B-1 -4

**AIRBUS**

**Airline**

**MANUFACTURER'S SPECIFICATION CHANGE NOTICE**

MSCN Number

Issue

Dated

Page

1 of 3

**(MSCN)**

**Title:**

**Description:**

**Effect on weight**

Manufacturer's Weight Empty Change:

Operational Weight Empty Change:

Allowable Payload Change:

**Remarks/References**

**Specification changed by this MSCN**

**Price per aircraft**

US DOLLARS:

AT DELIVERY CONDITIONS:

This change will be effective on                      AIRCRAFT No.    and subsequent.

Provided MSCN is not rejected by

**Buyer Approval**

**Seller Approval**

By:

By:

Date:

Date:

**AIRBUS**

**Airline**

**MANUFACTURER'S SPECIFICATION CHANGE NOTICE**

MSCN Number

Issue

Dated

Page

2 of 3

**(MSCN)**

**Specification repercussion:**

After contractual agreement with respect to weight, performance, delivery, etc, the indicated part of the specification wording will read as follows:

**AIRBUS**

**Airline**

**MANUFACTURER'S SPECIFICATION CHANGE NOTICE**

MSCN Number

Issue

Dated

Page

3 of 3

**(MSCN)**

**Scope of change (FOR INFORMATION ONLY)**

**PART 1**     **SELLER PRICE REVISION FORMULA**

**1**            **BASE PRICE**

The Base Price of the A320 Airframe quoted in Clause 3.1.1.1 of the Agreement, \*\*\*\*\* (each a, “**Base Price**”), if applicable, are subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics, and in accordance with the provisions hereof.

**2**            **BASE PERIOD**

Each Base Price has been established in accordance with the average economic conditions prevailing in \*\*\*\*\* as defined by “ECIb” and “ICb” index values indicated hereafter.

**3**            **INDEXES**

Labor Index: “Employment Cost Index for Workers in Aerospace manufacturing” hereinafter referred to as “ECI336411W”, quarterly published by the US Department of Labor, Bureau of Labor Statistics, in “NEWS”, and found in Table 9, “WAGES and SALARIES (not seasonally adjusted): Employment Cost Indexes for Wages and Salaries for private industry workers by industry and occupational group”, or such other name that may be from time to time used for the publication title and/or table, (Aircraft manufacturing, NAICS Code 336411, base month and year December 2005 = 100).

The quarterly value released for a certain month (March, June, September and December) shall be the one deemed to apply for the two preceding months.

Index code for access on the Web site of the US Bureau of Labor Statistics: CIU2023211000000I.

Material Index: “Industrial Commodities” (hereinafter referred to as “IC”) as published in “PPI Detailed Report” (found in Table 6. “Producer price indexes and percent changes for commodity and service groupings and individual items not seasonally adjusted” or such other names that may be from time to time used for the publication title and/or table). (Base Year 1982 = 100).

Index for access on the Web site of the US Bureau of Labor Statistics: WPU03THRU15.

**4 REVISION FORMULA**

\*\*\*\*\*

**5 GENERAL PROVISIONS****5.1 Roundings**

The Labor Index average and the Material Index average shall be computed to the first decimal. If the next succeeding place is five (5) or more, the preceding decimal place shall be raised to the next higher figure.

Each quotient (\*\*\*\*\*) and (\*\*\*\*\*) shall be rounded to the nearest ten-thousandth (4 decimals). If the next succeeding place is five (5) or more, the preceding decimal place shall be raised to the next higher figure.

The final factor shall be rounded to the nearest ten-thousandth (4 decimals).

The final price shall be rounded to the nearest whole number (0.5 or more rounded to 1).

**5.2 Substitution of Indexes for Seller Price Revision Formula**

If:

- (i) the United States Department of Labor substantially revises the methodology of calculation of the Labor Index or the Material Index as used in the Seller Price Revision Formula, or
- (ii) the United States Department of Labor discontinues, either temporarily or permanently, such Labor Index or such Material Index, or
- (iii) the data samples used to calculate such Labor Index or such Material Index are substantially changed;

the Seller shall select a substitute index for inclusion in the Seller Price Revision Formula (the “**Substitute Index**”).

The Substitute Index shall reflect as closely as possible the actual variance of the Labor Costs or of the material costs used in the calculation of the original Labor Index or Material Index as the case may be.

As a result of the selection of the Substitute Index, the Seller shall make an appropriate adjustment to the Seller Price Revision Formula to combine the successive utilization of the original Labor Index or Material Index (as the case may be) and of the Substitute Index.

5.3 **Final Index Values**

The Index values as defined in Clause 4 above shall be considered final and no further adjustment to the base prices as revised at Delivery of the Aircraft shall be made after Aircraft Delivery for any subsequent changes in the published Index values.

5.4 \*\*\*\*\*

\*\*\*\*\*

**PART 2**     **PROPULSION SYSTEM PRICE REVISION FORMULA**  
**CFM INTERNATIONAL**

**1**            **REFERENCE PRICE OF THE PROPULSION SYSTEM**

The “**Reference Price**” (as such term is used in this Exhibit C Part 2) of a set of two (2) CFM International A320 LEAP-X Engines is \*\*\*\*\*.

The Reference Price is subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics and in accordance with the provisions of this Exhibit C Part 2.

**2**            **REFERENCE PERIOD**

The Reference Price has been established in accordance with the economic conditions prevailing for \*\*\*\*\* as defined by CFM International by the Reference \*\*\*\*\*.

**3**            **INDEXES**

Labor Index: “Employment Cost Index for Workers in Aerospace manufacturing” hereinafter referred to as “ECI336411W”, quarterly published by the US Department of Labor, Bureau of Labor Statistics, in “NEWS”, and found in: Table 9, “WAGES and SALARIES (not seasonally adjusted): Employment Cost Indexes for Wages and Salaries for private industry workers by industry and occupational group”, or such other name that may be from time to time used for the publication title and/or table, (Aircraft manufacturing, NAICS Code 336411, base month and year December 2005 = 100, \*\*\*\*\*).

The quarterly value released for a certain month (March, June, September and December) will be the one deemed to apply for the two (2) preceding months.

Index code for access on the Web site of the US Bureau of Labor Statistics: CIU2023211000000I.

Material Index: “Industrial Commodities” (hereinafter referred to as “IC”) as published in “PPI detailed report” (found in Table 6. “Producer price indexes and percent changes for commodity groupings and individual items not seasonally adjusted” or such other names that may be from time to time used for the publication title and/or table). (Base Year 1982 = 100).

Index code for access on the Web site of the US Bureau of Labor Statistics: WPU03THRU15.

**4**            **REVISION FORMULA**

\*\*\*\*\*



**5 GENERAL PROVISIONS****5.1 Roundings**

- (i) The Material Index average (\*\*\*\*\*) will be rounded to the nearest second decimal place and the Labor Index average (\*\*\*\*\*) will be rounded to the nearest first decimal place.
- (ii) \*\*\*\*\*) will be rounded to the nearest second decimal place.
- (iii) The final factor (\*\*\*\*\*) will be rounded to the nearest fourth decimal place. If the next succeeding place is five (5) or more, the preceding decimal place will be raised to the next higher figure.
- (iv) After final computation, \*\*\*\*\*) will be rounded to the nearest whole number (0.5 rounds to 1).

**5.2 Final Index Values**

The revised LEAP-X Reference Price at the date of Aircraft delivery will not be subject to any further adjustment in the indexes.

**5.3 Interruption of Index Publication**

If the US Department of Labor substantially revises the methodology of calculation or discontinues any of the indexes referred to hereabove, the Seller will reflect the substitute for the revised or discontinued index selected by CFM International, such substitute index to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original index as it may have fluctuated had it not been revised or discontinued.

Appropriate revision of the formula will be made to accomplish this result.

**5.4 Annulment of the Formula**

Should the above \*\*\*\*\*) provisions become null and void by action of the US Government, the LEAP-X Reference Price will be adjusted due to increases in the costs of labor and material which have occurred from the period represented by the applicable Reference \*\*\*\*\*) to the \*\*\*\*\*) prior to the scheduled month of Aircraft delivery.

5.5 \*\*\*\*\*)

\*\*\*\*\*)

CERTIFICATE OF ACCEPTANCE

In accordance with the terms of Clause 8.3 of the Purchase Agreement dated [day] [month] 2011 and made between Republic Airways Holdings Inc. (the "Customer") and Airbus S.A.S. as amended and supplemented from time to time (the "Purchase Agreement"), the technical acceptance tests relating to one Airbus A3 [ • ]-[ • ] aircraft, bearing manufacturer's serial number [ • ], and registration mark [ • ] (the "Aircraft") have taken place in \*\*\*\*\* (the "Owner").

In view of said tests having been carried out successfully, the undersigned accepts the Aircraft for delivery in accordance with Clause 8.1.1 and the other provisions of the Purchase Agreement.

Such acceptance shall not impair the rights that may be derived from the warranties relating to the Aircraft set forth in the Purchase Agreement.

Any right at law or otherwise to revoke this acceptance of the Aircraft is hereby irrevocably waived.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by its duly authorized representative this day of [month], [year] in \*\*\*\*\*.

[OWNER].

Name:

Title:

Signature:

**BILL OF SALE**

Know all men by these presents that Airbus S.A.S., a *Société par Actions Simplifiée* existing under French law and having its principal office at 1 rond-point Maurice Bellonte, 31707 Blagnac Cedex, FRANCE (the “**Seller**”), was this [day] [month] [year] the owner of the title to the following airframe (the “**Airframe**”), the propulsion system as specified (the “**Propulsion System**”) and all appliances, components, parts, instruments, accessories, furnishings, modules and other equipment of any nature, \*\*\*\*\* incorporated therein, installed thereon or attached thereto on the date hereof (the “**Parts**”):

**AIRFRAME:**

AIRBUS Model A3 [ • ]-[ • ]

**MANUFACTURER’S**

**SERIAL NUMBER:** [ • ]

**REGISTRATION MARK:** [ • ]

**PROPULSION SYSTEMS:**

[propulsion system manufacturer] Model [ • ]

**ENGINE SERIAL NUMBERS**

LH: [ • ]

RH: [ • ]

\*\*\*\*\*.

The Airframe, [Propulsion System] and Parts are hereafter together referred to as the “**Aircraft**”.

The Seller did this      day of [month] [year], sell, transfer and deliver all of its rights, title and interest in and to the Aircraft \*\*\*\*\* to the following entity and to its successors and assigns forever, said Aircraft \*\*\*\*\* to be the property thereof.

[                  ]  
(the “**Buyer**”)

The Seller hereby warrants to the Buyer, its successors and assigns that it had [(i)] good and lawful right to sell, deliver and transfer title to the Aircraft to the Buyer and that there was conveyed to the Buyer good, legal and valid title to the Aircraft, free and clear of all liens, claims, charges, encumbrances and rights of others and that the Seller will warrant and defend such title forever against all claims and demands whatsoever \*\*\*\*\*.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of New York, United States of America.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by its duly authorized representative this     day of [month], [year] in \*\*\*\*\*.

**AIRBUS S.A.S.**

Name:

Title:

Signature:

**SERVICE LIFE POLICY**

**LIST OF ITEMS**

EXH F -1

**SELLER SERVICE LIFE POLICY**

- 1 The Items covered by the Service Life Policy pursuant to Clause 12.2 are those Seller Items of primary and auxiliary structure described hereunder.
  
- 2 **WINGS – CENTER AND OUTER WING BOX (LEFT AND RIGHT)**
  
- 2.1 \*\*\*\*\*
- 2.1.1 \*\*\*\*\*
- 2.1.2 \*\*\*\*\*
- 2.1.3 \*\*\*\*\*
- 2.2 \*\*\*\*\*
- 2.2.1 \*\*\*\*\*
- 2.2.2 \*\*\*\*\*
- 2.2.3 \*\*\*\*\*
- 2.2.4 \*\*\*\*\*
- 2.3 \*\*\*\*\*
- 2.3.1 \*\*\*\*\*
- 2.3.1.1 \*\*\*\*\*
- 2.3.1.2 \*\*\*\*\*
- 2.3.2 \*\*\*\*\*
- 2.3.2.1 \*\*\*\*\*
- 2.3.2.2 \*\*\*\*\*
- 2.3.3 \*\*\*\*\*
- 2.3.3.1 \*\*\*\*\*
- 2.3.3.2 \*\*\*\*\*
- 2.4 \*\*\*\*\*
- 2.4.1 \*\*\*\*\*
- 2.4.1.1 \*\*\*\*\*

2.4.1.2 \*\*\*\*\*

2.4.1.3 \*\*\*\*\*

2.4.1.4 \*\*\*\*\*

**3 FUSELAGE**

**3.1** \*\*\*\*\*

3.1.1 \*\*\*\*\*

3.1.2 \*\*\*\*\*

3.1.3 \*\*\*\*\*

3.1.4 \*\*\*\*\*

3.1.5 \*\*\*\*\*

3.1.6 \*\*\*\*\*

3.1.7 \*\*\*\*\*

3.1.8 \*\*\*\*\*

**3.2** \*\*\*\*\*

3.2.1 \*\*\*\*\*

3.2.2 \*\*\*\*\*

3.2.3 \*\*\*\*\*

**4 STABILIZERS**

**4.1** \*\*\*\*\*

4.1.1 \*\*\*\*\*

4.1.2 \*\*\*\*\*

4.1.3 \*\*\*\*\*

4.1.4 \*\*\*\*\*

4.1.5 \*\*\*\*\*

4.1.5.1 \*\*\*\*\*

- 4.1.5.2 \*\*\*\*\*
- 4.2 \*\*\*\*\*
- 4.2.1 \*\*\*\*\*
- 4.2.2 \*\*\*\*\*
- 4.2.3 \*\*\*\*\*
- 4.2.4 \*\*\*\*\*
- 4.2.5 \*\*\*\*\*
- 4.2.5.1 \*\*\*\*\*
- 4.2.5.2 \*\*\*\*\*

5 **EXCLUSIONS**  
\*\*\*\*\*



TECHNICAL DATA INDEX

EXH G -1

## TECHNICAL DATA INDEX

Where applicable data will be established in general compliance with ATA 100 Information Standards for Aviation Maintenance, and the applicable provisions for digital standard of ATA Specification 2200 (*iSpec2200*).

The following index identifies the Technical Data provided in support of the Aircraft.

The explanation of the table is as follows:

<u>NOMENCLATURE</u>	Self-explanatory.
<u>ABBREVIATED DESIGNATION (Abbr)</u>	Self-explanatory.
<u>AVAILABILITY (Avail)</u>	

Technical Data can be made available :

- ON-LINE (ON) through the relevant service on AirbusWorld,  
and / or
- OFF-LINE (OFF) through the most suitable means applicable to the size of the concerned document (e.g CD or DVD).

### FORMAT (Form)

Following Technical Data formats may be used:

- SGML – Standard Generalized Mark-up Language, which allows further data processing by the Buyer.
- XML – Extensible Mark-up Language, evolution of the SGML text format to cope with WEB technology requirements.
  - XML is used for data processing. Processed data shall be consulted through the e-doc Viewer FOCT – Flight Operations Consultation Tool.
  - XML data may be customized using Airbus customization tools (Flight Operations Documentation Manager, ADOC) or the Buyer's own XML based editing tools.
- CGM – Computer Graphics Metafile, format of the interactive graphics associated with the XML and /or SGML text file delivery.
- PDF (PDF) – Portable Document Format allowing data consultation.

- Advanced Consultation Tool – refers to Technical Data consultation application that offers advanced consultation & navigation functionality compared to PDF. Both browser software & Technical Data are packaged together.
- P1 / P2 – refers to manuals printed on one side or both sides of the sheet.
- CD-P – refers to CD-Rom including Portable Document Format (PDF) Data.
- CD-XML – Refers to CD-Rom including XML data

<u>TYPE</u>	C	CUSTOMIZED. Refers to manuals that are applicable to customer/operator fleet or aircraft.
	G	GENERIC. Refers to manuals that are applicable for all Airbus aircraft types/models/series.
	E	ENVELOPE. Refers to manuals that are applicable to a whole group of Airbus customers for a specific aircraft type/model/series.
<u>QUANTITY (Qty)</u>		Self-explanatory for physical media.
<u>DELIVERY (Deliv)</u>		Delivery refers to scheduled delivery dates and is expressed in either the number of corresponding days prior to first Aircraft delivery, or nil (0) referring to the Delivery Date of corresponding Aircraft. The number of days indicated shall be rounded up to the next regular revision release date.

OPERATIONAL MANUALS AND DATA

<u>NOMENCLATURE</u>	<u>Abbr</u>	<u>Avail</u>	<u>Form</u>	<u>Type</u>	*****	*****	*****
Flight Crew Operating Manual	FCOM	ON OFF	XML CD-XML	C	*****	*****	
Flight Crew Training Manual	FCTM	ON OFF	XML CD-XML	C	*****	*****	*****
Cabin Crew Operating Manual	CCOM	ON OFF	XML CD-XML	C	*****	*****	*****
Flight Manual	FM	ON OFF OFF	XML CD-XML PDF	C	*****	*****	*****
Master Minimum Equipment List	MMEL	ON OFF	XML CD-XML	C	*****	*****	*****
Quick Reference Handbook	QRH	ON OFF	XML CD-XML	C	*****	*****	
Trim Sheet	TS	OFF	Electronic format	C	*****	*****	*****
Weight and Balance Manual	WBM	ON	XML	C	*****	*****	

<u>NOMENCLATURE</u>	<u>Abbr</u>	<u>Avail</u>	<u>Form</u>	<u>Type</u>	<u>*****</u>	<u>*****</u>	<u>*****</u>
		OFF	CD-XML	C	*****	*****	
		ON	Performance Computation Tool	C	*****	*****	
Performance Engineer's Programs	PEP	OFF	Performance Computation Tool on CD	C	*****	*****	*****
Performance Programs Manual	PPM	OFF	CD-P	C	*****	*****	*****

MAINTENANCE AND ASSOCIATED MANUALS

<u>NOMENCLATURE</u>	<u>Abbr</u>	<u>Avail</u>	<u>Form</u>	<u>Type</u>	<u>*****</u>	<u>*****</u>	<u>*****</u>
AirN@v / Maintenance, including :							
Aircraft Maintenance Manual – AMM	AirN@v / Maintenance	ON	Advanced Consultation Tool	C	*****	*****	
Illustrated Parts Catalog (Airframe) – IPC							
Illustrated Parts Catalog ( Powerplant ) – PIPC*							
Trouble Shooting Manual – TSM							
Aircraft Schematics Manual – ASM	AirN@v / Associated Data	OFF	Advanced Consultation Tool on DVD	C	*****	*****	*****
Aircraft Wiring Lists – AWL Aircraft							
Wiring Manual – AWM Electrical							
Standard Practices Manual – ESPM							
AirN@v / Associated Data	AirN@v / Associated Data	ON	Advanced Consultation Tool	G	*****	*****	
Consumable Material List – CML							
Standards Manual – SM Electrical							
Standard Practices Manual – ESPM							
Tool and Equipment Manual – TEM (*)		OFF	Advanced Consultation Tool on DVD	G	*****	*****	
Technical Follow-up	TFU	ON	PDF	E	*****	*****	*****
Aircraft Maintenance Manual	AMM	ON	PDF	C	*****	*****	*****
		OFF	CD-P	C	*****	*****	*****
		ON	SGML	C	*****	*****	*****
		OFF	SGML	C	*****	*****	*****

<u>NOMENCLATURE</u>	<u>Abbr</u>	<u>Avail</u>	<u>Form</u>	<u>Type</u>	<u>*****</u>	<u>*****</u>	<u>*****</u>
		ON	PDF	C	*****	*****	*****
Aircraft Schematics Manual	ASM	OFF	CD-P	C	*****	*****	*****
		ON	SGML	C	*****	*****	*****
		OFF	SGML	C	*****	*****	*****
		ON	PDF	C	*****	*****	*****
Aircraft Wiring List	AWL	OFF	CD-P	C	*****	*****	*****
		ON	SGML	C	*****	*****	*****
		OFF	SGML	C	*****	*****	*****
		ON	PDF	C	*****	*****	*****
Aircraft Wiring Manual		OFF	CD-P	C	*****	*****	*****
		ON	SGML	C	*****	*****	*****
		OFF	SGML	C	*****	*****	*****
Consumable Material List	CML	OFF	SGML	G	*****	*****	*****
Ecam System Logic Data	ESLD	ON	PDF	E	*****	*****	*****
Electrical Load Analysis	ELA	OFF	PDF/MS Word Excel	C	*****	*****	*****

<u>NOMENCLATURE</u>	<u>Abbr</u>	<u>Avail</u>	<u>Form</u>	<u>Type</u>	<u>*****</u>	<u>*****</u>	<u>*****</u>
Electrical Standard Practices Manual	ESPM	OFF	SGML	G	*****	*****	*****
Electrical Standard Practices booklet	ESP	OFF	P2*	G	*****	*****	*****
Flight Data Recording Parameter Library	FDRPL	OFF	Advanced Consultation Tool on CD	E	*****	*****	
Illustrated Parts Catalog (Airframe)	IPC	ON	PDF	C	*****	*****	*****
		OFF	CD-P	C	*****	*****	
		ON	SGML	C	*****	*****	*****
		OFF	SGML	C	*****	*****	*****
Illustrated Parts Catalog (Powerplant)	PIPC	ON	PDF	C	*****	*****	*****
		OFF	CD-P	C	*****	*****	
AirN@v / Planning, including Maintenance Planning Document – MPD	AirN@v/ Planning	ON	Advanced Consultation Tool	E	*****	*****	*****
		OFF	Advanced Consultation Tool on DVD	E	*****	*****	
Maintenance Review Board Report – MRBR	MRBR	ON	PDF	E	*****	*****	*****
Airworthiness Limitation Section – ALS	ALS						
Tool & Equipment Bulletins	TEB	ON	PDF	E	*****	*****	



<u>NOMENCLATURE</u>	<u>Abbr</u>	<u>Avail</u>	<u>Form</u>	<u>Type</u>	<u>*****</u>	<u>*****</u>	<u>*****</u>
Tool and Equipment Drawings	TED	ON	Advanced Consultation Tool	E	*****	*****	*****
AirN@v / Engineering, including: Airworthiness Directives – AD European Airworthiness Directives – EUAD ( incl. French DGAC AD's)		ON	Advanced Consultation Tool	C	*****	*****	
All Operator Telex – AOT Operator Information Telex – OIT Flight Operator Telex – FOT Modification – MOD Modification Proposal – MP Service Bulletin – SB Service Information Letter – SIL Technical Follow-Up – TFU Vendor Service Bulletin – VSB	AirN@v/ Engineering		Advanced Consultation Tool on DVD	C	*****	*****	*****
		ON	PDF	C	*****	*****	*****
		OFF	CD-P	C	*****	*****	*****
Trouble Shooting Manual	TSM	ON	SGML	C	*****	*****	*****
		OFF	SGML	C	*****	*****	*****

STRUCTURAL MANUALS

<u>NOMENCLATURE</u>	<u>Abbr</u>	<u>Avail</u>	<u>Form</u>	<u>Type</u>	<u>*****</u>	<u>*****</u>	<u>*****</u>
AirN@v / Repair, including: Structural Repair Manual (*) – SRM Non Destructive Testing Manual – NTM	AirN@v / Repair	ON	Advanced Consultation	E	*****	*****	*****
			Tool				*****
		OFF	Advanced Consultation Tool on DVD	E	*****	*****	
Structural Repair Manual	SRM	ON	SGML	E	*****		*****
		OFF	SGML	E	*****		
Non Destructive Testing Manual	NTM	ON	SGML	E	*****	*****	*****
		OFF	SGML	E	*****	*****	

OVERHAUL DATA

<u>NOMENCLATURE</u>	<u>Abbr</u>	<u>Avail</u>	<u>Form</u>	<u>Type</u>	<u>*****</u>	<u>*****</u>	<u>*****</u>
<u>AirN@v / Workshop</u> , including: Component Maintenance Manual Manufacturer – CMMM Duct Fuel Pipe Repair Manual – DFPRM	AirN@v / Workshop	ON	Advanced Consultation Tool	E	*****	*****	*****
		OFF	Advanced Consultation Tool on DVD	E	*****	*****	*****
		ON	SGML	E	*****	*****	*****
Component Maintenance Manual Manufacturer	CMMM	OFF	SGML	E	*****	*****	*****
Component Maintenance Manual Vendor	CMMV	OFF	CD-P	E	*****	*****	*****
		ON	PDF	E	*****	*****	*****
Component Documentation Status	CDS	OFF	CD	C	*****	*****	*****
Component Evolution List	CEL	ON	PDF	G	*****	-	*****
		OFF	CD-P	G	*****	-	*****

ENGINEERING DOCUMENTS

<u>NOMENCLATURE</u>	<u>Abbr</u>	<u>Avail</u>	<u>Form</u>	<u>Type</u>	<u>*****</u>	<u>*****</u>	<u>*****</u>
Mechanical Drawings, including the Drawing Picture, Parts List / Parts Usage	MD	ON	Advanced Consultation Tool	C	*****	*****	*****
Standards Manual	SM	ON	SGML	G	*****	*****	*****
		OFF	SGML	G	*****	*****	*****
Process and Material Specification	PMS	ON	PDF	G	*****	*****	
		OFF	CD-P	G	*****	*****	

MISCELLANEOUS PUBLICATIONS

<u>NOMENCLATURE</u>	<u>Abbr</u>	<u>Avail</u>	<u>Form</u>	<u>Type</u>	<u>*****</u>	<u>*****</u>	<u>*****</u>	<u>*****</u>
Airplane Characteristics for Airport Planning – AC	AC/MFP	ON	PDF	E	*****	*****	*****	*****
Maintenance Facility Planning – MFP		OFF	CD-P	E	*****	*****	*****	*****
ATA 100 Index	ATI	ON	PDF	E	*****	*****	*****	*****
C@DETS /Technical Data Training Courseware and Software	C@DETS	ON	Advanced Consultation Tool on CD	G	*****	*****	*****	*****
		OFF	Advanced Consultation Tool	G	*****	*****	*****	*****
		ON	PDF	E	*****	*****	*****	*****
Aircraft Recovery Manual	ARM	OFF	CD-P	E	*****	*****	*****	*****
Aircraft Rescue & Firefighting Chart		ON	PDF	E	*****	*****	*****	*****
Cargo Loading System Manual	CLS	OFF	P1	E	*****	*****	*****	*****
		ON	PDF	E	*****	*****	*****	*****
List of Effective Technical Data	LETD	OFF	CD-P	E	*****	*****	*****	*****
		ON	PDF	C	*****	*****	*****	*****

<u>NOMENCLATURE</u>	<u>Abbr</u>	<u>Avail</u>	<u>Form</u>	<u>Type</u>	<u>*****</u> <u>*****</u> <u>*****</u>	<u>*****</u> <u>*****</u> <u>*****</u>	<u>*****</u>
List of Radioactive and Hazardous Elements	LRE	ON OFF	PDF CD-P	G G	***** ***** *****	***** ***** *****	*****
Live Animal Transportation Calculation Tool	LATC	ON	Advanced Calculation Tool	E	*****	*****	*****
	LATC	OFF	Advanced Calculation Tool on CD	E	*****	*****	*****
Service Bulletins	SB	ON	Advanced Consultation Tool	C	*****	*****	*****
		OFF	CD-P	C	*****	*****	*****
Supplier Product Support Agreements 2000	SPSA	ON	PDF	G	*****	*****	*****
Transportability Manual	TM	OFF	CD-P	G	*****	*****	
Vendor Information Manual + Aircraft On Ground & Repair Guide	VIM + AOG & RG	ON	Advanced Consultation Tool	G	*****	*****	*****

---

**EXHIBIT H**

**MATERIAL**

**SUPPLY AND SERVICES**

EXH H -1

**1 GENERAL**

**1.1 Scope**

- 1.1.1 This Exhibit H sets forth the terms and conditions for the support and services offered by the Seller to the Buyer with respect to Material (as defined below).
- 1.1.2 References made to Articles will be deemed to refer to articles of this Exhibit H unless otherwise specified.
- 1.1.3 For purposes of this Exhibit H:
- 1.1.4 The term “**Supplier**” will mean any supplier (other than the Seller) providing any of the Material listed in Article 1.2.1 and the term “**Supplier Part**” will mean an individual item of Material.
- 1.1.5 The term “**SPEC 2000**” means the “E-Business Specification for Materials Management” document published by the Air Transport Association of America.

**1.2 Material Categories**

1.2.1 Each of the following constitutes “**Material**” for purposes of this Exhibit H:

- (i) Seller Parts;
- (ii) Supplier Parts classified as Repairable Line Maintenance Parts (as defined in SPEC 2000);
- (iii) Supplier Parts classified as Expendable Line Maintenance Parts (as defined in SPEC 2000);
- (iv) Seller and Supplier ground support equipment and specific-to-type tools

where “**Seller Parts**” means Seller’s proprietary parts bearing a part number of the Seller or for which the Seller has the exclusive sales rights.

1.2.2 Propulsion Systems, engine exchange kits, their accessories and parts for any of the foregoing, are not covered under this Exhibit H.

**1.3 Term**

During a period commencing on the date hereof and continuing as long as at least \*\*\*\*\* aircraft of the model of the Aircraft are operated in commercial air transport service, of which \*\*\*\*\* (the “**Term**”), the Seller will maintain, or cause to be maintained, a reasonable stock of \*\*\*\*\*.



The Seller will use reasonable efforts to obtain a similar service from all Suppliers of Supplier Parts originally installed on an Aircraft at Delivery.

#### **1.4 Airbus Material Store**

##### **1.4.1 AACS Spares Center**

The Seller has established and will maintain or cause to be maintained, during the Term, a US store (“**US Spares Center**”). The US Spares Center will be operated twenty-four (24) hours per day, seven (7) days per week, for the handling of AOG and critical orders for Seller Parts.

The Seller will make reasonable efforts to deliver Seller Parts to the Buyer from the US Spares Center.

##### **1.4.2 Material Support Center, Germany**

The Seller has established its material headquarters in Hamburg, Germany (the “**Airbus Material Center**”) and will, during the Term, maintain, or have maintained on its behalf, a central store of Seller Parts. The Airbus Material Center will be operated twenty-four (24) hours per day, seven (7) days per week.

##### **1.4.3 Other Points of Shipment**

###### **1.4.3.1 In addition to the US Spares Center and the Airbus Material Center, the Seller and its Affiliates operate a global network of regional satellite stores (the “Regional Satellite Stores”). A list of such stores will be provided to the Buyer upon the Buyer’s request.**

###### **1.4.3.2 The Seller reserves the right to effect deliveries from distribution centers other than the US Spares Center or the Airbus Material Center, which may include the Regional Satellite Stores or any other production or Supplier’s facilities.**

#### **1.5 Customer Order Desk**

The Seller operates a “**Customer Order Desk**”, the main functions of which are:

- (i) Management of order entries for all priorities, including Aircraft On Ground (“**AOG**”);
- (ii) Management of order changes and cancellations;
- (iii) Administration of Buyer’s routing instructions;
- (iv) Management of Material returns;
- (v) Clarification of delivery discrepancies;

(vi) Issuance of credit and debt notes.

The Buyer hereby agrees to communicate its orders for Material to the Customer Order Desk either in electronic format (SPEC 2000) or via the Internet.

**1.7 Commitments of the Buyer**

1.7.1 During the Term, the Buyer agrees to purchase Seller Parts from

- (a) the Seller, AACCS or the Seller's licensee(s) that are required for the Buyer's own needs; or
- (b) other operators or from distributors, provided said Seller Parts were originally designed by the Seller and manufactured by the Seller or its licensees.

1.7.2 \*\*\*\*\*

- (i) \*\*\*\*\*
- (ii) \*\*\*\*\*
- (iii) \*\*\*\*\*

1.7.3

1.7.3.1 \*\*\*\*\*

1.7.3.2 \*\*\*\*\*

1.7.3.3 \*\*\*\*\*

1.7.3.4 \*\*\*\*\*

**2 INITIAL PROVISIONING**

**2.1 Period**

The initial provisioning period commences with the Pre-Provisioning Meeting, as defined in Article 2.2.1, and expires on the \*\*\*\*\* under the Agreement as of the date hereof ("**Initial Provisioning Period**").

**2.2 Pre-Provisioning Meeting**

2.2.1 The Seller will organize a pre-provisioning meeting at US Spares Center or at the Airbus Material Center, or at any other agreed location, for the purpose of setting an acceptable schedule and working procedure for the preparation of the initial issue of the Provisioning Data and the Initial Provisioning Conference referred to, respectively, in Articles 2.4 and 2.3 below (the "**Pre-Provisioning Meeting**").

During the Pre-Provisioning Meeting, the Seller will familiarize the Buyer with the provisioning processes, methods and formulae of calculation and documentation.

2.2.2 The Pre-Provisioning Meeting will take place on an agreed date that is no later than \*\*\*\*\* prior to Scheduled Delivery Month of the first Aircraft, allowing a minimum preparation time of \*\*\*\*\* for the Initial Provisioning Conference.

### 2.3 **Initial Provisioning Conference**

The Seller will organize an initial provisioning conference at the US Spares Center or at the Airbus Material Center (the “**Initial Provisioning Conference**”), the purpose of which will be to agree the material scope and working procedures to accomplish the initial provisioning of Material (the “**Initial Provisioning**”).

The Initial Provisioning Conference will take place at the earliest \*\*\*\*\* after Aircraft Manufacturer Serial Number allocation or Contractual Definition Freeze, whichever occurs last and latest \*\*\*\*\* before the Scheduled Delivery Month of the first Aircraft.

### 2.4 **Provisioning Data**

2.4.1 Provisioning data generally in accordance with SPEC 2000, Chapter 1, for Material described in Articles 1.2.1 (i) through 1.2.1 (iii) (“**Provisioning Data**”) will be supplied by the Seller to the Buyer in the English language, in a format and timeframe to be agreed during the Pre-Provisioning Meeting.

2.4.1.1 Unless a longer revision cycle has been agreed between the Buyer and the Seller, the Provisioning Data will be revised every \*\*\*\*\* up to the end of the Initial Provisioning Period.

2.4.1.2 The Seller will ensure that Provisioning Data is provided to the Buyer in time to permit the Buyer to perform any necessary evaluation and to place orders in a timely manner.

2.4.1.3 Provisioning Data generated by the Seller will comply with the configuration of the Aircraft as documented \*\*\*\*\* before the date of issue.

This provision will not cover:

- (i) Buyer modifications not known to the Seller,
- (ii) other modifications not approved by the Seller’s Aviation Authorities or by the FAA.

### 2.4.2 **Supplier-Supplied Data**

Provisioning Data relating to each Supplier Part (both initial issue and revisions) will be produced by Supplier thereof and may be delivered to the Buyer either by the Seller or such Supplier. It is agreed and understood by the Buyer that the Seller will not be

responsible for the substance, accuracy or quality of such data. Such Provisioning Data will be provided in either SPEC 2000 format or any other agreed format.

**2.4.3 Supplementary Data**

The Seller will provide the Buyer with data supplementary to the Provisioning Data, comprising local manufacture tables, ground support equipment, specific-to-type tools and a pool item candidate list.

**2.5 Commercial Offer**

Upon the Buyer's request, the Seller will submit a commercial offer for Initial Provisioning.

**2.6 Delivery of Initial Provisioning Material**

2.6.1 During the Initial Provisioning Period, Initial Provisioning Material will conform to the latest known configuration standard of the Aircraft for which such Material is intended as reflected in the Provisioning Data transmitted by the Seller.

2.6.2 The delivery of Initial Provisioning Material will take place according to the conditions specified in the commercial offer mentioned in Article 2.5.

2.6.3 All Initial Provisioning Material will be packaged in accordance with ATA 300 Specification.

**2.7 Buy-Back Period and Buy-Back of Initial Provisioning Surplus Material**

a) \*\*\*\*\*

b) \*\*\*\*\*

c) \*\*\*\*\*

i) \*\*\*\*\*

ii) \*\*\*\*\*

iii) \*\*\*\*\*

iv) \*\*\*\*\*

v) \*\*\*\*\*

vi) \*\*\*\*\*

vii) \*\*\*\*\*

d) \*\*\*\*\*

- i) \*\*\*\*\*
- ii) \*\*\*\*\*
- e) \*\*\*\*\*
- f) \*\*\*\*\*

### **3 OTHER MATERIAL SUPPORT**

**3.1** As of the date hereof, the Seller currently offers various types of parts support through the Customer Services Catalog on the terms and conditions set forth therein from time to time, including, but not limited to the lease of certain Seller Parts, the repair of Seller Parts and the sale or lease of ground support equipment and specific-to-type tools.

### **4 WARRANTIES**

#### **4.1 Seller Parts**

Subject to the limitations and conditions as hereinafter provided, the Seller warrants to the Buyer that all Seller Parts, sold under this Exhibit H will at delivery to the Buyer:

- (i) be free from defects in material.
- (ii) be free from defects in workmanship, including without limitation processes of manufacture.
- (iii) be free from defects arising from failure to conform to the applicable specification for such part.
- (iv) be free from defects in design (including without limitation the selection of material) having regard to the state of the art at the date of such design.

#### **4.1.1 Warranty Period**

**4.1.1.1** The warranty period for Seller Parts is \*\*\*\*\* for new Seller Parts and \*\*\*\*\* for used Seller Parts from delivery of such parts to the Buyer.

**4.1.1.2** Whenever any Seller Part that contains a defect for which the Seller is liable under Article 4.1 has been corrected, replaced or repaired pursuant to the terms of this Article 4.1, the period of the Seller's warranty with respect to such corrected, repaired or replacement Seller Part, as the case may be, will be the remaining portion of the original warranty period or \*\*\*\*\* , whichever is longer.

4.1.2

**Buyer's Remedy and Seller's Obligation**

The Buyer's remedy and Seller's obligation and liability under this Article 4.1 are limited to the repair, replacement or correction, at the Seller's expense and option, of any Seller Part that is defective.

The Seller may alternatively furnish to the Buyer's account with the Seller a \*\*\*\*\*.

The provisions of Clauses 12.1.5 through 12.1.11 of the Agreement will apply to claims made pursuant to this Article 4.1.

4.2

**Supplier Parts**

With respect to Supplier Parts to be delivered to the Buyer under this Exhibit H, the Seller agrees to transfer to the Buyer the benefit of any warranties, which the Seller may have obtained from the corresponding Suppliers and the Buyer hereby agrees that it will accept the same.

4.3

**Waiver, Release and Renunciation**

THIS ARTICLE 4 (INCLUDING ITS SUBPARTS) SETS FORTH THE EXCLUSIVE WARRANTIES, EXCLUSIVE LIABILITIES AND EXCLUSIVE OBLIGATIONS OF THE SELLER, AND THE EXCLUSIVE REMEDIES AVAILABLE TO THE BUYER, WHETHER UNDER THIS AGREEMENT OR OTHERWISE, ARISING FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN ANY SELLER PART, MATERIAL, OR SERVICES (IF ANY) DELIVERED BY THE SELLER UNDER THIS EXHIBIT H.

THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES OF THE SELLER AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER AND ITS SUPPLIERS, WHETHER EXPRESS OR IMPLIED BY CONTRACT, TORT, OR STATUTORY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMITY OR DEFECT OR PROBLEM OF ANY KIND IN ANY SELLER PART, MATERIAL, LEASED PART, OR SERVICES (IF ANY) DELIVERED BY THE SELLER UNDER THIS EXHIBIT H, INCLUDING BUT NOT LIMITED TO:

- (1) ANY IMPLIED WARRANTY OF MERCHANTABILITY AND/OR FITNESS FOR ANY GENERAL OR PARTICULAR PURPOSE;
- (2) ANY IMPLIED OR EXPRESS WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE;
- (3) ANY RIGHT, CLAIM OR REMEDY FOR BREACH OF CONTRACT;

- (4) ANY RIGHT, CLAIM OR REMEDY FOR TORT, UNDER ANY THEORY OF LIABILITY, HOWEVER ALLEGED, INCLUDING, BUT NOT LIMITED TO, ACTIONS AND/OR CLAIMS FOR NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL ACTS, WILLFUL DISREGARD, IMPLIED WARRANTY, PRODUCT LIABILITY, STRICT LIABILITY OR FAILURE TO WARN;
- (5) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER THE UNIFORM COMMERCIAL CODE OR ANY OTHER STATE OR FEDERAL STATUTE;
- (6) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER ANY REGULATIONS OR STANDARDS IMPOSED BY ANY INTERNATIONAL, NATIONAL, STATE OR LOCAL STATUTE OR AGENCY;
- (7) ANY RIGHT, CLAIM OR REMEDY TO RECOVER OR BE COMPENSATED FOR:
  - (a) LOSS OF USE OR REPLACEMENT OF ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THE AGREEMENT;
  - (b) LOSS OF, OR DAMAGE OF ANY KIND TO, ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THE AGREEMENT;
  - (c) LOSS OF PROFITS AND/OR REVENUES;
  - (d) ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGE.

THE WARRANTIES PROVIDED BY THIS AGREEMENT WILL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY THE SELLER AND THE BUYER. IN THE EVENT THAT ANY PROVISION OF THIS ARTICLE 4 SHOULD FOR ANY REASON BE HELD UNLAWFUL, OR OTHERWISE UNENFORCEABLE, THE REMAINDER OF THIS ARTICLE 4 WILL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSES OF THIS ARTICLE 4, THE "SELLER" WILL BE UNDERSTOOD TO INCLUDE THE SELLER, ANY OF ITS SUPPLIERS, SUBCONTRACTORS, AND AFFILIATES AND ANY OF THEIR RESPECTIVE INSURERS.

#### **4.4 Duplicate Remedies**

The remedies provided to the Buyer under this Article 4 as to any part thereof are mutually exclusive and not cumulative. The Buyer will be entitled to the remedy that provides the maximum benefit to it, as the Buyer may elect, pursuant to the terms and

conditions of this Article 4 for any particular defect for which remedies are provided under this Article 4; provided, however, that the Buyer will not be entitled to elect a remedy under one part of this Article 4 that constitutes a duplication of any remedy elected by it under any other part hereof for the same defect. The Buyer's rights and remedies herein for the nonperformance of any obligations or liabilities of the Seller arising under these warranties will be in monetary damages limited to the amount the Buyer expends in procuring a correction or replacement for any covered part subject to a defect or nonperformance covered by this Article 4, and the Buyer will not have any right to require specific performance by the Seller.

## **5 COMMERCIAL CONDITIONS**

### **5.1 Delivery Terms**

All Material prices are quoted on the basis of Free Carrier (FCA) delivery terms, without regard to the place from which such Material is shipped. The term "**Free Carrier (FCA)**" is as defined by publication n° 560 of the International Chamber of Commerce, published in January 2000.

### **5.2 Payment Procedures and Conditions**

All payments under this Exhibit H will be made in accordance with the terms and conditions set forth in the then current Customer Services e-Catalog.

### **5.3 Title**

Title to any Material purchased under this Exhibit H will remain with the Seller until full payment of the invoices and interest thereon, if any, has been received by the Seller.

The Buyer hereby undertakes that Material title to which has not passed to the Buyer will be kept free from any debenture or mortgage or any similar charge or claim in favour of any third party.

### **5.4 Cessation of Deliveries**

The Seller has the right to restrict, stop or otherwise suspend deliveries of Material in this Exhibit H, or its other obligations under this Exhibit H, if the Buyer fails to meet its material obligations set forth in this Exhibit H.

## **6 EXCUSABLE DELAY**

Clauses 10.1 and 10.2 of the Agreement will apply, mutatis mutandis, to all Material support and services provided under this Exhibit H.



**7 TERMINATION OF MATERIAL PROCUREMENT COMMITMENTS**

**7.1** If the Agreement is terminated with respect to any Aircraft, then the rights and obligations of the parties with respect to undelivered spare parts, services, data or other items to be purchased hereunder and which are applicable to those Aircraft for which the Agreement has been terminated will also be terminated. Unused Material in excess of the Buyer's requirements due to such termination may be repurchased by the Seller, at the Seller's option, as provided in Article 2.7.

**8 INCONSISTENCY**

In the event of any inconsistency between this Exhibit H and the Customer Services Catalog or any order placed by the Buyer, this Exhibit H will prevail to the extent of such inconsistency.

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.16(b)

AMENDED AND RESTATED LETTER AGREEMENT NO. 1

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

Re: PAYMENTS

Dear Ladies and Gentlemen,

This Amended and Restated Letter Agreement No. 1 (hereinafter referred to as this "Letter Agreement") is entered into as of December 28, 2017 between FRONTIER AIRLINES, INC. (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**").

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "**Agreement**");

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement;

NOW, THEREFORE, IT IS AGREED THAT LETTER AGREEMENT NO. 1, DATED SEPTEMBER 30, 2011 BETWEEN THE BUYER AND THE SELLER, IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

A&R LA 1- 1

**1 COMMITMENT FEE & PRIOR PREDELIVERY PAYMENTS**

Clause 5.2 of the Agreement is revised to read as follows:

QUOTE

- 5.2 (i) The Seller acknowledges that it has received from the Buyer (x) the sum of [\*\*\*] for each Aircraft (the “**Commitment Fee**”) set forth in Clause 9.1 as of September 30, 2011 and (y) the sum of [\*\*\*] for each Incremental Aircraft (the “**Incremental Commitment Fee**”) set forth in Clause 9.1 at the date hereof.
- (ii) The Seller acknowledges that it holds, in addition to the Commitment Fee set forth in Clause 5.2 (i) above, predelivery payments received from Frontier Airlines under the purchase agreement between the Seller and Frontier Airlines dated as of March 10, 2000 in the total amount of [\*\*\*] (the “**Prior PDPs**”). The Commitment Fee plus a pro-rata portion of the Prior PDPs which together equal [\*\*\*] (the “**Initial Payment**”) has been credited without interest against the first PDP (as defined Clause 5.3.3(a)) due for each of the Backlog Aircraft firmly ordered as of the date hereof.
- (iii) [\*\*\*]

**2 PAYMENT TERMS**

2.1 Predelivery Payments

Clauses 5.3.2 and 5.3.3 of the Agreement are deleted in their entirety and replaced with the following quoted text:

QUOTE

- 5.3.2 (a) The Predelivery Payment Reference Price for a Backlog Aircraft to be delivered in calendar year T is determined in accordance with the following formula:
- [\*\*\*]
- (b) The Predelivery Payment Reference Price for an Incremental Aircraft to be delivered in calendar year T is determined in accordance with the following formula:
- [\*\*\*]

5.3.3 (a) For each Backlog Aircraft, Predelivery Payments will be paid to the Seller according to the following schedule:

<u>Payment Date</u>	<u>Fixed Amount or Percentage of applicable Predelivery Payment Reference Price</u>
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
<b>Total payment prior to Delivery</b>	<b>***</b>

(b) For each Incremental Aircraft, Predelivery Payments will be paid to the Seller according to the following schedule:

<u>Payment Date</u>	<u>Fixed amount or Percentage of applicable Predelivery Payment Reference Price</u>
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
<b>Total payment prior to Delivery</b>	<b>***</b>

UNQUOTE

2.2 [\*\*\*]

Clause 5.3.5 is deleted in its entirety and replaced with the following quoted text:

QUOTE

5.3.5 [\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

UNQUOTE

2.3 Taxes

Clause 5.5 is deleted in its entirety and replaced with the following quoted text:

QUOTE

5.5.1 [\*\*\*]

5.5.2 [\*\*\*]

5.5.3 [\*\*\*]

“**Taxes**” means any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority or any political subdivision or taxing authority thereof or therein.

UNQUOTE

2.4 Application of Payments

Clause 5.6 is deleted in its entirety and replaced with the following quoted text:

QUOTE

5.6 Application of Payments

[\*\*\*]

UNQUOTE

2.5 Clause 5.8 is deleted in its entirety and replaced with the following quoted text:

QUOTE

5.8 OVERDUE PAYMENTS

5.8.1 [\*\*\*]

5.8.2 [\*\*\*]

UNQUOTE

2.6 Payment in Full

Clause 5.10 is deleted in its entirety and replaced with the following quoted text:

QUOTE

5.10 Payment in Full

[\*\*\*]

UNQUOTE

2.7 Cross Collateralization

[\*\*\*]

2.8 PDP Financing Matters

(a) Clause 21.6(b) is deleted in its entirety and replaced with the following quoted text:

“(b) [\*\*\*]”

(b) Clause 21.6 of the Agreement is amended by adding the following immediately prior to the period at the end thereof:

[\*\*\*]

Payment Date	Percentage of applicable Predelivery Payment Reference Price
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
<b>Total payment prior to Delivery</b>	[***]

[\*\*\*]

(c) The last paragraph of Clause 21.6 is deleted in its entirety and replaced with the following:

[\*\*\*]

**3 ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller, and any attempted assignment or transfer in contravention of the provisions of this Paragraph 3 will be void and of no force or effect.

**4 CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

**5 COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Howard Diamond

Its: General Counsel

A&R LA 1



SECOND AMENDED AND RESTATED LETTER AGREEMENT NO. 2

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

Re: PURCHASE INCENTIVES

Dear Ladies and Gentlemen,

This Second Amended and Restated Letter Agreement No. 2 (hereinafter referred to as this "**Letter Agreement**") is entered into as of October 9, 2019 between FRONTIER AIRLINES, INC. (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**").

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "**Agreement**");

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement;

NOW, THEREFORE, IT IS AGREED THAT AMENDED AND RESTATED LETTER AGREEMENT NO. 2, DATED AS OF DECEMBER 28, 2017 BETWEEN THE BUYER AND THE SELLER, IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

**1. A320 BACKLOG AIRCRAFT [\*\*\*]**

[\*\*\*]

1.1 [\*\*\*]

1.2 [\*\*\*]

1.3 [\*\*\*]

1.4 [\*\*\*]

1.5 [\*\*\*]

1.6 [\*\*\*]

1.7 [\*\*\*]

1.8 [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

---

2. A319 AIRCRAFT [\*\*\*]

[\*\*\*]

2.1 [\*\*\*]

2.2 [\*\*\*]

2.3 [\*\*\*]

2.4 [\*\*\*]

2.5 [\*\*\*]

2.6 [\*\*\*]

2.7 [\*\*\*]

2.8 [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

---

**3. A319 [\*\*\*]**

3.1 [\*\*\*]

3.2 [\*\*\*]

3.3 [\*\*\*]

**4. A321 BACKLOG AIRCRAFT [\*\*\*]**

[\*\*\*]

4.1 [\*\*\*]

4.2 [\*\*\*]

4.3 [\*\*\*]

4.4 [\*\*\*]

4.5 [\*\*\*]

4.6 [\*\*\*]

4.7 [\*\*\*]

4.8 [\*\*\*]

---

4.9 [\*\*\*]  
[\*\*\*]  
[\*\*\*]  
[\*\*\*]

5. [\*\*\*]  
5.1 [\*\*\*]  
5.1.1 [\*\*\*]  
5.1.2 [\*\*\*]  
5.1.3 [\*\*\*]  
5.1.4 [\*\*\*]  
5.1.5 [\*\*\*]  
5.1.6 [\*\*\*]  
5.2 [\*\*\*]

- 5.2.1 [\*\*\*]
- 5.2.2 [\*\*\*]
- 5.2.3 [\*\*\*]
- 5.2.4 [\*\*\*]
- 5.2.5 [\*\*\*]
- 5.2.6 [\*\*\*]
- 5.3 A321XLR AIRCRAFT [\*\*\*]
- 5.3.1 [\*\*\*]
- 5.3.1.1 [\*\*\*]
- 5.3.1.2 [\*\*\*]
- 5.3.1.3 [\*\*\*]
- 5.3.1.4 [\*\*\*]
- 5.3.1.5 [\*\*\*]
- 5.3.1.6 [\*\*\*]

5.3.1.7 [\*\*\*]

5.3.2 [\*\*\*]

5.3.2.1 [\*\*\*]

[\*\*\*]

[\*\*\*]

5.3.2.2 [\*\*\*]

**6.** [\*\*\*]

6.1 [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

---

(iii) [\*\*\*]

(iv) [\*\*\*]

[\*\*\*]

6.2 [\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]



---

(iv) [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

(v) [\*\*\*]

(vi) [\*\*\*]

(vii) [\*\*\*]

(viii) [\*\*\*]

[\*\*\*]

---

6.3 [\*\*\*]

[\*\*\*]

6.4 [\*\*\*]

[\*\*\*]

[\*\*\*]

2nd A&R LA 2 -10

[\*\*\*]

[\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

(iv) [\*\*\*]

[\*\*\*]

[\*\*\*]

**7. INTENTIONALLY LEFT BLANK**

**8. PRICE REVISION FORMULA**

- 8.1 Part 1 of Exhibit C to the Agreement, Seller Price Revision Formula, is deleted in its entirety and replaced with the Part 1 and Part 1A of Exhibit C, annexed as Appendix 1 to this Letter Agreement.
- 8.2 Part 2 of Exhibit C, Propulsion System Price Revision Formula – CFM International, is deleted in its entirety and replaced with the Part 2 of Exhibit C, annexed as Appendix 2 to this Letter Agreement.

**9. [\*\*\*]**

[\*\*\*]

**10. [\*\*\*]**

The Buyer and Seller agree that, as of the date hereof, the [\*\*\*]

**11. [\*\*\*]**

**12. ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller, and any attempted assignment or transfer in contravention of the provisions of this Paragraph 12 will be void and of no force or effect.

**13. CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

---

**14. COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

2nd A&R LA 2 -13

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Benoît de Saint-Exupéry

Benoît de Saint-Exupéry

Its: Senior Vice President, Contracts

Accepted and Agreed

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Howard Diamond

Its: SVP, General Counsel & Secretary

2nd A&R LA 2

EXHIBIT C to the Agreement

**SELLER PRICE REVISION FORMULA**

Table of Contents

- Part 1 Seller Price Revision Formula
- Part 1A Seller Price Revision Formula (Incremental Aircraft)
- Part 2 Propulsion System Price Revision Formula:  
CFM International, Inc.
- Part 3 Propulsion System Price Revision Formula:  
International Aero Engines, LLC

**PART 1 SELLER PRICE REVISION FORMULA (BACKLOG AIRCRAFT)**







---

EXHIBIT C

**PART 3 PROPULSION SYSTEM PRICE REVISION FORMULA**  
**International Aero Engines, LLC**

2nd A&R LA 2 -19

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(d)**

SECOND AMENDED AND RESTATED LETTER AGREEMENT NO. 3

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

Re: [\*\*\*]

Dear Ladies and Gentlemen,

This Second Amended and Restated Letter Agreement No. 3 (hereinafter referred to as this "**Letter Agreement**") is entered into as of October 9, 2019 between FRONTIER AIRLINES, INC. (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**").

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "**Agreement**");

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement;

NOW, THEREFORE, IT IS AGREED THAT AMENDED AND RESTATED LETTER AGREEMENT NO. 3, DATED AS OF DECEMBER 28, 2017 BETWEEN THE BUYER AND THE SELLER, IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

---

1. INTENTIONALLY LEFT BLANK

2. [\*\*\*]

2.1 [\*\*\*]

[\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

[\*\*\*]

(iii) [\*\*\*]

(iv) [\*\*\*]

---

(v) [\*\*\*]

(vi) [\*\*\*]

(vii) [\*\*\*]

(viii) [\*\*\*]

(ix) [\*\*\*]

2<sup>nd</sup> A&R LA 3 -3

2.2 Final Price of the Aircraft

Clause 3.2 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“3.2 Final Price of the Aircraft

The “**Final Price**” of each Aircraft will be the sum of:

- (i) the Base Price of the Airframe, as adjusted to the applicable Delivery Date of such Aircraft in accordance with Clause 4.1;
- (ii) the aggregate of all increases or decreases to the Base Price of the Airframe as agreed in any Specification Change Notice or part thereof applicable to the Airframe subsequent to the date of this Agreement as adjusted to the Delivery Date of such Aircraft in accordance with Clause 4.1;
- (iii) the Propulsion System Reference Price as adjusted to the Delivery Date of such Aircraft in accordance with Clause 4.2;
- (iv) the aggregate of all increases or decreases to the Propulsion System Reference Price as agreed in any Specification Change Notice or part thereof applicable to the Propulsion System subsequent to the date of this Agreement as adjusted to the Delivery Date in accordance with Clause 4.2; and
- (v) any other amount resulting from any other provisions of this Agreement relating to the Aircraft and/or any other written agreement between the Buyer and the Seller relating to the Aircraft.

3.2.1 [\*\*\*]

3. [\*\*\*]

3.1 [\*\*\*]

(i) [\*\*\*]

---

(ii) [\*\*\*]

(iii) [\*\*\*]

(iv) [\*\*\*]

(v) [\*\*\*]

**4. GENERAL PROVISIONS APPLICABLE TO THIS LETTER AGREEMENT**

Nothing contained in this Letter Agreement [\*\*\*]

5. [\*\*\*]



---

**6. ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller, and any attempted assignment or transfer in contravention of the provisions of this Paragraph 6 will be void and of no force or effect.

**7. CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

**8. COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Benoît de Saint-Exupéry

Its: Benoît de Saint-Exupéry  
Senior Vice President  
Contracts

Accepted and Agreed

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Its: Howard Diamond  
SVP, General Counsel & Secretary

2nd A&R LA 3

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.16(e)

AMENDED AND RESTATED LETTER AGREEMENT NO. 4

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

Re: SPECIFICATION MATTERS

Dear Ladies and Gentlemen,

This Amended and Restated Letter Agreement No. 4 (hereinafter referred to as this “**Letter Agreement**”) is entered into as of December 28, 2017 between FRONTIER AIRLINES, INC. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”).

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the “**Agreement**”);

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement;

NOW, THEREFORE, IT IS AGREED THAT LETTER AGREEMENT NO. 4, DATED SEPTEMBER 30, 2011 BETWEEN THE BUYER AND THE SELLER, IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

---

**1. AIRCRAFT ENHANCEMENT**

1.1 [\*\*\*]

1.2 [\*\*\*]

- i) [\*\*\*]
- ii) [\*\*\*]
- iii) [\*\*\*]
- iv) [\*\*\*]
- v) [\*\*\*]

1.3 [\*\*\*]

1.4 [\*\*\*]

1.5 [\*\*\*]

1.6 [\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

(iv) [\*\*\*]

**2. ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller, and any attempted assignment or transfer in contravention of the provisions of this Paragraph 2 will be void and of no force or effect.

**3. CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

---

**4. COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

A&R LA 4 -3

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Howard Diamond

Its: General Counsel

A&R LA 4

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.16(f)

LETTER AGREEMENT NO. 5

As of September 30, 2011

Republic Airways Holdings Inc.  
8909 Purdue Road  
Suite 300  
Indianapolis, Indiana 46268

Re: \*\*\*\*\*

Dear Ladies and Gentlemen,

REPUBLIC AIRWAYS HOLDINGS INC. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into an Airbus A320 Family Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 5 (the “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1. \*\*\*\*\*

The following sub-clause will be added to Clause 21 of the Agreement:

QUOTE

21.6 \*\*\*\*\*

(a) \*\*\*\*\*

(b) \*\*\*\*\*

LA 5-1

- (c) \*\*\*\*\*
- (d) \*\*\*\*\*
- (e) \*\*\*\*\*
  - (i) \*\*\*\*\*
  - (ii) \*\*\*\*\*
    - (A) \*\*\*\*\*
    - (B) \*\*\*\*\*
    - (C) \*\*\*\*\*
    - (D) \*\*\*\*\*

- (f) \*\*\*\*\*
- (g) \*\*\*\*\*
- (h) \*\*\*\*\*
- (i) \*\*\*\*\*
- (j) \*\*\*\*\*
- (k) \*\*\*\*\*
- (l) \*\*\*\*\*
- (m) \*\*\*\*\*
- (n) \*\*\*\*\*

\*\*\*\*\*

UNQUOTE

**2. ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 and Clause 21.5 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller \*\*\*\*\*, and any attempted



---

assignment or transfer in contravention of the provisions of this Paragraph 2 will be void and of no force or effect.

**3. CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

**4. COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Patrick de Castelbajac

Patrick de Castelbajac

Its: Vice President Contracts

Accepted and Agreed

REPUBLIC AIRWAYS HOLDINGS INC.

By: /s/ Bryan Bedford

Bryan Bedford

Its: President

LA 5 SigPage

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(g)**

LETTER AGREEMENT NO. 6A

As of September 30, 2011

Republic Airways Holdings Inc.  
8909 Purdue Road  
Suite 300  
Indianapolis, Indiana 46268

**Re: A320 AIRCRAFT PERFORMANCE GUARANTEE - NEO (CFM A320 LEAP-X ENGINES)**

Dear Ladies and Gentlemen,

REPUBLIC AIRWAYS HOLDINGS INC. (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**") have entered into an Airbus A320 Family Purchase Agreement of even date herewith (the "**Agreement**") which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 6A (the "**Letter Agreement**") certain additional terms and conditions regarding the sale of the A320 Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

LA 6A-1

1. **AIRCRAFT CONFIGURATION**

The guarantees defined in Paragraphs 2 and 3 below (the “**Guarantees**”) are applicable to the A320 Aircraft as described in the A320 Standard Specification \*\*\*\*\* as amended by the \*\*\*\*\* SCNs including:

- (i) \*\*\*\*\*
- (ii) \*\*\*\*\*
- (iii) \*\*\*\*\*

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement except as provided in paragraph 6 below (for purposes of this Letter Agreement No. 6A the “**A320 Aircraft**”).

2. **\*\*\*\*\* GUARANTEES**

- 2.1 \*\*\*\*\*
- 2.1.1 \*\*\*\*\*
- 2.1.2 \*\*\*\*\*
- 2.1.3 \*\*\*\*\*
- 2.1.4 \*\*\*\*\*
- 2.1.5 \*\*\*\*\*
- 2.1.6 \*\*\*\*\*
- 2.1.7 \*\*\*\*\*
- 2.2 \*\*\*\*\*
- 2.2.1 \*\*\*\*\*
- 2.2.2 \*\*\*\*\*
- 2.2.3 \*\*\*\*\*

- 1) \*\*\*\*\*
- 2) \*\*\*\*\*
- 3) \*\*\*\*\*
- 4) \*\*\*\*\*

2.2.4 \*\*\*\*\*

2.2.5 \*\*\*\*\*

2.2.6 \*\*\*\*\*

2.2.7 \*\*\*\*\*

1) \*\*\*\*\*

2) \*\*\*\*\*

3) \*\*\*\*\*

4) \*\*\*\*\*

2.3 \*\*\*\*\*

2.3.1 \*\*\*\*\*

2.3.2 \*\*\*\*\*

2.3.3 \*\*\*\*\*

2.3.4 \*\*\*\*\*

2.3.5 \*\*\*\*\*

2.3.6 \*\*\*\*\*

2.3.7 \*\*\*\*\*

1) \*\*\*\*\*

2) \*\*\*\*\*

3) \*\*\*\*\*

4) \*\*\*\*\*

2.4 \*\*\*\*\*

2.4.1 \*\*\*\*\*

2.4.2 \*\*\*\*\*

2.4.3 \*\*\*\*\*

2.4.4 \*\*\*\*\*

2.4.5 \*\*\*\*\*

2.4.6 \*\*\*\*\*

2.4.7 \*\*\*\*\*

1) \*\*\*\*\*

2) \*\*\*\*\*

3) \*\*\*\*\*

4) \*\*\*\*\*

2.5 \*\*\*\*\*

3. \*\*\*\*\* **GUARANTEE**

\*\*\*\*\*

4. **GUARANTEE CONDITIONS**

4.1 \*\*\*\*\*

4.2 \*\*\*\*\*

4.3 \*\*\*\*\*

4.4 \*\*\*\*\*

4.5 \*\*\*\*\*

5. **GUARANTEE COMPLIANCE**

5.1 \*\*\*\*\*

5.2 \*\*\*\*\*

5.3 \*\*\*\*\*

5.3.1 \*\*\*\*\*

5.3.2 \*\*\*\*\*

5.4 \*\*\*\*\*

5.5 \*\*\*\*\*

5.6 \*\*\*\*\*

**6. ADJUSTMENT OF GUARANTEES**

6.1 \*\*\*\*\*

6.2 \*\*\*\*\*

**7. EXCLUSIVE GUARANTEES**

\*\*\*\*\*

**8. \*\*\*\*\***

8.1 \*\*\*\*\*

8.1.1 \*\*\*\*\*

8.1.2 \*\*\*\*\*

8.2 \*\*\*\*\*

8.3 \*\*\*\*\*

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

AIRBUS S.A.S.

By: /s/ Patrick de Castelbajac

Patrick de Castelbajac

Its: Vice President Contracts

REPUBLIC AIRWAYS HOLDINGS INC.

By: /s/ Bryan Bedford

Bryan Bedford

Its: President

LA 6A SigPage



**APPENDIX 1**

**\*\*\*\*\*GUARANTEES\*\*\*\*\***

1. \*\*\*\*\*

\*\*\*\*\*

2. \*\*\*\*\*

\*\*\*\*\*

i) \*\*\*\*\*

ii) \*\*\*\*\*

iii) \*\*\*\*\*

\*\*\*\*\*

LA 6A-7

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(h)**

LETTER AGREEMENT NO. 6B

As of September 30, 2011

Republic Airways Holdings Inc.  
8909 Purdue Road  
Suite 300  
Indianapolis, Indiana 46268

**Re: A319 AIRCRAFT PERFORMANCE GUARANTEE – NEO (CFM A319 LEAP-X ENGINES)**

Dear Ladies and Gentlemen,

REPUBLIC AIRWAYS HOLDINGS INC. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into an Airbus A320 Family Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 6B (the “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the A319 Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

LA 6B-1

1. **AIRCRAFT CONFIGURATION**

The guarantees defined in Paragraphs 2 and 3 below (the “**Guarantees**”) are applicable to the A319 Aircraft as described in the A319 Standard Specification \*\*\*\*\* as amended by the \*\*\*\*\* SCNs including:

- (i) \*\*\*\*\*
  - (ii) \*\*\*\*\*
  - (iii) \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement except as provided in Paragraph 6 below (for purposes of this Letter Agreement No. 6C the “**A319 Aircraft**”).

2. \*\*\*\*\* **GUARANTEES**

- 2.1 \*\*\*\*\*
- 2.1.1 \*\*\*\*\*
  - \*\*\*\*\*
  - \*\*\*\*\*
- 2.1.2 \*\*\*\*\*
- 2.1.3 \*\*\*\*\*
- 2.1.4 \*\*\*\*\*
- 2.1.5 \*\*\*\*\*
- 2.1.6 \*\*\*\*\*
- 2.1.7 \*\*\*\*\*

- 1) \*\*\*\*\*
- 2) \*\*\*\*\*
- 3) \*\*\*\*\*
- 4) \*\*\*\*\*

2.2 \*\*\*\*\*

2.2.1 \*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

2.2.2 \*\*\*\*\*

2.2.3 \*\*\*\*\*

2.2.4 \*\*\*\*\*

2.2.5 \*\*\*\*\*

2.2.6 \*\*\*\*\*

2.2.7 \*\*\*\*\*

1) \*\*\*\*\*

2) \*\*\*\*\*

3) \*\*\*\*\*

4) \*\*\*\*\*

2.3 \*\*\*\*\*

\*\*\*\*\*

2.3.1 \*\*\*\*\*

2.3.2 \*\*\*\*\*

2.3.3 \*\*\*\*\*

2.3.4 \*\*\*\*\*

2.3.5 \*\*\*\*\*

2.3.6 \*\*\*\*\*

2.3.7 \*\*\*\*\*

1) \*\*\*\*\*

2) \*\*\*\*\*

3) \*\*\*\*\*

4) \*\*\*\*\*

2.4 \*\*\*\*\*

2.4.1 \*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

2.4.2 \*\*\*\*\*

2.4.3 \*\*\*\*\*

2.4.4 \*\*\*\*\*

2.4.5 \*\*\*\*\*

2.4.6 \*\*\*\*\*

2.4.7 \*\*\*\*\*

1) \*\*\*\*\*

2) \*\*\*\*\*

3) \*\*\*\*\*

4) \*\*\*\*\*

2.5 \*\*\*\*\*

3. \*\*\*\*\* GUARANTEE

\*\*\*\*\*

4. GUARANTEE CONDITIONS

4.1 \*\*\*\*\*

4.2 \*\*\*\*\*

4.3 \*\*\*\*\*

4.4 \*\*\*\*\*

4.5 \*\*\*\*\*

**5. GUARANTEE COMPLIANCE**

5.1 \*\*\*\*\*

5.2 \*\*\*\*\*

5.3 \*\*\*\*\*

5.3.1 \*\*\*\*\*

5.3.2 \*\*\*\*\*

5.4 \*\*\*\*\*

5.5 \*\*\*\*\*

5.6 \*\*\*\*\*

**6. ADJUSTMENT OF GUARANTEES**

6.1 \*\*\*\*\*

6.2 \*\*\*\*\*

**7. EXCLUSIVE GUARANTEES**

\*\*\*\*\*

**8. \*\*\*\*\***

\*\*\*\*\*

8.1 \*\*\*\*\*

8.1.1 \*\*\*\*\*

8.1.2 \*\*\*\*\*

8.2 \*\*\*\*\*

8.3 \*\*\*\*\*

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

AIRBUS S.A.S.

By: /s/ Patrick de Castelbajac

Patrick de Castelbajac

Title: Vice President Contracts

REPUBLIC AIRWAYS HOLDINGS INC.

By: /s/ Bryan Bedford

Bryan Bedford

Title: President

LA 6B SigPage

**APPENDIX 1**

**\*\*\*\*\* GUARANTEES \*\*\*\*\***

1. \*\*\*\*\*

2. \*\*\*\*\*

i) \*\*\*\*\*

ii) \*\*\*\*\*

iii) \*\*\*\*\*

\*\*\*\*\*

LA 6B-7



**LETTER AGREEMENT N° 6D**

October 9, 2019

**FRONTIER AIRLINES, INC.**  
4545 Airport Way  
Denver, Colorado  
80239  
USA

Subject: **A321XLR PERFORMANCE GUARANTEES (CFM International LEAP-1A32ENGINES)**

FRONTIER AIRLINES, INC. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into that A320 Family Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time as of the date hereof, the “**Agreement**”) which covers, among other matters the manufacture and the sale by the Seller and the purchase by the Buyer of the A321XLR Aircraft as described in the Agreement (the “**Applicable Aircraft**”).

The terms “**herein**”, “**hereof**” and “**hereunder**” and words of similar import refer to this Letter Agreement. Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of the Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

[balance of page intentionally left blank]

**1 AIRCRAFT CONFIGURATION**

The guarantees provided in this Letter Agreement (individually a “**Performance Guarantee**” or collectively the “**Performance Guarantees**”) are applicable to the Applicable Aircraft as described in the Standard Specification reference [\*\*\*] as amended by [\*\*\*] and by Specification Change Notices (SCNs) for:

- [\*\*\*]

- [\*\*\*]

hereinafter referred to as the “**Performance Specification**”, and without taking into account any further changes thereto as provided in the Agreement.

The Performance Guarantees are subject to certification and signature by the Buyer of the SCN for the [\*\*\*] as defined above.

[balance of page intentionally left blank]

2 GUARANTEED PERFORMANCE

2.1 **\*\*\*] guarantee**

[\*\*\*]

2.2 **\*\*\*] guarantee [\*\*\*]**

[\*\*\*]

2.3 **\*\*\*] guarantee**

[\*\*\*]

[balance of page intentionally left blank]

**3 [\*\*\*] GUARANTEES**

3.1 [\*\*\*]

3.1.1 [\*\*\*]

3.1.2 [\*\*\*]

3.1.3 [\*\*\*]

3.1.4 [\*\*\*]

3.1.5 [\*\*\*]

3.1.6 [\*\*\*]

**LETTER AGREEMENT N° 6D**

3.1.7 [\*\*\*]

3.1.8 [\*\*\*]

- a) [\*\*\*]
- b) [\*\*\*]
- c) [\*\*\*]
- d) [\*\*\*]
- e) [\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D**

3.2 [\*\*\*]

3.2.1 [\*\*\*]

3.2.2 [\*\*\*]

3.2.3 [\*\*\*]

3.2.4 [\*\*\*]

3.2.5 [\*\*\*]

3.2.6 [\*\*\*]

3.2.7 [\*\*\*]

3.2.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D**

3.3 [\*\*\*]

[\*\*\*]

3.3.1 [\*\*\*]

3.3.2 [\*\*\*]

3.3.3 [\*\*\*]

3.3.4 [\*\*\*]

3.3.5 [\*\*\*]

3.3.6 [\*\*\*]

3.3.7 [\*\*\*]

[balance of page intentionally left blank]

3.3.8 [\*\*\*]

- a) [\*\*\*]
- b) [\*\*\*]
- c) [\*\*\*]
- d) [\*\*\*]
- e) [\*\*\*]

[balance of page intentionally left blank]



**LETTER AGREEMENT N° 6D**

3.4 [\*\*\*]

[\*\*\*]

3.4.1 [\*\*\*]

3.4.2 [\*\*\*]

3.4.3 [\*\*\*]

3.4.4 [\*\*\*]

3.4.5 [\*\*\*]

3.4.6 [\*\*\*]

3.4.7 [\*\*\*]

3.4.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

**LETTER AGREEMENT N° 6D**

3.5 [\*\*\*] **Guarantee** – [\*\*\*]

[\*\*\*]

3.5.1 [\*\*\*]

3.5.2 [\*\*\*]

3.5.3 [\*\*\*]

3.5.4 [\*\*\*]

3.5.5 [\*\*\*]

3.5.6 [\*\*\*]

3.5.7 [\*\*\*]

3.5.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

3.6 [\*\*\*]

[\*\*\*]

**4 [\*\*\*] GUARANTEE**

[\*\*\*]

**5 PERFORMANCE GUARANTEES CONDITIONS**

5.1 [\*\*\*]

5.2 [\*\*\*]

5.3 [\*\*\*]

5.4 [\*\*\*]

5.5 [\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D**

**6 PERFORMANCE GUARANTEES COMPLIANCE**

6.1 [\*\*\*]

6.2 [\*\*\*]

6.3 [\*\*\*]

6.3.1 [\*\*\*]

6.3.2 [\*\*\*]

6.4 [\*\*\*]

6.5 [\*\*\*]

**LETTER AGREEMENT N° 6D**

6.6 [\*\*\*]

6.7 [\*\*\*]

**7 ADJUSTMENT OF PERFORMANCE GUARANTEES**

7.1 [\*\*\*]

7.2 [\*\*\*]

**8 EXCLUSIVE PERFORMANCE GUARANTEES**

[\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D**

9 [\*\*\*]

9.1 [\*\*\*]

9.2 [\*\*\*]

9.2.1 [\*\*\*]

9.2.2 [\*\*\*]

9.2.3 [\*\*\*]

9.3 [\*\*\*]

9.4 [\*\*\*]

[balance of page intentionally left blank]

**10 INCONSISTENCIES**

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement.

**11 ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

**12 CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

**13 LAW AND JURISDICTION**

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the State of New York and the provisions of Clause 22.6 of the Agreement shall apply to this Letter Agreement.

**14 COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

**15 EFFECTIVE DATE**

This Letter Agreement is effective as of the date first written above.

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D**

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

FRONTIER AIRLINES, INC.

AIRBUS S.A.S.

By: /s/ Howard Diamond

By: /s/ Benoît de Saint-Exupéry

Its: SVP, General Counsel & Secretary

Its: Senior Vice President, Contracts



APPENDIX A

[\*\*\*]

**LETTER AGREEMENT N° 6D-1**

October 9, 2019

**FRONTIER AIRLINES, INC.**  
4545 Airport Way  
Denver, Colorado  
80239  
USA

**Subject: A321XLR PERFORMANCE GUARANTEES (IAE LLC PW1133G-JM ENGINES)**

FRONTIER AIRLINES, INC. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into that A320 Family Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time as of the date hereof, the “**Agreement**”) which covers, among other matters the manufacture and the sale by the Seller and the purchase by the Buyer of the A321XLR Aircraft as described in the Agreement (the “**Applicable Aircraft**”).

The terms “**herein**”, “**hereof**” and “**hereunder**” and words of similar import refer to this Letter Agreement. Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of the Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

[balance of page intentionally left blank]

**1 AIRCRAFT CONFIGURATION**

The guarantees provided in this Letter Agreement (individually a “**Performance Guarantee**” or collectively the “**Performance Guarantees**”) are applicable to the Applicable Aircraft as described in the Standard Specification reference [\*\*\*] as amended by [\*\*\*] and by Specification Change Notices (SCNs) for:

- [\*\*\*]

- [\*\*\*]

hereinafter referred to as the “Performance Specification”, and without taking into account any further changes thereto as provided in the Agreement.

The Performance Guarantees are subject to certification and signature by the Buyer of the SCN for the [\*\*\*] as defined above.

[balance of page intentionally left blank]

**2 GUARANTEED PERFORMANCE**

**2.1 [\*\*\*] guarantee**

[\*\*\*]

**2.2 [\*\*\*] guarantee [\*\*\*]**

[\*\*\*]

**2.3 [\*\*\*] guarantee**

[\*\*\*]

[balance of page intentionally left blank]

**3 [\*\*\*] GUARANTEES**

**3.1 [\*\*\*]**

**3.1.1 [\*\*\*]**

**3.1.2 [\*\*\*]**

**3.1.3 [\*\*\*]**

**3.1.4 [\*\*\*]**

**3.1.5 [\*\*\*]**

**3.1.6 [\*\*\*]**

**LETTER AGREEMENT N° 6D-1**

3.1.7 [\*\*\*]

3.1.8 [\*\*\*]

- a) [\*\*\*]
- b) [\*\*\*]
- c) [\*\*\*]
- d) [\*\*\*]
- e) [\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-1**

3.2 [\*\*\*]

3.2.1 [\*\*\*]

3.2.2 [\*\*\*]

3.2.3 [\*\*\*]

3.2.4 [\*\*\*]

3.2.5 [\*\*\*]

3.2.6 [\*\*\*]

3.2.7 [\*\*\*]

3.2.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-1**

3.3 [\*\*\*]

[\*\*\*]

3.3.1 [\*\*\*]

3.3.2 [\*\*\*]

3.3.3 [\*\*\*]

3.3.4 [\*\*\*]

3.3.5 [\*\*\*]

3.3.6 [\*\*\*]

3.3.7 [\*\*\*]

[balance of page intentionally left blank]



3.3.8 [\*\*\*]

- a) [\*\*\*]
- b) [\*\*\*]
- c) [\*\*\*]
- d) [\*\*\*]
- e) [\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-1**

3.4 [\*\*\*]

[\*\*\*]

3.4.1 [\*\*\*]

3.4.2 [\*\*\*]

3.4.3 [\*\*\*]

3.4.4 [\*\*\*]

3.4.5 [\*\*\*]

3.4.6 [\*\*\*]

3.4.7 [\*\*\*]

3.4.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

**3.5 [\*\*\*] Guarantee – [\*\*\*]**

[\*\*\*]

]3.5.1[\*\*\*]

3.5.2 [\*\*\*]

3.5.3 [\*\*\*]

3.5.4 [\*\*\*]

3.5.5 [\*\*\*]

3.5.6 [\*\*\*]

3.5.7 [\*\*\*]

3.5.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

**3.6 [\*\*\*]**

[\*\*\*]

**LETTER AGREEMENT N° 6D-1**

4 [\*\*\*] GUARANTEE

[\*\*\*]

[\*\*\*]

**5 PERFORMANCE GUARANTEES CONDITIONS**

5.1 [\*\*\*]

5.2 [\*\*\*]

5.3 [\*\*\*]

5.4 [\*\*\*]

5.5 [\*\*\*]

[balance of page intentionally left blank]

**6 PERFORMANCE GUARANTEES COMPLIANCE**

6.1 [\*\*\*]

6.2 [\*\*\*]

6.3 [\*\*\*]

6.3.1 [\*\*\*]

6.3.2 [\*\*\*]

6.4 [\*\*\*]

6.5 [\*\*\*]

**LETTER AGREEMENT N° 6D-1**

6.6 [\*\*\*]

6.7 [\*\*\*]

**7 ADJUSTMENT OF PERFORMANCE GUARANTEES**

7.1 [\*\*\*]

7.2 [\*\*\*]

**8 EXCLUSIVE PERFORMANCE GUARANTEES**

[\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-1**

9 [\*\*\*]

9.1 [\*\*\*]

9.2 [\*\*\*]

9.2.1 [\*\*\*]

9.2.2 [\*\*\*]

9.2.3 [\*\*\*]

9.3 [\*\*\*]

9.4 [\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-1**

**10 INCONSISTENCIES**

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement.

**11 ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

**12 CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

**13 LAW AND JURISDICTION**

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the State of New York and the provisions of Clause 22.6 of the Agreement shall apply to this Letter Agreement.

**14 COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

**15 EFFECTIVE DATE**

This Letter Agreement is effective as of the date first written above.

[balance of page intentionally left blank]



**LETTER AGREEMENT N° 6D-1**

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

FRONTIER AIRLINES, INC.

AIRBUS S.A.S

By: /s/ Howard Diamond  
Its: SVP, General Counsel & Secretary

By: /s/ Benoît de Saint-Exupéry  
Its: Senior Vice President, Contracts

**APPENDIX A**

[\*\*\*]

LETTER AGREEMENT N° 6D-2

October 9, 2019

**FRONTIER AIRLINES, INC.**

4545 Airport Way  
Denver, Colorado  
80239  
USA

**Subject: A321XLR PERFORMANCE GUARANTEES (CFM International LEAP-1A33B2 ENGINES)**

FRONTIER AIRLINES, INC. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into that A320 Family Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time as of the date hereof, the “**Agreement**”) which covers, among other matters the manufacture and the sale by the Seller and the purchase by the Buyer of the A321XLR Aircraft as described in the Agreement (the “**Applicable Aircraft**”).

The terms “**herein**”, “**hereof**” and “**hereunder**” and words of similar import refer to this Letter Agreement. Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of the Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

[balance of page intentionally left blank]

**1 AIRCRAFT CONFIGURATION**

The guarantees provided in this Letter Agreement (individually a “**Performance Guarantee**” or collectively the “**Performance Guarantees**”) are applicable to the Applicable Aircraft as described in the Standard Specification reference [\*\*\*] as amended by [\*\*\*] and by Specification Change Notices (SCNs) for:

- [\*\*\*]

- [\*\*\*]

hereinafter referred to as the “**Performance Specification**”, and without taking into account any further changes thereto as provided in the Agreement.

The Performance Guarantees are subject to certification and signature by the Buyer of the SCN for the [\*\*\*] and for [\*\*\*] as defined above.

[balance of page intentionally left blank]

2 **GUARANTEED PERFORMANCE**

2.1 **[\*\*\*] guarantee**

[\*\*\*]

2.2 **[\*\*\*] guarantee [\*\*\*]**

[\*\*\*]

2.3 **[\*\*\*] guarantee**

[\*\*\*]

[balance of page intentionally left blank]

**3 [\*\*\*] GUARANTEES**

**3.1 [\*\*\*]**

**3.1.1 [\*\*\*]**

**3.1.2 [\*\*\*]**

**3.1.3 [\*\*\*]**

**3.1.4 [\*\*\*]**

**3.1.5 [\*\*\*]**

**3.1.6 [\*\*\*]**

**LETTER AGREEMENT N° 6D-2**

3.1.7 [\*\*\*]

3.1.8 [\*\*\*]

- a) [\*\*\*]
- b) [\*\*\*]
- c) [\*\*\*]
- d) [\*\*\*]
- e) [\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-2**

3.2 [\*\*\*]

[\*\*\*]

3.2.1 [\*\*\*]

3.2.2 [\*\*\*]

3.2.3 [\*\*\*]

3.2.4 [\*\*\*]

3.2.5 [\*\*\*]

3.2.6 [\*\*\*]

3.2.7 [\*\*\*]

3.2.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

[balance of page intentionally left blank]



**LETTER AGREEMENT N° 6D-2**

3.3 [\*\*\*]

3.3.1 [\*\*\*]

3.3.2 [\*\*\*]

3.3.3 [\*\*\*]

3.3.4 [\*\*\*]

3.3.5 [\*\*\*]

3.3.6 [\*\*\*]

3.3.7 [\*\*\*]

[balance of page intentionally left blank]

3.3.8 [\*\*\*]

- a) [\*\*\*]
- b) [\*\*\*]
- c) [\*\*\*]
- d) [\*\*\*]
- e) [\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-2**

3.4 [\*\*\*]

[\*\*\*]

3.4.1 [\*\*\*]

3.4.2 [\*\*\*]

3.4.3 [\*\*\*]

3.4.4 [\*\*\*]

3.4.5 [\*\*\*]

3.4.6 [\*\*\*]

3.4.7 [\*\*\*]

3.4.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

**3.5 [\*\*\*] Guarantee – [\*\*\*]**

[\*\*\*]

3.5.1 [\*\*\*]

3.5.2 [\*\*\*]

3.5.3 [\*\*\*]

3.5.4 [\*\*\*]

3.5.5 [\*\*\*]

3.5.6 [\*\*\*]

3.5.7 [\*\*\*]

3.5.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

**3.6 [\*\*\*]**

[\*\*\*]

**4 [\*\*\*] GUARANTEE**

[\*\*\*]

**5 PERFORMANCE GUARANTEES CONDITIONS**

5.1 [\*\*\*]

5.2 [\*\*\*]

5.3 [\*\*\*]

5.4 [\*\*\*]

5.5 [\*\*\*]

[balance of page intentionally left blank]

**6 PERFORMANCE GUARANTEES COMPLIANCE**

6.1 [\*\*\*]

6.2 [\*\*\*]

6.3 [\*\*\*]

6.3.1 [\*\*\*]

6.3.2 [\*\*\*]

6.4 [\*\*\*]

6.5 [\*\*\*]

**LETTER AGREEMENT N° 6D-2**

6.6 [\*\*\*]

6.7 [\*\*\*]

**7 ADJUSTMENT OF PERFORMANCE GUARANTEES**

7.1 [\*\*\*]

7.2 [\*\*\*]

**8 EXCLUSIVE PERFORMANCE GUARANTEES**

[\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-2**

9 [\*\*\*]

9.1 [\*\*\*]

9.2 [\*\*\*]

9.2.1 [\*\*\*]

9.2.2 [\*\*\*]

9.2.3 [\*\*\*]

9.3 [\*\*\*]

9.4 [\*\*\*]

[balance of page intentionally left blank]



**10 INCONSISTENCIES**

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement.

**11 ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

**12 CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

**13 LAW AND JURISDICTION**

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the State of New York and the provisions of Clause 22.6 of the Agreement shall apply to this Letter Agreement.

**14 COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

**15 EFFECTIVE DATE**

This Letter Agreement is effective as of the date first written above.

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-2**

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

FRONTIER AIRLINES, INC.

AIRBUS S.A.S

By: : /s/ Howard Diamond  
Its: : SVP, General Counsel & Secretary

By: : /s/ Benoît de Saint-Exupéry  
Its: : Senior Vice President, Contracts

**APPENDIX A**

[\*\*\*]

**LETTER AGREEMENT N° 6D-3**

October 9, 2019

**FRONTIER AIRLINES, INC.**

4545 Airport Way  
Denver, Colorado  
80239  
USA

**Subject: A321XLR PERFORMANCE GUARANTEES (IAE LLC PW1133G1-JM ENGINES)**

FRONTIER AIRLINES, INC. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into that A320 Family Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time as of the date hereof, the “**Agreement**”) which covers, among other matters the manufacture and the sale by the Seller and the purchase by the Buyer of the A321XLR Aircraft as described in the Agreement (the “**Applicable Aircraft**”).

The terms “**herein**”, “**hereof**” and “**hereunder**” and words of similar import refer to this Letter Agreement. Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of the Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

[balance of page intentionally left blank]

**1 AIRCRAFT CONFIGURATION**

The guarantees provided in this Letter Agreement (individually a “**Performance Guarantee**” or collectively the “**Performance Guarantees**”) are applicable to the Applicable Aircraft as described in the Standard Specification reference [\*\*\*] as amended by [\*\*\*] and by Specification Change Notices (SCNs) for:

- [\*\*\*]

- [\*\*\*]

hereinafter referred to as the “Performance Specification”, and without taking into account any further changes thereto as provided in the Agreement.

The Performance Guarantees are subject to certification and signature by the Buyer of the SCN for the [\*\*\*] and for [\*\*\*] as defined above.

[balance of page intentionally left blank]

**2 GUARANTEED PERFORMANCE**

**2.1 [\*\*\*] guarantee**

[\*\*\*]

**2.2 [\*\*\*] guarantee [\*\*\*]**

[\*\*\*]

**2.3 [\*\*\*] guarantee**

[\*\*\*]

[balance of page intentionally left blank]

**3 [\*\*\*] GUARANTEES**

**3.1 [\*\*\*]**

[\*\*\*]

**3.1.1 [\*\*\*]**

**3.1.2 [\*\*\*]**

**3.1.3 [\*\*\*]**

**3.1.4 [\*\*\*]**

**3.1.5 [\*\*\*]**

**3.1.6 [\*\*\*]**

**LETTER AGREEMENT N° 6D-3**

3.1.7 [\*\*\*]

3.1.8 [\*\*\*]

- a) [\*\*\*]
- b) [\*\*\*]
- c) [\*\*\*]
- d) [\*\*\*]
- e) [\*\*\*]

[balance of page intentionally left blank]



**LETTER AGREEMENT N° 6D-3**

3.2 [\*\*\*]

[\*\*\*]

3.2.1 [\*\*\*]

3.2.2 [\*\*\*]

3.2.3 [\*\*\*]

3.2.4 [\*\*\*]

3.2.5 [\*\*\*]

3.2.6 [\*\*\*]

3.2.7 [\*\*\*]

3.2.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-3**

3.3 [\*\*\*]

[\*\*\*]

3.3.1 [\*\*\*]

3.3.2 [\*\*\*]

3.3.3 [\*\*\*]

3.3.4 [\*\*\*]

3.3.5 [\*\*\*]

3.3.6 [\*\*\*]

3.3.7 [\*\*\*]

[balance of page intentionally left blank]

3.3.8 [\*\*\*]

- a) [\*\*\*]
- b) [\*\*\*]
- c) [\*\*\*]
- d) [\*\*\*]
- e) [\*\*\*]

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-3**

3.4 [\*\*\*]

[\*\*\*]

3.4.1 [\*\*\*]

3.4.2 [\*\*\*]

3.4.3 [\*\*\*]

3.4.4 [\*\*\*]

3.4.5 [\*\*\*]

3.4.6 [\*\*\*]

3.4.7 [\*\*\*]

3.4.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

**3.5 [\*\*\*] Guarantee – [\*\*\*]**

[\*\*\*]

3.5.1 [\*\*\*]

3.5.2 [\*\*\*]

3.5.3 [\*\*\*]

3.5.4 [\*\*\*]

3.5.5 [\*\*\*]

3.5.6 [\*\*\*]

3.5.7 [\*\*\*]

3.5.8 [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

e) [\*\*\*]

**3.6 [\*\*\*]**

[\*\*\*]

**4 [\*\*\*] GUARANTEE**

[\*\*\*]

**5 PERFORMANCE GUARANTEES CONDITIONS**

5.1 [\*\*\*]

5.2 [\*\*\*]

5.3 [\*\*\*]

5.4 [\*\*\*]

5.5 [\*\*\*]

[balance of page intentionally left blank]

**6 PERFORMANCE GUARANTEES COMPLIANCE**

6.1 [\*\*\*]

6.2 [\*\*\*]

6.3 [\*\*\*]

6.3.1 [\*\*\*]

6.3.2 [\*\*\*]

6.4 [\*\*\*]

6.5 [\*\*\*]

**LETTER AGREEMENT N° 6D-3**

6.6 [\*\*\*]

6.7 [\*\*\*]

**7 ADJUSTMENT OF PERFORMANCE GUARANTEES**

7.1 [\*\*\*]

7.2 [\*\*\*]

**8 EXCLUSIVE PERFORMANCE GUARANTEES**

[\*\*\*]

[balance of page intentionally left blank]



**LETTER AGREEMENT N° 6D-3**

9 [\*\*\*]

9.1 [\*\*\*]

9.2 [\*\*\*]

9.2.1 [\*\*\*]

9.2.2 [\*\*\*]

9.2.3 [\*\*\*]

9.3 [\*\*\*]

9.4 [\*\*\*]

[balance of page intentionally left blank]

**10 INCONSISTENCIES**

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement.

**11 ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

**12 CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

**13 LAW AND JURISDICTION**

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the State of New York and the provisions of Clause 22.6 of the Agreement shall apply to this Letter Agreement.

**14 COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

**15 EFFECTIVE DATE**

This Letter Agreement is effective as of the date first written above.

[balance of page intentionally left blank]

**LETTER AGREEMENT N° 6D-3**

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

FRONTIER AIRLINES, INC.

AIRBUS S.A.S

By: : /s/ Howard Diamond

By: : /s/ Benoît de Saint-Exupéry

Its: : /s/ SVP, General Counsel & Secretary

Its: : Senior Vice President, Contracts

**APPENDIX A**

[\*\*\*]

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(m)**

AMENDED AND RESTATED LETTER AGREEMENT NO. 7

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

Re: SUPPORT MATTERS

Dear Ladies and Gentlemen,

This Amended and Restated Letter Agreement No. 7 (hereinafter referred to as this “**Letter Agreement**”) is entered into as of December 28, 2017 between FRONTIER AIRLINES, INC. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”).

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the “**Agreement**”);

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement;

NOW, THEREFORE, IT IS AGREED THAT LETTER AGREEMENT NO. 7, DATED SEPTEMBER 30, 2011 BETWEEN THE BUYER AND THE SELLER, IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

A&R LA 7 -1

**1. WARRANTIES AND SERVICE LIFE POLICY**

Clause 12 of the Agreement is deleted in its entirety and is replaced with Clause 12 attached hereto as Appendix 1.

**2. TECHNICAL DATA AND SOFTWARE SERVICES**

Clause 14 of the Agreement is deleted in its entirety and is replaced with Clause 14 attached hereto as Appendix 2.

**3. SELLER REPRESENTATIVE SERVICES**

Clause 15 of the Agreement is deleted in its entirety and is replaced with Clause 15 attached hereto as Appendix 3.

**4. TRAINING SUPPORT AND SERVICES**

Clause 16 of the Agreement is deleted in its entirety and is replaced with Clause 16 attached hereto as Appendix 4.

**5. EXHIBIT H – MATERIAL AND SUPPLY SERVICES**

5.1 Paragraph 1.7.2 of Exhibit H to the Agreement is deleted in its entirety and is replaced with the following text:

“1.7.2. [\*\*\*]  
(i) [\*\*\*]  
(ii) [\*\*\*]  
(iii) [\*\*\*]  
(iv) [\*\*\*]  
[\*\*\*]”

5.2 Paragraph 4.1.1.1 of Exhibit H to the Agreement is deleted in its entirety and is replaced with the following:

“4.1.1.1 The warranty period for Seller Parts is [\*\*\*] for new Seller Parts and [\*\*\*] for used Seller Parts from delivery of such parts to the Buyer.”

**6. SOFTWARE [\*\*\*]**

6.1 The Seller will [\*\*\*] software for Airbus aircraft operated by the Buyer:

- (i) ADOC Web for Flight Operations, a documentation management software for ops manual,
- (ii) ADOC Web for Maintenance and Engineering, a documentation management software for technical data, and
- (iii) FEMIS, a flight efficiency management information systems software.

6.2 The Software [\*\*\*], upon the Buyer's written request to the Seller, [\*\*\*]

- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]
- (iv) [\*\*\*]
- (v) [\*\*\*]
- (vi) [\*\*\*]

6.3 The Software [\*\*\*]

**7. SIMULATOR DATA PACKAGE [\*\*\*]**

7.1 [\*\*\*]

7.2 [\*\*\*]

7.3 [\*\*\*]

**8. RNP AR 0.3 [\*\*\*]**

8.1 [\*\*\*]

**9. AIRMAN- WEB [\*\*\*]**

9.1 [\*\*\*] software for Airbus aircraft operated by the Buyer:

- (i) AIRMAN Web Health Monitoring Module – Foundation, and
- (ii) AIRMAN Web Health Monitoring Module – Advanced.

- 9.2 [\*\*\*]
- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]
- (iv) [\*\*\*]
- (v) [\*\*\*]

9.3 [\*\*\*]

**10. TECHNICAL DATA**

- 10.1 [\*\*\*] for Airbus aircraft operated by the Buyer:
- (i) A320 Family Technical Data Package,
  - (ii) A320 Flight Operations Technical Data, and
  - (iii) A320 Performance Engineering Program Package.

- 10.2 [\*\*\*]
- (i) [\*\*\*]
  - (ii) [\*\*\*]
  - (iii) [\*\*\*]
  - (iv) [\*\*\*]
  - (v) [\*\*\*]
  - (vi) [\*\*\*]

10.3 [\*\*\*]

**11. COMPUTER BASED TRAINING [\*\*\*]**

- 11.1 [\*\*\*]
- (i) CBT – Flight Crew Courseware & License
  - (ii) CBT – Cabin Crew Courseware & License
  - (iii) CBT – Maintenance Courseware & License

11.2 [\*\*\*]



**12. CUSTOMER SUPPORT [\*\*\*]**

12.1 [\*\*\*]  
[\*\*\*]  
[\*\*\*]  
[\*\*\*]

12.2 [\*\*\*]  
(a) [\*\*\*]  
(b) [\*\*\*]  
(c) [\*\*\*]  
(d) [\*\*\*]  
[\*\*\*]  
[\*\*\*]

12.3 [\*\*\*]  
[\*\*\*]  
[\*\*\*]

13. [\*\*\*]  
[\*\*\*]

**14. ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller, and any attempted assignment or transfer in contravention of the provisions of this Paragraph 14 will be void and of no force or effect.

**15. CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

---

**16. COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

A&R LA 7 -6

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Howard Diamond

Its: General Counsel

A&R LA 7 -7

**12. WARRANTIES AND SERVICE LIFE POLICY**

This Clause covers the terms and conditions of the warranty and service life policy.

**12.1 Standard Warranty****12.1.1 Nature of Warranty**

12.1.1.1 For the purpose of this Agreement, the term “**Warranted Part**” will mean any Seller proprietary component, equipment, accessory or part which is installed on an Aircraft at Delivery thereof and

- (i) which is manufactured to the detailed design of the Seller or a subcontractor of the Seller and
- (ii) which bears a part number of the Seller at the time of such Delivery.

For the avoidance of doubt, “Warranted Parts” shall include, among other things, the parts listed on Exhibit F hereto.

12.1.1.2 Subject to the conditions and limitations as hereinafter provided for and except as provided for in Clause 12.1.2, the Seller warrants to the Buyer that each Aircraft and each Warranted Part will at Delivery to the Buyer be free from defects:

- (i) in material;
- (ii) in workmanship, including without limitation processes of manufacture;
- (iii) in design (including without limitation the selection of materials) having regard to the state of the art at the date of such design; and
- (iv) arising from failure to conform to the Specification, except to those portions of the Specification relating to performance or where it is expressly stated that they are estimates or approximations or design aims.

**12.1.2 Exclusions**

The warranties set forth in Clause 12.1.1 will not apply to Buyer Furnished Equipment, nor to the Propulsion System, nor to any component, equipment, accessory or part installed on the Aircraft at Delivery that is not a Warranted Part except that:

- (i) any defect in the Seller's workmanship in respect of the installation of such items in the Aircraft, including any failure by the Seller to conform to the installation instructions of the manufacturers of such items, that invalidates any applicable warranty from such manufacturers, will constitute a defect in workmanship for the purpose of this Clause 12.1 and be covered by the warranty set forth in Clause 12.1.1.2(ii); and
- (ii) any defect inherent in the Seller's design of the installation, in consideration of the state of the art at the date of such design, which impairs the use of such items, will constitute a defect in design for the purpose of this Clause 12.1 and be covered by the warranty set forth in Clause 12.1.1.2(iii).

12.1.3 Warranty Period

The warranties set forth in Clauses 12.1.1 and 12.1.2 will be limited to those defects that become apparent within [\*\*\*] after Delivery of the affected Backlog Aircraft and [\*\*\*] after delivery of the affected Incremental Aircraft (each a "**Warranty Period**").

12.1.4 Limitations of Warranty

12.1.4.1 The Buyer's remedy and the Seller's obligation and liability under Clauses 12.1.1 and 12.1.2 are limited to, at the Seller's expense and option, the repair, replacement or correction of any Warranted Part which is defective (or to the supply of modification kits, rectifying the defect), together with a credit to the Buyer's account with the Seller of an amount equal to the mutually agreed direct labor costs expended in performing the removal and reinstallation thereof on the Aircraft at the labor rate defined in Clause 12.1.7.5.

The Seller may alternatively furnish to the Buyer's account with the Seller a credit equal to the price at which the Buyer is then entitled to purchase a replacement for the defective Warranted Part.

12.1.4.2 In the event of a defect covered by Clauses 12.1.1.2(iii), 12.1.1.2(iv) and 12.1.2(ii) becoming apparent within the Warranty Period, the Seller shall also, if so requested by the Buyer in writing and the Seller agrees, correct such defect in any Aircraft which has not yet been delivered to the Buyer, [\*\*\*]

12.1.4.3 Cost of Inspection

In addition to the remedies set forth in Clauses 12.1.4.1 and 12.1.4.2, the Seller will reimburse the direct labor costs incurred by the Buyer in performing inspections of the Aircraft to determine whether or not a defect exists in any Warranted Part within the Warranty Period subject to the following conditions:

- (i) such inspections are recommended by a Seller Service Bulletin to be performed within the Warranty Period;
- (ii) the reimbursement will not apply for any inspections performed as an alternative to accomplishing corrective action as recommended by the Seller prior to the date of such inspection.
- (iii) the labor rate for the reimbursement will be the Inhouse Warranty Labor Rate, and
- (iv) the manhours used to determine such reimbursement will not exceed the Seller's [\*\*\*] estimate of the manhours required for such inspections.

12.1.5 Warranty Claim Requirements

The Buyer's remedy and the Seller's obligation and liability under this Clause 12.1 with respect to any warranty claim submitted by the Buyer (each a "**Warranty Claim**") are subject to the following conditions:

- (i) the defect having become apparent within the Warranty Period;
- (ii) the Buyer having filed a warranty claim within [\*\*\*] of discovering the defect;
- (iii) [\*\*\*]
- (iv) the Seller having received a Warranty Claim complying with the provisions of Clause 12.1.6 below.

12.1.6 Warranty Administration

The warranties set forth in Clause 12.1 will be administered as hereinafter provided for:

12.1.6.1 Claim Determination

Seller shall use commercially reasonable efforts to advise Buyer of Seller's determination as to whether any claimed defect in any Warranted Part is a valid Warranty Claim within 30 days after the submission of such Warranty Claim. Such determination will be based upon the claim details, reports from the Seller's Representatives, historical data logs, inspections, tests, findings during repair, defect analysis and other relevant documents.

12.1.6.2 Transportation Costs

The cost of transporting a Warranted Part claimed to be defective to the facilities designated by the Seller and for the return therefrom of a repaired or replaced Warranted Part will be [\*\*\*]

12.1.6.3 Return of an Aircraft

If the Buyer and the Seller mutually agree, prior to such return, that it is necessary to return an Aircraft to the Seller for consideration of a Warranty Claim, the Seller [\*\*\*] The Buyer will make reasonable efforts to minimize the duration of the corresponding flights.

12.1.6.4 On Aircraft Work by the Seller

If the Seller determines that a defect subject to this Clause 12.1 justifies the dispatch by the Seller of a working team to repair or correct such defect through the embodiment of one or several Seller's Service Bulletins at the Buyer's facilities, or if the Seller accepts the return of an Aircraft to perform or have performed such repair or correction, then the [\*\*\*]

The condition which has to be fulfilled for on-Aircraft work by the Seller is that, in the reasonable opinion of the Seller, the work necessitates the technical expertise of the Seller as manufacturer of the Aircraft.

If said condition is fulfilled and if the Seller is requested to perform the work, the Seller and the Buyer will agree on a schedule and place for the work to be performed.

12.1.6.5 Warranty Claim Substantiation

Each Warranty Claim filed by the Buyer under this Clause 12.1 will contain at least the following data:

- (i) description of defect,
- (ii) date of Buyer's discovery of defect and/or removal date,
- (iii) description of Warranted Part claimed to be defective,
- (iv) part number,
- (v) serial number (if applicable),
- (vi) position on Aircraft,
- (vii) total flying hours or calendar time, as applicable, at the date of defect appearance,

- (viii) time since last shop visit at the date of defect discovery,
- (ix) Manufacturer Serial Number of the Aircraft and/or its registration number,
- (x) Aircraft total flying hours and/or number of landings at the date of defect discovery,
- (xi) Warranty Claim number,
- (xii) date of Warranty Claim,
- (xiii) Delivery Date of Aircraft or Warranted Part to the Buyer.

Warranty Claims are to be addressed as follows:

Airbus  
Customer Services Directorate  
Warranty Administration  
Rond Point Maurice Bellonte  
B.P. 33  
F 31707 Blagnac Cedex  
France

#### 12.1.6.6 Replacements

Replaced components, equipment, accessories or parts will become the Seller's property effective upon installation of the replacement on the Aircraft.

Title to and risk of loss of any Aircraft, component, accessory, equipment or part subject to a Warranty Claim and returned by the Buyer to the Seller will at all times remain with the Buyer, except that:

- (i) when the Seller has possession of a returned Aircraft, component, accessory, equipment or part to which the Buyer has title, the Seller will have such responsibility therefor as is chargeable by law to a bailee for hire, but the Seller will not be liable for loss of use; and
- (ii) title to and risk of loss of a component, accessory, equipment or part subject to a Warranty Claim will pass to the Seller upon shipment by the Seller to the Buyer of any item furnished by the Seller to the Buyer as a replacement therefor.

Upon the Seller's shipment to the Buyer of any replacement component, accessory, equipment or part provided by the Seller pursuant to this Clause 12.1, title to and risk of loss of such replacement component, accessory, equipment or part will pass to the Buyer.



12.1.6.7 Rejection

The Seller will provide reasonable written substantiation in case of rejection of a Warranty Claim.

12.1.6.8 Inspection

The Seller will have the right to inspect the affected Aircraft, Aircraft technical documents and other records relating thereto in the event of any Warranty Claim under this Clause 12.1 [\*\*\*]

12.1.7 Inhouse Warranty

12.1.7.1 Seller's Authorization

The Seller hereby authorizes the Buyer to repair Warranted Parts at the Buyer's option ("**Inhouse Warranty**") subject to the terms of this Clause 12.1.7.

12.1.7.2 Conditions for Seller's Authorization

The Buyer will be entitled to repair such Warranted Parts:

- (i) provided the Buyer notifies the Seller of its intention to perform Inhouse Warranty repairs before any such repairs are started where the estimated cost of such repair is in excess of [\*\*\*]. The Buyer's notification will include sufficient detail regarding the defect, estimated labor hours and material to allow the Seller to ascertain the reasonableness of the estimate. The Seller agrees to use all reasonable efforts to ensure a prompt response and will not unreasonably withhold authorization;
- (ii) if adequate facilities and qualified personnel are available to the Buyer;
- (iii) if repairs are performed in accordance with the Seller's Technical Data or written instructions; and
- (iv) only to the extent specified by the Seller, or, in the absence of such specification, to the extent reasonably necessary to correct the defect, in accordance with the standards set forth in Clause 12.1.10.

12.1.7.3 Seller's Rights

The Seller will have the right to require the return of any Warranted Part, or any part removed therefrom, which is claimed to be defective if, in the reasonable judgment of the Seller, the nature of the claimed defect requires technical investigation. Such return will be subject to the provisions of Clause 12.1.6.2. Furthermore, the Seller will have the right to have a Seller representative present during the disassembly, inspection and testing of any Warranted Part claimed to be defective, subject to such presence being practical and not unduly delaying the repair.

12.1.7.4 Inhouse Warranty Claim Substantiation

Claims for Inhouse Warranty credit will be filed within the time period set forth in 12.1.5(ii) and will contain the same information as that required for Warranty Claims under Clause 12.1.6.5 and in addition will include:

- (i) a report of technical findings with respect to the defect,
- (ii) for parts required to remedy the defect:
  - part numbers, serial numbers (if applicable),
  - parts description,
  - quantity of parts,
  - unit price of parts,
  - related Seller's or third party's invoices (if applicable),
  - total price of parts,
- (iii) detailed number of labor hours,
- (iv) Inhouse Warranty Labor Rate,
- (v) total claim value.

12.1.7.5 [\*\*\*]

The Buyer's sole remedy and the Seller's sole obligation and liability with respect to Inhouse Warranty Claims will be [\*\*\*] determined as set forth below:

- (i) to determine direct labor costs, only manhours spent on removal from the Aircraft, disassembly, inspection, repair, reassembly, final inspection and test of the Warranted Part and reinstallation thereof on the Aircraft will be counted. Any manhours required for maintenance work concurrently being carried out on the Aircraft or the Warranted Part will not be included.

- (ii) [\*\*\*]

The Inhouse Warranty Labor Rate [\*\*\*]. [\*\*\*] will have the meanings defined in the Seller's Price Revision Formula set forth in Exhibit C to the Agreement, [\*\*\*]

- (iii) [\*\*\*]

12.1.7.6 Limitation

The Buyer will in no event be credited for repair costs (including labor and material) for any Warranted Part in excess of [\*\*\*] of the Seller's current catalogue price for a replacement of such defective Warranted Part.

12.1.7.7 Scrapped Material

The Buyer will retain any defective Warranted Part beyond economic repair and any defective part removed from a Warranted Part during repair for a period of either [\*\*\*] after the date of completion of the repair or [\*\*\*] after submission of a claim for Inhouse Warranty credit relating thereto, whichever is longer. Such parts will be returned to the Seller within [\*\*\*] of receipt of the Seller's request to that effect.

Notwithstanding the foregoing, the Buyer may scrap any such defective parts, which are beyond economic repair and not required for technical evaluation locally, with the agreement of the Seller Representative(s).

Scrapped Warranted Parts will be evidenced by a record of scrapped material certified by an authorized representative of the Buyer and will be kept in the Buyer's file for a least the duration of the applicable Warranty Period.

12.1.8 Standard Warranty in case of Pooling or Leasing Arrangements

Without prejudice to Clause 21.1, the warranties provided for in this Clause 12.1 for any Warranted Part will accrue to the benefit of any airline in revenue service, other than the Buyer, if the Warranted Part enters into the possession of any such airline as a result of a pooling or leasing agreement between such airline and the Buyer, in accordance with the terms and subject to the limitations and exclusions of the foregoing warranties and to the extent permitted by any applicable law or regulations.

12.1.9 Warranty for Corrected, Replaced or Repaired Warranted Parts

Whenever any Warranted Part, which contains a defect for which the Seller is liable under Clause 12.1, has been corrected, replaced or repaired pursuant to the terms of this Clause 12.1, the period of the Seller's warranty with respect to such corrected, repaired or replacement Warranted Part, whichever the case may be, [\*\*\*]

If a defect is attributable to a defective repair or replacement by the Buyer, a Warranty Claim with respect to such defect will be rejected, notwithstanding any subsequent correction or repair, and will immediately terminate the remaining warranties under this Clause 12.1 in respect of the affected Warranted Part.

12.1.10 Accepted Industry Standard Practices Normal Wear and Tear

The Buyer's rights under this Clause 12.1 are subject to the Aircraft and each component, equipment, accessory and part thereof being maintained, overhauled, repaired and operated in accordance with accepted industry standard practices, all Technical Data and any other instructions generally applicable to, and generally adopted by, operators of aircraft of the same model as the Aircraft issued by the Seller, the Suppliers and the Propulsion System Manufacturer and all applicable rules, regulations and directives of the relevant Aviation Authorities, [\*\*\*]

The Seller's liability under this Clause 12.1 will not extend to normal wear and tear or to:

- (i) any Aircraft or component, equipment, accessory or part thereof, which has been repaired, altered or modified after Delivery, except by the Seller or in a manner approved by the Seller unless Buyer furnishes evidence reasonably satisfactory to the Seller that such repair, alteration or modification was not a cause of the applicable defect;
- (ii) any Aircraft or component, equipment, accessory or part thereof, which has been operated in a damaged state, unless Buyer furnishes evidence reasonably satisfactory to the Seller that such operation was not a cause of the applicable defect; or
- (iii) any component, equipment, accessory and part from which the trademark, name, part or serial number or other identification marks have been removed.

12.1.11 DISCLAIMER OF SELLER LIABILITY

THE SELLER WILL NOT BE LIABLE FOR, AND THE BUYER WILL INDEMNIFY THE SELLER AGAINST, THE CLAIMS OF ANY THIRD PARTIES FOR LOSSES DUE TO ANY DEFECT, NONCONFORMANCE OR PROBLEM OF ANY KIND, ARISING OUT OF OR IN CONNECTION WITH ANY REPAIR OF WARRANTED PARTS UNDERTAKEN BY THE BUYER UNDER THIS CLAUSE 12.1, WHETHER SUCH CLAIM IS ASSERTED IN CONTRACT OR IN TORT, OR IS PREMISED ON ALLEGED, ACTUAL, IMPUTED, ORDINARY OR INTENTIONAL ACTS OR OMISSIONS OF THE BUYER OR THE SELLER.

12.2 Seller Service Life Policy

In addition to the warranties set forth in Clause 12.1, the Seller further agrees that should a Failure occur in any Item (as these terms are defined herein below) that has not suffered from an extrinsic force then, subject to the general conditions and limitations set forth in Clause 12.2.4, the provisions of this Clause 12.2 will apply.

For the purposes of this Clause 12.2:

- (i) “**Item**” means any item listed in Exhibit F;
- (ii) “**Failure**” means a breakage or defect that can reasonably be expected to occur on a fleetwide basis and which materially impairs the utility of the Item.

12.2.1 INTENTIONALLY LEFT BLANK

12.2.2 Periods and Seller’s Undertakings

Subject to the general conditions and limitations set forth in Clause 12.2.4, the Seller agrees that if a Failure occurs in an Item [\*\*\*] after the Delivery of said Backlog Aircraft, or for Incremental Aircraft, [\*\*\*] after Delivery of said Incremental Aircraft in which such Item was originally installed, the Seller will, at its discretion and as promptly as practicable and with the Seller’s financial participation as hereinafter provided, either:

- (a) design and furnish to the Buyer a correction for such Item with a Failure and provide any parts required for such correction (including Seller designed standard parts but excluding industry standard parts), or
- (b) replace such Item.

12.2.3 Seller’s Participation in the Costs

Subject to the general conditions and limitations set forth in Clause 12.2.4, any part or Item that the Seller is required to furnish to the Buyer under this Service Life Policy in connection with the correction or replacement of an Item will be furnished to the Buyer [\*\*\*] therefor, [\*\*\*] determined in accordance with the following formula:

[\*\*\*]

12.2.4 General Conditions and Limitations

12.2.4.1 The undertakings set forth in this Clause 12.2 will be valid after the period of the Seller’s warranty applicable to an Item under Clause 12.1.

12.2.4.2 The Buyer’s remedies and the Seller’s obligations and liabilities under this Service Life Policy are subject to the prior compliance by the Buyer with the following conditions:

- (i) the Buyer will maintain log books and other historical records with respect to each Item, adequate to enable the Seller, acting reasonably, to determine whether the alleged Failure is covered by this Service Life Policy and, if so, to define the portion of the costs to be borne by the Seller in accordance with Clause 12.2.3;

- (ii) the Buyer will keep the Seller informed of any significant incidents relating to an Aircraft, howsoever occurring or recorded;
  - (iii) the Buyer will comply with the conditions of Clause 12.1.10;
  - (iv) the Buyer will implement specific structural inspection programs for monitoring purposes as may be established from time to time by the Seller generally applicable and generally adopted by operators of the same model of aircraft. Such programs will be as compatible as possible with the Buyer's operational requirements and will be carried out at the Buyer's expense. Reports relating thereto will be regularly furnished to the Seller;
  - (v) the Buyer will report any breakage or defect in a Item in writing to the Seller within [\*\*\*] after such breakage or defect is discovered by Buyer, whether or not said breakage or defect can reasonably be expected to occur in any other aircraft, and the Buyer will have provided to the Seller sufficient detail on the breakage or defect to enable the Seller, acting reasonably, to determine whether said breakage or defect is subject to this Service Life Policy.
- 12.2.4.3 Except as otherwise provided for in this Clause 12.2, any claim under this Service Life Policy will be administered as provided for in, and will be subject to the terms and conditions of, Clause 12.1.6.
- 12.2.4.4 In the event of the Seller having issued a modification applicable to an Aircraft, the purpose of which is to avoid a Failure, the Seller may elect to supply the necessary modification kit [\*\*\*]. If such a kit is so offered to the Buyer, then, to the extent of such Failure and any Failures that could ensue therefrom, the validity of the Seller's commitment under this Clause 12.2 will be subject to the Buyer incorporating such modification in the relevant Aircraft, as promulgated by the Seller and in accordance with the Seller's instructions, within a reasonable time.
- 12.2.4.5 THIS SERVICE LIFE POLICY IS NEITHER A WARRANTY, PERFORMANCE GUARANTEE, NOR AN AGREEMENT TO MODIFY ANY AIRCRAFT OR AIRFRAME COMPONENTS TO CONFORM TO NEW DEVELOPMENTS OCCURRING IN THE STATE OF AIRFRAME DESIGN AND MANUFACTURING ART. THE SELLER'S OBLIGATION UNDER THIS CLAUSE 12.2 IS TO MAKE ONLY THOSE CORRECTIONS TO THE ITEMS OR FURNISH REPLACEMENTS THEREFOR AS PROVIDED FOR IN THIS CLAUSE 12.2. THE BUYER'S SOLE REMEDY AND RELIEF FOR THE NON-PERFORMANCE OF ANY OBLIGATION OR LIABILITY OF

THE SELLER ARISING UNDER OR BY VIRTUE OF THIS SERVICE LIFE POLICY WILL BE IN A CREDIT FOR GOODS AND SERVICES (NOT INCLUDING AIRCRAFT), LIMITED TO THE AMOUNT THE BUYER REASONABLY EXPENDS IN PROCURING A CORRECTION OR REPLACEMENT FOR ANY ITEM THAT IS THE SUBJECT OF A FAILURE COVERED BY THIS SERVICE LIFE POLICY AND TO WHICH SUCH NON-PERFORMANCE IS RELATED, LESS THE AMOUNT THAT THE BUYER OTHERWISE WOULD HAVE BEEN REQUIRED TO PAY UNDER THIS CLAUSE 12.2 IN RESPECT OF SUCH CORRECTED OR REPLACEMENT ITEM. WITHOUT LIMITING THE EXCLUSIVITY OF WARRANTIES AND GENERAL LIMITATIONS OF LIABILITY PROVISIONS SET FORTH IN CLAUSE 12.5, THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL CLAIMS TO ANY FURTHER DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES, ARISING UNDER OR BY VIRTUE OF THIS SERVICE LIFE POLICY.

12.3 Supplier Warranties and Service Life Policies

Prior to or at Delivery of the first Aircraft, the Seller will provide the Buyer, in accordance with the provisions of Clause 17, with the warranties and, where applicable, service life policies that the Seller has obtained for Supplier Parts pursuant to the Supplier Product Support Agreements.

12.3.1 Definitions

12.3.1.1 “**Supplier**” means any supplier of Supplier Parts.

12.3.1.2 “**Supplier Part**” means any component, equipment, accessory or part installed in an Aircraft at the time of Delivery thereof and for which there exists a Supplier Product Support Agreement. For the sake of clarity, Propulsion System and Buyer Furnished Equipment and other equipment selected by the Buyer to be supplied by suppliers with whom the Seller has no existing enforceable warranty agreements are not Supplier Parts.

12.3.1.3 “**Supplier Product Support Agreements**” means agreements between the Seller and Suppliers, as described in Clause 17.1.2, containing enforceable and transferable warranties and, in the case of landing gear suppliers, service life policies for selected structural landing gear elements.

12.3.2 Supplier’s Default

12.3.2.1 [\*\*\*]

12.3.2.2 [\*\*\*]

12.3.2.3 [\*\*\*]

## 12.4 Interface Commitment

### 12.4.1 Interface Problem

If the Buyer experiences any technical problem in the operation of an Aircraft or its systems due to a malfunction, the cause of which, after due and reasonable investigation, is not readily identifiable by the Buyer but which the Buyer reasonably believes to be attributable to the design characteristics of one or more components of the Aircraft ("**Interface Problem**"), the Seller will, if so requested by the Buyer, and without additional charge to the Buyer except for transportation of the Seller's or its designee's personnel to the Buyer's facilities, promptly conduct or have conducted an investigation and analysis of such problem to determine, if possible, the cause or causes of the problem and to recommend such corrective action as may be feasible. The Buyer will furnish to the Seller all data and information in the Buyer's possession relevant to the Interface Problem and will cooperate with the Seller in the conduct of the Seller's investigations and such tests as may be required.

At the conclusion of such investigation, the Seller will promptly advise the Buyer in writing of the Seller's opinion as to the cause or causes of the Interface Problem and the Seller's recommendations as to corrective action.

### 12.4.2 Seller's Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of a Warranted Part, the Seller will, if so requested by the Buyer and pursuant to the terms and conditions of Clause 12.1, correct the design of such Warranted Part to the extent of the Seller's obligation as defined in Clause 12.1.

### 12.4.3 Supplier's Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of any Supplier Part, the Seller will, if so requested by the Buyer, reasonably assist the Buyer in processing any warranty claim the Buyer may have against the Supplier.

### 12.4.4 Joint Responsibility

If the Seller determines that the Interface Problem is attributable partially to the design of a Warranted Part and partially to the design of any Supplier Part, the Seller will, if so requested by the Buyer, seek a solution to the Interface Problem through cooperative efforts of the Seller and any Supplier involved.



The Seller will promptly advise the Buyer of such corrective action as may be proposed by the Seller and any such Supplier. Such proposal will be consistent with any then existing obligations of the Seller hereunder and of any such Supplier towards the Buyer. Such corrective action, unless reasonably rejected by the Buyer, will constitute full satisfaction of any claim the Buyer may have against either the Seller or any such Supplier with respect to such Interface Problem.

12.4.5 General

12.4.5.1 All requests under this Clause 12.4 will be directed to both the Seller and the affected Supplier.

12.4.5.2 Except as specifically set forth in this Clause 12.4, this Clause will not be deemed to impose on the Seller any obligations not expressly set forth elsewhere in this Agreement.

12.4.5.3 All reports, recommendations, data and other documents furnished by the Seller to the Buyer pursuant to this Clause 12.4 will be deemed to be delivered under this Agreement and will be subject to the terms, covenants and conditions set forth in this Clause 12 and in Clause 22.11.

12.5 [\*\*\*]  
[\*\*\*]  
[\*\*\*]

- (I) [\*\*\*]
- (II) [\*\*\*]
- (III) [\*\*\*]
- (IV) [\*\*\*]
- (V) [\*\*\*]
- (VI) [\*\*\*]
- (VII) [\*\*\*]
- (A) [\*\*\*]

(B) [\*\*\*]

(C) [\*\*\*]

(D) [\*\*\*]

[\*\*\*]

[\*\*\*]

12.6 Duplicate Remedies

The remedies provided to the Buyer under Clause 12.1 and Clause 12.2 as to any defect in respect of the Aircraft or any part thereof are mutually exclusive and not cumulative. The Buyer will be entitled to the remedy that provides the maximum benefit to it, as the Buyer may elect, pursuant to the terms and conditions of this Clause 12 for any particular defect for which remedies are provided under this Clause 12; provided, however, that the Buyer will not be entitled to elect a remedy under both Clause 12.1 and Clause 12.2 for the same defect. The Buyer's rights and remedies herein for the nonperformance of any obligations or liabilities of the Seller arising under these warranties will be in monetary damages limited to the amount the Buyer expends in procuring a correction or replacement for any covered part subject to a defect or nonperformance covered by this Clause 12, and the Buyer will not have any right to require specific performance by the Seller.

12.7 Negotiated Agreement

The Buyer specifically recognizes that:

- (i) the Specification has been agreed upon after careful consideration by the Buyer using its judgment as a professional operator of aircraft used in public transportation and as such is a professional within the same industry as the Seller;
- (ii) this Agreement, and in particular this Clause 12, has been the subject of discussion and negotiation and is fully understood by the Buyer; and
- (iii) the price of the Aircraft and the other mutual agreements of the Buyer set forth in this Agreement were arrived at in consideration of, inter alia, the provisions of this Clause 12, specifically including the waiver, release and renunciation by the Buyer set forth in Clause 12.5.

12.8 Disclosure to Third Party Entity

In the event of the Buyer intending to designate a third party entity (a “**Third Party Entity**”) to administer this Clause 12, the Buyer will notify the Seller of such intention prior to any disclosure of this Clause to the selected Third Party Entity and will cause such Third Party Entity to enter into a confidentiality agreement and or any other relevant documentation with the Seller solely for the purpose of administrating this Clause 12.

12.9 Transferability

Without prejudice to Clause 21.1, the Buyer’s rights under this Clause 12 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller’s prior written consent, which will not be unreasonably withheld.

Any transfer in violation of this Clause 12.9 will, as to the particular Aircraft involved, void the rights and warranties of the Buyer under this Clause 12 and any and all other warranties that might arise under or be implied in law.

14. TECHNICAL DATA AND SOFTWARE SERVICES

14.1 Scope

This Clause 14 covers the terms and conditions for the supply of technical data (hereinafter "Technical Data") and software services described hereunder (hereinafter "Software Services") to support the Aircraft operation.

14.1.1 The Technical Data will be supplied in the English language using the aeronautical terminology in common use.

14.1.2 Range, form, type, format, quantity and delivery schedule of the Technical Data to be provided under this Agreement are outlined in Exhibit G hereto.

14.2 Aircraft Identification for Technical Data

14.2.1 For those Technical Data that are customized to the Buyer's Aircraft, the Buyer agrees to the allocation of fleet serial numbers ("**Fleet Serial Numbers**") in the form of block of numbers selected in the range from 001 to 999.

14.2.2 The sequence will not be interrupted unless two (2) different Propulsion Systems or two (2) different models of Aircraft are selected.

14.2.3 The Buyer will indicate to the Seller the Fleet Serial Number allocated to each Aircraft corresponding to the delivery schedule set forth in Clause 9.1 no later than [\*\*\*] before the Scheduled Delivery Month of the first Aircraft. Neither the designation of such Fleet Serial Numbers nor the subsequent allocation of the Fleet Serial Numbers to Manufacturer Serial Numbers for the purpose of producing certain customized Technical Data will constitute any property, insurable or other interest of the Buyer in any Aircraft prior to the Delivery of such Aircraft as provided for in this Agreement.

The customized Technical Data that are affected thereby are the following:

- (i) Aircraft Maintenance Manual,
- (ii) Illustrated Parts Catalogue,
- (iii) Trouble Shooting Manual,
- (iv) Aircraft Wiring Manual,
- (v) Aircraft Schematics Manual,
- (vi) Aircraft Wiring Lists.

- 14.3 Integration of Equipment Data
- 14.3.1 Supplier Equipment
- Information, including revisions, relating to Supplier equipment that is installed on the Aircraft at Delivery, or through Airbus Service Bulletins thereafter, will be introduced into the customized Technical Data to the extent necessary for understanding of the affected systems, [\*\*\*]
- 14.3.2 Buyer Furnished Equipment
- 14.3.2.1 The Seller will introduce Buyer Furnished Equipment data for Buyer Furnished Equipment that is installed on the Aircraft by the Seller (hereinafter “BFE Data”) into the customized Technical Data, [\*\*\*] for the initial issue of the Technical Data provided at or before Delivery of the first Aircraft, provided such BFE Data is provided in accordance with the conditions set forth in Clauses 14.3.2.2 through 14.3.2.6.
- 14.3.2.2 The Buyer will supply the BFE Data to the Seller at least [\*\*\*] prior to the Scheduled Delivery Month of the first Aircraft.
- 14.3.2.3 The Buyer will supply the BFE Data to the Seller in English and will be established in compliance with the then applicable revision of ATA iSpecification 2200 (iSpec 2200), Information Standards for Aviation Maintenance.
- 14.3.2.4 The Buyer and the Seller will agree on the requirements for the provision to the Seller of BFE Data for “on-aircraft maintenance”, such as but not limited to timeframe, media and format in which the BFE Data will be supplied to the Seller, in order to manage the BFE Data integration process in an efficient, expeditious and economic manner.
- 14.3.2.5 The BFE Data will be delivered in digital format (SGML) and/or in Portable Document Format (PDF), as agreed between the Buyer and the Seller.
- 14.3.2.6 All costs related to the delivery to the Seller of the applicable BFE Data [\*\*\*]
- 14.4 Supply
- 14.4.1 Technical Data will be supplied on-line and/or off-line, as set forth in Exhibit G hereto.
- 14.4.2 The Buyer [\*\*\*] for any unused or only partially used Technical Data supplied pursuant to this Clause 14.

14.4.3 Delivery

14.4.3.1 For Technical Data provided off-line, such Technical Data and corresponding revisions will be sent to up to two (2) addresses as indicated by the Buyer.

14.4.3.2 Technical Data provided off-line will be delivered by the Seller at the Buyer's named place of destination under DDU conditions.

14.4.3.3 The Technical Data will be delivered as provided in Exhibit G hereto. The Buyer will provide no less than [\*\*\*] notice when requesting a change to such delivery schedule.

14.4.3.4 It will be the responsibility of the Buyer to coordinate and satisfy local Aviation Authorities' requirements with respect to Technical Data. Reasonable quantities of such Technical Data will be supplied by the Seller at no charge to the Buyer at the Buyer's named place of destination.

Notwithstanding the foregoing, and in agreement with the relevant Aviation Authorities, preference will be given to the on-line access to such Buyer's Technical Data through AirbusWorld.

14.5 Revision Service

For each firmly ordered Aircraft covered under this Agreement, revision service for the Technical Data will be provided [\*\*\*] (a "**Revision Service Period**").

Thereafter revision service will be provided in accordance with the terms and conditions set forth in the Seller's then current Customer Services Catalog.

14.6 Service Bulletins (SB) Incorporation

During the Revision Service Period and upon the Buyer's request, which will be made [\*\*\*] of the applicable Service Bulletin, Seller Service Bulletin information will be incorporated into the Technical Data, provided that the Buyer notifies the Seller through the relevant AirbusWorld on-line Service Bulletin Reporting application that it intends to accomplish such Service Bulletin. The split effectivity for the corresponding Service Bulletin will remain in the Technical Data until notification from the Buyer that embodiment has been completed on all of the Buyer's Aircraft. The foregoing is applicable for Technical Data relating to maintenance only. For operational Technical Data either the pre or post Service Bulletin status will be shown.

- 14.7 Technical Data Familiarization
- Upon request by the Buyer, the Seller will provide up to [\*\*\*] of Technical Data familiarization training at the Seller's or the Buyer's facilities (as elected by Buyer). The basic familiarization course is tailored for maintenance and engineering personnel.
- 14.8 Customer Originated Changes ("COC")
- If the Buyer wishes to introduce Buyer originated data ("**COC Data**") into any of the customized Technical Data that are identified as eligible for such incorporation in the Seller's then current Customer Services Catalog, the Buyer will notify the Seller of such intention.
- The incorporation of any COC Data will be performed under the methods and tools for achieving such introduction and the conditions specified in the Seller's then current Customer Services Catalog.
- 14.9 AirN@v Family products
- 14.9.1 The Technical Data listed below are provided on DVD and include integrated software (hereinafter together referred to as "**AirN@v Family**").
- 14.9.2 The AirN@v Family covers several Technical Data domains, reflected by the following AirN@v Family products:
- (i) AirN@v / Maintenance,
  - (ii) AirN@v / Planning,
  - (iii) AirN@v / Repair,
  - (iv) AirN@v / Workshop,
  - (v) AirN@v / Associated Data,
  - (vi) AirN@v / Engineering.
- 14.9.3 Further details on the Technical Data included in such products are set forth in Exhibit G.
- 14.9.4 The licensing conditions for the use of AirN@v Family integrated software will be set forth in a separate agreement to be executed by the parties the earlier of [\*\*\*] the "**End-User License Agreement for Airbus Software**".
- 14.9.5 The revision service and the license to use AirN@v Family products will be granted [\*\*\*]

14.10 On-Line Technical Data

- 14.10.1 The Technical Data defined in Exhibit G as being provided on-line will be made available to the Buyer through the Airbus customer portal AirbusWorld (“**AirbusWorld**”) as set forth in a separate agreement to be executed by the parties the earlier of [\*\*\*]
- 14.10.2 Access to Technical Data through AirbusWorld will be [\*\*\*] of the Revision Service Period.
- 14.10.3 Access to AirbusWorld will be subject to the General Terms and Conditions of Access to and Use of AirbusWorld (the “**GTC**”), as set forth in a separate agreement to be executed by the parties the earlier of [\*\*\*]
- 14.10.4 The list of the Technical Data provided on-line may be extended from time to time. For any Technical Data which is or becomes available on-line, the Seller reserves the right to eliminate other formats for the concerned Technical Data, except to the extent that Technical Data is required to be in a certain format under applicable FAA requirements.
- 14.10.5 Access to AirbusWorld will be granted [\*\*\*] for the Technical Data related to the Aircraft which will be operated by the Buyer.
- 14.10.6 For the sake of clarification, Technical Data accessed through AirbusWorld—which access will be covered by the terms and conditions set forth in the GTC – will remain subject to the conditions of this Clause 14.

In addition, should AirbusWorld provide access to Technical Data in software format, the use of such software will be subject to the conditions of the End-User License Agreement for Airbus Software.

14.11 Waiver, Release and Renunciation

The Seller warrants that the Technical Data and Software Services are prepared in accordance with the state of the art at the date of their development. Should any Technical Data or Software Services prepared by the Seller contain a non-conformity or defect, the sole and exclusive liability of the Seller will be to take all reasonable and proper steps to correct such Technical Data or Software Services. Irrespective of any other provisions herein, no warranties of any kind will be given for the Customer Originated Changes, as set forth in Clause 14.8.

THE WARRANTIES, OBLIGATIONS AND LIABILITIES OF THE SELLER (AS DEFINED BELOW FOR THE PURPOSES OF THIS CLAUSE) AND REMEDIES OF THE BUYER SET FORTH IN THIS CLAUSE 14 ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND THE BUYER HEREBY WAIVES, RELEASES AND



RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS AND LIABILITIES OF THE SELLER AND RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, EXPRESS OR IMPLIED, ARISING BY LAW, CONTRACT OR OTHERWISE, WITH RESPECT TO ANY NON-CONFORMITY OR DEFECT OF ANY KIND, IN ANY TECHNICAL DATA OR SOFTWARE SERVICES DELIVERED UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO:

- (I) ANY WARRANTY AGAINST HIDDEN DEFECTS;
- (II) ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS;
- (III) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OR TRADE;
- (IV) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY, WHETHER IN CONTRACT OR IN TORT, WHETHER OR NOT ARISING FROM THE SELLER'S NEGLIGENCE, ACTUAL OR IMPUTED; AND
- (V) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY FOR LOSS OF OR DAMAGE TO ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART, SOFTWARE, DATA OR SERVICES DELIVERED UNDER THIS AGREEMENT, FOR LOSS OF USE, REVENUE OR PROFIT, OR FOR ANY OTHER DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES;

PROVIDED THAT, IN THE EVENT THAT ANY OF THE AFORESAID PROVISIONS SHOULD FOR ANY REASON BE HELD UNLAWFUL OR OTHERWISE INEFFECTIVE, THE REMAINDER OF THIS AGREEMENT WILL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSES OF THIS CLAUSE 14, THE "SELLER" WILL BE UNDERSTOOD TO INCLUDE THE SELLER, ANY OF ITS SUPPLIERS AND SUBCONTRACTORS, ITS AFFILIATES AND ANY OF THEIR RESPECTIVE INSURERS.

#### 14.12 Proprietary Rights

14.12.1 All proprietary rights relating to Technical Data, including but not limited to patent, design and copyrights, will remain with the Seller and/or its Affiliates, as the case may be.

These proprietary rights will also apply to any translation into a language or languages or media that may have been performed or caused to be performed by the Buyer.

- 14.12.2 Whenever this Agreement and/or any Technical Data provides for manufacturing by the Buyer, the consent given by the Seller will not be construed as any express or implicit endorsement or approval whatsoever of the Buyer or of the manufactured products. The supply of the Technical Data will not be construed as any further right for the Buyer to design or manufacture any Aircraft or part thereof, including any spare part.
- 14.13 Performance Engineer's Program
- 14.13.1 In addition to the Technical Data provided under Clause 14, the Seller will provide to the Buyer Software Services, which will consist of the Performance Engineer's Programs ("**PEP**") for the Aircraft type covered under this Agreement. Such PEP is composed of software components and databases, and its use is subject to the license conditions set forth in the End-User License Agreement for Airbus Software.
- 14.13.2 Use of the PEP will be limited to one (1) copy to be used on the Buyer's computers for the purpose of computing performance engineering data. The PEP is intended for use on ground only and will not be placed or installed on board the Aircraft.
- 14.13.3 The license to use the PEP and the revision service will be provided [\*\*\*] Revision Service Period as set forth in Clause 14.5.
- 14.13.4 At the end of such PEP Revision Service Period, the PEP will be provided to the Buyer at the standard commercial conditions set forth in the Seller's then current Customer Services Catalog.
- 14.14 Future Developments
- The Seller continuously monitors technological developments and applies them to Technical Data, document and information systems' functionalities, production and methods of transmission.
- The Seller will implement and the Buyer will accept such new developments (unless Buyer has a reasonable objection to accepting the same due to FAA requirements), it being understood that the Buyer will be informed in due time by the Seller of such new developments and their application and of the date by which the same will be implemented by the Seller.

14.15 Confidentiality

14.15.1 This Clause, the Technical Data, the Software Services and their content are designated as confidential, excluding any information that is generally available to the public (other than as a result of a disclosure directly or indirectly by the Buyer) or that was provided or generated by the Buyer and was available to the Buyer on a non-confidential basis from a source who was not prohibited from disclosing such information to the Buyer by a legal, contractual or fiduciary obligation owed to the Seller. All such Technical Data and Software Services are provided to the Buyer for the sole use of the Buyer who undertakes not to disclose the contents thereof to any third party without the prior written consent of the Seller, except as permitted therein or pursuant to any government or legal requirement imposed upon the Buyer.

14.15.2 If the Seller authorizes the disclosure of this Clause or of any Technical Data or Software Services to third parties either under this Agreement or by an express prior written authorization or, specifically, where the Buyer intends to designate a maintenance and repair organization or a third party to perform the maintenance of the Aircraft or to perform data processing on its behalf (each a “**Third Party**”), the Buyer will notify the Seller of such intention prior to any disclosure of this Clause and/or the Technical Data and/or the Software Services to such Third Party.

The Buyer hereby undertakes to cause such Third Party to agree to be bound by the conditions and restrictions set forth in this Clause 14 with respect to the disclosed Clause, Technical Data or Software Services and will in particular cause such Third Party to enter into a confidentiality agreement with the Seller and appropriate licensing conditions, and to commit to use the Technical Data solely for the purpose of maintaining the Buyer’s Aircraft and the Software Services exclusively for processing the Buyer’s data.

14.16 Transferability

Without prejudice to Clause 21.1, the Buyer’s rights under this Clause 14 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller’s prior written consent.

Any transfer in violation of this Clause 14.16 will, as to the particular Aircraft involved, void the rights and warranties of the Buyer under this Clause 14 and any and all other warranties that might arise under or be implied in law.

**15. SELLER REPRESENTATIVE SERVICES**

The Seller will [\*\*\*] to the Buyer the services described in this Clause 15, at the Buyer's main base or at other locations to be mutually agreed.

**15.1 Customer Support Representative(s)**

15.1.1 The Seller will [\*\*\*] to the Buyer the services of Seller customer support representative(s), as defined in Appendix A to this Clause 15 (each a "**Seller Representative**"), at the Buyer's principal maintenance facilities for the Aircraft or such other locations as the parties may agree, [\*\*\*]

15.1.2 In providing the services as described herein, any Seller Representatives, or any Seller employee(s) providing services to the Buyer hereunder, are deemed to be acting in an advisory capacity only and at no time will they be deemed to be acting as Buyer's employees, contractors or agents, either directly or indirectly.

15.1.3 The Seller will provide to the Buyer an annual written accounting of the consumed man-months and any remaining man-month balance from the [\*\*\*] defined in Appendix A to this Clause 15. Such accounting will be deemed final and accepted by the Buyer unless the Seller receives written objection from the Buyer within [\*\*\*] of receipt of such accounting.

15.1.4 In the event of a need for Aircraft On Ground ("**AOG**") technical assistance after the end of the assignment referred to in Appendix A to this Clause 15, the Buyer will have non-exclusive access to:

(i) AIRTAC (Airbus Technical AOG Center);

(ii) The Seller Representative network closest to the Buyer's main base. A list of contacts of the Seller Representatives closest to the Buyer's main base will be provided to the Buyer.

As a matter of reciprocity, the Buyer agrees that Seller Representative(s) may provide services to other airlines during any assignment with the Buyer.

15.1.5 Should the Buyer request Seller Representative services [\*\*\*] specified in Appendix A to this Clause 15, the Seller may provide such additional services subject to terms and conditions to be mutually agreed.

15.1.6 The Seller will cause similar services to be provided by representatives of the Propulsion System Manufacturer and Suppliers, when necessary and applicable.

- 15.2 Buyer's Support
- 15.2.1 From the date of arrival of the first Seller Representative and for the duration of the assignment, the Buyer will [\*\*\*] a suitable, lockable office, conveniently located with respect to the Buyer's principal maintenance facilities for the Aircraft, with complete office furniture and equipment including telephone, internet, email and facsimile connections for the sole use of the Seller Representative(s). All related communication costs will be [\*\*\*]
- 15.2.2 [\*\*\*]
- 15.2.3 [\*\*\*]
- 15.2.4 Should the Buyer request any Seller Representative referred to in Clause 15.1 above to travel on business to a city other than his usual place of assignment, the [\*\*\*] will be responsible for all related transportation costs and expenses.
- 15.2.5 Absence of an assigned Seller Representative during normal statutory vacation periods will be covered by other seller representatives on the same conditions as those described in Clause 15.1.4, and such services will be counted against the total allocation provided in Appendix A to this Clause 15.
- 15.2.6 The Buyer will assist the Seller in obtaining from the civil authorities of the Buyer's country those documents that are necessary to permit the Seller Representative to live and work in the Buyer's country.
- 15.2.7 [\*\*\*]

15.3 Withdrawal of the Seller Representative

The Seller will have the right to withdraw its assigned Seller Representatives as it sees fit if conditions arise, which are in the Seller's reasonable opinion dangerous to their safety or health or prevent them from fulfilling their contractual tasks.

15.4 Indemnities

INDEMNIFICATION PROVISIONS APPLICABLE TO THIS CLAUSE 15 ARE SET FORTH IN CLAUSE 19.

**SELLER REPRESENTATIVE ALLOCATION**

The Seller Representative allocation provided to the Buyer pursuant to Clause 15.1 is defined hereunder.

1. [\*\*\*]
2. [\*\*\*]
3. [\*\*\*]

A&R LA 7 -34

**16. TRAINING SUPPORT AND SERVICES**

## 16.1 General

- 16.1.1 This Clause 16 sets forth the terms and conditions for the supply of training support and services for the Buyer's personnel to support the Aircraft operation.
- 16.1.2 The range, quantity and validity of training to be [\*\*\*] under this Agreement are covered in Appendix A to this Clause 16.
- 16.1.3 Scheduling of training courses covered in Appendix A to this Clause 16 will be mutually agreed during a training conference (the "**Training Conference**") that will be held no later than [\*\*\*] prior to Delivery of the first Aircraft.

## 16.2 Training Location

- 16.2.1 The Seller will provide training at [\*\*\*] (the "**Seller's Training Center**").
- 16.2.2 If the unavailability of facilities or scheduling difficulties make training by the Seller at any Seller's Training Center impractical, the Seller will ensure that the Buyer is provided with such training at another location in the United States designated by the Seller.
  - 16.2.2.1 Upon the Buyer's request, the Seller may also provide certain training at a location other than the Seller's Training Centers, including one of the Buyer's bases, if and when practicable for the Seller, under terms and conditions to be mutually agreed upon. In such event, all additional charges listed in Clauses 16.5.2 and 16.5.3 will be [\*\*\*]
  - 16.2.2.2 If the Buyer requests training at a location as indicated in Clause 16.2.2.1 and requires such training to be an Airbus approved course, the Buyer undertakes that the training facilities will be approved by an Aviation Authority prior to the performance of such training. The Buyer will, as necessary and with adequate time prior to the performance of such training, provide access to the training facilities set forth in Clause 16.2.2.1 to the Seller's and the competent Aviation Authority's representatives for approval of such facilities.

## 16.3 Training Courses

- 16.3.1 Training courses will be as described in the Seller's customer services catalog (the "**Seller's Customer Services Catalog**"). The Seller's Customer Services Catalog also sets forth the minimum and maximum number of trainees per course.

All training requests or training course changes made outside of the scope of the Training Conference will be submitted by the Buyer with a minimum of [\*\*\*] prior notice.

16.3.2 The following terms and conditions will apply to training performed by the Seller:

- (i) Training courses will be the Seller's standard courses as described in the Seller's Customer Services Catalog valid at the time of execution of the course. The Seller will be responsible for all training course syllabi, training aids and training equipment necessary for the organization of the training courses. For the avoidance of doubt, such training equipment does not include provision of aircraft for the purpose of performing training.
- (ii) The training equipment and the training curricula used for the training of flight, cabin and maintenance personnel will not be fully customized but will be configured to apply to the applicable model of the Aircraft and to the extent necessary and agreed upon during the Training Conference in order to obtain the relevant Aviation Authority's approval and to support the Seller's training programs.
- (iii) Training data and documentation for trainees receiving the training at the Seller's Training Centers will be [\*\*\*] Training data and documentation will be marked "FOR TRAINING ONLY" and as such are supplied for the sole and express purpose of training; training data and documentation will not be revised.

16.3.3 When the Seller's training courses are provided by the Seller's instructors (individually an "**Instructor**" and collectively "**Instructors**") the Seller will deliver to each attendee a Certificate of Recognition or a Certificate of Course Completion (each a "**Certificate**") or an attestation (an "**Attestation**"), as applicable, at the end of any such training course. Any such Certificate or Attestation will not represent authority or qualification by any Aviation Authority but may be presented to such Aviation Authority in order to obtain relevant formal qualification.

In the event of training courses being provided by a training provider selected by the Seller as set forth in Clause 16.2.2, the Seller will cause such training provider to deliver to each attendee a Certificate or Attestation, which will not represent authority or qualification by any Aviation Authority, but may be presented to such Aviation Authority in order to obtain relevant formal qualification.

16.3.3.1 Should the Buyer wish to exchange any of the training courses provided under Appendix A to this Clause 16, the Buyer will place a request for exchange to this effect with the Seller. The Buyer may exchange, subject to the Seller's confirmation, the [\*\*\*] under Appendix A to this Clause 16 as follows:



- (i) flight operations training courses as listed under Article 1 of Appendix A to this Clause 16 may be exchanged for any flight operations training courses described in the Seller's Customer Services Catalog current at the time of the Buyer's request;
- (ii) maintenance training courses as listed under Article 3 of Appendix A to this Clause 16 may be exchanged for any maintenance training courses described in the Seller's Customer Services Catalog current at the time of the Buyer's request;
- (iii) should any one of the [\*\*\*] thereunder (flight operations or maintenance) have been fully drawn upon, the Buyer will be entitled to exchange for flight operations or maintenance training courses as needed against the remaining allowances.

[\*\*\*]

It is understood that the above provisions will apply to the extent that [\*\*\*] under Appendix A to this Clause 16 remain available to the full extent necessary to perform the exchange.

All requests to exchange training courses will be submitted by the Buyer with a minimum of [\*\*\*] The requested training will be subject to the Seller's then existing planning constraints.

16.3.3.2 [\*\*\*]

16.3.3.3 Should the Buyer decide to cancel or reschedule a training course, fully or partially, and irrespective of the location of the training, a minimum advance notification of at least [\*\*\*] prior to the relevant training course start date is required.

16.3.3.4 If the notification occurs [\*\*\*] prior to such training, [\*\*\*] of such training will be, as applicable, either deducted from the training allowance defined in Appendix A to this Clause 16 or invoiced at the Seller's then applicable price.

16.3.3.5 If the notification occurs [\*\*\*] prior to such training, [\*\*\*] of such training will be, as applicable, either deducted from the [\*\*\*] defined in Appendix A to this Clause 16 or invoiced at the Seller's then applicable price.

16.3.3.6 All courses exchanged under Clause 16.3.3.1 will remain subject to the provisions of this Clause 16.3.3.

16.4 Prerequisites and Conditions

- 16.4.1 Training will be conducted in English and all training aids used during such training will be written in English using common aeronautical terminology.
- 16.4.2 The Buyer hereby acknowledges that all training courses conducted pursuant to this Clause 16 are “Standard Transition Training Courses” and not “Ab Initio Training Courses”.
- 16.4.3 Trainees will have the prerequisite knowledge and experience specified for each course in the Seller’s Customer Services Catalog.
- 16.4.3.1 The Buyer will be responsible for the selection of the trainees and for any liability with respect to the entry knowledge level of the trainees.
- 16.4.3.2 The Seller reserves the right to verify the trainees’ proficiency and previous professional experience.
- 16.4.3.3 The Seller will provide to the Buyer during the Training Conference an Airbus Pre-Training Survey for completion by the Buyer for each trainee.
- The Buyer will provide the Seller with an attendance list of the trainees for each course, with the validated qualification of each trainee, at the time of reservation of the training course and in no event any later than [\*\*\*] before the start of the training course. The Buyer will return concurrently thereto the completed Airbus Pre-Training Survey, detailing the trainees’ associated background. If the Seller determines through the Airbus Pre-Training Survey that a trainee does not match the prerequisites set forth in the Seller’s Customer Services Catalog, following consultation with the Buyer, such trainee will be withdrawn from the program, replaced by another qualified trainee or directed through a relevant entry level training (ELT) program, which will be at the Buyer’s expense.
- 16.4.3.4 If the Seller determines at any time during the training that a trainee lacks the required level, following consultation with the Buyer, such trainee will be withdrawn from the program or, upon the Buyer’s request, the Seller may be consulted to direct the above mentioned trainee(s), if possible, to any other required additional training, which will be at the Buyer’s expense.
- 16.4.4 The Seller will in no case warrant or otherwise be held liable for any trainee’s performance as a result of any training provided.

16.5 Logistics

16.5.1 Trainees

16.5.1.1 Living and travel expenses for the Buyer's trainees will be [\*\*\*]

16.5.1.2 It will be the responsibility of the Buyer to make all necessary arrangements relative to authorizations, permits and/or visas necessary for the Buyer's trainees to attend the training courses to be provided hereunder. Rescheduling or cancellation of courses due to the Buyer's failure to obtain any such authorizations, permits and/or visas will be subject to the provisions of Clauses 16.3.3.3 thru 16.3.3.5.

16.5.2 Training at External Location—Seller's Instructors

16.5.2.1 In the event of training being provided at the Seller's request at any location other than the Seller's Training Centers, as provided for in Clause 16.2.2, the expenses of the Seller's Instructors will be [\*\*\*].

16.5.2.2 In the event of training or support being provided by the Seller's Instructor(s) and/or other Seller's personnel under this Clause 16, at any location other than the Seller's Training Centers at the Buyer's request, the Buyer will reimburse the Seller for all [\*\*\*] living and travel expenses (including, without limitation, lodging, food and local transportation to and from the place of lodging and training course location) related to the assignment of such Seller Instructors and/or other Seller's personnel and the performance of their duties as aforesaid in accordance with the Seller's Customer Services Catalog current at the time of the corresponding training or support. Such reimbursement shall cover the entire period from such Seller's Instructor(s) and/or other Seller's personnel's day of departure from his main base to day of return to such base.

Except as provided for in Clause 16.5.2.1 above, the [\*\*\*] for the airfares for each Seller Instructor and/or other Seller's personnel providing support under this Clause 16, in confirmed business class to and from the Buyer's designated training site and the Seller's Training Centers, as such airfares are set forth in the Seller's Customer Services Catalog current at the time of the corresponding training or support.

16.5.2.3 [\*\*\*]

16.5.2.4 [\*\*\*]

- 16.5.2.5 Buyer's Indemnity
- Except in case of gross negligence or willful misconduct of the Seller, the Seller will not be held liable to the Buyer for any delay or cancellation in the performance of any training outside of the Seller's Training Centers associated with any transportation described in this Clause 16.5.2, and the Buyer will indemnify and hold harmless the Seller from any such delay and/or cancellation and any consequences arising therefrom.
- 16.5.3 Training Material and Equipment Availability—Training at External Location
- Training material and equipment necessary for course performance at any location other than the Seller's Training Centers or the facilities of a training provider selected by the Seller will be provided by the Buyer [\*\*\*] in accordance with the Seller's specifications.
- Notwithstanding the foregoing, should the Buyer request the performance of a course at another location as per Clause 16.2.2.1, the Seller may, upon the Buyer's request, provide the training material and equipment necessary for such course's performance. Such provision will be [\*\*\*]
- 16.6 Flight Operations Training
- The Seller will provide training for the Buyer's flight operations personnel as further detailed in Appendix A to this Clause 16, including the courses described in this Clause 16.6.
- 16.6.1 Flight Crew Training Course
- The Seller will perform a flight crew training course program for the Buyer's flight crews, each of which will consist of two (2) crew members, who will be either captain(s) or first officer(s).
- 16.6.2 Base Flight Training
- 16.6.2.1 The Buyer will provide at its own cost its delivered Aircraft, or any other aircraft it operates, for any base flight training, which will consist of [\*\*\*] per pilot, performed in accordance with the related Airbus training course definition in the United States (the "**Base Flight Training**").
- 16.6.2.2 Should it be necessary to ferry the Buyer's delivered Aircraft to the location where the Base Flight Training will take place, the additional flight time required for the ferry flight to and/or from the Base Flight Training field will not be deducted from the Base Flight Training time.
- 16.6.2.3 If the Base Flight Training is performed outside of the zone where the Seller usually performs such training, the ferry flight to the location where the Base Flight Training will take place will be performed by a crew composed of the Seller's and/or the Buyer's qualified pilots, in accordance with the relevant Aviation Authority's regulations related to the place of performance of the Base Flight Training.

16.6.3 Flight Crew Line Initial Operating Experience

In order to assist the Buyer with initial operating experience after Delivery of the first Aircraft, the Seller will provide to the Buyer pilot Instructor(s) as set forth in Appendix A to this Clause 16.

Should the Buyer request, subject to the Seller's consent, such Seller pilot Instructors to perform any other flight support during the flight crew line initial operating period, such as but not limited to line assistance, demonstration flight(s), ferry flight(s) or any flight(s) required by the Buyer during the period of entry into service of the Aircraft, it is understood that such flight(s) will be [\*\*\*] set forth in Appendix A to this Clause 16.

It is hereby understood by the Parties that the Seller's pilot Instructors will only perform the above flight support services to the extent they bear the relevant qualifications to do so.

16.6.4 Type Specific Cabin Crew Training Course

The Seller will provide type specific training for cabin crews at one of the locations defined in Clause 16.2.1.

If the Buyer's Aircraft is to incorporate special features, the type specific cabin crew training course will be performed no earlier than [\*\*\*] before the scheduled Delivery Date of the Buyer's first Aircraft.

16.6.5 Training on Aircraft

During any and all flights performed in accordance with this Clause 16.6, the Buyer will bear full responsibility for the aircraft upon which the flight is performed, including but not limited to any required maintenance, [\*\*\*] in line with Clause 16.13.

The Buyer will assist the Seller, if necessary, in obtaining the validation of the licenses of the Seller's pilots performing Base Flight Training or initial operating experience by the Aviation Authority of the place of registration of the Aircraft.

16.7 Performance / Operations Courses

The Seller will provide performance/operations training for the Buyer's personnel as defined in Appendix A to this Clause 16.

The available courses will be listed in the Seller's Customer Services Catalog current at the time of the course.

16.8 Maintenance Training

16.8.1 The Seller will provide maintenance training for the Buyer's ground personnel as further set forth in Appendix A to this Clause 16.

The available courses will be as listed in the Seller's Customer Services Catalog current at the time of the course.

The practical training provided in the frame of maintenance training will be performed on the training devices in use in the Seller's Training Centers.

16.8.2 Practical Training on Aircraft

Notwithstanding Clause 16.8.1 above, upon the Buyer's request, the Seller may provide Instructors for the performance of practical training on aircraft ("**Practical Training**").

Irrespective of the location at which the training takes place, the Buyer will provide at its own cost an aircraft for the performance of the Practical Training.

Should the Buyer require the Seller's Instructors to provide Practical Training at facilities selected by the Buyer, such training will be subject to prior approval of the facilities by the Seller. All reasonable costs of the Seller related to such Practical Training, including but not limited to the Seller's approval of the facilities, will be borne by the Buyer.

The provision of a Seller Instructor for the Practical Training will be deducted from the trainee days allowance defined in Appendix A to this Clause 16, subject to the conditions detailed in Paragraph 4.4 thereof.

16.9 Supplier and Propulsion System Manufacturer Training

Upon the Buyer's request, the Seller will provide to the Buyer the list of the maintenance and overhaul training courses provided by major Suppliers and the applicable Propulsion System Manufacturer on their respective products.

16.10 Proprietary Rights

All proprietary rights, including but not limited to patent, design and copyrights, relating to the Seller's training data and documentation will remain with the Seller and/or its Affiliates and/or its Suppliers, as the case may be.

These proprietary rights will also apply to any translation into a language or languages or media that may have been performed or caused to be performed by the Buyer.

16.11 Confidentiality

The Seller's training data and documentation are designated as confidential (excluding any information that is generally available to the public (other than as a result of a disclosure directly or indirectly by the Buyer) or that was provided or generated by the Buyer and was available to the Buyer on a non-confidential basis from a source who was not prohibited from disclosing such information to the Buyer by a legal, contractual or fiduciary obligation owed to the Seller), and as such are provided to the Buyer for the sole use of the Buyer, for training of its own personnel, who undertakes not to disclose the content thereof in whole or in part, to any third party without the prior written consent of the Seller, save as permitted herein or otherwise pursuant to any government or legal requirement imposed upon the Buyer.

In the event of the Seller having authorized the disclosure of any training data and documentation to third parties either under this Agreement or by an express prior written authorization, the Buyer will cause such third party to agree to be bound by the same conditions and restrictions as the Buyer with respect to the disclosed training data and documentation and to use such training data and documentation solely for the purpose for which they are provided.

16.12 Transferability

Without prejudice to Clause 21.1, the Buyer's rights under this Clause 16 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller's prior written consent.

16.13 Indemnities and Insurance

INDEMNIFICATION PROVISIONS AND INSURANCE REQUIREMENTS APPLICABLE TO THIS CLAUSE 16 ARE AS SET FORTH IN CLAUSE 19.

THE BUYER WILL PROVIDE THE SELLER WITH AN ADEQUATE INSURANCE CERTIFICATE PRIOR TO ANY TRAINING ON AIRCRAFT.

**APPENDIX A TO CLAUSE 16**

**TRAINING ALLOWANCE**

For the avoidance of doubt, all quantities indicated below are the total quantities [\*\*\*], unless otherwise specified.

The contractual training courses defined in this Appendix A will be provided up to [\*\*\*] under this Agreement.

Notwithstanding the above, flight operations training courses [\*\*\*] in this Appendix A will be provided by the Seller within a period starting [\*\*\*] before and ending [\*\*\*] after Delivery of such Aircraft.

Any deviation to said training delivery schedule will be mutually agreed between the Buyer and the Seller.

**1 FLIGHT OPERATIONS TRAINING**

**1.1 Flight Crew Training (standard transition course)**

The Seller will provide flight crew training (standard transition course) [\*\*\*] for [\*\*\*] of the Buyer's flight crews [\*\*\*] Backlog Aircraft.

**1.2 Flight Crew Line Initial Operating Experience**

The Seller will provide to the Buyer pilot Instructor(s) [\*\*\*] for a period of [\*\*\*]. Unless otherwise agreed during the Training Conference, in order to follow the Aircraft Delivery schedule, the maximum number of pilot Instructors present at any one time will be limited to [\*\*\*] pilot Instructors.

**1.3 Type Specific Cabin Crew Training Course**

The Seller will provide to the Buyer [\*\*\*] type specific training for cabin crews for [\*\*\*] of the Buyer's cabin crew instructors, pursers or cabin attendants.

**1.4 Airbus Pilot Instructor Course (APIC)**

The Seller will provide to the Buyer transition Airbus Pilot Instructor Course(s) ("APIC"), for flight and synthetic instruction, [\*\*\*] for [\*\*\*] of the Buyer's flight instructors. APIC courses will be performed in groups of [\*\*\*] trainees.

**2 PERFORMANCE / OPERATIONS COURSE(S)**

The Seller will provide to the Buyer [\*\*\*] trainee days of performance / operations training [\*\*\*] for the Buyer's personnel.



---

**3 MAINTENANCE TRAINING**

- 3.1 The Seller will provide to the Buyer [\*\*\*] trainee days of maintenance training [\*\*\*] for the Buyer's personnel.
- 3.2 The Seller will provide to the Buyer [\*\*\*] Engine Run-up courses.
- 3.3 The Seller will provide to the Buyer maintenance instructor(s) [\*\*\*]. Unless otherwise agreed during the Training Conference, the maximum number of maintenance instructors present at any one time will be limited to two (2) maintenance instructors

**4 TRAINEE DAYS ACCOUNTING**

Trainee days are counted as follows:

- 4.1 For instruction at the Seller's Training Centers: one (1) day of instruction for one (1) trainee equals one (1) trainee day. The number of trainees originally registered at the beginning of the course will be counted as the number of trainees to have taken the course.
- 4.2 For instruction outside of the Seller's Training Centers: one (1) day of instruction by one (1) Seller Instructor [\*\*\*] trainee days, except for structure maintenance training course(s).
- 4.3 For structure maintenance training courses outside the Seller's Training Center(s), one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or the minimum number of trainees as indicated in the Seller's Customer Services Catalog.
- 4.4 For practical training, whether on training devices or on aircraft, one (1) day of instruction by one (1) Seller Instructor equals [\*\*\*] trainee days.

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(n)**

LETTER AGREEMENT NO. 8

As of September 30, 2011

Republic Airways Holdings Inc.  
8909 Purdue Road, Suite 300  
Indianapolis, Indiana 46268

Re: \*\*\*\*\*

Dear Ladies and Gentlemen,

Republic Airways Holdings Inc. (the "**Buyer**") and AIRBUS (the "**Seller**") have entered into an A320 Family Aircraft Purchase Agreement (the "**Agreement**"), dated as of even date herewith that covers, among other things, the sale by the Seller and the purchase by the Buyer of certain Aircraft.

The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 8 (the "**Letter Agreement**") certain additional terms and conditions regarding the sale of the Aircraft.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions that are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

LA 8-1

**0. PREAMBLE**

The intent of this Letter Agreement is that the Seller and the Buyer agree that \*\*\*\*\*

**1. DEFINITIONS AND INTERPRETATION**

1.1 Capitalized words and terms used in this Letter Agreement that are not defined herein shall have the meaning assigned thereto in the Agreement.

1.2 The terms “herein”, “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

1.3 In addition to words and terms elsewhere defined in this Letter Agreement, the initially capitalized words and terms used in this Letter Agreement shall have the meaning set out below, listed in alphabetical order:

<u>TERM</u>	<u>DEFINITION / INTERPRETATION</u>
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

2. \*\*\*\*\*

2.1 \*\*\*\*\*

(a) \*\*\*\*\*

(b) \*\*\*\*\*

2.2 \*\*\*\*\*

2.3 \*\*\*\*\*

3. \*\*\*\*\*

3.1 \*\*\*\*\*

3.1.1 \*\*\*\*\*

3.1.2 \*\*\*\*\*

3.2 \*\*\*\*\*

3.2.1 \*\*\*\*\*

3.2.2 \*\*\*\*\*

3.2.3 \*\*\*\*\*

3.2.4 \*\*\*\*\*

4. \*\*\*\*\*

4.1 \*\*\*\*\*

4.2 \*\*\*\*\*

4.3 \*\*\*\*\*

4.4 \*\*\*\*\*

(a) \*\*\*\*\*

(b) \*\*\*\*\*

4.5 \*\*\*\*\*

4.6 \*\*\*\*\*

5. \*\*\*\*\*

5.1 \*\*\*\*\*

(a) \*\*\*\*\*

(b) \*\*\*\*\*

(c) \*\*\*\*\*

(d) \*\*\*\*\*

5.2 \*\*\*\*\*

6. \*\*\*\*\*

6.1 \*\*\*\*\*

(a) \*\*\*\*\*

(b) \*\*\*\*\*

6.2 \*\*\*\*\*

7. \*\*\*\*\*

7.1 \*\*\*\*\*

7.2 \*\*\*\*\*

7.3 \*\*\*\*\*

7.4 \*\*\*\*\*

7.5 \*\*\*\*\*

7.6 \*\*\*\*\*

8. \*\*\*\*\*

\*\*\*\*\*

8.1 \*\*\*\*\*

• \*\*\*\*\*

• \*\*\*\*\*

• \*\*\*\*\*

• \*\*\*\*\*

• \*\*\*\*\*

• \*\*\*\*\*

• \*\*\*\*\*

8.2 \*\*\*\*\*

8.3 \*\*\*\*\*

9. \*\*\*\*\*

(a) \*\*\*\*\*

(b) \*\*\*\*\*

10. \*\*\*\*\*

\*\*\*\*\*

11. \*\*\*\*\*

\*\*\*\*\*

**12. ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 or Clause 21.5 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller \*\*\*\*\*, and any attempted assignment or transfer in contravention of the provisions of this paragraph will be void and of no force or effect.

**13. CONFIDENTIALITY**

This Letter Agreement including any other documents or data exchanged between the Buyer and the Seller for the fulfilment of their respective obligations under the Letter Agreement shall be treated by both parties as confidential and shall not be released in whole or in part to any third party except as may be required by law, or to professional advisors for the purpose of implementation hereof. In particular, both parties agree:

- not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior written consent of the other party hereto.
- that any and all terms and conditions contemplated in this Letter Agreement are strictly personal and exclusive to the Buyer. The Buyer therefore agrees to consult with the Seller, and enter into a non-disclosure agreement in form and substance acceptable to the Seller, reasonably in advance of any required disclosure to any third party.

Without prejudice to the foregoing, any disclosure to a third party shall be subject to written agreement between the Buyer and the Seller.

The provisions of this Clause 13 shall survive any termination of this Letter Agreement for a period of \*\*\*\*\*.

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

**REPUBLIC AIRWAYS HOLDINGS INC.**

**AIRBUS S.A.S.**

Signature: /s/ Bryan Bedford

Signature: /s/ Patrick de Castelbajac

Printed Name: Bryan Bedford

Printed Name: Patrick de Castelbajac

Title: President

Title: Vice President Contracts

Date: [Undated]

*Witnessed by:*

***Witnessed by:***

Name: [Authorized Signatory]

Name: \_\_\_\_\_

Title: Senior Vice President

Title: \_\_\_\_\_



\*\*\*\*\*

A1.1 \*\*\*\*\*

A1.2 \*\*\*\*\*

A1.3 \*\*\*\*\*

A1.4 \*\*\*\*\*

A1.5 \*\*\*\*\*

APPENDIX 2 -\*\*\*\*\*

\*\*\*\*\*

- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
  - \*\*\*\*\*
  - \*\*\*\*\*
- \*\*\*\*\*
  - \*\*\*\*\*
  - \*\*\*\*\*
  - \*\*\*\*\*
  - \*\*\*\*\*
  - \*\*\*\*\*
  - \*\*\*\*\*
- \*\*\*\*\*
  - \*\*\*\*\*
  - \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*

APPENDIX 3 -\*\*\*\*\*

A3.1 \*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

A3.2 \*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*  
• \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(o)**

LETTER AGREEMENT NO. 9

As of September 30, 2011

Republic Airways Holdings Inc.  
8909 Purdue Road  
Suite 300  
Indianapolis, Indiana 46268

Re: MISCELLANEOUS

Dear Ladies and Gentlemen,

REPUBLIC AIRWAYS HOLDINGS INC. (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**") have entered into an Airbus A320 Family Aircraft Purchase Agreement of even date herewith (the "**Agreement**") which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 9 (the "**Letter Agreement**") certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

LA 9-1

**1. DEFINITIONS**

1.1 Clause 0 of the Agreement is amended to replace the definition of “**Agreement**” with the following quoted text:

QUOTE

Agreement – this Airbus A320 family aircraft purchase agreement, including all exhibits and appendixes attached hereto, and all letter agreements that are expressed to be part of the Agreement, between the Buyer and the Seller relating hereto, as the same may be amended or modified and in effect from time to time.

UNQUOTE

1.2 Clause 0 of the Agreement is amended to replace the definition of “**Delivery Location**” with the following quoted text:

QUOTE

Delivery Location – \*\*\*\*\*.

UNQUOTE

1.3 Clause 0 of the Agreement is amended to replace the definition of “**Predelivery Payment**” with the following quoted text:

QUOTE

Predelivery Payment – with respect to any Aircraft, the Initial Payment (as defined in Letter Agreement No. 1, dated as of the day hereof, between the Buyer and the Seller) plus any of the payments determined in accordance with Clause 5.3 for such Aircraft.

UNQUOTE

1.4 Clause 0 of the Agreement is amended to insert the definition of “**Republic**” with the following quoted text:

QUOTE

Republic – Republic Airways Holdings Inc. or its permitted successor or assign under Clause 21.2.

UNQUOTE

1.5 Clause 0 of the Agreement is amended to insert the definition of “**Subsidiary**” with the following quoted text:

QUOTE

Subsidiary – as to any entity means a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests representing \*\*\*\*\* of such corporation, partnership, limited liability company or other entity are at the time owned.

UNQUOTE

**2. CERTIFICATION**

Clause 7 of the Agreement is deleted in its entirety and is replaced with Clause 7 attached hereto as Appendix 1.

**3. TECHNICAL ACCEPTANCE**

Clause 8 of the Agreement is deleted in its entirety and is replaced with Clause 8 attached hereto as Appendix 2.

**4. DELIVERY**

Clause 9 of the Agreement is deleted in its entirety and is replaced with Clause 9 attached hereto as Appendix 3.

**5. EXCUSABLE DELAY AND TOTAL LOSS**

Clause 10 of the Agreement is deleted in its entirety and is replaced with Clause 10 attached hereto as Appendix 4.

**6. EXCUSABLE DELAY**

Clause 11 of the Agreement is deleted in its entirety and is replaced with Clause 11 attached hereto as Appendix 5.

**7. PATENT AND COPYRIGHT INDEMNITY**

Clause 13 of the Agreement is deleted in its entirety and is replaced with Clause 13 attached hereto as Appendix 6.

**8. BUYER FURNISHED EQUIPMENT**

Clause 18 of the Agreement is deleted in its entirety and is replaced with Clause 18 attached hereto as Appendix 7.

**9. INDEMNITIES AND INSURANCE**

Clause 19 of the Agreement is deleted in its entirety and is replaced with Clause 19 attached hereto as Appendix 8.

**10. TERMINATION**

Clause 20 of the Agreement is deleted in its entirety and is replaced with Clause 20 attached hereto as Appendix 9.

**11. ASSIGNMENT AND TRANSFERS**

Clause 21 of the Agreement is deleted in its entirety and is replaced with Clause 21 attached hereto as Appendix 10.

**12. ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 and Clause 21.5 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller \*\*\*\*\*, and any attempted assignment or transfer in contravention of the provisions of this Paragraph 12 will be void and of no force or effect.

**13. CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

**14. COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.



If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Patrick de Castelbajac

Patrick de Castelbajac

Its: Vice President Contracts

Accepted and Agreed

REPUBLIC AIRWAYS HOLDINGS INC.

By: /s/ Bryan Bedford

Bryan Bedford

Its: President

LA 9 SigPage

**7. CERTIFICATION**

Except as set forth in this Clause 7, the Seller will not be required to obtain any certificate or approval with respect to the Aircraft.

**7.1 Type Certification**

The Seller will obtain or cause to be obtained (i) a type certificate under EASA procedures for joint certification in the transport category and (ii) an FAA type certificate (the "**Type Certificate**") to allow the issuance of the Export Certificate of Airworthiness. \*\*\*\*\*.

**7.2 Export Certificate of Airworthiness**

Subject to the provisions of Clause 7.3, each Aircraft will be delivered to the Buyer with an Export Certificate of Airworthiness issued by EASA and in a condition enabling the Buyer to obtain at the time of Delivery a Standard Airworthiness Certificate issued pursuant to Part 21 of the US Federal Aviation Regulations and a Certificate of Sanitary Construction issued by the U.S. Public Health Service of the Food and Drug Administration. However, the Seller will have no obligation to make and will not be responsible for any costs of alterations or modifications to such Aircraft to enable such Aircraft to meet FAA or U.S. Department of Transportation requirements \*\*\*\*\* for specific operation on the Buyer's routes, whether before, at or after Delivery of any Aircraft.

If the FAA requires additional or modified data before the issuance of the Export Certificate of Airworthiness, the Seller will provide such data or implement the required modification to the data, in either case, \*\*\*\*\*.

**7.3 Specification Changes before Aircraft Ready for Delivery**

**7.3.1** If, any time before the date on which an Aircraft is Ready for Delivery, any law, rule or regulation is enacted, promulgated, becomes effective and/or an interpretation of any law, rule or regulation is issued by the EASA that requires any change to the Specification for the purposes of obtaining the Export Certificate of Airworthiness (a "**Change in Law**"), the Seller will make the required modification and the parties hereto will sign an SCN pursuant to Clause 2.2.1.

**7.3.2** The Seller will as far as practicable, but at its sole discretion and without prejudice to Clause 7.3.3(ii), take into account the information available to it concerning any proposed law, rule or regulation or interpretation that could become a Change in Law, in order to minimize the costs of changes to the Specification as a result of such proposed law, regulation or interpretation becoming effective before the applicable Aircraft is Ready for Delivery.

7.3.3 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

7.3.4

7.3.5 Notwithstanding the provisions of Clause 7.3.3, if a Change in Law relates to an item of BFE or to the Propulsion System the costs related thereto will \*\*\*\*\* and the Seller will have no obligation with respect thereto.

7.4 Specification Changes after Aircraft Ready For Delivery

Nothing in Clause 7.3 will require the Seller to make any changes or modifications to, or to make any payments or take any other action with respect to, any Aircraft that is Ready for Delivery before the compliance date of any law or regulation referred to in Clause 7.3. Any such changes or modifications made to an Aircraft after it is Ready for Delivery will be at the \*\*\*\*\*.

LA 9-7

**8. TECHNICAL ACCEPTANCE**

## 8.1 Technical Acceptance Process

8.1.1 Prior to Delivery, the Aircraft will undergo a technical acceptance process developed by the Seller (the “**Technical Acceptance Process**”). \*\*\*\*\* Completion of the Technical Acceptance Process will demonstrate the satisfactory functioning of the Aircraft and will be deemed to demonstrate compliance with the Specification. If an Aircraft is not in compliance with the Technical Acceptance Process requirements, the Seller will without hindrance from the Buyer carry out any necessary changes and, as soon as practicable thereafter, resubmit the Aircraft to such further Technical Acceptance Process as is necessary to demonstrate the elimination of the non-compliance.

8.1.2 The Technical Acceptance Process will:

- (i) commence on a date notified by the Seller to the Buyer not later than \*\*\*\*\* notice prior thereto,
- (ii) take place at the Delivery Location,
- (iii) be carried out by the personnel of the Seller,
- (iv) include a technical acceptance flight that will \*\*\*\*\* (the “**Technical Acceptance Flight**”), and
- (v) include a ground inspection.

## 8.2 Buyer’s Attendance

8.2.1 The Buyer is entitled to elect to attend the Technical Acceptance Process.

8.2.2 If the Buyer elects to attend the Technical Acceptance Process, the Buyer:

- (i) will comply with the reasonable requirements of the Seller, with the intention of completing the Technical Acceptance Process within \*\*\*\*\* and
- (ii) may have a \*\*\*\*\* of its representatives (no more than \*\*\*\*\* of whom will have access to the cockpit at any one time) accompany the Seller’s representatives on the Technical Acceptance Flight, during which the Buyer’s representatives will comply with the instructions of the Seller’s representatives.

8.2.3 If, \*\*\*\*\* the Buyer does not attend or fails to cooperate reasonably in the Technical Acceptance Process, the Seller will be entitled to complete the Technical Acceptance Process and the Buyer will be deemed to have accepted that the Technical Acceptance Process has been satisfactorily completed, in all respects.

8.3 Certificate of Acceptance

Upon successful completion of the Technical Acceptance Process \*\*\*\*\*, the Buyer will, on or before the Delivery Date, sign and deliver to the Seller a certificate of acceptance in respect of such Aircraft in the form of Exhibit D (the “**Certificate of Acceptance**”).

8.4 Finality of Acceptance

The Buyer’s signature of the Certificate of Acceptance for the Aircraft will constitute waiver by the Buyer of any right it may have, under the Uniform Commercial Code as adopted by the State of New York or otherwise, to revoke acceptance of the Aircraft for any reason, whether known or unknown to the Buyer at the time of acceptance.

8.5 Aircraft Utilization

The Seller will\*\*\*\*\*, be entitled to use the Aircraft prior to Delivery as may be necessary to obtain the certificates required under Clause 7, \*\*\*\*\*. Such use will not limit the Buyer’s obligation to accept Delivery of the Aircraft hereunder.

\*\*\*\*\*

**9. DELIVERY**

## 9.1 Delivery Schedule

Subject to Clauses 2, 7, 8 10 and 18: the Seller will have the Aircraft listed in the table below Ready for Delivery at the Delivery Location within the following quarters (each a “**Scheduled Delivery Quarter**”):

<u>Aircraft Rank</u>		<u>Quarter</u>	<u>Scheduled Delivery</u>	<u>Year</u>
1	A320 Aircraft	*****		*****
2	A319 Aircraft	*****		*****
3	A320 Aircraft	*****		*****
4	A320 Aircraft	*****		*****
5	A319 Aircraft	*****		*****
6	A320 Aircraft	*****		*****
7	A320 Aircraft	*****		*****
8	A320 Aircraft	*****		*****
9	A320 Aircraft	*****		*****
10	A320 Aircraft	*****		*****
11	A320 Aircraft	*****		*****
12	A320 Aircraft	*****		*****
13	A320 Aircraft	*****		*****
14	A320 Aircraft	*****		*****
15	A320 Aircraft	*****		*****
16	A320 Aircraft	*****		*****
17	A320 Aircraft	*****		*****
18	A320 Aircraft	*****		*****
19	A320 Aircraft	*****		*****
20	A320 Aircraft	*****		*****
21	A320 Aircraft	*****		*****
22	A320 Aircraft	*****		*****

LA 9-10

<u>Aircraft Rank</u>		<u>Quarter</u>	<u>Scheduled Delivery</u>	<u>Year</u>
23	A320 Aircraft	*****		*****
24	A320 Aircraft	*****		*****
25	A320 Aircraft	*****		*****
26	A320 Aircraft	*****		*****
27	A320 Aircraft	*****		*****
28	A320 Aircraft	*****		*****
29	A320 Aircraft	*****		*****
30	A320 Aircraft	*****		*****
31	A320 Aircraft	*****		*****
32	A320 Aircraft	*****		*****
33	A320 Aircraft	*****		*****
34	A320 Aircraft	*****		*****
35	A320 Aircraft	*****		*****
36	A320 Aircraft	*****		*****
37	A320 Aircraft	*****		*****
38	A320 Aircraft	*****		*****
39	A320 Aircraft	*****		*****
40	A320 Aircraft	*****		*****
41	A320 Aircraft	*****		*****
42	A320 Aircraft	*****		*****
43	A320 Aircraft	*****		*****
44	A320 Aircraft	*****		*****
45	A320 Aircraft	*****		*****
46	A320 Aircraft	*****		*****
47	A320 Aircraft	*****		*****
48	A320 Aircraft	*****		*****
49	A320 Aircraft	*****		*****
50	A320 Aircraft	*****		*****
51	A320 Aircraft	*****		*****

Aircraft Rank

52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80

A320 Aircraft  
A320 Aircraft  
A320 Aircraft  
A320 Aircraft  
A320 Aircraft  
A320 Aircraft  
A320 Aircraft  
A320 Aircraft  
A320 Aircraft  
A320 Aircraft  
A320 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft  
A319 Aircraft

Quarter

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

Scheduled Delivery

Year

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*



The Seller will give the Buyer written notice of the scheduled delivery month of each Aircraft at least \*\*\*\*\* before the first day of the Scheduled Delivery Quarter of the respective Aircraft, which shall be a calendar month within such Scheduled Delivery Quarter (the “**Scheduled Delivery Month**”). The Seller will give the Buyer at least \*\*\*\*\* written notice of the anticipated date within the Scheduled Delivery Month on which the Aircraft will be Ready for Delivery.

## 9.2 Delivery Process

9.2.1 The Buyer will, when the Aircraft is Ready for Delivery, execute and deliver to the Seller the Certificate of Acceptance, pay the Balance of the Final Price, take Delivery of the Aircraft and remove the Aircraft from the Delivery Location, \*\*\*\*\*.

9.2.2 Upon receipt of the Balance of the Final Price pursuant to Clause 5.4 and the Certificate of Acceptance executed and delivered by the Buyer pursuant to Clause 8.3, the Seller will deliver and transfer title to the Aircraft to the Buyer free and clear of all encumbrances (except for any liens or encumbrances created by or on behalf of the Buyer). At Delivery, the Seller will provide the Buyer with a bill of sale in the form of Exhibit E (the “**Bill of Sale**”), an FAA bill of sale, the Export Certificate of Airworthiness and such other documentation confirming transfer of title and receipt of the Final Price of the Aircraft as may reasonably be requested by the Buyer. \*\*\*\*\* Title to, property in and risk of loss of or damage to the Aircraft will transfer to the Buyer contemporaneously with the delivery by the Seller to the Buyer of such Bill of Sale.

9.2.3 If the Buyer fails to (i) deliver the signed Certificate of Acceptance with respect to an Aircraft to the Seller when required pursuant to Clause 8.3, or (ii) pay the Balance of the Final Price of such Aircraft to the Seller and take Delivery of the Aircraft when required under Clause 9.2.1, then the Buyer will be deemed to have rejected Delivery wrongfully when such Aircraft was duly tendered to the Buyer hereunder. If such a deemed rejection arises, then in addition to the remedies of Clause 5.8.1, (a) the Seller will retain title to such Aircraft and (b) the Buyer will indemnify and hold the Seller harmless against any and all reasonable costs (including but not limited to any parking, storage, and insurance costs) and consequences resulting from the Buyer’s rejection (including but not limited to risk of loss of or damage to such Aircraft not covered by insurance), it being understood that the Seller will be under no duty to the Buyer to store, park, or otherwise protect such Aircraft. These rights of the Seller will be in addition to the Seller’s other rights and remedies in this Agreement.

9.2.4 If after Delivery the Buyer fails to remove the Aircraft from the Delivery Location, then, without prejudice to the Seller’s other rights and remedies under this Agreement or at law, the provisions of Clause 9.2.3 (b) shall apply.

## 9.3 Flyaway

9.3.1 The Buyer and the Seller will cooperate to obtain any licenses that may be required by the Aviation Authority of the Delivery Location for the purpose of exporting the Aircraft.

9.3.2 Immediately after Delivery of an Aircraft, the Seller shall provide to Buyer access to the Aircraft to allow Buyer to fly it away. \*\*\*\*\* All expenses of, or connected with, flying the Aircraft from the Delivery Location after Delivery will be borne by the Buyer.

LA 9-14

**10. EXCUSABLE DELAY AND TOTAL LOSS**

10.1 \*\*\*\*\*

\*\*\*\*\*

10.2 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(iii) \*\*\*\*\*

(iv) \*\*\*\*\*

(v) \*\*\*\*\*

10.3 \*\*\*\*\*

10.3.1 \*\*\*\*\*

10.3.2 \*\*\*\*\*

10.3.3 \*\*\*\*\*

10.4 \*\*\*\*\*

\*\*\*\*\*

10.5 \*\*\*\*\*

\*\*\*\*\*

10.6 \*\*\*\*\*

\*\*\*\*\*

10.7 \*\*\*\*\*

\*\*\*\*\*

10.8 \*\*\*\*\*

\*\*\*\*\*

**11. INEXCUSABLE DELAY**

11.1 \*\*\*\*\*

\*\*\*\*\*

11.1.1 \*\*\*\*\*

11.1.2 \*\*\*\*\*

11.1.3 \*\*\*\*\*

11.1.4 \*\*\*\*\*

11.2 \*\*\*\*\*

11.2.1 \*\*\*\*\*

11.2.2 \*\*\*\*\*

11.3 \*\*\*\*\*

\*\*\*\*\*

**13. PATENT AND COPYRIGHT INDEMNITY**

## 13.1 Indemnity

13.1.1 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(a) \*\*\*\*\*

(b) \*\*\*\*\*

(iii) \*\*\*\*\*

13.1.2 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(iii) \*\*\*\*\*

13.1.3 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

## 13.2 Administration of Patent and Copyright Indemnity Claims

13.2.1 If the Buyer receives a written claim or a suit is threatened or commenced against the Buyer for infringement of a patent or copyright referred to in Clause 13.1, the Buyer will:

(i) forthwith notify the Seller giving particulars thereof;

(ii) furnish to the Seller all data, papers and records within the Buyer's control or possession relating to such patent or claim;

(iii) refrain from admitting any liability or making any payment or assuming any expenses, damages, costs or royalties or otherwise acting in a manner prejudicial to the defense or denial of such suit or claim provided always that nothing in this sub-Clause (iii) will prevent the Buyer from paying such sums as may be required in order to obtain the release of the Aircraft, provided such payment is accompanied by a denial of liability and is made without prejudice;

- (iv) fully co-operate with, and render all such assistance to, the Seller as may be pertinent to the defense or denial of the suit or claim;
  - (v) act in such a way as to mitigate damages, costs and expenses and / or reduce the amount of royalties which may be payable, \*\*\*\*\*.
- 13.2.2 The Seller will be entitled either in its own name or on behalf of the Buyer to conduct negotiations with the party or parties alleging infringement and may assume and conduct the defense or settlement of any suit or claim in the manner which, in the Seller's opinion, it deems proper, \*\*\*\*\*.
- 13.2.3 The Seller's liability hereunder will be conditional upon the strict and timely compliance by the Buyer with the terms of this Clause and is in lieu of any other liability to the Buyer express or implied which the Seller might incur at law as a result of any infringement or claim of infringement of any patent or copyright.

THE INDEMNITY PROVIDED IN THIS CLAUSE 13 AND THE OBLIGATIONS AND LIABILITIES OF THE SELLER UNDER THIS CLAUSE 13 ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER INDEMNITIES, WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES ON THE PART OF THE SELLER AND RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY ARISING FROM OR WITH RESPECT TO LOSS OF USE OR REVENUE OR CONSEQUENTIAL DAMAGES), WITH RESPECT TO ANY ACTUAL OR ALLEGED PATENT INFRINGEMENT OR THE LIKE BY ANY AIRFRAME, PART OR SOFTWARE INSTALLED THEREIN AT DELIVERY, OR THE USE OR SALE THEREOF, PROVIDED THAT, IN THE EVENT THAT ANY OF THE AFORESAID PROVISIONS SHOULD FOR ANY REASON BE HELD UNLAWFUL OR OTHERWISE INEFFECTIVE, THE REMAINDER OF THIS CLAUSE WILL REMAIN IN FULL FORCE AND EFFECT. THIS INDEMNITY AGAINST PATENT AND COPYRIGHT INFRINGEMENTS WILL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY THE SELLER AND THE BUYER.

**18. BUYER FURNISHED EQUIPMENT**

## 18.1 Administration

18.1.1 In accordance with the Specification, the Seller will install those items of equipment that are identified in the Specification as being furnished by the Buyer ("**Buyer Furnished Equipment**" or "**BFE**"), provided that the BFE and the supplier of such BFE (the "**BFE Supplier**") are referred to in the Airbus BFE Product Catalog valid at the time the BFE Supplier is selected.

18.1.2 Notwithstanding the foregoing and without prejudice to Clause 2.4, if the Buyer wishes to install BFE manufactured by a supplier who is not referred to in the Airbus BFE Product Catalog, the Buyer will so inform the Seller and the Seller will conduct a feasibility study of the Buyer's request, in order to consider approving such supplier, provided that such request is compatible with the Seller's industrial planning and the associated Scheduled Delivery Month for the applicable Aircraft. In addition, it is a prerequisite to such approval that the considered supplier be qualified by the Seller's Aviation Authorities to produce equipment for installation on civil aircraft. \*\*\*\*\* in considering any approval of a supplier by the Seller under this Clause 18.1.2. The Buyer will cause any BFE supplier approved under this Clause 18.1.2 (each an "**Approved BFE Supplier**") to comply with the conditions set forth in this Clause 18 and specifically Clause 18.2.

Except for the specific purposes of this Clause 18.1.2, the term "**BFE Supplier**" will be deemed to include Approved BFE Suppliers.

18.1.3 The Seller will advise the Buyer of the dates by which, in the planned release of engineering for the Aircraft, the Seller requires from each BFE Supplier a written detailed engineering definition encompassing a Declaration of Design and Performance (the "**BFE Engineering Definition**"). The Seller will reasonably provide to the Buyer and/or the BFE Supplier(s), the interface documentation necessary for development of the BFE Engineering Definition.

The BFE Engineering Definition will include the description of the dimensions and weight of BFE, the information related to its certification and the information necessary for the installation and operation thereof, including when applicable 3D models compatible with the Seller's systems. The Buyer will furnish, or cause the BFE Suppliers to furnish, the BFE Engineering Definition by the dates advised by the Seller pursuant to the preceding paragraph after which the BFE Engineering Definition will not be revised, except through an SCN executed in accordance with Clause 2.

18.1.4 The Seller will also provide in due time to the Buyer a schedule of dates and the shipping addresses for delivery of the BFE and, where reasonably requested by the Seller, additional spare BFE to permit installation in the Aircraft in a timely manner. The Buyer will provide, or cause the BFE Suppliers to provide, the BFE by such dates in a serviceable condition. The Buyer will, upon the Seller's request, provide to the Seller dates and references of all BFE purchase orders placed by the Buyer.

The Buyer will also provide, when requested by the Seller, at Airbus Operations S.A.S. in Toulouse, France, and/or at Airbus Operations GmbH, Division Hamburger Flugzeugbau in Hamburg, Germany, adequate field service including support from BFE Suppliers to act in a technical advisory capacity to the Seller in the installation, calibration and possible repair of a BFE.

18.1.5 Without prejudice to the Buyer's obligations hereunder, in order to facilitate the development of the BFE Engineering Definition, the Seller will organize meetings between the Buyer and BFE Suppliers on reasonable advance notice. The Buyer hereby agrees to participate in such meetings and to provide adequate technical and engineering expertise to reach decisions within a timeframe reasonably specified by the Seller.

In addition, prior to Delivery of the Aircraft to the Buyer, the Buyer agrees:

- (i) to monitor the BFE Suppliers and seek to ensure that they will enable the Buyer to fulfil its obligations, including but not limited to those set forth in the Customization Milestone Chart;
- (ii) that, should a timeframe, quality or other type of risk be identified at a given BFE Supplier, the Buyer will allocate resources to such BFE Supplier so as not to jeopardize the industrial schedule of the Aircraft;
- (iii) for major BFE, including, but not being limited to, seats, galleys and IFE ("**Major BFE**") to participate on a mandatory basis in the specific meetings that take place between BFE Supplier selection and BFE delivery, namely:
  - (a) Preliminary Design Review ("**PDR**"),
  - (b) Critical Design Review ("**CDR**");
- (iv) to attend the First Article Inspection ("**FAI**") for the first shipset of all Major BFE. Should the Buyer not attend such FAI, the Buyer will delegate the FAI to the BFE Supplier thereof and confirmation thereof will be supplied to the Seller in writing;
- (v) to attend the Source Inspection ("**SI**") that takes place at the BFE Supplier's premises prior to shipping, for each shipset of all Major BFE. Should the Buyer not attend such SI, the Buyer will delegate the SI to the BFE Supplier and confirmation thereof will be supplied to the Seller in writing. Should the Buyer not attend the SI, the Buyer will be deemed to have accepted the conclusions of the BFE Supplier with respect to such SI.



The Seller will be entitled to attend the PDR, the CDR and the FAI. In doing so, the Seller's employees will be acting in an advisory capacity only and at no time will they be deemed to be acting as Buyer's employees or agents, either directly or indirectly.

- 18.1.6 The BFE will be imported into France or into Germany by the Buyer under a suspensive customs system (Régime de l'entrepôt douanier ou régime de perfectionnement actif or Zollverschluss) without application of any French or German tax or customs duty, and will be delivered on a DDU basis, to the following shipping addresses as designated by the Seller to the Buyer in a reasonable time period prior to the planned arrival date:

Airbus Operations S.A.S.  
316 Route de Bayonne  
31300 Toulouse  
France

or

Airbus Operations GmbH  
Kreetslag 10  
21129 Hamburg  
Germany

Or such other location \*\*\*\*\*.

18.2 Applicable Requirements

The Buyer is responsible for ensuring, at its expense, and warrants that the BFE will:

- (i) be manufactured by either a BFE Supplier referred to in the Airbus BFE Product Catalog or an Approved BFE Supplier, and
- (ii) meet the requirements of the applicable Specification of the Aircraft, and
- (iii) be delivered with the relevant certification documentation, including but not limited to the DDP, and
- (iv) comply with the BFE Engineering Definition, and
- (v) comply with applicable requirements incorporated by reference to the Type Certificate and listed in the Type Certificate Data Sheet, and
- (vi) be approved by the Aviation Authority issuing the Export Certificate of Airworthiness and by the Buyer's Aviation Authority for installation and use on the Aircraft at the time of Delivery of the Aircraft, and
- (vii) not infringe any patent, copyright or other intellectual property right of the Seller or any third party, and

- (viii) not be subject to any legal obligation or other encumbrance that may prevent, hinder or delay the installation of the BFE in the Aircraft and/or the Delivery of the Aircraft.

The Seller will be entitled to refuse any item of BFE that it considers incompatible with the Specification, the BFE Engineering Definition or the certification requirements.

### 18.3 Buyer's Obligation and Seller's Remedies

#### 18.3.1 Any delay or failure by the Buyer or the BFE Suppliers in:

- (i) complying with the foregoing warranty or in providing the BFE Engineering Definition or field service mentioned in Clause 18.1.4, or
- (ii) furnishing the BFE in a serviceable condition at the requested delivery date, or
- (iii) obtaining any required approval for such BFE equipment under the above mentioned Aviation Authorities' regulations,

may delay the performance of any act to be performed by the Seller, including Delivery of the Aircraft. The Seller will not be responsible for such delay which will cause the Final Price of the affected Aircraft to be adjusted in accordance with the Seller Price Revision Formula to the actual month of Delivery of such affected Aircraft and to include in particular the amount of the Seller's additional reasonable direct costs attributable to such delay or failure by the Buyer or the BFE Suppliers, such as storage, taxes, insurance and costs of out-of sequence installation.

#### 18.3.2 In addition, in the event of any delay or failure mentioned in 18.3.1 above, the Seller, in consultation with the Buyer, may:

- (i) select, purchase and install equipment similar to the BFE at issue, in which event the Final Price of the affected Aircraft will also be increased by the purchase price of such equipment plus reasonable costs and expenses incurred by the Seller for handling charges, transportation, insurance, packaging and, if so required and not already provided for in the Final Price of the Aircraft, for adjustment and calibration; or
- (ii) if the BFE is delayed by more than \*\*\*\*\* beyond, or is not approved within \*\*\*\*\* of the dates specified in Clause 18.1.4, deliver the Aircraft without the installation of such BFE, notwithstanding applicable terms of Clauses 7 and 8, and the Seller will thereupon be relieved of all obligations to install such equipment.

### 18.4 Title and Risk of Loss

Title to and risk of loss of any BFE will at all times remain with the Buyer except that risk of loss (limited to cost of replacement of said BFE) will be with the Seller for as long as such BFE is under the care, custody and control of the Seller.

18.5 Disposition of BFE Following Termination

18.5.1 \*\*\*\*\*

18.5.2 \*\*\*\*\*

18.5.3 The Buyer will cooperate with the Seller in facilitating the sale of BFE pursuant to Clause or 18.5.2 and will be responsible for, \*\*\*\*\*. The Buyer will reimburse the Seller to the extent required under the preceding sentence within \*\*\*\*\* of receiving documentation of such costs from the Seller.

18.5.4 The Seller will notify the Buyer as to those items of BFE not sold by the Seller pursuant to Clause 18.5.1 or 18.5.2 above and, at the Seller's request, the Buyer will undertake to remove such items from the Seller's facility within \*\*\*\*\* of the date of such notice. The Buyer will have no claim against the Seller for damage, loss or destruction of any item of BFE removed from the Aircraft and not removed from Seller's facility within such period. \*\*\*\*\*

18.6 The Buyer will have no claim against the Seller for damage to or destruction of any item of BFE damaged or destroyed in the process of being removed from the Aircraft, provided that the Seller has used reasonable care in such removal.

18.7 The Buyer will grant the Seller title to any BFE items that cannot be removed from the Aircraft without causing damage to the Aircraft or rendering any system in the Aircraft unusable.

**19. INDEMNITIES AND INSURANCE**

The Seller and the Buyer will each be liable for Losses (as defined below) arising from the acts or omissions of their respective directors, officers, agents or employees occurring during or incidental to such party's exercise of its rights and performance of its obligations under this Agreement, except as provided in Clauses 19.1 and 19.2.

**19.1 Seller's Indemnities**

The Seller will, except in the case of gross negligence or wilful misconduct of the Buyer, its directors, officers, agents and/or employees, be solely liable for and will indemnify and hold the Buyer, its Affiliates and each of their respective directors, officers, agents, employees and insurers harmless against all losses, liabilities, claims, damages, costs and expenses, including court costs and reasonable attorneys' fees ("**Losses**"), arising from:

- (i) claims for injuries to, or death of, the Seller's directors, officers, agents or employees, or loss of, or damage to, property of the Seller or its employees when such Losses occur during or are incidental to either party's exercise of any right or performance of any obligation under this Agreement, and
- (ii) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to the Technical Acceptance Flights.

**19.2 Buyer's Indemnities**

The Buyer will, except in the case of gross negligence or wilful misconduct of the Seller, its directors, officers, agents and/or employees, be solely liable for and will indemnify and hold the Seller, its Affiliates, its subcontractors, and each of their respective directors, officers, agents, employees and insurers, harmless against all Losses arising from:

- (i) claims for injuries to, or death of, the Buyer's directors, officers, agents or employees, or loss of, or damage to, property of the Buyer or its employees, when such Losses occur during or are incidental to either party's exercise of any right or performance of any obligation under this Agreement, and
- (ii) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to (a) the provision of Seller Representatives services under Clause 15 including services performed on board the aircraft or (b) the provision of Aircraft Training Services to the Buyer.

19.3 Notice and Defense of Claims

If any claim is made or suit is brought against a party or entity entitled to indemnification under this Clause 19 (the “**Indemnitee**”) for damages for which liability has been assumed by the other party under this Clause 19 (the “**Indemnitor**”), the Indemnitee will promptly give notice to the Indemnitor and the Indemnitor (unless otherwise requested by the Indemnitee) will assume and conduct the defense, or settlement, of such claim or suit, as the Indemnitor will deem prudent. Notice of the claim or suit will be accompanied by all information pertinent to the matter as is reasonably available to the Indemnitee and will be followed by such cooperation by the Indemnitee as the Indemnitor or its counsel may reasonably request, at the expense of the Indemnitor.

\*\*\*\*\*

19.4 Insurance

19.4.1 For all Aircraft Training Services, to the extent of the Buyer’s undertaking set forth in Clause 19.2, the Buyer will:

- (i) cause the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents and employees to be named as additional insured under the Buyer’s Comprehensive Aviation Legal Liability insurance policies (in accordance with AVN67B and AVN2001 and 2002 or applicable successor policy thereof or, as the case may be, equivalent endorsements reasonably satisfactory to the Seller). Such insurances shall include war, passenger legal liability, property damage, aircraft third party and airlines general third party legal (including products) liability, and
- (ii) with respect to the Buyer’s Hull All Risks and Hull War Risks insurances and Allied Perils, cause the insurers of the Buyer’s hull insurance policies to waive all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers; provided however, in lieu of any war risk insurance, the Buyer may provide insurance or an indemnity issued by the US Government.

19.4.2 Any applicable deductible will be borne by the Buyer. The Buyer will furnish to the Seller, not less than \*\*\*\*\* prior to the start of any Aircraft Training Services, certificates of insurance, in English, evidencing the limits of liability cover and period of insurance coverage in a form reasonably acceptable to the Seller from the Buyer’s insurance broker(s), certifying that such policies have been endorsed as follows:

- (i) under the Comprehensive Aviation Legal Liability Insurances, the Buyer’s policies are primary and non-contributory to any insurance maintained by the additional insureds,
- (ii) such insurance can only be cancelled or coverage substantially changed which adversely affects the interests of any additional insureds by the giving of not less

---

than \*\*\*\*\* (or such lesser period as may be applicable in the case of any war risk, hijacking and allied perils insurance coverage) prior written notice thereof to the additional insureds, and

- (iii) under any such cover, all rights of subrogation against the additional insureds have been waived.

20. **TERMINATION**

20.1 Termination Events

Each of the following will constitute a “**Termination Event**”

- (1) \*\*\*\*\*
- (2) \*\*\*\*\*
- (3) \*\*\*\*\*
- (4) \*\*\*\*\*
- (5) \*\*\*\*\*
- (6) \*\*\*\*\*
- (7) \*\*\*\*\*
- (8) \*\*\*\*\*
- \*\*\*\*\*

20.2 Remedies in Event of Termination

20.2.1 If a Termination Event occurs, the Buyer will be in material breach of this Agreement, and the Seller can elect any of the following remedies to the extent permitted under applicable law:

- A. \*\*\*\*\*
- B. \*\*\*\*\*
- C. \*\*\*\*\*
- D. \*\*\*\*\*

20.2.2 \*\*\*\*\*

- A. \*\*\*\*\*
- B. \*\*\*\*\*
- C. \*\*\*\*\*

20.2.3 \*\*\*\*\*

20.3 Notice of Termination Event

Within \*\*\*\*\* of becoming aware of the occurrence of a Termination Event by the Buyer, the Buyer will notify the Seller of such occurrence in writing, provided, that any failure by the Buyer to notify the Seller will not prejudice the Seller's rights or remedies hereunder.

20.4 Information Covenants

The Buyer hereby covenants and agrees that, from the date of this Agreement until no further Aircraft are to be delivered hereunder, the Buyer will furnish or cause to be furnished to the Seller the following:

- a. \*\*\*\*\*
- b. \*\*\*\*\*
- c. \*\*\*\*\*
- d. \*\*\*\*\*
- e. \*\*\*\*\*

For the purposes of this Clause 20[, (x) an "Authorized Officer" of the Buyer will mean the Chief Executive Officer, the Chief Financial Officer or any Vice President and above who reports directly or indirectly to the Chief Financial Officer and (y) "Subsidiaries" will mean, as of any date of determination, those companies owned by the Buyer whose financial results the Buyer is required to include in its statements of consolidated operations and consolidated balance sheets.

20.5 Nothing contained in this Clause 20 will be deemed to waive or limit the Seller's rights or ability to request adequate assurance under Article 2, Section 609 of the Uniform Commercial Code (the "UCC"). It is further understood that any commitment of the Seller or the Propulsion Systems manufacturer to provide financing to the Buyer shall not constitute adequate assurance under Article 2, Section 609 of the UCC.



**21. ASSIGNMENTS AND TRANSFERS****21.1 Assignments**

Except as hereinafter provided, neither party may sell, assign, novate or transfer its rights or obligations under this Agreement to any person without the prior written consent of the other, except that the Seller may sell, assign, novate or transfer its rights or obligations under this Agreement to any Affiliate without the Buyer's consent.

**21.2 Assignments on Sale, Merger or Consolidation**

The Buyer will be entitled to assign its rights under this Agreement at any time due to a merger, consolidation or a sale of all or substantially all of its assets, provided \*\*\*\*\*:

- (i) the surviving or acquiring entity is organized and existing under the laws of the United States;
- (ii) the surviving or acquiring entity has executed an assumption agreement, in form and substance reasonably acceptable to the Seller, agreeing to assume all of the Buyer's obligations under this Agreement;
- (iii) at the time, and after giving effect to the consummation, of the merger, consolidation or sale, no Termination Event exists or will have occurred and be continuing;
- (iv) the surviving or acquiring entity \*\*\*\*\* is an air carrier holding an operating certificate issued by the FAA at the time, and immediately following the consummation, of such sale, merger or consolidation; and
- (v) \*\*\*\*\*

**21.3 Designations by Seller**

The Seller may at any time by notice to the Buyer designate facilities or personnel of the Seller or any other Affiliate of the Seller at which or by whom the services to be performed under this Agreement will be performed. Notwithstanding such designation, the Seller will remain ultimately responsible for fulfillment of all obligations undertaken by the Seller in this Agreement.

**21.4 Transfer of Rights and Obligations upon Reorganization**

In the event that the Seller is subject to a corporate restructuring having as its object the transfer of, or succession by operation of law in, all or substantially all of its assets and liabilities, rights and obligations \*\*\*\*\*, including those existing under this Agreement, to a person (the "\*\*\*\*\* Successor") that is an Affiliate of the Seller at the time of that

restructuring, for the purpose of the Seller Successor carrying on the business carried on by the Seller at the time of the restructuring, such restructuring will be completed without consent of the Buyer following notification by the Seller to the Buyer in writing \*\*\*\*\*.

21.5

\*\*\*\*\*

LA 9-30

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(p)**

AMENDED AND RESTATED LETTER AGREEMENT NO. 10

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

Re: [\*\*\*]

Dear Ladies and Gentlemen,

This Amended and Restated Letter Agreement No. 10 (hereinafter referred to as this “**Letter Agreement**”) is entered into as of October 9, 2019 between FRONTIER AIRLINES, INC. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”).

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the “**Agreement**”);

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement;

NOW, THEREFORE, IT IS AGREED THAT LETTER AGREEMENT NO. 10, DATED AS OF DECEMBER 28, 2017 BETWEEN THE BUYER AND THE SELLER, IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

A&R LA 10 -1

The Buyer and the Seller agree that the provisions of this Letter Agreement shall apply solely to the Incremental Aircraft. For the purposes of this Letter Agreement only, unless expressly stated otherwise herein, the term "Incremental Aircraft" shall be deemed to include A321XLR Aircraft.

**1. DEFINITIONS**

**"Default"** means (i) any default having occurred that is continuing under the Agreement or (ii) [\*\*\*];

[\*\*\*]

[\*\*\*]

**"Ineligible Aircraft"** means [\*\*\*]

**"Initial Schedule"** means the scheduled delivery month set forth in clause 9.1 of the Agreement [\*\*\*].

**"[\*\*\*] Effective Date"** means the date on which [\*\*\*] and (ii) the Seller shall have completed all [\*\*\*] requirements [\*\*\*]

[\*\*\*]

[\*\*\*]

**"Notice"** means a [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

“[\*\*\*] **Effective Date**” means, in respect of [\*\*\*], the date on which (i) [\*\*\*] are in full force and effect; (ii) the Seller shall have received payment of the applicable [\*\*\*] from the Buyer and (iii) the Seller shall have completed all [\*\*\*] requirements [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

A&R LA 10 -4

2. [\*\*\*]

2.1 [\*\*\*]

Subject to the conditions set out in this Letter Agreement, the Buyer shall have the right by sending a Notice to the Seller in accordance with the terms herein:

a) [\*\*\*]

b) [\*\*\*]

In the event any condition set out in this Clause 2 is not satisfied or complied with in respect of any [\*\*\*], the Buyer agrees that the [\*\*\*] thereof shall be null and void.

2.2 Notice procedures and conditions

Subject to no Default then existing, the Buyer shall have the right to [\*\*\*]

a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

d) [\*\*\*]

2.3 [\*\*\*]

Following the receipt by the Seller of a Notice in accordance with the term of Clause 2.2 above and subject to the limitation contemplated in Clause 2.6, the applicable [\*\*\*], provided that:

- a) [\*\*\*]
  - (i) [\*\*\*]
  - (ii) [\*\*\*]
  - (iii) [\*\*\*]
  - (iv) [\*\*\*]
- b) no Default exists on such [\*\*\*] as applicable; and
- c) [\*\*\*]

2.4 Conditions applicable to [\*\*\*]

Upon the satisfaction of the conditions set out in Clauses 2.2 and 2.3 in respect of [\*\*\*] and in respect of [\*\*\*]:

- a) [\*\*\*]
- b) [\*\*\*]

2.5 [\*\*\*]

- a) [\*\*\*]



[\*\*\*]

b) [\*\*\*]

[\*\*\*]

## 2.6 Limitations

2.6.1 The rights [\*\*\*] granted by the Seller to the Buyer pursuant to Clause 2.1 shall only be applicable [\*\*\*]:

a) [\*\*\*];

b) [\*\*\*],

in each case, [\*\*\*] and in accordance with the [\*\*\*].

2.6.2 The right [\*\*\*] granted by the Seller to the Buyer pursuant to Clause 2.1 shall only be applicable [\*\*\*]:

a) [\*\*\*]; and

b) [\*\*\*],

in each case, [\*\*\*] and in accordance with the [\*\*\*].

2.6.3 In addition to the limitations set forth in Clauses 2.6.1 and 2.6.2 above, [\*\*\*], as of the date hereof.

## 3. [\*\*\*] Fee

a) The provisions of this Clause 3 shall not apply to [\*\*\*]

- 
- b) [\*\*\*]
    - (i) [\*\*\*]
    - (ii) [\*\*\*]
    - (iii) The Buyer agrees that any amount received by the Seller from time to time pursuant to Paragraph (i) above shall be non-refundable [\*\*\*].

**4. GENERAL PROVISIONS APPLICABLE TO THIS LETTER AGREEMENT**

- 4.1 The Seller shall not be obliged to give effect to [\*\*\*]
  - 4.2 The Buyer agrees to indemnify and keep indemnified the Seller to the extent of any obligations, loss, costs, expenses, damages or liabilities (including any taxes or duties of any kind) imposed on, incurred by or suffered by the Seller arising out of or in connection with [\*\*\*]
5. [\*\*\*]

**6. ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller, and any attempted assignment or transfer in contravention of the provisions of this Paragraph 6 will be void and of no force or effect.

**7. CONFIDENTIALITY**

7.1 Subject to Clause 7.2 below, this Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

7.2 [\*\*\*]

[\*\*\*]

**8. COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Benoît de Saint-Exupéry

Benoît de Saint-Exupéry

Its Senior Vice President, Contracts

Accepted and Agreed

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Howard Diamond

Its: SVP, General Counsel & Secretary

A&R LA 10 -10

[\*\*\*]

A&R LA 10 -11

[\*\*\*]

A&R LA 10 -12

[\*\*\*]

A&R LA 10 -13

[\*\*\*]

A&R LA 10 -14



\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(q)**

AMENDMENT NO. 1  
to the A320 Family Aircraft Purchase Agreement  
dated as of September 30, 2011  
between  
Airbus S.A.S  
And  
Republic Airways Holdings Inc.

*Privileged and Confidential*

Amendment No. 1

This Amendment No. 1 (the "Amendment") is entered into as of January 10, 2013, between Airbus S.A.S., a *société par actions simplifiée* organized and existing under the laws of the Republic of France, having its registered office located at 1, Rond-Point Maurice Bellonte, 31700 Blagnac, France (the "Seller"), and Republic Airways Holdings Inc., a corporation organized and existing under the laws of the State of Delaware, United States of America, having its principal corporate offices located at 8909 Purdue Road, Suite 300, Indianapolis, Indiana 46268 USA (the "Buyer" and together with the Seller, the "Parties").

WITNESSETH

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011, relating to the sale by the Seller and the purchase by the Buyer of certain Airbus A320 family aircraft, which, together with all Exhibits, Appendixes and Letter Agreements attached thereto is hereinafter called the "Agreement";

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement;

Now, therefore, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Seller and Buyer agree as follows:

**1. DEFINITIONS**

Capitalized items used herein and not otherwise defined herein will have the meanings assigned to them in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Amendment.

**2. LETTER AGREEMENT NO. 1**

Paragraph 2.2 of Letter Agreement No. 1 is deleted in its entirety and replaced with the following quoted text:

QUOTE

2.2 \*\*\*\*\*

UNQUOTE

**3. LETTER AGREEMENT NO. 2**

3.1 Paragraph 5 of Letter Agreement No. 2 is deleted in its entirety and replaced with the following quoted text:

QUOTE

5. \*\*\*\*\*

*Privileged and Confidential*

UNQUOTE

3.2 Paragraph 6.2 of Letter Agreement No. 2 is deleted in its entirety and replaced with the following quoted text

QUOTE

6.2 \*\*\*\*\*

UNQUOTE

3.3 Part 1, Paragraph 1 of Appendix 1 to Letter Agreement No. 2 is revised to read as follows:

QUOTE

1 Base Prices

The Base Prices of the A319 Airframe, \*\*\*\*\* A320 Airframe, \*\*\*\*\* A321 Airframe, \*\*\*\*\* (each, a **“Base Price”**) are subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics in accordance with the provisions hereof.

UNQUOTE

**4. LETTER AGREEMENT NO. 3**

Paragraph 3 of Letter Agreement No. 3 is deleted in its entirety and replaced with the following quoted text

QUOTE

3. \*\*\*\*\*

UNQUOTE

**5. LETTER AGREEMENT NO. 7**

Paragraph 8.1 of Letter Agreement No. 7 is deleted in its entirety and replaced with the following quoted text

QUOTE

\*\*\*\*\*

UNQUOTE

*Privileged and Confidential*

**6. EFFECT OF AMENDMENT**

- 6.1 The provisions of this Amendment will constitute a valid amendment to the Agreement and the Agreement will be deemed to be amended to the extent herein provided and, except as specifically amended hereby, will continue in full force and effect in accordance with its terms. Except as otherwise provided by the terms and conditions hereof, this Amendment contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment.
- 6.2 Both Parties agree that this Amendment will constitute an integral, nonseverable part of the Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Amendment will be governed by the provisions of the Agreement, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

**7. GOVERNING LAW**

Without limiting the generality of Clause 6.2, the Parties hereby acknowledge and agree that this Amendment is subject to the governing law provisions set forth in Clause 22.6 of the Agreement.

**8. CONFIDENTIALITY**

Without limiting the generality of Clause 6.2, the Parties hereby acknowledge and agree that this Amendment is subject to the confidentiality provisions set forth in Clause 22.11 of the Agreement.

**9. ASSIGNMENT**

Without limiting the generality of Clause 6.2, the Parties hereby acknowledge and agree that this Amendment is subject to the assignment and transfer provisions set forth in the Agreement.

**10. COUNTERPARTS**

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.

*Privileged and Confidential*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

Airbus S.A.S.

By: /s/ Christophe Mourey  
Christophe Mourey  
Senior Vice President Contracts

Republic Airways Holdings, Inc.

By: /s/ Lars-Erik Arnell  
Lars-Erik Arnell  
SVP, Corporate Development

*Privileged and Confidential*

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(r)**

AMENDMENT NO. 2  
to the A320 Family Aircraft Purchase Agreement

dated as of September 30, 2011

between

Airbus S.A.S

And

Frontier Airlines, Inc.

*Privileged and Confidential*

Amendment No. 2

This Amendment No. 2 (the "Amendment") is entered into as of December 3, 2013, between Airbus S.A.S., a *société par actions simplifiée* organized and existing under the laws of the Republic of France, having its registered office located at 1, Rond-Point Maurice Bellonte, 31700 Blagnac, France (the "Seller"), and Frontier Airlines, Inc., a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 7001 Tower Road, Denver, Colorado 80249-7312 USA (the "Buyer" and together with the Seller, the "Parties").

WITNESSETH

WHEREAS, Republic Airways Holdings, Inc. (the "Original Buyer") and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011, (as amended from time to time prior to the date hereof the "Agreement"); and

WHEREAS, the Original Buyer and the Buyer have entered into an assignment and assumption agreement, dated as of November 6, 2013 (the "Assignment"); and

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement;

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Seller and the Buyer agree as follows:

**1. DEFINITIONS**

Capitalized items used herein and not otherwise defined herein will have the meanings assigned to them in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Amendment.

**2. TYPE CONVERSION**

Notwithstanding Paragraph \*\*\*\*\* of Letter Agreement No. 3, the Seller hereby \*\*\*\*\* of the following Aircraft and the Buyer hereby \*\*\*\*\* as follows:

\*\*\*\*\*

**3. AMENDMENTS**

As of the Effective Date, the Agreement is amended as follows:

- (a) Clause 0 is hereby amended as follows:
  - (i) By amending and restating the definition of "Affiliate" as follows:

*Privileged and Confidential*

“Affiliate” – with respect to any person or entity, any other person or entity directly or indirectly controlling, controlled by or under common control with such person or entity; \*\*\*\*\*

(ii) by inserting, immediately following the definition of Fourth Quarter, the following:

\*\*\*\*\*

(w) \*\*\*\*\*

(x) \*\*\*\*\*

(y) \*\*\*\*\*

(z) \*\*\*\*\*

(iii) by inserting, immediately after the definition of the term Type Certificate, the following:

\*\*\*\*\*

(b) The delivery schedule table set forth in Clause 9.1 of the Agreement is deleted in its entirety and replaced with the following delivery schedule table:

<u>Aircraft Rank</u>		<u>Scheduled Delivery</u>	
		<u>Quarter</u>	<u>Year</u>
1	A320 Aircraft	*****	*****
2	A320 Aircraft	*****	*****
3	A320 Aircraft	*****	*****
4	A320 Aircraft	*****	*****
5	A320 Aircraft	*****	*****
6	A320 Aircraft	*****	*****
7	A320 Aircraft	*****	*****
8	A320 Aircraft	*****	*****
9	A320 Aircraft	*****	*****

*Privileged and Confidential*



<u>Aircraft Rank</u>		<u>Scheduled Delivery</u>	
		<u>Quarter</u>	<u>Year</u>
10	A320 Aircraft	*****	*****
11	A320 Aircraft	*****	*****
12	A320 Aircraft	*****	*****
13	A320 Aircraft	*****	*****
14	A320 Aircraft	*****	*****
15	A320 Aircraft	*****	*****
16	A320 Aircraft	*****	*****
17	A320 Aircraft	*****	*****
18	A320 Aircraft	*****	*****
19	A320 Aircraft	*****	*****
20	A320 Aircraft	*****	*****
21	A320 Aircraft	*****	*****
22	A320 Aircraft	*****	*****
23	A320 Aircraft	*****	*****
24	A320 Aircraft	*****	*****
25	A320 Aircraft	*****	*****
26	A320 Aircraft	*****	*****
27	A320 Aircraft	*****	*****
28	A320 Aircraft	*****	*****
29	A320 Aircraft	*****	*****
30	A320 Aircraft	*****	*****
31	A320 Aircraft	*****	*****

*Privileged and Confidential*

<u>Aircraft Rank</u>		<u>Scheduled Delivery</u>	
		<u>Quarter</u>	<u>Year</u>
32	A320 Aircraft	*****	*****
33	A320 Aircraft	*****	*****
34	A320 Aircraft	*****	*****
35	A320 Aircraft	*****	*****
36	A320 Aircraft	*****	*****
37	A320 Aircraft	*****	*****
38	A320 Aircraft]	*****	*****
39	A320 Aircraft	*****	*****
40	A320 Aircraft	*****	*****
41	A320 Aircraft	*****	*****
42	A320 Aircraft	*****	*****
43	A320 Aircraft	*****	*****
44	A320 Aircraft	*****	*****
45	A320 Aircraft	*****	*****
46	A320 Aircraft	*****	*****
47	A320 Aircraft	*****	*****
48	A320 Aircraft	*****	*****
49	A320 Aircraft	*****	*****
50	A320 Aircraft	*****	*****
51	A320 Aircraft	*****	*****
52	A320 Aircraft	*****	*****
53	A320 Aircraft	*****	*****

*Privileged and Confidential*

<u>Aircraft Rank</u>		<u>Scheduled Delivery</u>	
		<u>Quarter</u>	<u>Year</u>
54	A320 Aircraft	*****	*****
55	A320 Aircraft	*****	*****
56	A320 Aircraft	*****	*****
57	A320 Aircraft	*****	*****
58	A320 Aircraft	*****	*****
59	A320 Aircraft	*****	*****
60	A320 Aircraft	*****	*****
61	A320 Aircraft	*****	*****
62	A320 Aircraft	*****	*****
63	A319 Aircraft	*****	*****
64	A319 Aircraft	*****	*****
65	A319 Aircraft	*****	*****
66	A319 Aircraft	*****	*****
67	A319 Aircraft	*****	*****
68	A319 Aircraft	*****	*****
69	A319 Aircraft	*****	*****
70	A319 Aircraft	*****	*****
71	A319 Aircraft	*****	*****
72	A319 Aircraft	*****	*****
73	A319 Aircraft	*****	*****
74	A319 Aircraft	*****	*****
75	A319 Aircraft	*****	*****

*Privileged and Confidential*

<u>Aircraft Rank</u>	
76	A319 Aircraft
77	A319 Aircraft
78	A319 Aircraft
79	A319 Aircraft
80	A319 Aircraft

<u>Scheduled Delivery</u>	
<u>Quarter</u>	<u>Year</u>
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****

*Privileged and Confidential*

(c) Clause 10.8 of the Agreement is hereby amended to replace the reference to “Republic Airways Holdings Inc.” with “Frontier Airlines, Inc.”

(d) Clause 20 of the Agreement is hereby amended as follows:

(i) by amending and restating clause 20.1 in its entirety to read as follows:

“20.1 Termination Events

Each of the following will constitute a “**Termination Event**”

*Privileged and Confidential*

- (1) \*\*\*\*\*
- (2) \*\*\*\*\*
- (3) \*\*\*\*\*
- (4) \*\*\*\*\*
- (5) \*\*\*\*\*
- (6) \*\*\*\*\*
- (7) \*\*\*\*\*
- (8) \*\*\*\*\*
- (9) \*\*\*\*\*
- (10) \*\*\*\*\*.

(ii) by amending Clause 20.2.1 by adding the following immediately after the word “occurs”:  
\*\*\*\*\*

(iii) by amending and restating Clause 20.4(b) in its entirety to read as follows:  
b. \*\*\*\*\*

(iv) by inserting a new Clause 20.2.4 as follows:  
20.2.4 \*\*\*\*\*

- (i) \*\*\*\*\*
- (ii) \*\*\*\*\*
- (iii) \*\*\*\*\*
- (iv) \*\*\*\*\*
- (v) \*\*\*\*\*
- (vi) \*\*\*\*\*
- (vii) \*\*\*\*\*
- (viii) \*\*\*\*\*

\*\*\*\*\*

(v) by deleting the \*\*\*\*\* in its entirety.

(e) Letter Agreement No. 3 is hereby amended as follows:

(i) by deleting \*\*\*\*\*; and

(ii) by deleting \*\*\*\*\*.

#### **4. EFFECT OF AMENDMENT**

4.1 The provisions of this Amendment will constitute a valid amendment to the Agreement and the Agreement will be deemed to be amended to the extent herein provided and, except as specifically amended hereby, will continue in full force and effect in accordance with its terms. Except as otherwise provided by the terms and conditions hereof, this Amendment contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment.

4.2 Both Parties agree that this Amendment will constitute an integral, nonseverable part of the Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Amendment will be governed by the provisions of the Agreement, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

#### **5. GOVERNING LAW**

Without limiting the generality of Clause 4.2, the Parties hereby acknowledge and agree that this Amendment is subject to the governing law provisions set forth in Clause 22.6 of the Agreement.

#### **6. CONFIDENTIALITY**

Without limiting the generality of Clause 4.2, the Parties hereby acknowledge and agree that this Amendment is subject to the confidentiality provisions set forth in Clause 22.11 of the Agreement.

#### **7. ASSIGNMENT**

Without limiting the generality of Clause 4.2, the Parties hereby acknowledge and agree that this Amendment is subject to the assignment and transfer provisions set forth in the Agreement.

*Privileged and Confidential*

---

**8. COUNTERPARTS**

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.

*Privileged and Confidential*



IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

Airbus S.A.S.

By: /s/ Christophe Mourey  
Christophe Mourey  
Senior Vice President Contracts

Frontier Airlines, Inc.

By: /s/ David N Siegel  
David N Siegel  
President & CEO

*Privileged and Confidential*

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(s)**

AMENDMENT NO. 3  
to the A320 Family Aircraft Purchase Agreement  
dated as of September 30, 2011  
between  
Airbus S.A.S  
And  
Frontier Airlines, Inc.

*Confidential*

Amendment No. 3

This Amendment No. 3 (the "Amendment") is entered into as of October 31, 2014, between Airbus S.A.S., a *société par actions simplifiée* organized and existing under the laws of the Republic of France, having its registered office located at 1, Rond-Point Maurice Bellonte, 31700 Blagnac, France (the "Seller"), and Frontier Airlines, Inc., a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 7001 Tower Road, Denver, Colorado 80249-7312 USA (the "Buyer" and together with the Seller, the "Parties").

WITNESSETH

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "Agreement"); and

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement;

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Seller and the Buyer agree as follows:

**1. DEFINITIONS**

Capitalized items used herein and not otherwise defined herein will have the meanings assigned to them in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Amendment.

**2. SIMULATOR DATA PACKAGE**

Paragraph 7.1 of Letter Agreement No. 7 of the Agreement is hereby amended by deleting the words "\*\*\*\*\*" and replacing it with the words "\*\*\*\*\*".

**3. \*\*\*\*\***

3.1 Clause \*\*\*\*\* pursuant to Paragraph 1 of Letter Agreement No. 5 of the Agreement, is deleted in its entirety and replaced with the following quoted text

QUOTE

(b) \*\*\*\*\*

UNQUOTE

3.2 The final paragraph of Clause \*\*\*\*\* pursuant to Paragraph 1 of Letter Agreement No. 5 of the Agreement, is deleted in its entirety and replaced with the following quoted text QUOTE

*Confidential*

\*\*\*\*\*

UNQUOTE

**4. EFFECT OF AMENDMENT**

4.1 The provisions of this Amendment will constitute a valid amendment to the Agreement and the Agreement will be deemed to be amended to the extent herein provided and, except as specifically amended hereby, will continue in full force and effect in accordance with its terms. Except as otherwise provided by the terms and conditions hereof, this Amendment contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment.

4.2 Both Parties agree that this Amendment will constitute an integral, nonseverable part of the Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Amendment will be governed by the provisions of the Agreement, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

**5. GOVERNING LAW**

Without limiting the generality of Clause 4.2, the Parties hereby acknowledge and agree that this Amendment is subject to the governing law provisions set forth in Clause 22.6 of the Agreement.

**6. CONFIDENTIALITY**

Without limiting the generality of Clause 4.2, the Parties hereby acknowledge and agree that this Amendment is subject to the confidentiality provisions set forth in Clause 22.11 of the Agreement.

**7. ASSIGNMENT**

Without limiting the generality of Clause 4.2, the Parties hereby acknowledge and agree that this Amendment is subject to the assignment and transfer provisions set forth in the Agreement.

**8. COUNTERPARTS**

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.

*Confidential*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

Airbus S.A.S.

By: /s/ Christophe Mourey  
Christophe Mourey  
Senior Vice President Contracts

Frontier Airlines, Inc.

By: /s/ James G. Dempsey  
James G. Dempsey  
Chief Financial Officer

*Confidential*

[\*\*\*]

Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(t)**

AMENDMENT NO. 4

to the A320 Family Aircraft Purchase Agreement

dated as of September 30, 2011

between

Airbus S.A.S.

and

Frontier Airlines, Inc.

*Confidential*

Amendment No. 4

**This Amendment No. 4** (this “Amendment”) is entered into as of August 7, 2017, between **Airbus S.A.S.**, a *société par actions simplifiée* organized and existing under the laws of the Republic of France, having its registered office located at 2, Rond-Point Emile Dewoitine, 31700 Blagnac, France (the “Seller”), and **Frontier Airlines, Inc.**, a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 7001 Tower Road, Denver, Colorado 80249-7312 USA (the “Buyer” and together with the Seller, the “Parties”).

**WITNESSETH:**

**WHEREAS**, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the “Agreement”);

**WHEREAS**, in accordance with Clause 8 of the Agreement, the Seller notified the Buyer [\*\*\*];

**WHEREAS**, [\*\*\*] the Seller and the Buyer [\*\*\*];

**WHEREAS**, [\*\*\*], the Seller has agreed [\*\*\*] scheduled to be delivered in [\*\*\*];

**WHEREAS**, the parties wish to amend certain terms of the Agreement to incorporate Mobile, Alabama [\*\*\*] delivery location; and

**WHEREAS**, the Buyer and the Seller wish to amend certain other terms of the Agreement as provided below;

**NOW, THEREFORE**, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Seller and the Buyer agree as follows:

**1. DEFINITIONS**

Capitalized items used herein and not otherwise defined herein will have the meanings assigned to them in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Amendment.

*Confidential*

2. AMENDMENTS

2.2 Clause 0 of the Agreement is amended to replace the definition of “Delivery Location” with the following quoted text:

QUOTE

Delivery Location – [\*\*\*]

UNQUOTE

2.3 Clause 0 of the Agreement is amended to add the following defined term in quoted text in alphabetical order:

QUOTE

[\*\*\*]

UNQUOTE

2.4 The Delivery Schedule table set forth in Clause 9.1 of the Agreement is deleted in its entirety and replaced with the following quoted delivery schedule table:

QUOTE

<u>Aircraft Rank</u>		<u>Scheduled Delivery</u>	
		<u>Month/Quarter</u>	<u>Year</u>
1	A320 Aircraft	[***]	[***]
2*	<b>A320 Aircraft</b>	[***]	[***]
3	A320 Aircraft	[***]	[***]
4	A320 Aircraft	[***]	[***]
5	A320 Aircraft	[***]	[***]
6	A320 Aircraft	[***]	[***]
7	A320 Aircraft	[***]	[***]
8	A320 Aircraft	[***]	[***]
9	A320 Aircraft	[***]	[***]
10	A320 Aircraft	[***]	[***]
11	A320 Aircraft	[***]	[***]
12	A320 Aircraft	[***]	[***]
13	A320 Aircraft	[***]	[***]
14	A320 Aircraft	[***]	[***]
15	A320 Aircraft	[***]	[***]
16	A320 Aircraft	[***]	[***]
17	A320 Aircraft	[***]	[***]
18	A320 Aircraft	[***]	[***]
19	A320 Aircraft	[***]	[***]
20	A320 Aircraft	[***]	[***]
21	A320 Aircraft	[***]	[***]
22	A320 Aircraft	[***]	[***]

Confidential



Aircraft Rank		Scheduled Delivery	
23	A320 Aircraft	***	***
24	A320 Aircraft	***	***
25	A320 Aircraft	***	***
26	A320 Aircraft	***	***
27	A320 Aircraft	***	***
28	A320 Aircraft	***	***
29	A320 Aircraft	***	***
30	A320 Aircraft	***	***
31	A320 Aircraft	***	***
32	A320 Aircraft	***	***
33	A320 Aircraft	***	***
34	A320 Aircraft	***	***
35	A320 Aircraft	***	***
36	A320 Aircraft	***	***
37	A320 Aircraft	***	***
38	A320 Aircraft	***	***
39	A320 Aircraft	***	***
40	A320 Aircraft	***	***
41	A320 Aircraft	***	***
42	A320 Aircraft	***	***
43	A320 Aircraft	***	***
44	A320 Aircraft	***	***
45	A320 Aircraft	***	***
46	A320 Aircraft	***	***
47	A320 Aircraft	***	***
48	A320 Aircraft	***	***
49	A320 Aircraft	***	***
50	A320 Aircraft	***	***
51	A320 Aircraft	***	***
52	A320 Aircraft	***	***
53	A320 Aircraft	***	***
54	A320 Aircraft	***	***
55	A320 Aircraft	***	***
56	A320 Aircraft	***	***
57	A320 Aircraft	***	***
58	A320 Aircraft	***	***
59	A320 Aircraft	***	***
60	A320 Aircraft	***	***
61	A320 Aircraft	***	***
62	A320 Aircraft	***	***
63	A319 Aircraft	***	***
64	A319 Aircraft	***	***
65	A319 Aircraft	***	***
66	A319 Aircraft	***	***
67	A319 Aircraft	***	***
68	A319 Aircraft	***	***
69	A319 Aircraft	***	***

Confidential

<u>Aircraft Rank</u>		<u>Scheduled Delivery</u>	
70	A319 Aircraft	[***]	[***]
71	A319 Aircraft	[***]	[***]
72	A319 Aircraft	[***]	[***]
73	A319 Aircraft	[***]	[***]
74	A319 Aircraft	[***]	[***]
75	A319 Aircraft	[***]	[***]
76	A319 Aircraft	[***]	[***]
77	A319 Aircraft	[***]	[***]
78	A319 Aircraft	[***]	[***]
79	A319 Aircraft	[***]	[***]
80	A319 Aircraft	[***]	[***]

\*[\*\*\*]

UNQUOTE

2.5 TAXES

Clause 5.5.1 of the Agreement is deleted and replaced in its entirety with the following quoted text:

QUOTE

[\*\*\*]

[\*\*\*]

UNQUOTE

2.6 BILL OF SALE

The second sentence in Clause 9.2.2 of the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

At Delivery, the Seller will provide the Buyer, or will cause its Affiliate to provide (i) if the Delivery Location is Mobile Alabama, United States, a bill of sale (the “**Bill of Sale**”), in the form of Exhibit E-1 together with an FAA Form 8050-2 FAA bill of sale and such other documentation confirming transfer of title and receipt of the Final Price of the Aircraft as may reasonably be requested by the Buyer, [\*\*\*] (ii) if the Delivery Location is [\*\*\*], a Bill of Sale in the form of Exhibit E-2 together with an FAA Form 8050-2 FAA bill of sale and such other documentation confirming transfer of title and receipt of the Final Price of the Aircraft as may reasonably be requested by the Buyer.

UNQUOTE

*Confidential*

2.7 CERTIFICATE OF ACCEPTANCE

Clause 8.3 of the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

Upon successful completion of the Technical Acceptance Process with respect to an Aircraft [\*\*\*] the Buyer will, on or before the Delivery Date, sign and deliver to the Seller a certificate of acceptance in respect of such Aircraft (x) if the Delivery Location is Mobile, Alabama, United States, in the form of Exhibit D-1 and, (y) if the Delivery Location is [\*\*\*] in the form of Exhibit D-2 (the “**Certificate of Acceptance**”).

UNQUOTE

2.8 BUYER FURNISHED EQUIPMENT

2.8.1 The last sentence of Clause 18.1.4 of the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

The Buyer will also provide, when requested by the Seller, at the Airbus Operations S.A.S. in Toulouse, France, the Airbus Operations GmbH Division Hamburger Flugzeugbau in Hamburg, Germany, and/or the Airbus Americas Inc. in Mobile Alabama, adequate field service including support from BFE Suppliers to act in a technical advisory capacity to the Seller in the installation, calibration and possible repair of a BFE.

UNQUOTE

2.8.2 Clause 18.1.6 of the Agreement is renumbered as Clause 18.1.6(a).

2.8.3 A new Clause 18.1.6(b) is added to the Agreement after Clause 18.1.6(a) as set forth in the following quoted text:

QUOTE

(b) BFE delivered to the Seller’s affiliate, Airbus Americas, Inc. in Mobile, Alabama, United States, as may be specified by the Seller, will be shipped on a 2010 Incoterms DDP Airbus Americas, Inc., Mobile, AL, USA basis to

Airbus Logistics Center  
320 Airbus Way  
Mobile AL 36615

*Confidential*

The Buyer shall be responsible for import/export declarations, duties, fees or formalities necessary to deliver the BFE to the above address in Mobile Alabama.

UNQUOTE

**3. BUYER FURNISHED EQUIPMENT [\*\*\*]**

[\*\*\*]

**4. PREDELIVERY PAYMENTS [\*\*\*]**

4.1 [\*\*\*]

4.2 [\*\*\*]

4.3 Furthermore, notwithstanding anything to the contrary in Clause 5.3 of the Agreement [\*\*\*].

**5. PRICE REVISION FORMULA [\*\*\*]**

5.1 [\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

5.2 [\*\*\*]

[\*\*\*]

**6. EXHIBIT C PART 1 – SELLER PRICE REVISION FORMULA**

6.1 In the fourth paragraph of Clause 3 of Part 1 of Exhibit C to the Agreement the reference to “Table 6” is hereby deleted in its entirety and replaced with “Table 9”.

**7. EXHIBIT C PART 2 – PROPULSION SYSTEM PRICE REVISION FORMULA CFM**

7.1 In the fourth paragraph of Clause 3 of Part 2 of Exhibit C to the Agreement the reference to “Table 6” is hereby deleted in its entirety and replaced with “Table 9”.

7.2 Clause 5.1(iii) of Part 2 of Exhibit C of the Agreement is hereby deleted in its entirety and replaced with the following quoted text:

*Confidential*

QUOTE

- (iii) The final factor ([\*\*\*) will be rounded to the nearest third decimal place. If the next succeeding place is five (5) or more, the preceding decimal place will be raised to the next higher figure.

UNQUOTE

**8. EXHIBIT D – FORM OF CERTIFICATE OF ACCEPTANCE**

Exhibit D to the Agreement is deleted in its entirety and replaced with Exhibits D-1 and D-2 attached hereto as Attachments A and B.

**9. EXHIBIT E – FORM OF BILL OF SALE**

Exhibit E to the Agreement is deleted in its entirety and replaced with Exhibits E-1 and E-2 attached hereto as Attachments C and D.

**10. EXHIBIT E – [\*\*\*)**

Exhibit I attached hereto as Attachment E is hereby added to the Agreement.

**11. TABLE OF CONTENTS**

- 11.1 The reference to Exhibit D in the Table of Contents to the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

Exhibit D-1 FORM OF CERTIFICATE OF ACCEPTANCE (MOBILE DELIVERIES)

Exhibit D-2 FORM OF CERTIFICATE OF ACCEPTANCE [\*\*\*)

UNQUOTE

- 11.2 The reference to Exhibit E in the Table of Contents to the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

Exhibit E-1 FORM OF BILL OF SALE (MOBILE DELIVERIES)

Exhibit E-2 FORM OF BILL OF SALE [\*\*\*)

UNQUOTE

*Confidential*

11.3 A new reference to Exhibit I is added to the Table of Contents to the Agreement in appropriate alphabetical order with the following quoted text:

QUOTE

Exhibit I [\*\*\*]

UNQUOTE

**12. EXPENSES**

[\*\*\*]

**13. WAIVER**

[\*\*\*]

**14. EFFECT OF AMENDMENT**

14.1 The provisions of this Amendment will constitute a valid amendment to the Agreement and the Agreement will be deemed to be amended to the extent herein provided and, except as specifically amended hereby, will continue in full force and effect in accordance with its terms. Except as otherwise provided by the terms and conditions hereof, this Amendment contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment

14.2 Both Parties agree that this Amendment will constitute an integral, nonseverable part of the Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Amendment will be governed by the provisions of the Agreement, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern and prevail.

**15. GOVERNING LAW**

Without limiting the generality of Clause 14.2, the Parties agree that this Amendment is subject to the governing law provisions set forth in Clause 22.6 of the Agreement.

**16. CONFIDENTIALITY**

Without limiting the generality of Clause 14.2 above, the Parties agree that this Amendment is subject to the confidentiality provisions set forth in Clause 22.11 of the Agreement.

*Confidential*

---

**17. ASSIGNMENT**

Without limiting the generality of Clause 14.2 above, the Parties agree that this Amendment is subject to the assignment and transfer provisions set forth in the Agreement.

**18. COUNTERPARTS**

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.

*Confidential*

**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

**Airbus S.A.S.**

By: /s/ Christophe Mourey  
Name: Christophe Mourey  
Title: Senior Vice President Contracts

**Frontier Airlines, Inc.**

By: /s/ Howard Diamond  
Name: Howard Diamond  
Title: SVP, General Counsel & Secretary

*Confidential*



**CERTIFICATE OF ACCEPTANCE**

In accordance with the terms of the A320 Family Aircraft Purchase Agreement dated September 30<sup>th</sup>, 2011 and entered into between Republic Airways Holdings Inc. and Airbus S.A.S., as amended and supplemented from time to time and which has been assigned by Republic Airways Holdings Inc. to FRONTIER AIRLINES INC. (the "**Customer**") pursuant to an assignment and assumption agreement dated November 6<sup>th</sup>, 2013 (the "**Purchase Agreement**"), the technical acceptance tests relating to one Airbus A3\_\_\_\_ aircraft bearing manufacturer's serial number \_\_\_\_ and registration mark \_\_\_\_\_ (the **Aircraft**) have taken place in Mobile, Alabama, United States.

In view of said tests having been carried out with satisfactory results, the Customer, [as agent of [Name of party purchasing the Aircraft] (the **Owner**) pursuant to the purchase agreement assignment dated \_\_\_\_ and entered into between the Customer and the Owner and the notice, acknowledgement and consent agreement relating thereto, dated \_\_\_\_ and entered into between the Customer, the Owner, Airbus S.A.S. and Airbus Americas, Inc.] hereby approves the Aircraft as being in conformity with the provisions of the Purchase Agreement and accepts the Aircraft for delivery in accordance with the provisions of the Purchase Agreement.

Such acceptance shall not impair the rights that may be derived from the warranties relating to the Aircraft set forth in the Purchase Agreement.

Any right at law or otherwise to revoke this acceptance of the Aircraft is hereby irrevocably waived.

IN WITNESS WHEREOF, the Customer, [as agent of the Owner], has caused this instrument to be executed by its duly authorised representative this \_\_\_\_ day of \_\_\_\_\_ in Mobile, Alabama, United States.

**FRONTIER AIRLINES INC.,**  
[as agent of the Owner]

Name:

Title:

Signature:

*Confidential*

**CERTIFICATE OF ACCEPTANCE**

In accordance with the terms of the A320 Family Aircraft Purchase Agreement dated September 30<sup>th</sup>, 2011 and entered into between Republic Airways Holdings Inc. and Airbus S.A.S., as amended and supplemented from time to time and which has been assigned by Republic Airways Holdings Inc. to FRONTIER AIRLINES INC. (the "**Customer**") pursuant to an assignment and assumption agreement dated November 6<sup>th</sup>, 2013 (the "**Purchase Agreement**"), the technical acceptance tests relating to one Airbus A3\_\_\_\_ aircraft bearing manufacturer's serial number \_\_\_\_ and registration mark \_\_\_\_ (the "**Aircraft**") have taken place in [\*\*\*].

In view of said tests having been carried out with satisfactory results, the Customer, [as agent of [Name of party purchasing the Aircraft] (the "**Owner**") pursuant to the purchase agreement assignment dated \_\_\_\_ and entered into between the Customer and the Owner and the notice, acknowledgement and consent agreement relating thereto, dated \_\_\_\_ and entered into between the Customer, the Owner and Airbus S.A.S.], hereby approves the Aircraft as being in conformity with the provisions of the Purchase Agreement and accepts the Aircraft for delivery in accordance with the provisions of the Purchase Agreement.

Such acceptance shall not impair the rights that may be derived from the warranties relating to the Aircraft set forth in the Purchase Agreement.

Any right at law or otherwise to revoke this acceptance of the Aircraft is hereby irrevocably waived.

IN WITNESS WHEREOF, the Customer, as agent of the Owner, has caused this instrument to be executed by its duly authorised representative this \_\_\_\_ day of \_\_\_\_ in [\*\*\*].

**FRONTIER AIRLINES INC.,**  
[as agent of the Owner]

Name:

Title:

Signature:

*Confidential*

**AIRCRAFT BILL OF SALE**  
(the **Bill of Sale**)

Know all men by these presents that Airbus Americas Inc., a Delaware corporation having its principal place of business at 2550 Wasser Terrace, Suite 9100, Herndon, VA 20171, United States (the **Seller**), was, this \_\_\_\_ day of \_\_\_\_\_, the owner of the following airframe (the **Airframe**), the propulsion systems as specified (the **Propulsion Systems**) and all appliances, components, parts, instruments, accessories, furnishings, modules and other equipment of any nature, excluding buyer furnished equipment, incorporated therein, installed thereon, attached or allocated thereto on the date hereof (the **Parts**):

**AIRFRAME:**

AIRBUS Model A3\_\_-\_\_\_\_  
\_\_\_\_\_

**PROPULSION SYSTEMS:**

[Propulsion System manufacturer] Model

**MANUFACTURER’S SERIAL NUMBER:**

\_\_\_\_\_

**ENGINE SERIAL NUMBERS:**

LH: \_\_\_\_\_

RH: \_\_\_\_\_

**REGISTRATION MARK:**

\_\_\_\_\_

The Airframe, Propulsion Systems and Parts are hereafter together referred to as the **Aircraft**.

The Seller did, on this \_\_\_\_ day of \_\_\_\_\_, sell, transfer and deliver all of its rights, title and interest in and to the Aircraft to the following entity, the said Aircraft to be the property thereof:

[Insert Name and Address of Buyer]  
(the **Buyer**)

The Seller hereby warrants to the Buyer, its successors and assigns that (i) the Seller had good and lawful right to sell, deliver and transfer title to the Aircraft to the Buyer, (ii) there was conveyed to the Buyer good, legal and valid title to the Aircraft, free and clear of all liens, claims, charges, encumbrances and rights of others, (iii) the Seller shall warrant and defend such title forever against all claims and demands whatsoever.

*Confidential*

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed by its duly authorised representative this \_\_\_\_ day of \_\_\_\_\_ in Mobile, Alabama, United States.

**AIRBUS AMERICAS, INC.**

By:  
Name:  
Title:

*Confidential*

**AIRCRAFT BILL OF SALE**  
(the **Bill of Sale**)

Know all men by these presents that Airbus S.A.S., a *Société par Actions Simplifiée* existing under French law and having its principal office at 1, rond-point Maurice Bellonte, 31707 Blagnac Cedex, France (the **Seller**), was, this \_\_\_\_ day of \_\_\_\_\_, the owner of the following airframe (the **Airframe**), the propulsion systems as specified (the **Propulsion Systems**) and all appliances, components, parts, instruments, accessories, furnishings, modules and other equipment of any nature, excluding buyer furnished equipment, incorporated therein, installed thereon, attached or allocated thereto on the date hereof (the **Parts**):

**AIRFRAME:**

AIRBUS Model A3\_\_-\_\_\_\_

\_\_\_\_\_

**PROPULSION SYSTEMS:**

[Propulsion System manufacturer] Model \_\_\_\_\_

**MANUFACTURER’S SERIAL NUMBER:**

\_\_\_\_\_

**ENGINE SERIAL NUMBERS:**

LH: \_\_\_\_\_

**REGISTRATION MARK:**

\_\_\_\_\_

RH: \_\_\_\_\_

The Airframe, Propulsion Systems and Parts are hereafter together referred to as the **Aircraft**.

The Seller did, on this \_\_\_\_ day of \_\_\_\_\_, sell, transfer and deliver all of its rights, title and interest in and to the Aircraft to the following entity, the said Aircraft to be the property thereof:

[Insert Name and Address of Buyer]  
(the **Buyer**)

The Seller hereby warrants to the Buyer, its successors and assigns that (i) the Seller had good and lawful right to sell, deliver and transfer title to the Aircraft to the Buyer, (ii) there was conveyed to the Buyer good, legal and valid title to the Aircraft, free and clear of all liens, claims, charges, encumbrances and rights of others, (iii) the Seller shall defend such title forever against all claims and demands whatsoever.

*Confidential*

---

This Bill of Sale shall be governed by and construed in accordance with the laws of the state of New York.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed by its duly authorised representative this \_\_\_\_ day of \_\_\_\_\_  
in [\*\*\*].

**AIRBUS S.A.S.**

Name:  
Title:

*Confidential*

[\*\*\*]

*Confidential*

\*\*\*

Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(u)**

AMENDMENT NO. 5

to

A320 Family Aircraft Purchase Agreement

dated as of September 30, 2011

between

Airbus S.A.S.

and

Frontier Airlines, Inc.

*Confidential*



Amendment No. 5

This Amendment No. 5 (this "Amendment") is entered into as of December 28, 2017, between Airbus S.A.S., a *société par actions simplifiée* organized and existing under the laws of the Republic of France, having its registered office located at 2, Rond-Point Emile Dewoitine, 31700 Blagnac, France (the "Seller"), and Frontier Airlines, Inc., a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 4545 Airport Way, Denver, Colorado 80239 USA (the "Buyer" and, together with the Seller, the "Parties").

WITNESSETH

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "Agreement"); and

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement;

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE SELLER AND THE BUYER AGREE AS FOLLOWS:

Capitalized items used herein and not otherwise defined herein will have the meanings assigned to them in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Amendment.

*Confidential*

## 1. SALE AND PURCHASE

1.1 Clause 1 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“The Seller will sell and deliver to the Buyer, and the Buyer will purchase and take delivery of two hundred fourteen (214) Aircraft, consisting of eighty (80) A320 Backlog Aircraft, one hundred (100) A320 Incremental Aircraft and thirty-four (34) A321 Incremental Aircraft, from the Seller, subject to the terms and conditions contained in this Agreement.

The A319 Aircraft identified in Clause 9.1 of the Agreement as Aircraft Rank 63 through and including Aircraft Rank 80 are hereby converted from A319 Aircraft to A320 Aircraft pursuant to this Agreement.”

## 2. STANDARD SPECIFICATION OF THE AIRCRAFT

### 2.1 Definition Clause

2.1.1 The Parties agree to either insert in alphabetical order or amend and restate, as the case may be, the following definitions in Clause 0 of the Agreement:

A319 Aircraft – an A319-100N aircraft to be sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A319 Airframe and all components, equipment, parts and accessories installed in or on such A319 Airframe and the A319 Propulsion System installed thereon upon delivery.

A320 Aircraft – an A320-200N to be sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A320 Airframe and all components, equipment, parts and accessories installed in or on such A320 Airframe and the A320 Propulsion System installed thereon upon delivery.

A321 Aircraft – an A321-200NX to be sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A321 Airframe and all components, equipment, parts and accessories installed in or on such A321 Airframe and the A321 Propulsion System installed thereon upon delivery.

A321 Airframe – an A321 Aircraft, excluding the A321 Propulsion System therefor.

A319 Backlog Aircraft – an A319 Aircraft.

A320 Backlog Aircraft – an A320 Aircraft, other than A320 Incremental Aircraft.

*Confidential*

A321 Backlog Aircraft – an A321 Aircraft, other than A321 Incremental Aircraft.

A320 Incremental Aircraft – an A320-200N aircraft identified as an “A320 Incremental Aircraft” in the delivery schedule set forth in Clause 9.1 to be sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A320 Airframe and all components, equipment, parts and accessories installed in or on such A320 Airframe and the A320 Propulsion System installed thereon upon delivery.

A321 Incremental Aircraft – an A321-200NX aircraft identified as an “A321 Incremental Aircraft” in the delivery schedule set forth in Clause 9.1 to be sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A321 Airframe and all components, equipment, parts and accessories installed in or on such A321 Airframe and the A321 Propulsion System installed thereon upon delivery.

A321 Propulsion System – as defined in Clause 2.3.

A319 Standard Specification – the A319-100N standard specification document number [\*\*\*], a copy of which is annexed as Exhibit A-2 to the Agreement.

A320 Standard Specification – the A320-200N standard specification document number [\*\*\*], a copy of which is annexed as Exhibit A-1 to the Agreement.

A321 Specification – the A321 Standard Specification as amended by all applicable SCNs.

A321 Standard Specification – the A321-200NX ACF standard specification document number [\*\*\*], as applicable, a copy of each is annexed as Exhibit A-3 to the Agreement.

Aircraft – any or all of the A319 Aircraft, the A320 Aircraft and, the A321 Aircraft.

Airframe – any or all of the A319 Airframe, the A320 Airframe or the A321 Airframe.

Backlog Aircraft – the A319 Backlog Aircraft, the A320 Backlog Aircraft and the A321 Backlog Aircraft.

Incremental Aircraft – the A320 Incremental Aircraft and A321 Incremental Aircraft.

Preelivery Payment – with respect to any Aircraft, any of the payments determined in accordance with Clause 5.3 for such Aircraft.

*Confidential*

Propulsion System – any or all, as applicable, of the A319 Propulsion System, A320 Propulsion System and the A321 Propulsion System.

Propulsion System Manufacturer – as applicable, the manufacturer of the A319 Propulsion System, A320 Propulsion System or the A321 Propulsion System.

Propulsion System Price Revision Formula – the applicable Propulsion System price revision formula set forth in Part 2 or Part 3 of Exhibit C.

Propulsion System Reference Price – the applicable Propulsion System reference price set forth in Part 2 or Part 3 of Exhibit C.

Seller Price Revision Formula – with respect to the Incremental Aircraft, the formula set forth in Part 1A of Exhibit C and, for all other Aircraft, the formula set forth in Part 1 of Exhibit C.

Specification – as applicable, the A319 Specification, the A320 Specification or the A321 Specification.

Standard Specification – as applicable, the A319 Standard Specification, A320 Standard Specification or the A321 Standard Specification.

2.1.2 The definitions of Gearing Ratio, Irrevocable SCNs, NEO Aircraft, New Engine Option or NEO, Sharklets and Unrestricted Cash are deleted in their entirety from Clause 0 of the Agreement.

## 2.2 **Specification**

Clause 2 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“2 SPECIFICATION

### 2.1 Aircraft Specification

The A321 Aircraft will be manufactured in accordance with the A321 Standard Specification, as may already have been modified or varied at the date of this Agreement by the Specification Change Notices listed in Appendix 1 or Appendix 2 to Exhibit A-3, as applicable.

The A320 Aircraft will be manufactured in accordance with the A320 Standard Specification, as may already have been modified or varied at the date of this Agreement by the Specification Change Notices listed in Appendix 1 or Appendix 2 to Exhibit A-1, as applicable.

*Confidential*

The A319 Aircraft will be manufactured in accordance with the A319 Standard Specification, as may already have been modified or varied at the date of this Agreement by the Specification Change Notices listed in Appendix 1 to Exhibit A-2.

## 2.2 Specification Amendment

The parties understand and agree that the Specification may be further amended following signature of this Agreement in accordance with the terms of this Clause 2.

### 2.2.1 Specification Change Notice

The Specification may be amended by written agreement between the parties in a notice, substantially in the form set out in Exhibit B1 (each, a "**Specification Change Notice**" or "**SCN**") and will set out the SCN's Aircraft embodiment rank and will also set forth, in detail, the particular change to be made to the Specification and the effect, if any, of such change on design, performance, weight, Delivery Date of the Aircraft affected thereby and on the text of the Specification. An SCN may result in an adjustment of the Aircraft Base Price, which adjustment, if any, will be specified in the SCN.

### 2.2.2 Development Changes

The Specification may also be amended to incorporate changes deemed necessary by the Seller to improve the Aircraft, prevent delay or ensure compliance with this Agreement ("**Development Changes**"), as set forth in this Clause 2.

#### 2.2.2.1 Manufacturer Specification Changes Notices

- (i) The Specification may be amended by the Seller through a Manufacturer Specification Change Notice ("**MSCN**"), which will be substantially in the form set out in Exhibit B-2 hereto, or by other appropriate means, and will set out the MSCN's Aircraft embodiment rank as well as, in detail, the particular change to be made to the Specification and the effect, if any, of such change on performance, weight, Base Price of the Aircraft, Delivery Date of the Aircraft affected thereby and interchangeability or replaceability requirements under the Specification.

*Confidential*

- (ii) Except when the MSCN is necessitated by an Aviation Authority directive or by equipment obsolescence, in which case the MSCN will be accomplished without requiring the Buyer's consent, if the MSCN adversely affects the performance, weight, Base Price, Delivery Date of the Aircraft affected thereby or the interchangeability or replaceability requirements under the Specification, the Seller will notify the Buyer of a reasonable period of time during which the Buyer must accept or reject such MSCN. If the Buyer does not notify the Seller of the rejection of the MSCN within such period, the MSCN will be deemed accepted by the Buyer and the corresponding modification will be accomplished.

2.2.2.2 If the Seller revises the Specification to incorporate Development Changes which have no adverse effect on any of the elements as set forth in 2.2.2.1, such Development Changes will be performed by the Seller without the Buyer's consent.

In such cases, the Buyer will have access to the details of such changes through the relevant application in AirbusWorld.

### 2.3 Propulsion Systems

2.3.1 Each A320 Airframe will be equipped with a set of two (2) CFM International, Inc. ("**CFM**") model LEAP-1A26 engines or two (2) International Aero Engines, LLC ("**IAE**") model PW1127G-JM engines, (upon selection such set, an "**A320 Propulsion System**").

Each A319 Airframe will be equipped with a set of two (2) CFM LEAP-1A24 engines or two (2) IAE PW1124G-JM engines (upon selection such set, an "**A319 Propulsion System**").

Each A321 Airframe will be equipped with a set of two (2) CFM LEAP-1A32 engines, two (2) CFM LEAP-1A33B2 engines or two (2) IAE PW1133G-JM engines (upon selection such set, an "**A321 Propulsion System**").

2.3.2 For Backlog Aircraft the Buyer has selected the respective CFM engine as the A320 Propulsion System, A319 Propulsion System and A321 Propulsion System.

2.3.3 For Incremental Aircraft the Buyer shall notify the Seller in writing, no later than [\*\*\*], of its selection of Propulsion Systems for such Aircraft.

### 2.4 Milestones

2.4.1 Customization Milestone Chart

*Confidential*

Within a reasonable period following signature of this Agreement, the Seller will provide the Buyer with a customization milestones chart (the “**Customization Milestone Chart**”), setting out how far in advance of the Scheduled Delivery Month of the Aircraft an SCN must be executed in order to integrate into the Specification any items requested by the Buyer from the Seller’s catalogues of Specification change options (the “**Option Catalogs**”).

2.4.2 Contractual Definition Freeze

The Customization Milestone Chart will in particular define the date(s) by which the contractual definition of the Aircraft must be finalized and all SCNs need to have been executed by the Buyer (the “**Contractual Definition Freeze**” or “**CDF**”) in order to enable their incorporation into the manufacturing of the Aircraft and Delivery of the Aircraft in the Scheduled Delivery Month. Each such date shall be referred to as a “**CDF Date**.”

3. **PRICE**

Clause 3.1 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“3.1 Base Price of the Aircraft

The Base Price of the Aircraft is the sum of:

- (i) the Base Price of the Airframe, and
- (ii) the Base Price of the Propulsion System.

3.1.1 Base Price of the A320 Airframe

3.1.1.1 In respect of the A320 Backlog Aircraft, the Base Price of the A320 Airframe is the sum of the following base prices:

- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]

The Base Price of the A320 Airframe has been established in accordance with the average economic conditions prevailing in [\*\*\*] and corresponding to a theoretical delivery in [\*\*\*].

*Confidential*

3.1.1.2 In respect A320 Incremental Aircraft, the Base Price of the A320 Airframe is the sum of the following base prices:

- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]

The Base Price of the A320 Airframe for the A320 Incremental Aircraft has been established in accordance with the average economic conditions prevailing in [\*\*\*] and corresponding to a theoretical delivery in [\*\*\*].

3.1.2 Base Price of the A320 Propulsion System

3.1.2.1 For A320 Backlog Aircraft the Base Price of a set of two (2) CFM LEAP-1A26 engines is:

[\*\*\*]

Said Base Price has been established in accordance with the delivery conditions prevailing in [\*\*\*] and has been calculated from the reference price indicated by CFM and set forth in Part 2 of Exhibit C.

For A320 Incremental Aircraft, the Base Price of a set of two (2) LEAP-1A26 engines is:

[\*\*\*]

Said Base Price has been established in accordance with the delivery conditions prevailing in [\*\*\*] and has been calculated from the reference price indicated by CFM and set forth in Part 2 of Exhibit C.

3.1.2.2 For A320 Incremental Aircraft, the Base Price of a set of two (2) IAE PW1127G-JM engines is:

[\*\*\*]

Said Base Price has been established in accordance with the delivery conditions prevailing in [\*\*\*] and has been calculated from the reference price indicated by IAE and set forth in Part 3 of Exhibit C.

3.1.3 Base Price of the A319 Airframe

*Confidential*



In respect of A319 Backlog Aircraft, the Base Price of the A319 Airframe is the sum of the following base prices:

- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]

3.1.3.1 The Base Price of the A319 Airframe has been established in accordance with the average economic conditions prevailing in [\*\*\*] and corresponding to a theoretical delivery in [\*\*\*].

3.1.4 Base Price of the A319 Propulsion System

3.1.4.1 The Base Price of a set of two (2) CFM LEAP-1A24 model engines for the A319 Aircraft (the “LEAP-1A24 Engines”) is:

[\*\*\*]

Said Base Price has been established in accordance with the delivery conditions prevailing in [\*\*\*] and has been calculated from the reference price indicated by CFM and set forth in Part 2 of Exhibit C.

3.1.5 Base Price of the A321 Airframe

3.1.5.1 In respect of the A321 Backlog Aircraft, the Base Price of the A321 Airframe is the sum of the following base prices:

- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]

3.1.5.1 The Base Price of the A321 Airframe has been established in accordance with the average economic conditions prevailing in [\*\*\*] and corresponding to a theoretical delivery in [\*\*\*].

3.1.5.2 In respect of the A321 Incremental Aircraft, the Base Price of the A321 Airframe is the sum of the following base prices:

- (i) [\*\*\*]

*Confidential*

(ii) [\*\*\*]

(iii) [\*\*\*]

The Base Price of the A321 Airframe for the A321 Incremental Aircraft has been established in accordance with the average economic conditions prevailing in [\*\*\*] and corresponding to a theoretical delivery in January 2018.

### 3.1.6 Base Price of the A321 Propulsion System

3.1.6.1 For A321 Backlog Aircraft, the Base Price of a set of two (2) CFM LEAP-1A32 engines is:

[\*\*\*]

Said Base Price has been established in accordance with the delivery conditions prevailing in [\*\*\*] and has been calculated from the reference price indicated by CFM International and set forth in Part 2 of Exhibit C.

For A321 Incremental Aircraft, the Base Price of a set of two (2)

CFM LEAP-1A32 engines is:

[\*\*\*]

for CFM LEAP-1A33B2 engines (if selected by the Buyer) is:

[\*\*\*]

Said Base Prices has been established in accordance with the delivery conditions prevailing in [\*\*\*] and have been calculated from the reference prices indicated by CFM and set forth in Part 2 of Exhibit C.

3.1.6.2 For A321 Incremental Aircraft, the Base Price of a set of two (2) IAE PW1133G-JM engines is:

[\*\*\*]

*Confidential*

Said Base Price has been established in accordance with the delivery conditions prevailing in [\*\*\*] and has been calculated from the reference price indicated by IAE and set forth in Part 3 of Exhibit C.”

**4. DELIVERY**

4.1 The delivery schedule table set forth in Clause 9.1 of the Agreement is deleted in its entirety and replaced with the delivery schedule table attached hereto as Attachment IV.

4.2 The last sentence of Clause 9.1 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“[\*\*\*] the Seller will give the Buyer at least [\*\*\*] written notice of the anticipated date on which the Aircraft will be Ready for Delivery.

[\*\*\*] the Seller will give the Buyer (i) at least [\*\*\*] written notice of the [\*\*\*] period in which the Aircraft is anticipated to be Ready for Delivery, and (ii) at least [\*\*\*] written notice of the anticipated date on which the Aircraft will be Ready for Delivery. [\*\*\*]

[\*\*\*]

4.3 [\*\*\*]

[\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

[\*\*\*]

*Confidential*

**5. TERMINATION EVENT**

- 5.1 Clause 20.1(9) and 20.1(10) [\*\*\*].
- 5.2 Clause 20.2.1 of the Agreement [\*\*\*].
- 5.3 Clause 20.2.3 of the Agreement [\*\*\*].
- 5.4 Clause 20.2.4 of the Agreement is [\*\*\*].

**6. EXHIBIT A—SPECIFICATION**

6.1 A320 Specification

Appendix 1 and Appendix 2 to Exhibit A-1 to the Agreement, as each are set forth in Attachment I to this Amendment, are incorporated into the Agreement by *replacing* Appendix 1 and *adding* Appendix 2 to Exhibit A-1.

6.2 A319 Specification

Appendix 1 to Exhibit A-2 to the Agreement is replaced with the Appendix 1 to Exhibit A-2 as set forth in Attachment II to this Amendment.

6.3 A321 Specification

Exhibit A-3 to the Agreement is replaced with Exhibit A-3 as set forth in Attachment III to this Amendment.

**7. PERFORMANCE GUARANTEE**

- 7.1 Paragraph 1 of Letter Agreement No. 6A is deleted in its entirety and replaced with the following quoted text:

**“1 AIRCRAFT CONFIGURATION**

The guarantees defined in Paragraphs 2 and 3 below (the “**Guarantees**”) are applicable to the A320neo Aircraft as described in the A320neo Standard Specification [\*\*\*] as amended by SCNs for:

- i) [\*\*\*]
- ii) [\*\*\*]

*Confidential*

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement except as provided in Paragraph 6 below (for purposes of this Letter Agreement No. 6A the “**A320 Aircraft**”).”

7.2 Paragraph 1 of Letter Agreement No. 6B is deleted in its entirety and replaced with the following:

**“1 AIRCRAFT CONFIGURATION**

The guarantees defined in Paragraphs 2 and 3 below (the “**Guarantees**”) are applicable to the A319neo Aircraft as described in the A319neo Standard Specification [\*\*\*] as amended by SCNs for:

- i) [\*\*\*]
- ii) [\*\*\*]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement except as provided in Paragraph 6 below (for purposes of this Letter Agreement No. 6C the “**A319 Aircraft**”).”

7.3 Paragraph 1 of Letter Agreement No. 6C is hereby deleted in its entirety and replaced with the following quoted text:

**“1 AIRCRAFT CONFIGURATION**

The guarantees defined in Paragraphs 2 and 3 below (the “**Guarantees**”) are applicable to the A321neo Aircraft as described in the A321neo Standard Specification [\*\*\*] as amended by SCNs for:

- i) [\*\*\*]
- ii) [\*\*\*]
- iii) [\*\*\*]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement except as provided in Paragraph 6 below (for purposes of this Letter Agreement No. 6C the “**A321 Aircraft**”).”

*Confidential*

7.4 [\*\*\*]

[\*\*\*]

[\*\*\*]

**8. DECEMBER 2017 AIRCRAFT**

Notwithstanding anything to the contrary in the Agreement, the following provisions will not apply to [\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

(iv) [\*\*\*]

(v) [\*\*\*]

(vi) [\*\*\*]

**9. EFFECT OF AMENDMENT**

This Amendment shall terminate and be of no further force and effect, and the Parties shall have no obligation or liability to the other, whether in contract, tort or otherwise in respect hereof at the close of business, December 29, 2017 unless [\*\*\*].

For purpose of this Clause 9:

[\*\*\*]

**10. MISCELLANEOUS**

This Amendment is subject to the provisions of Clauses 22.6, 22.11 and 21 of the Agreement.

**11. COUNTERPARTS**

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.

*Confidential*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

Airbus S.A.S.

By: /s/ Christophe Mourey  
Name: Christophe Mourey  
Title: Senior Vice President Contracts

Frontier Airlines, Inc.

By: /s/ Howard Diamond  
Name: Howard Diamond  
Title: General Counsel

*Confidential*

\*\*\*

*Confidential*



\*\*\*

*Confidential*

[\*\*\*]

*Confidential*

---

EXHIBIT A-3

A321 SPECIFICATION

The A321 Standard Specification is contained in a separate folder.

*Confidential*

\*\*\*

*Confidential*

\*\*\*

*Confidential*

Delivery Schedule Table

Aircraft Rank	CACID (to be provided at next amendment)	Aircraft Type	Scheduled Delivery	
			Month/Quarter	Year
1		A320 Aircraft	***	***
2	***]	A320 Aircraft	***	***
3		A320 Aircraft	***	***
4		A320 Aircraft	***	***
5		A320 Aircraft	***	***
6		A320 Aircraft	***	***
7		A320 Aircraft	***	***
8		A320 Aircraft	***	***
9		A320 Aircraft	***	***
10		A320 Aircraft	***	***
11		A320 Aircraft	***	***
12		A320 Aircraft	***	***
13		A320 Aircraft	***	***
14		A320 Aircraft	***	***
15		A320 Aircraft	***	***
16		A320 Aircraft	***	***
17		A320 Aircraft	***	***
18		A320 Aircraft	***	***
19		A320 Aircraft	***	***
20		A320 Aircraft	***	***
21		A320 Aircraft	***	***
22		A320 Aircraft	***	***
23		A320 Aircraft	***	***
24		A320 Aircraft	***	***
25		A320 Aircraft	***	***
26		A320 Aircraft	***	***
27		A320 Aircraft	***	***
28		A320 Aircraft	***	***
29		A320 Aircraft	***	***
30		A320 Aircraft	***	***
31		A320 Aircraft	***	***
32		A320 Aircraft	***	***
33		A320 Aircraft	***	***
34		A320 Aircraft	***	***
35		A320 Aircraft	***	***
36		A320 Aircraft	***	***
37		A320 Aircraft	***	***

Confidential

Aircraft Rank	CACID (to be provided at next amendment)	Aircraft Type	Scheduled Delivery
38		A320 Aircraft	[***]
39		A320 Aircraft	[***]
40		A320 Aircraft	[***]
41		A320 Aircraft	[***]
42		A320 Aircraft	[***]
43		A320 Aircraft	[***]
44		A320 Aircraft	[***]
45		A320 Aircraft	[***]
46		A320 Aircraft	[***]
47		A320 Aircraft	[***]
48		A320 Aircraft	[***]
49		A320 Aircraft	[***]
50		A320 Aircraft	[***]
51		A320 Aircraft	[***]
52		A320 Aircraft	[***]
53		A320 Aircraft	[***]
54		A320 Aircraft	[***]
55		A320 Aircraft	[***]
56		A320 Aircraft	[***]
57		A320 Aircraft	[***]
58		A320 Aircraft	[***]
59		A320 Aircraft	[***]
60		A320 Aircraft	[***]
61		A320 Aircraft	[***]
62		A320 Aircraft	[***]
63		A320 Aircraft	[***]
64		A320 Aircraft	[***]
65		A320 Aircraft	[***]
66		A320 Aircraft	[***]
67		A320 Aircraft	[***]
68		A320 Aircraft	[***]
69		A320 Aircraft	[***]
70		A320 Aircraft	[***]
71		A320 Aircraft	[***]
72		A320 Aircraft	[***]
73		A320 Aircraft	[***]
74		A320 Aircraft	[***]
75		A320 Aircraft	[***]
76		A320 Aircraft	[***]
77		A320 Aircraft	[***]
78		A320 Aircraft	[***]
79		A320 Aircraft	[***]
80		A320 Aircraft]	[***]

Confidential

Aircraft Rank	CACID (to be provided at next amendment)	Aircraft Type	Scheduled Delivery	
81		A320 Incremental Aircraft	***	***
82		A321 Incremental Aircraft	***	***
83		A320 Incremental Aircraft	***	***
84		A320 Incremental Aircraft	***	***
85		A320 Incremental Aircraft	***	***
86		A320 Incremental Aircraft	***	***
87		A320 Incremental Aircraft	***	***
88		A320 Incremental Aircraft	***	***
89		A321 Incremental Aircraft	***	***
90		A320 Incremental Aircraft	***	***
91		A321 Incremental Aircraft	***	***
92		A320 Incremental Aircraft	***	***
93		A320 Incremental Aircraft	***	***
94		A320 Incremental Aircraft	***	***
95		A321 Incremental Aircraft	***	***
96		A320 Incremental Aircraft	***	***
97		A321 Incremental Aircraft	***	***
98		A320 Incremental Aircraft	***	***
99		A320 Incremental Aircraft	***	***
100		A320 Incremental Aircraft	***	***
101		A320 Incremental Aircraft	***	***
102		A320 Incremental Aircraft	***	***
103		A321 Incremental Aircraft	***	***
104		A320 Incremental Aircraft	***	***
105		A320 Incremental Aircraft	***	***
106		A320 Incremental Aircraft	***	***
107		A320 Incremental Aircraft	***	***
108		A320 Incremental Aircraft	***	***
109		A321 Incremental Aircraft	***	***
110		A320 Incremental Aircraft	***	***
111		A320 Incremental Aircraft	***	***
112		A321 Incremental Aircraft	***	***
113		A320 Incremental Aircraft	***	***
114		A320 Incremental Aircraft	***	***
115		A321 Incremental Aircraft	***	***
116		A320 Incremental Aircraft	***	***
117		A320 Incremental Aircraft	***	***
118		A320 Incremental Aircraft	***	***
119		A321 Incremental Aircraft	***	***
120		A320 Incremental Aircraft	***	***
121		A320 Incremental Aircraft	***	***
122		A320 Incremental Aircraft	***	***
123		A321 Incremental Aircraft	***	***

Confidential



Aircraft Rank	CACID (to be provided at next amendment)	Aircraft Type	Scheduled Delivery	
124		A320 Incremental Aircraft	***	***
125		A320 Incremental Aircraft	***	***
126		A320 Incremental Aircraft	***	***
127		A320 Incremental Aircraft	***	***
128		A321 Incremental Aircraft	***	***
129		A320 Incremental Aircraft	***	***
130		A320 Incremental Aircraft	***	***
131		A320 Incremental Aircraft	***	***
132		A321 Incremental Aircraft	***	***
133		A320 Incremental Aircraft	***	***
134		A321 Incremental Aircraft	***	***
135		A320 Incremental Aircraft	***	***
136		A320 Incremental Aircraft	***	***
137		A320 Incremental Aircraft	***	***
138		A320 Incremental Aircraft	***	***
139		A320 Incremental Aircraft	***	***
140		A320 Incremental Aircraft	***	***
141		A320 Incremental Aircraft	***	***
142		A321 Incremental Aircraft	***	***
143		A320 Incremental Aircraft	***	***
144		A320 Incremental Aircraft	***	***
145		A321 Incremental Aircraft	***	***
146		A320 Incremental Aircraft	***	***
147		A320 Incremental Aircraft	***	***
148		A321 Incremental Aircraft	***	***
149		A320 Incremental Aircraft	***	***
150		A320 Incremental Aircraft	***	***
151		A321 Incremental Aircraft	***	***
152		A320 Incremental Aircraft	***	***
153		A321 Incremental Aircraft	***	***
154		A320 Incremental Aircraft	***	***
155		A320 Incremental Aircraft	***	***
156		A320 Incremental Aircraft	***	***
157		A320 Incremental Aircraft	***	***
158		A320 Incremental Aircraft	***	***
159		A320 Incremental Aircraft	***	***
160		A321 Incremental Aircraft	***	***
161		A320 Incremental Aircraft	***	***
162		A320 Incremental Aircraft	***	***
163		A320 Incremental Aircraft	***	***
164		A321 Incremental Aircraft	***	***
165		A320 Incremental Aircraft	***	***
166		A320 Incremental Aircraft	***	***

Confidential

Aircraft Rank	CACID (to be provided at next amendment)	Aircraft Type	Scheduled Delivery	
167		A320 Incremental Aircraft	***	***
168		A320 Incremental Aircraft	***	***
169		A320 Incremental Aircraft	***	***
170		A321 Incremental Aircraft	***	***
171		A320 Incremental Aircraft	***	***
172		A320 Incremental Aircraft	***	***
173		A321 Incremental Aircraft	***	***
174		A320 Incremental Aircraft	***	***
175		A320 Incremental Aircraft	***	***
176		A321 Incremental Aircraft	***	***
177		A320 Incremental Aircraft	***	***
178		A320 Incremental Aircraft	***	***
179		A321 Incremental Aircraft	***	***
180		A320 Incremental Aircraft	***	***
181		A320 Incremental Aircraft	***	***
182		A321 Incremental Aircraft	***	***
183		A320 Incremental Aircraft	***	***
184		A320 Incremental Aircraft	***	***
185		A320 Incremental Aircraft	***	***
186		A321 Incremental Aircraft	***	***
187		A320 Incremental Aircraft	***	***
188		A320 Incremental Aircraft	***	***
189		A321 Incremental Aircraft	***	***
190		A320 Incremental Aircraft	***	***
191		A320 Incremental Aircraft	***	***
192		A320 Incremental Aircraft	***	***
193		A321 Incremental Aircraft	***	***
194		A320 Incremental Aircraft	***	***
195		A320 Incremental Aircraft	***	***
196		A321 Incremental Aircraft	***	***
197		A320 Incremental Aircraft	***	***
198		A320 Incremental Aircraft	***	***
199		A321 Incremental Aircraft	***	***
200		A320 Incremental Aircraft	***	***
201		A320 Incremental Aircraft	***	***
202		A320 Incremental Aircraft	***	***
203		A320 Incremental Aircraft	***	***
204		A320 Incremental Aircraft	***	***
205		A321 Incremental Aircraft	***	***
206		A320 Incremental Aircraft	***	***
207		A320 Incremental Aircraft	***	***
208		A320 Incremental Aircraft	***	***
209		A321 Incremental Aircraft	***	***

Confidential

Aircraft Rank	CACID (to be provided at next amendment)	Aircraft Type	Scheduled Delivery
210		A320 Incremental Aircraft	[***]
211		A320 Incremental Aircraft	[***]
212		A320 Incremental Aircraft	[***]
213		A320 Incremental Aircraft	[***]
214		A321 Incremental Aircraft	[***]

[\*\*\*]

*Confidential*

AMENDMENT NO. 6

to

A320 Family Aircraft Purchase Agreement

dated as of September 30, 2011

between

Airbus S.A.S.

and

Frontier Airlines, Inc.

Amendment No. 6

This Amendment No. 6 (this "Amendment") is entered into as of July 1, 2019, between Airbus S.A.S., a *société par actions simplifiée* organized and existing under the laws of the Republic of France, having its registered office located at 2, Rond-Point Emile Dewoitine, 31700 Blagnac, France (the "Seller"), and Frontier Airlines, Inc., a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 4545 Airport Way, Denver, Colorado 80239 USA (the "Buyer" and, together with the Seller, the "Parties").

WITNESSETH

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "Agreement"); and

WHEREAS, the Buyer and the Seller wish to convert certain A320 Aircraft into A321 Aircraft;

WHEREAS, the Buyer and the Seller wish to change the scheduled delivery months of certain Aircraft;

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement as provided herein;

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE SELLER AND THE BUYER AGREE AS FOLLOWS:

Capitalized items used herein and not otherwise defined herein will have the meanings assigned to them in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Amendment.

**1. SALE AND PURCHASE**

1.1 Clause 1 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“The Seller will sell and deliver to the Buyer, and the Buyer will purchase and take delivery of two hundred fourteen (214) Aircraft, consisting of eighty (80) A320 Backlog Aircraft, eighty-five (85) A320 Incremental Aircraft and forty-nine (49) A321 Incremental Aircraft, from the Seller, subject to the terms and conditions contained in this Agreement.

[\*\*\*] the A320 Incremental Aircraft identified in Clause 9.1 of the Agreement [\*\*\*] as Aircraft Ranks 81, 83, 84, 87, 88, 92, 93, 94, 98, 99, 100, 104,105, 111, and 118 and such Aircraft are hereby converted from A320 Incremental Aircraft to A321 Incremental Aircraft.”

**2. DELIVERY**

2.1 The delivery schedule table set forth in Clause 9.1 of the Agreement is deleted in its entirety and replaced with the delivery schedule table attached hereto as Attachment I.

**3. PROPULSION SYSTEMS – INCREMENTAL AIRCRAFT**

Clause 2.3.3 of the Agreement is hereby amended by replacing [\*\*\*] with [\*\*\*]

**4. PREDELIVERY PAYMENTS**

4.1 [\*\*\*]

4.2 Clause 5.3.3(o) of the Agreement is hereby amended by deleting and replacing the Predelivery Payment schedule therein with the following:

QUOTE

Payment Date	Percentage of applicable Predelivery Payment Reference Price
[***]	[***]
Payment Date	Percentage of applicable Predelivery Payment Reference Price
[***]	[***]
[***]	

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
Total payment prior to Delivery	[***]

UNQUOTE

4.3 [\*\*\*] as of the date hereof, Clause 5.3.3(b) of the Agreement shall be amended to add the following at the end thereof:

QUOTE

[\*\*\*] as of the date of Amendment No. 6 to this Agreement, Predelivery Payments will be paid to the Seller according to the following schedule:

Payment Date	Fixed amount or Percentage of applicable Predelivery Payment Reference Price
[***]	[***]
[***]	
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
Total payment prior to Delivery	[***]

UNQUOTE

4.4 [\*\*\*] as of the date hereof, Clause 5.3.3(o) of the Agreement shall be amended to add the following at the end thereof:

QUOTE

[\*\*\*] as of the date of Amendment No. 6 to this Agreement, the Predelivery Payment schedule [\*\*\*]:

Payment Date	Percentage of applicable Predelivery Payment Reference Price
[***]	[***]
[***]	
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
Total payment prior to Delivery	[***]

UNQUOTE

4.5 Predelivery Payments paid by the Buyer [\*\*\*] in respect of [\*\*\*], as of the date hereof, [\*\*\*]

4.6 [\*\*\*]



**5. MISCELLANEOUS**

This Amendment is subject to the provisions of Clauses 22.6, 22.11 and 21 of the Agreement.

**6. COUNTERPARTS**

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.

[Signatures appear on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

Airbus S.A.S.

By: /s/ Benoît de Saint-Exupéry  
Name: Benoît de Saint-Exupéry  
Title: Senior Vice President, Contracts

Frontier Airlines, Inc.

By: /s/ Howard Diamond  
Name: Howard Diamond  
Title: SVP, General Counsel & Secretary

*Confidential*

Delivery Schedule Table\*

*Confidential*

AMENDMENT NO. 7

to

A320 Family Aircraft Purchase Agreement

dated as of September 30, 2011

between

Airbus S.A.S.

and

Frontier Airlines, Inc.

Amendment No. 7

This Amendment No. 7 (this "Amendment") is entered into as of October 9, 2019, between Airbus S.A.S., a *société par actions simplifiée* organized and existing under the laws of the Republic of France, having its registered office located at 2, Rond-Point Emile Dewoitine, 31700 Blagnac, France (the "Seller"), and Frontier Airlines, Inc., a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 4545 Airport Way, Denver, Colorado 80239 USA (the "Buyer" and, together with the Seller, the "Parties").

WITNESSETH

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "Agreement"); and

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement as provided herein.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE SELLER AND THE BUYER AGREE AS FOLLOWS:

Capitalized items used herein and not otherwise defined herein will have the meanings assigned to them in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Amendment.

## 1. SALE AND PURCHASE

1.1 Clause 1 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“The Seller will sell and deliver to the Buyer, and the Buyer will purchase and take delivery of two hundred fourteen (214) Aircraft, consisting of eighty (80) A320 Backlog Aircraft, sixty-seven (67) A320 Incremental Aircraft, forty-nine (49) A321 Incremental Aircraft and eighteen (18) A321XLR Aircraft, from the Seller, subject to the terms and conditions contained in this Agreement.

1.2 The parties hereby agree to convert the Aircraft identified in Clause 9.1 of this Agreement [\*\*\*] as Aircraft Rank 147, 149, 150, 152, 158, 159, 161, 165, 166, 167, 168, 187, 188, 190, 197, 198, 200 and 201 A320 Incremental Aircraft to A321XLR Aircraft.

1.3 [\*\*\*]”

## 2. STANDARD SPECIFICATION OF THE A321 XLR AIRCRAFT

### 2.1 Definition Clause

The Parties agree to either insert in alphabetical order or amend and restate, as the case may be, the following definitions in Clause 0 of the Agreement:

A320 Family Aircraft - any or all of the A319 Aircraft, the A320 Aircraft, the A321 Aircraft and the A321XLR Aircraft.

A321 Standard Specification - the A321-200NX ACF standard specification document number [\*\*\*], a copy of which is annexed as Exhibit A-3 to the Agreement.

A321XLR Aircraft - means an A321 Aircraft incorporating the XLR Changes and identified as an “A321XLR Aircraft” in the delivery schedule set forth in Clause 9.1 to be sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A321XLR Airframe and all components, equipment, parts and accessories installed in or on such A321XLR Airframe and the A321XLR Propulsion System installed thereon at Delivery.

A321XLR Airframe - an A321XLR Aircraft, excluding the A321XLR Propulsion System therefor.

A321XLR Propulsion System – as defined in Clause 2.3.1.

A321XLR Specification – the A321XLR Standard Specification as amended by all applicable SCNs.

A321XLR Standard Specification—has the meaning set forth in Clause 2.1.4.1 of this Agreement.

Aircraft – any or all of the A319 Aircraft, the A320 Aircraft, the A321 Aircraft and the A321XLR Aircraft.

Airframe – any or all of the A319 Airframe, the A320 Airframe, the A321 Airframe and the A321XLR Airframe.

[\*\*\*]

Predelivery Payment – with respect to any Aircraft, the payments determined in accordance with Clause 5.3 for such Aircraft.

Propulsion System – any or all, as applicable, of the A319 Propulsion System, the A320 Propulsion System, the A321 Propulsion System and the A321XLR Propulsion System.

Specification – as applicable, the A319 Specification, the A320 Specification, the A321 Specification or the A321XLR Specification.

Standard Specification – as applicable, the A319 Standard Specification, the A320 Standard Specification, the A321 Standard Specification or the A321XLR Standard Specification.

XLR Changes—has the meaning set out in Clause 2.1.4.1.

XLR Specification Freeze—has the meaning set out in Clause 2.1.4.1.

## **2.2 Aircraft Specification**

Clause 2.1 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“2.1 Aircraft Specification

2.1.1 A321 Aircraft Specification

The A321 Aircraft will be manufactured in accordance with the A321 Standard Specification, as may already have been modified or varied at the date of this Agreement by the Specification Change Notices listed in Appendix 1 or Appendix 2 to Exhibit A-3, as applicable, and which may be further modified or varied in accordance with the terms of this Agreement.

#### 2.1.2 A320 Aircraft Specification

The A320 Aircraft will be manufactured in accordance with the A320 Standard Specification, as may already have been modified or varied at the date of this Agreement by the Specification Change Notices listed in Appendix 1 or Appendix 2 to Exhibit A-1, as applicable, and which may be further modified or varied in accordance with the terms of this Agreement.

#### 2.1.3 A319 Aircraft Specification

The A319 Aircraft will be manufactured in accordance with the A319 Standard Specification, as may already have been modified or varied at the date of this Agreement by the Specification Change Notices listed in Appendix 1 to Exhibit A-2, and which may be further modified or varied in accordance with the terms of this Agreement.

#### 2.1.4 A321XLR Aircraft Specification

##### 2.1.4.1 The A321XLR Aircraft will be manufactured in accordance with the A321XLR Standard Specification, as may already have been modified or varied at the date of this Agreement by the Specification Change Notices listed in Appendix 1 to Exhibit A-4, and which may be further modified or varied in accordance with the terms of this Agreement.

The A321XLR aircraft standard specification is currently based on a combination of the A321 Standard Specification and the XLR Changes as set out hereunder.

The standard specification of the A321XLR aircraft shall be derived from the A321 Standard Specification and will include a new fixed structural fuel center tank, modified design weights as detailed below, and new landing gears, wheels, brakes and tires, as well as certain other airframe structural modifications and aircraft systems and software adaptations, all as required during the development of such A321XLR aircraft with its new parameters (collectively the “**XLR Changes**”).

The Seller is currently developing the XLR Changes and the implementation of the XLR Changes shall be reflected in the first issue of the A321XLR aircraft standard specification (the “**A321XLR Standard Specification**”). Such A321XLR Standard Specification shall be issued by the Seller once the design of such A321XLR aircraft type has been frozen (the “**XLR Specification Freeze**”). [\*\*\*]

[\*\*\*]



2.1.4.2 A321XLR Design Weights

In line with the Standard Specification applicable to the A321XLR Aircraft, the design weights (Maximum Take-off Weight (“**MTOW**”) Maximum Landing Weight (“**MLW**”) and Maximum Zero Fuel Weight (“**MZFW**”)) are the following:

	<b>MTOW</b>	<b>MLW</b>	<b>MZFW</b>
<b>A321XLR Aircraft</b>	[***]	[***]	[***]

The XLR Changes shall include an increase to the Manufacturer’s Weight Empty (“**MWE**”) set forth in § 13-10.01.00 of the A321 NEO Standard Specification. [\*\*\*]

[\*\*\*]”

**2.3 Propulsion Systems**

2.3.1 Clause 2.3.1 of the Agreement is amended to add at the end thereof the following quoted text:

“Each A321XLR Airframe will be equipped with a set of two (2) CFM LEAP-1A32, two (2) CFM LEAP-1A33B2 engines, two (2) IAE PW1133G-JM engines or two (2) IAE PW1133G1-JM engines (upon selection such set, an “**A321XLR Propulsion System**”).”

2.3.2 [\*\*\*]

2.3.3 The following quoted text is hereby added to the Agreement as a new Clause 2.3.4:

“2.3.4 The Buyer shall notify the Seller in writing, no later than [\*\*\*]”

**2.4 A321XLR Aircraft – Exhibit A-4**

Exhibit A-4 attached hereto as Attachment 2 is hereby added in alphabetical order to the Agreement.

**3. PRICE**

3.1 Clause 3.1 of the Agreement is hereby amended by inserting the following new Clauses 3.1.7 and 3.1.8 below Clause 3.1.6:

“3.1.7 Base Price of the A321XLR Airframe

The Base Price of the A321XLR Airframe is the sum of the following base prices:

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

The Base Price of the A321XLR Airframe for the A321XLR Aircraft has been established in accordance with the average economic conditions prevailing in [\*\*\*] and corresponding to a theoretical delivery in [\*\*\*].

### 3.1.8 Base Price of the A321XLR Propulsion System

3.1.8.1 For A321XLR Aircraft, the Base Price of a set of two (2) CFM LEAP- 1A32 engines is:

[\*\*\*]; or for CFM LEAP-1A33B2 engines (if selected by the Buyer) is:  
[\*\*\*]

Said Base Prices have been established in accordance with the delivery conditions prevailing in [\*\*\*] and have been calculated from the reference prices indicated by CFM International and set forth in Part 2 of Exhibit C.

3.1.8.2 For A321XLR Aircraft, the Base Price of a set of two (2) IAE PW1133G-JM engines is:

[\*\*\*], or for IAE PW1133G1-JM engines (if selected by the Buyer) is:  
[\*\*\*]

Said Base Prices have been established in accordance with the delivery conditions prevailing in [\*\*\*] and have been calculated from the reference prices indicated by IAE and set forth in Part 3 of Exhibit C.”

3.2 Clause 3.1.6.2 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“3.1.6.2 For A321 Incremental Aircraft, the Base Price of a set of two (2) IAE PW1133G-JM engines is:

[\*\*\*], or for IAE PW1133G1-JM engines (if selected by the Buyer) is:

[\*\*\*]

Said Base Prices have been established in accordance with the delivery conditions prevailing in [\*\*\*] and have been calculated from the reference prices indicated by IAE and set forth in Part 3 of Exhibit C.

#### 4. DELIVERY

4.1 The delivery schedule table set forth in Clause 9.1 of the Agreement is deleted in its entirety and replaced with the delivery schedule table attached hereto as Attachment I.

4.2 Clause 9.1 of the Agreement is hereby amended by deleting all text (including any asterisked footnotes) after the delivery schedule table in its entirety and replacing it with the following quoted text:

“The Seller will give the Buyer written notice of the scheduled delivery month of each [\*\*\*] at least [\*\*\*] before the first day of the Scheduled Delivery Quarter of the respective Aircraft, which shall be a calendar month within such Scheduled Delivery Quarter (the “**Scheduled Delivery Month**”).

The Seller will give the Buyer [\*\*\*]

at least [\*\*\*] written notice of the anticipated date on which the Aircraft will be Ready for Delivery.

[\*\*\*]

**5. PREDELIVERY PAYMENTS**

5.1 Clause 5.3.2 (c) is hereby added to the Agreement to read in its entirety as follows:

“The Predelivery Payment Reference Price for an A321XLR Aircraft to be delivered in calendar year T is determined in accordance with the following formula:

[\*\*\*]

5.2 Clause 5.3.3(b) and 5.3.3(o) are each amended by adding the following immediately after the word “months”:

“(or quarter, if the month is not then established)”

5.3 Clause 5.3.3(b) and 5.3.3(o) are each amended by adding the following immediately after each occurrence of “Scheduled Delivery Month”:

“(or, if not then established, the Scheduled Delivery Quarter)”

5.4 In accordance with Clause 5.3.3 of the Agreement, the Buyer shall pay to the Seller on the date hereof an amount equal to [\*\*\*] as a result of the conversion of A320 Aircraft to A321XLR Aircraft pursuant to Clause 1 hereof.

**6. EXHIBIT A - SPECIFICATION**

6.1 Appendix 2 to Exhibit A-3 is hereby amended by deleting the option identified as [\*\*\*] in its entirety and replacing it with the following:

Option	Description	Comments	Estimated BFE Price	Selected SCN Price
[***]	[***] [***]	[***]	[***]	[***]

6.2 Attachment III attached hereto is hereby added to the Agreement as Exhibit A-4.

7. [\*\*\*]  
[\*\*\*]  
[\*\*\*]

**8. SPECIFICATION MATTERS**

8.1 Paragraph 1.4 of Amended and Restated Letter Agreement No. 4 dated December 28, 2017 is hereby amended by inserting [\*\*\*] immediately after the first occurrence of the words [\*\*\*].

8.2 Amended and Restated Letter Agreement No. 4 dated December 28, 2017 is hereby amended by adding a new paragraph 1.7 to read in its entirety as follows:  
[\*\*\*]

9. [\*\*\*]  
On or within [\*\*\*]

---

**10. REFERENCES**

10.2 [\*\*\*].

**11. EFFECT OF AMENDMENT**

11.1 This Amendment shall terminate and be of no further force and effect, and the Parties shall have no obligation or liability to the other, whether in contract, tort or otherwise in respect hereof at the close of business, (x) on October 9, 2019 unless [\*\*\*], and (y) on October 15, 2019 unless [\*\*\*] and (z) October 31, 2019 unless [\*\*\*]

For purpose of this Clause 11:

[\*\*\*]

11.2 The Agreement will be deemed to be amended to the extent herein provided and, except as specifically amended hereby, will continue in full force and effect in accordance with its terms. Except as otherwise provided by the terms and conditions hereof, this Amendment contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment.

---

**12. INTENTIONALLY LEFT BLANK**

**13. [\*\*\*]**

[\*\*\*]

**14. MISCELLANEOUS**

This Amendment is subject to the provisions of Clauses 21, 22.6 and 22.11 of the Agreement.

**15. COUNTERPARTS**

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.



IN WITNESS WHEREOF, the Parties have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

Airbus S.A.S.

By: /s/ Benoît de Saint-Éxupéry

Name: Benoît de Saint-Exupéry

Title: Senior Vice President, Contracts

Frontier Airlines, Inc.

By: /s/ Howard Diamond

Name: Howard Diamond

Title: SVP, General Counsel & Secretary

*Confidential*

Delivery Schedule Table

EXHIBIT A-4

A321XLR SPECIFICATION

AMENDMENT NO. 8

to

A320 Family Aircraft Purchase Agreement

dated as of September 30, 2011

between

**AIRBUS S.A.S.**

and

**FRONTIER AIRLINES, INC.**

This Amendment No. 8 (hereinafter referred to as this “**Amendment**”) is entered into as of March 16, 2020 between Airbus S.A.S. a *société par actions simplifiée*, created and existing under the laws of the Republic of France, having its registered office at 2 Rond-Point Emile Dewoitine, 31700 Blagnac, France and registered with Toulouse Registre du Commerce under number RCS Toulouse 383 474 814 (the “**Seller**”) and Frontier Airlines, Inc., a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 4545 Airport Way, Denver, Colorado 80239 USA, (the “**Buyer**” and, together with the Seller, the “**Parties**”).

WHEREAS, the Buyer and the Seller entered into that certain A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the “**Agreement**”).

[\*\*\*]

WHEREAS, the Parties wish to amend the Agreement as set forth below.

NOW THEREFORE, SUBJECT TO THE TERMS AND CONDITIONS SET FORTH HEREIN, IT IS AGREED AS FOLLOWS:

Capitalized terms used herein and not otherwise defined in this Amendment will have the meanings assigned to them in the Agreement. Except as used within quoted text, the terms “herein”, “hereof”, and “hereunder” and words of similar import refer to this Amendment.

1. [\*\*\*]

1.1 Without prejudice to the Agreement and subject to Paragraph 3 below, in respect of the [\*\*\*]

1.2 The following Aircraft shall be [\*\*\*]:

Aircraft Type	Contractual Rank	CAC ID	Scheduled Delivery Month	Anticipated Actual Delivery
[***]	[***]	[***]	[***]	[***]

1.3 With respect to the [\*\*\*]

1.4 [\*\*\*]

2. **DELIVERIES**

2.1 Aircraft [\*\*\*]

(a) The Scheduled Delivery Month of [\*\*\*] Aircraft shall be amended as follows:

Aircraft Type	Contractual Rank	CAC ID	Original Scheduled Delivery Month	New Scheduled Delivery Month
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]

(b) The delivery schedule table set forth in Clause 9.1 of the Agreement is deleted in its entirety and replaced with the delivery schedule table attached hereto as Appendix A.

**3. [\*\*\*]**

It is expressly understood and agreed by the Parties, as a condition hereof, that

(a)

(i) [\*\*\*],

(ii) [\*\*\*], and

(iii) [\*\*\*],

[\*\*\*]; and

(b) [\*\*\*]

**4. EFFECT OF THE AMENDMENT**

The Agreement will be deemed amended to the extent herein provided, and, except as specifically amended hereby, will continue in full force and effect in accordance with its original terms. This Amendment contains the entire agreement between the Buyer and the Seller with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment.

Both parties agree that this Amendment will constitute an integral, nonseverable part of the Agreement and will be governed by its provisions, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

This Amendment terminates at midnight (Mountain Daylight Time) on March 16 2020 [\*\*\*]

**5. CONFIDENTIALITY**

This Amendment is subject to the confidentiality provisions set forth in Clause 22.11 of the Agreement.

**6. ASSIGNMENT**

Notwithstanding any other provision of this Amendment or of the Agreement, this Amendment will not be assigned or transferred in any manner without the prior written consent of the other party, and any attempted assignment or transfer in contravention of the provisions of this Clause 6 will be void and of no force or effect.

**7. COUNTERPARTS**

This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

---

**8. INTERPRETATION AND LAW**

This Amendment is subject to the Interpretation and Law provisions set forth in Clause 22.6 of the Agreement.

[SIGNATURE PAGE FOLLOWS]

Page 4/8

**PRIVILEGED AND CONFIDENTIAL**

IN WITNESS WHEREOF, the parties hereto have entered into this Amendment by their respective officers or agents as of the date first above written.

Airbus S.A.S.

By: /s/ Benoît de Saint-Exupéry  
Name: Benoît de Saint-Exupéry  
Title: Senior Vice President, Contracts

Frontier Airlines, Inc.

By: /s/ James Dempsey  
Name: James Dempsey  
Title: Chief Financial Officer

**PRIVILEGED AND CONFIDENTIAL**





**LETTER AGREEMENT**

[\*\*\*]

Page 7/8

**APPENDIX 1**

[\*\*\*]  
**For**  
**2020 Aircraft**

[\*\*\*]

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(y)**

AMENDMENT NO. 9

to

A320 Family Aircraft Purchase Agreement

dated as of September 30, 2011

between

Airbus S.A.S.

and

Frontier Airlines, Inc.

1

*Confidential*

Amendment No. 9

This Amendment No. 9 (this "**Amendment**") is entered into as of May 4, 2020, between Airbus S.A.S., a *société par actions simplifiée* organized and existing under the laws of France, having its registered office located at 2, Rond-Point Emile Dewoitine, 31700 Blagnac, France (the "**Seller**"), and Frontier Airlines, Inc., a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 4545 Airport Way, Denver, Colorado 80239 USA (the "**Buyer**" and, together with the Seller, the "**Parties**").

WITNESSETH

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "**Agreement**"); and

WHEREAS, [\*\*\*] and

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement as provided herein.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE SELLER AND THE BUYER AGREE AS FOLLOWS:

Capitalized terms used herein and not otherwise defined herein will have the meanings assigned to them in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Amendment.

**1. DELIVERY SCHEDULE**

The delivery schedule table set forth in Clause 9.1 of the Agreement is deleted in its entirety and replaced with the delivery schedule table attached hereto as Appendix A.

**2. PREDELIVERY PAYMENTS**

- 2.1 Clause 5.3.2(b) of the Agreement is hereby amended by adding the parenthetical [\*\*\*]
- 2.2 Clause 5.3.2(c) of the Agreement is hereby amended by [\*\*\*].
- 2.3 Solely with respect to Aircraft [\*\*\*] as a result of the changes made to the Agreement pursuant to Paragraphs 1, 2.1 and 2.2 of this Amendment and in accordance with Clause 5.3.3 of the Agreement, [\*\*\*]

**3. DEFINITION CLAUSE, [\*\*\*] AND OTHER MATTERS**

- 3.1 Clause 0 of the Agreement is hereby amended by replacing [\*\*\*] which shall be added in its alphabetical order.
- 3.2 Paragraph 9 of Amendment No. 7 to the Agreement is hereby amended by replacing [\*\*\*].
- 3.3 [\*\*\*]
- 3.4 [\*\*\*]

4. [\*\*\*]

4.1 [\*\*\*].

4.2 [\*\*\*].

4.3 [\*\*\*]

**5. EFFECT OF AMENDMENT**

The Agreement will be deemed amended to the extent herein provided, and, except as specifically amended hereby, will continue in full force and effect in accordance with its original terms. This Amendment contains the entire agreement between the Buyer and the Seller with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment.

Both parties agree that this Amendment will constitute an integral, non-severable part of the Agreement and will be governed by its provisions, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

**6. MISCELLANEOUS**

This Amendment is subject to the provisions of Clauses 21, 22.6 and 22.11 of the Agreement.

**7. COUNTERPARTS**

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

Airbus S.A.S.

By: /s/ Benoît de Saint-Exupéry  
Name: Benoît de Saint-Exupéry  
Title: Senior Vice President, Contracts

Frontier Airlines, Inc.

By: /s/ Howard Diamond  
Name: Howard Diamond  
Title: General Counsel



Delivery Schedule Table

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.16(z)**

AMENDMENT NO. 10

to

A320 Family Aircraft Purchase Agreement

dated as of September 30, 2011

between

Airbus S.A.S.

and

Frontier Airlines, Inc.

1

*Confidential*

Amendment No. 10

This Amendment No. 10 (this "**Amendment**") is entered into as of December 2, 2020, between Airbus S.A.S., a *société par actions simplifiée* organized and existing under the laws of France, having its registered office located at 2, Rond-Point Emile Dewoitine, 31700 Blagnac, France (the "**Seller**"), and Frontier Airlines, Inc., a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 4545 Airport Way, Denver, Colorado 80239 USA (the "**Buyer**" and, together with the Seller, the "**Parties**").

WITNESSETH

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "**Agreement**");

WHEREAS, [\*\*\*];

WHEREAS, [\*\*\*]; and

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement as provided herein.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE SELLER AND THE BUYER AGREE AS FOLLOWS:

Capitalized terms used herein and not otherwise defined herein will have the meanings assigned to them in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Amendment.

**1. SALE AND PURCHASE & AIRCRAFT TYPE CONVERSION**

[\*\*\*] A320 Incremental Aircraft identified in Clause 9.1 of the Agreement as Aircraft Ranks 96, 101, 102, 106, 107, 110, 113, 114, 116, 117, 120, 121, 124, 126, 127, 129, 130 and 131 and such Aircraft are hereby converted from A320 Incremental Aircraft to A321 Incremental Aircraft (each, an “**Amendment 10 Converted A321 Aircraft**”).

Clause 1 of the Agreement is deleted in its entirety and replaced with the following quoted text [\*\*\*]:

“The Seller will sell and deliver to the Buyer, and the Buyer will purchase and take delivery of two hundred fourteen (214) Aircraft, consisting of eighty (80) A320 Backlog Aircraft, forty-nine (49) A320 Incremental Aircraft, sixty-seven (67) A321 Incremental Aircraft and eighteen (18) A321XLR Aircraft, from the Seller, subject to the terms and conditions contained in this Agreement.”

**2. DELIVERY**

2.1 The delivery schedule table set forth in Clause 9.1 of the Agreement is deleted in its entirety and replaced with the delivery schedule table attached hereto as Appendix A.

2.2 Clause 9.1 of the Agreement is hereby amended by deleting all text after the delivery schedule table in its entirety and replacing it with the following quoted text:

“The Seller will give the Buyer written notice of the scheduled delivery month of each [\*\*\*] at least [\*\*\*] before the first day of the Scheduled Delivery Quarter of the respective Aircraft, which shall be a calendar month within such Scheduled Delivery Quarter (the “**Scheduled Delivery Month**”).

The Seller will give the Buyer [\*\*\*] written notice of the [\*\*\*] at least [\*\*\*] written notice of the anticipated date on which the Aircraft will be Ready for Delivery.

[\*\*\*]

**3. PREDELIVERY PAYMENTS**

3.1 Paragraphs 4.2 and 4.4 of Amendment No. 6 to the Agreement are hereby amended by replacing the references therein to Clause “5.3.3(o)” with “21.6(o)”

3.2 Paragraphs 5.2 and 5.3 of Amendment No. 7 to the Agreement are each hereby amended by replacing the reference therein to Clause “5.3.3(o)” with “21.6(o)”

3.3 Clause 5.3.2(b) of the Agreement is amended to add the following to the end thereof:

[\*\*\*]

3.4 Clause 5.3.3(b) of the Agreement is amended to add the following to the end thereof:

QUOTE

[\*\*\*] the Predelivery Payment schedule shall be as set forth below.

Payment Date	Fixed amount or Percentage of applicable Predelivery Payment Reference Price
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	
[***]	[***]
Payment Date	Fixed amount or Percentage of applicable Predelivery Payment Reference Price
[***]	[***]
[***]	[***]
[***]	[***]
Total payment prior to Delivery	[***]

UNQUOTE

3.5 Clause 21.6(o) of the Agreement shall be amended to add the following quoted text immediately after the table therein:

QUOTE

[\*\*\*] the Predelivery Payment schedule [\*\*\*] shall be as set forth below.

Payment Date	Percentage of applicable Predelivery Payment Reference Price
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
Payment Date	Percentage of applicable Predelivery Payment Reference Price
[***]	[***]
[***]	[***]
Total payment prior to Delivery	[***]

UNQUOTE

---

3.6 Clause 21.6(o) of the Agreement shall be amended by replacing [\*\*\*].

3.7 As a result of the changes made to the Agreement pursuant to Paragraph 1, Paragraph 2.1 and Paragraph 2.2 of this Amendment and in accordance with Clause 5.3.3 of the Agreement, [\*\*\*]

**4. SELLER PRICE REVISION FORMULA**

4.1 As a result of [\*\*\*], for the Aircraft listed in Table A below [\*\*\*]

Table A:

Column 1	Column 2	Column 3	Column 4
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

[\*\*\*]

4.2 [\*\*\*]

4.3 [\*\*\*]

4.4 [\*\*\*]

5. [\*\*\*]

Clause 21.6(b) of the Agreement as amended from time to time is deleted in its entirety and replaced with the following quoted text:

“(b) [\*\*\*]”



---

6. [\*\*\*]

6.1 [\*\*\*]

6.2 [\*\*\*]

**7. DEFINITION CLAUSE AND [\*\*\*]**

7.1 Clause 0 of the Agreement is hereby amended by replacing [\*\*\*]

7.2 [\*\*\*]

7.3 Paragraph 11 of Second Amended and Restated Letter Agreement No. 2, dated as of October 9, 2019, is hereby deleted in its entirety and replaced with the following quoted title and text:

[\*\*\*]

7.4 Paragraph 5 of Second Amended and Restated Letter Agreement No. 3, dated October 9, 2019, is hereby deleted and replaced with the following quoted title and text:

[\*\*\*]

7.5 Paragraph 5 of Amended and Restated Letter Agreement No. 10, dated as of October 9, 2019, is hereby amended [\*\*\*]

**8. EFFECT OF AMENDMENT**

This Amendment is effective as of December 2, 2020.

This Amendment shall terminate and be of no further force and effect, and the Parties shall have no obligation or liability to the other, whether in contract, tort or otherwise in respect hereof at the close of business, on December 15, 2020 unless [\*\*\*]

Both Parties agree that this Amendment will constitute an integral, non-severable part of the Agreement and will be governed by its provisions, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

---

**9. MISCELLANEOUS**

This Amendment is subject to the provisions of Clauses 21, 22.6 and 22.11 of the Agreement.

**10. COUNTERPARTS**

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

Airbus S.A.S.

By: /s/ Benoît de Saint-Exupéry

Name: Benoît de Saint-Exupéry

Title: Senior Vice President, Contracts

Frontier Airlines, Inc.

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel

*Confidential*

Delivery Schedule Table

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

[\*\*\*] LETTER AGREEMENT

As of December 28, 2017

Frontier Airlines, Inc.  
7001 Tower Road,  
Denver, Colorado 80249-7312  
USA

Re: A320NEO FAMILY [\*\*\*]

Ladies and Gentlemen:

Frontier Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”), are parties to an Airbus A320 Family Purchase Agreement, dated as of 30 September 2011 and amended from time to time (the “**Purchase Agreement**”), which covers, among other things, the sale by the Seller and the purchase by the Buyer of two hundred fourteen (214) A320 Family Aircraft (each, an “**Aircraft**”).

The Buyer and the Seller have agreed to set forth in this [\*\*\*] letter agreement (the “[\*\*\*] **Letter Agreement**”) certain terms and conditions regarding the [\*\*\*]. This [\*\*\*] Letter Agreement supersedes in full all other agreements between the parties or their successors or assigns on the subject of this [\*\*\*] Letter Agreement, including that certain [\*\*\*] Letter Agreement, dated as of December 3, 2013, by and between the Buyer and the Seller, which shall be of no further force and effect.

The right of the Buyer to benefit from the [\*\*\*] set out in this [\*\*\*] Letter Agreement [\*\*\*].

Capitalized terms used herein and not otherwise defined in this [\*\*\*] Letter Agreement shall have the meanings assigned thereto in the Purchase Agreement. The terms “herein”, “hereof” and “hereunder” and words of similar import refer to this [\*\*\*] Letter Agreement.

[\*\*\*]

1. [\*\*\*]

[\*\*\*] [\*\*\*]

[\*\*\*] [\*\*\*]

[\*\*\*] [\*\*\*]

[\*\*\*] [\*\*\*]

[\*\*\*] [\*\*\*]

[\*\*\*]

[\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

**Term:**

With respect to any [\*\*\*], ten (10) years from the date of Delivery of such Aircraft.

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

[\*\*\*]

**Taxes:**

[\*\*\*]

[\*\*\*]

[\*\*\*]

**Insurance**

The [\*\*\*] shall maintain, at all times during the term [\*\*\*] insurances  
[\*\*\*]

**Transfer:**

[\*\*\*]

[\*\*\*]

[\*\*\*]

**Maintenance**

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

**Costs and Expenses**

[\*\*\*]

**Financial Statements**

[\*\*\*]



[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

**Conditions Precedent**

[\*\*\*]

(a) [\*\*\*]

(b) [\*\*\*]

(c) [\*\*\*]

(d) [\*\*\*]

(e) [\*\*\*]

(f) [\*\*\*]

(g) [\*\*\*]

(h) [\*\*\*]

(i) [\*\*\*]

(j) [\*\*\*]

(k) [\*\*\*]

(l) [\*\*\*]

**2. Termination**

[\*\*\*]

(a)

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

(b) [\*\*\*]

(c) If not terminated earlier, on June 30, 2028.

**3. Assignment**

This Letter Agreement and the rights and obligations of the Lender and the Buyer hereunder shall not be assigned, transferred, mortgaged, or pledged in any manner without the prior written consent of the other party hereto, and any attempted assignment or transfer in contravention hereof will be void and of no force and effect.

**4. Miscellaneous Provisions**

(a) Notices

All notices and requests required or authorized hereunder shall be given in writing either by personal delivery to a responsible officer of the party to whom the same is given or by commercial courier, certified air mail (return receipt requested) or by facsimile to the addresses and numbers set forth below. The date upon which any such notice or request is so personally delivered or delivered by commercial courier, certified air mail, or if such notice or request is given by facsimile, the date upon which sent, shall be deemed to be the effective date of such notice or request.

Seller shall be addressed at:

[\*\*\*]

Attention: Senior Vice President Contracts

Telephone: [\*\*\*]

Fax: [\*\*\*]

And Buyer shall be addressed at:

[\*\*\*]

Attention: Chief Financial Officer

Fax: [\*\*\*]

or to such other address or to such other person as the party receiving the notice or request may designate and notify the other party from time to time.

(b) Waiver

The failure of either party to enforce at any time any of the provisions of this [\*\*\*] Letter Agreement, or to exercise any right herein provided, or to require at any time performance by any other party of any of the provisions hereof, will in no way be construed to be a present or future waiver of such provisions nor in any way to affect the validity of this [\*\*\*] Letter Agreement or any part hereof or the right of the other party thereafter to enforce each and every provision. The express waiver by either party of any provision, condition or requirement of this [\*\*\*] Letter Agreement shall not constitute a waiver of any future obligation to comply with such provision, condition or requirement.

(c) Interpretation and Law

**THIS [\*\*\*] LETTER AGREEMENT AND ANY DOCUMENTS PERTAINING TO ANY OF [\*\*\*] HEREUNDER WILL BE GOVERNED BY AND CONSTRUED, AND THE PERFORMANCE THEREOF WILL BE DETERMINED, IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT APPLICATION OF ANY CONFLICT OF LAWS PROVISIONS THAT COULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.**

Each party hereto (i) hereby irrevocably submits itself to the non-exclusive jurisdiction of the courts of the State of New York, New York County, and to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this [\*\*\*] Letter Agreement, the subject matter hereof or any of the transactions contemplated hereby, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defense based on sovereign or other immunity or that any suit, action or proceeding is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this [\*\*\*] Letter Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by such courts.

(d) Confidentiality

Subject to any legal or governmental requirements of disclosure, and except to legal counsel and financial advisors of the parties on an as-needed basis and on the condition that the financial advisors sign a letter of confidentiality with Seller, the parties (which for this purpose shall include their employees, agents and advisers) shall maintain the terms and conditions of this [\*\*\*] Letter Agreement strictly confidential. Without limiting the generality of the foregoing, but subject to the exceptions referred to above, Buyer and Seller will use all their respective reasonable efforts to limit the disclosure of the contents of this [\*\*\*] Letter Agreement, to the extent legally permissible, in any filing required to be made by Buyer or Seller with any governmental agency and shall make such applications as shall be necessary to implement the foregoing. Buyer and Seller shall consult with each other prior to the making of any public disclosure or filing, otherwise permitted hereunder, of this [\*\*\*] Letter Agreement or the terms and conditions hereof. In the event that Buyer receives any other disclosure request from any government or any branch, agency or instrumentality thereof or any government-related entity, which Buyer believes would be advisable to satisfy in whole or in part, Buyer and Seller will consult and Seller will not unreasonably withhold its consent to such disclosure. Notwithstanding any other provision of this paragraph, Buyer will be permitted to disclose the terms and conditions of this [\*\*\*] Letter Agreement without the Seller's consent where necessary, and only to the extent necessary, for the Buyer to prosecute, or defend itself in, a legal action to which Seller may become a party and to the extent that the terms and conditions of this [\*\*\*] Letter Agreement (a) become generally available to the public other than as a result of a violation of this [\*\*\*] Letter Agreement, (b) was available to Buyer on a non-confidential basis prior to its disclosure hereunder and (c) becomes available on a non-confidential basis from a third party source under circumstances reasonably believed by Buyer not to violate this or any other confidentiality agreement. The provisions of this Paragraph shall survive any termination of this [\*\*\*] Letter Agreement.

[\*\*\*]

[\*\*\*]

(e) Severability

In the event that any provision of this [\*\*\*] Letter Agreement should for any reason be held to be without effect, the remainder of this [\*\*\*] Letter Agreement shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law that renders any provision of this [\*\*\*] Letter Agreement prohibited or unenforceable in any respect.

(f) Alterations to Contract

This [\*\*\*] Letter Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any previous understanding, commitments or representations whatsoever, oral or written. This [\*\*\*] Letter Agreement may not be varied except by an instrument in writing of even date herewith or subsequent hereto by both parties or by their fully authorized representatives.

(g) Language

All correspondence, documents and any other written matters in connection with this [\*\*\*] Letter Agreement shall be in English.

(h) Headings

All headings in this [\*\*\*] Letter Agreement are for convenience of reference only and do not constitute a part of this [\*\*\*] Letter Agreement.

(i) Counterparts

This [\*\*\*] Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(j) Representations and Warranties

The Buyer represents and warrants to the Seller that as of the date hereof:

- (i) the Buyer is a corporation organized and existing in good standing under the laws of the State of Delaware and has the corporate power and authority to enter into and perform its obligations under this [\*\*\*] Letter Agreement;
- (ii) neither the execution and delivery by the Buyer of this [\*\*\*] Letter Agreement, nor the consummation of any of [\*\*\*], constitutes a breach of any agreement to which any such person is a party or by which its assets are bound;
- (iii) this [\*\*\*] Letter Agreement has been duly authorized, executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer enforceable against the Buyer in accordance with its terms, subject to applicable bankruptcy laws.

The Seller represents and warrants to the Buyer that as of the date hereof:

- (i) the Seller is a *société par actions simplifiée* organized and existing in good standing under the laws of the Republic of France and has the corporate power and authority to enter into and perform its obligations under this [\*\*\*] Letter Agreement;

- (ii) neither the execution and delivery by the Seller of this [\*\*\*] Letter Agreement, nor the consummation of any of [\*\*\*], constitutes a breach of any agreement to which the Seller is a party or by which its assets are bound;
- (iii) this [\*\*\*] Letter Agreement has been duly authorized, executed and delivered by the Seller and constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, subject to applicable bankruptcy laws.

(k) [\*\*\*]

[\*\*\*]

(l) [\*\*\*]

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to Airbus S.A.S.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Name: Christophe Mourey

Title: Senior Vice President Contracts

Accepted and Agreed:

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel

Frontier Airlines, Inc. – 2017 [\*\*\*]

Page 8 of 9

SCHEDULE 1

\*\*\*

(a) \*\*\*

(b) \*\*\*

Frontier Airlines, Inc. – 2017 \*\*\*

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.17(a)**

AIRBUS

A321 AIRCRAFT

PURCHASE AGREEMENT

BETWEEN

AIRBUS S.A.S

as Seller

AND

FRONTIER AIRLINES, INC.

as Buyer



CONTENTS

0-	DEFINITIONS	2
1-	SALE AND PURCHASE	8
2-	SPECIFICATION	8
3-	PRICE	11
4-	PRICE REVISION	13
5-	PAYMENT TERMS	14
6-	MANUFACTURE PROCEDURE – INSPECTION	20
7-	CERTIFICATION	22
8-	TECHNICAL ACCEPTANCE	24
9-	DELIVERY	26
10-	EXCUSABLE DELAY AND TOTAL LOSS	28
11-	INEXCUSABLE DELAY	31
12-	WARRANTIES AND SERVICE LIFE POLICY	33
13-	PATENT AND COPYRIGHT INDEMNITY	50
14-	TECHNICAL DATA AND SOFTWARE SERVICES	53
15-	SELLER REPRESENTATIVE SERVICES	61
16-	TRAINING SUPPORT AND SERVICES	64
17-	EQUIPMENT SUPPLIER PRODUCT SUPPORT	75
18-	BUYER FURNISHED EQUIPMENT	77
19-	INDEMNITIES AND INSURANCE	82
20-	TERMINATION	85
21-	ASSIGNMENTS AND TRANSFERS	91
22-	MISCELLANEOUS PROVISIONS	93

---

<b>EXHIBITS</b>	<b>TITLES</b>
Exhibit A-1	A321 STANDARD SPECIFICATION Appendix 1 to Exhibit A-1 A321 AIRCRAFT SPECIFICATION CHANGE NOTICES
Exhibit B-1	FORM OF SPECIFICATION CHANGE NOTICE
Exhibit B-2	FORM OF MANUFACTURER'S SPECIFICATION CHANGE NOTICE
Exhibit C	PART 1 SELLER PRICE REVISION FORMULA PART 2 CFM INTERNATIONAL PRICE REVISION FORMULA CPI 186.92 PART 3 IAE PRICE REVISION FORMULA
Exhibit D	FORM OF CERTIFICATE OF ACCEPTANCE
Exhibit E	FORM OF BILL OF SALE
Exhibit F	SERVICE LIFE POLICY – LIST OF ITEMS
Exhibit G	TECHNICAL DATA INDEX
Exhibit H	MATERIAL SUPPLY AND SERVICES

**A321 AIRCRAFT PURCHASE AGREEMENT**

This A321 Aircraft Purchase Agreement (“**Agreement**”) is dated as of October 31, 2014

**BETWEEN:**

**AIRBUS S.A.S.**, a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, France and registered with the Toulouse Registre du Commerce under number RCS Toulouse 383 474 814 (the “**Seller**”),

and

**FRONTIER AIRLINES, INC.**, a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 7001 Tower Road, Denver, Colorado 80249-7312, United States of America (the “**Buyer**”).

**WHEREAS** subject to the terms and conditions of this Agreement, the Seller desires to sell the Aircraft to the Buyer and the Buyer desires to purchase the Aircraft from the Seller.

**NOW THEREFORE IT IS AGREED AS FOLLOWS:**

**DEFINITIONS**

For all purposes of this Agreement (defined below), except as otherwise expressly provided, the following terms will have the following meanings:

A321 Aircraft – any or all of the A321-200 aircraft for which the delivery schedule as of the date hereof is set forth in Clause 9.1 to be sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A321 Airframe and all components, equipment, parts and accessories installed in or on such A321 Airframe and the A321 Propulsion System, as applicable, installed thereon upon delivery.

A321 Airframe – any A321 Aircraft, excluding the A321 Propulsion System therefor.

A321 Propulsion System – as defined in Clause 2.3.

A321 Specification – the A321 Standard Specification as amended by all applicable SCNs.

A321 Standard Specification – the A321 standard specification document number \*\*\*\*\*, a copy of which is annexed hereto as Exhibit A-1.

AACS – Airbus Americas Customer Services, Inc., a corporation organized and existing under the laws of Delaware, having its principal offices at 2550 Wasser Terrace, Suite 9100, Herndon, VA 20171, or any successor thereto.

Affiliate – with respect to any person or entity, any other person or entity directly or indirectly controlling, controlled by or under common control with such person or entity.

Agreement – this Airbus A321 aircraft purchase agreement, including all exhibits and appendixes attached hereto, as the same may be amended or modified and in effect from time to time.

AirbusWorld – as defined in Clause 14.10.1.

Aircraft – as applicable, any or all of the A321 Aircraft.

Aircraft Training Services – all flight support services including but not limited to any and all training courses, flight training, flight assistance, line training, line assistance and more generally all flights of any kind performed by the Seller, its agents, employees or subcontractors, and maintenance support, maintenance training (including Practical Training), training support of any kind performed on aircraft and provided to the Buyer pursuant to this Agreement.

Airframe – the A321 Airframe.

AirN@v Family – as defined in Clause 14.9.1.

Approved BFE Supplier – as defined in Clause 18.1.2.

AOG – as defined in Clause 15.1.4.

ATA Specification – recommended specifications developed by the Air Transport Association of America reflecting consensus in the commercial aviation industry on accepted means of communicating information, conducting business, performing operations and adhering to accepted practices.

Attestation – as defined in Clause 16.3.3.

Aviation Authority – when used with respect to any jurisdiction, the government entity that, under the laws of such jurisdiction, has control over civil aviation or the registration, airworthiness or operation of civil aircraft in such jurisdiction.

Balance of the Final Price – as defined in Clause 5.4.

Base Flight Training – as defined in Clause 16.6.2.1.

Base Period – as defined in Clause 3.1.1.3.

Base Price – for any Aircraft, Airframe, SCNs or Propulsion System, as defined in Clause 3.1.

BFE Data – as defined in Clause 14.3.2.1.

BFE Engineering Definition – as defined in Clause 18.1.3.

BFE Supplier – as defined in Clause 18.1.1.

Bill of Sale – as defined in Clause 9.2.2.

Business Day – with respect to any action to be taken hereunder, a day other than a Saturday, Sunday or other day designated as a holiday in the jurisdiction in which such action is required to be taken.

Buyer Furnished Equipment or BFE – as defined in Clause 18.1.1.

Buyer's Inspector(s) – as defined in Clause 6.2.1.

CDF Date – as defined in Clause 2.4.2.

CDR – as defined in Clause 18.1.5(iii)(b).

Certificate – as defined in Clause 16.3.3.

Certificate of Acceptance – as defined in Clause 8.3.

Change in Law – as defined in Clause 7.3.1.

COC Data – as defined in Clause 14.8.

Confidential Information – as defined in Clause 22.11.

Contractual Definition Freeze or CDF – as defined in Clause 2.4.2.

Customization Milestones Chart – as defined in Clause 2.4.1.

DDU or Delivery Duty Unpaid – is the term Delivery Duty Unpaid as defined by publication n° 560 of the International Chamber of Commerce, published in January 2000.

Declaration of Design and Performance or DDP – the documentation provided by an equipment manufacturer guaranteeing that the corresponding equipment meets the requirements of the Specification, the interface documentation and all the relevant certification requirements.

Delivery – with respect to any Aircraft, the transfer of title to such Aircraft from the Seller to the Buyer in accordance with Clause 9.

Delivery Date – the date on which Delivery occurs.

Delivery Location – the facilities of the Seller at the location of final assembly of the Aircraft.

Delivery Period – as defined in Clause 11.1.

Development Changes – as defined in Clause 2.2.2.

EASA – the European Aviation Safety Agency or any successor thereto.

End-User License Agreement for Airbus Software – as defined in Clause 14.9.4.

Excusable Delay – as defined in Clause 10.1.

Export Certificate of Airworthiness – an export certificate of airworthiness issued by the Aviation Authority of the Delivery Location for export of an Aircraft to the United States.

FAA – the U.S. Federal Aviation Administration, or any successor thereto.

FAI – as defined in Clause 18.1.5(iv).

Failure – as defined in Clause 12.2.1(ii).

Final Price – as defined in Clause 3.2.

First Quarter or 1Q – means the 3-month period of January, February and March.

Fleet Serial Numbers – as defined in Clause 14.2.1.

Fourth Quarter or 4Q – means the 3-month period of October, November and December.

Goods and Services – any goods, excluding Aircraft, and services that may be purchased by the Buyer from the Seller or its designee.

GTC – as defined in Clause 14.10.3.

Indemnatee – as defined in Clause 19.3.

Indemnitor – as defined in Clause 19.3.

Inexcusable Delay – as defined in Clause 11.1.

Inhouse Warranty – as defined in Clause 12.1.7.1.

Inhouse Warranty Labor Rate – as defined in Clause 12.1.7.5(ii).

Inspection – as defined in Clause 6.2.1.

Instructor(s) – as defined in Clause 16.3.3.

Interface Problem – as defined in Clause 12.4.1.

Item – as defined in Clause 12.2.1(i).

LIBOR – means, for any period, the rate per annum equal to the quotation that appears on the LIBOR01 page of the Reuters screen (or such other page as may replace the LIBOR01 page) or if such service is not available, the British Bankers' Association LIBOR rates on Bloomberg (or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, two (2) Business Days prior to the beginning of such period as the rate for twelve-month U.S. dollar deposits to be delivered on the first day of each period.

Losses – as defined in Clause 19.1.

Major BFE – as defined in Clause 18.1.5(iii).

Manufacture Facilities – means the various manufacture facilities of the Seller, its Affiliates or any subcontractor, where the Airframe or its parts are manufactured or assembled.

Manufacturer Specification Change Notice or MSCN – as defined in Clause 2.2.2.1.

Option Catalogs – as defined in Clause 2.4.1.

Other Agreement – as defined in Clause 5.12.1.

Other Indebtedness – as defined in Clause 20.5(iv).

Paris Convention – as defined in Clause 13.1.1(ii)(b).

PDR – as defined in Clause 18.1.5(iii)(a).

PEP – as defined in Clause 14.13.1.

Practical Training – as defined in Clause 16.8.2.

Predelivery Payment – any of the payments determined in accordance with Clause 5.3.

Predelivery Payment Reference Price – as defined in Clause 5.3.2.

Propulsion System – the A321 Propulsion System.

Propulsion System Manufacturer – means the manufacturer of the Propulsion System as set out in Clause 2.3.

Propulsion System Price Revision Formula – the applicable Propulsion System price revision formula set forth in Part 2 of Exhibit C.

Propulsion System Reference Price – the applicable Propulsion System reference price set forth in Part 2 of Exhibit C.

Quarter – means any or, depending on the context, all of the First Quarter, Second Quarter, Third Quarter and Fourth Quarter.

Ready for Delivery – means the time when the Technical Acceptance Process has been completed in accordance with Clause 8 and all technical conditions required for the issuance of the Export Certificate of Airworthiness have been satisfied.

Relevant Amounts – as defined in Clause 5.12.1(ii).

Revision Service Period – as defined in Clause 14.5.

Scheduled Delivery Month – as defined in Clause 9.1.

Scheduled Delivery Quarter – as defined in Clause 9.1.

SEC – as defined in Clause 20.5(i).

Second Quarter or 2Q – means the 3-month period of April, May and June.

Seller Price Revision Formula – the Seller price revision formula set forth in Part 1 of Exhibit C.



Seller Representative – as defined in Clause 15.1.1.

Seller's Customer Services Catalog – as defined in Clause 16.3.1.

Seller's Training Center(s) – as defined in Clause 16.2.1.

Service Life Policy – as described in Clause 12.2.

Sharklets – means a new large wingtip device designed to enhance the eco-efficiency and payload range performance of the A321 aircraft, to be fitted on the A321 Aircraft.

SI – as defined in Clause 18.1.5(v).

Software Services – as defined in Clause 14.1.

Specification – the A321 Specification.

Standard Specification – the A321 Standard Specification.

Specification Change Notice or SCN – as defined in Clause 2.2.1.

Successor – as defined in Clause 21.4.

Supplier – as defined in Clause 12.3.1.1.

Supplier Part – as defined in Clause 12.3.1.2.

Supplier Product Support Agreements – as defined in Clause 12.3.1.3.

Taxes – as defined in Clause 5.5.

Technical Acceptance Flight – as defined in Clause 8.1.2(iv).

Technical Acceptance Process – as defined in Clause 8.1.1.

Technical Data – as defined in Clause 14.1.

Termination – as defined in Clause 20.2.1(i)(d).

Termination Event – as defined in Clause 20.1.

Third Party – as defined in Clause 14.15.2.

Third Party Entity – as defined in Clause 12.8.

Third Quarter or 3Q – means the 3-month period of July, August and September.

Total Loss – as defined in Clause 10.4.

Training Conference – as defined in Clause 16.1.3.

Type Certificate – as defined in Clause 7.1.

VAT – as defined in Clause 5.5.1.

Warranted Part – as defined in Clause 12.1.1.1.

Warranty Claim – as defined in Clause 12.1.5.

Warranty Period – as defined in Clause 12.1.3.

The definition of a singular in this Clause 0 will apply to the plural of the same word.

Except where otherwise indicated, references in this Agreement to an exhibit, schedule, article, section, subsection or clause refer to the appropriate exhibit or schedule to, or article, section, subsection or clause in this Agreement.

Each agreement defined in this Clause 0 will include all appendices, exhibits and schedules thereto. If the prior written consent of any person is required hereunder for an amendment, restatement, supplement or other modification to any such agreement and the consent of each such person is obtained, references in this Agreement to such agreement shall be to such agreement as so amended, restated, supplemented or modified.

References in this Agreement to any statute will be to such statute as amended or modified and in effect at the time any such reference is operative.

The term “including” when used in this Agreement means “including without limitation” except when used in the computation of time periods.

Technical and trade terms not otherwise defined herein will have the meanings assigned to them as generally accepted in the aircraft manufacturing industry.

**1 - SALE AND PURCHASE**

The Seller will sell and deliver to the Buyer, and the Buyer will purchase and take delivery of 9 (nine) A321 Aircraft from the Seller, subject to the terms and conditions contained in this Agreement.

**2 - SPECIFICATION**

**2.1 Aircraft Specification**

**2.1.1** The A321 Aircraft will be manufactured in accordance with the A321 Standard Specification, as modified or varied prior to the date of this Agreement by the Specification Change Notices listed in Appendix 1 to Exhibit A-1.

**2.2** Specification Amendment The parties understand and agree that the Specification may be further amended following signature of this Agreement in accordance with the terms of this Clause 2.

- 2.2.1 Specification Change Notice
- The Specification may be amended by written agreement between the parties in a notice, substantially in the form set out in Exhibit B-1 (each, a “**Specification Change Notice**” or “**SCN**”) and will set out the SCN’s Aircraft embodiment rank and will also set forth, in detail, the particular change to be made to the Specification and the effect, if any, of such change on design, performance, weight, Delivery Date of the Aircraft affected thereby and on the text of the Specification. An SCN may result in an adjustment to the Base Price of the Aircraft, which adjustment, if any, will be specified in the SCN.
- 2.2.2 Development Changes
- The Specification may also be amended to incorporate changes deemed necessary by the Seller to improve the Aircraft, prevent delay or ensure compliance with this Agreement (“**Development Changes**”), as set forth in this Clause 2.
- 2.2.2.1 Manufacturer Specification Changes Notices
- (i) The Specification may be amended by the Seller through a Manufacturer Specification Change Notice (“**MSCN**”), which will be substantially in the form set out in Exhibit B-2 hereto, or by other appropriate means, and will set out the MSCN’s Aircraft embodiment rank as well as, in detail, the particular change to be made to the Specification and the effect, if any, of such change on performance, weight, Base Price of the Aircraft, Delivery Date of the Aircraft affected thereby and interchangeability or replaceability requirements under the Specification.
- (ii) Except when the MSCN is necessitated by an Aviation Authority directive or by equipment obsolescence, in which case the MSCN will be accomplished without requiring the Buyer’s consent, if the MSCN adversely affects the performance, weight, Base Price, Delivery Date of the Aircraft affected thereby or the interchangeability or replaceability requirements under the Specification, the Seller will notify the Buyer of a reasonable period of time during which the Buyer must accept or reject such MSCN. If the Buyer does not notify the Seller of the rejection of the MSCN within such period, the MSCN will be deemed accepted by the Buyer and the corresponding modification will be accomplished.
- 2.2.2.2 If the Seller revises the Specification to incorporate Development Changes which have no adverse effect on any of the elements identified in Clause 2.2.2.1, such Development Change will be performed by the Seller without the Buyer’s consent.
- In such cases, the Seller will provide to the Buyer the details of all changes in an adapted format and on a regular basis.
- 2.2.2.3 The Seller may at its discretion notify Seller from time to time that certain items, which are currently BFE in the Specification, shall be deemed to be seller-furnished equipment (“**SFE**”) and the parties agree that, upon such notice, such BFE items shall

thereafter be excluded from the provisions of Clauses 2.2.2.1 (ii) and 2.2.2.2 above and shall be considered instead SFE and thereafter chargeable to the Buyer.

2.3 Propulsion System

2.3.1 Each A321 Airframe will be equipped with a set of two (2) CFM International CFM56B3/3 engines or IAE V2533-A5 engines (each upon selection referred to as the “**A321 Propulsion System**”).

\*\*\*\*\*

2.4 Milestones

2.4.1 Customization Milestones Chart

Within a reasonable period following signature of this Agreement, the Seller will provide the Buyer with a customization milestones chart (the “**Customization Milestones Chart**”), setting out how far in advance of the Scheduled Delivery Month of the Aircraft an SCN must be executed in order to integrate into the Specification any items requested by the Buyer from the Seller’s catalogues of Specification change options (the “**Option Catalogs**”).

2.4.2 Contractual Definition Freeze

The Customization Milestone Chart will in particular specify the date(s) by which the contractual definition of the Aircraft must be finalized and all SCNs need to have been executed by the Buyer (the “**Contractual Definition Freeze**” or “**CDF**”) in order to enable their incorporation into the manufacturing of the Aircraft and Delivery of the Aircraft in the Scheduled Delivery Month. Each such date will be referred to as a “**CDF Date**”.

3 - **PRICE**

3.1 Base Price of the Aircraft

The Base Price of the Aircraft is the sum of:

- (i) the Base Price of the Airframe and
- (ii) the Base Price of the Propulsion System.

3.1.1 Base Price of the A321 Airframe

3.1.1.1 In respect of the A321 Aircraft, the Base Price of the A321 Airframe is the sum of the following base prices:

- (i) \*\*\*\*\*
- (ii) \*\*\*\*\* and
- (iii) \*\*\*\*\*

3.1.1.2 The Base Price of the A321 Airframe has been established in accordance with the average economic conditions prevailing in \*\*\*\*\* and corresponding to a theoretical delivery in \*\*\*\*\* (the “**Base Period**”).

3.1.2 Base Price of the A321 Propulsion System

3.1.2.1 The Base Price of a set of two (2) CFM International CFM56-5B3/3 engines (the “**CFM Engines**”) is:

- (i) \*\*\*\*\*.

Said Base Price has been established in accordance with the delivery conditions prevailing in \*\*\*\*\* and has been calculated from the reference price indicated by CFM International and set forth in Part 2 of Exhibit C.

3.1.2.2 The Base Price of a set of two (2) IAE V2533-A5 engines (the “**IAE Engines**”) is:

- \*\*\*\*\*.

Said Base Price has been established in accordance with the delivery conditions prevailing in \*\*\*\*\* and has been calculated from the reference price indicated by INTERNATIONAL AERO ENGINES and set forth in Part 3 of Exhibit C.

**Final Price of the Aircraft**

The "**Final Price**" of each Aircraft will be the sum of:

- (i) the Base Price of the Airframe, as adjusted to the applicable Delivery Date of such Aircraft in accordance with Clause 4.1;
- (ii) the aggregate of all increases or decreases to the Base Price of the Airframe as agreed in any Specification Change Notice or part thereof applicable to the Airframe subsequent to the date of this Agreement as adjusted to the Delivery Date of such Aircraft in accordance with Clause 4.1;
- (iii) the Propulsion System Reference Price as adjusted to the Delivery Date of in accordance with Clause 4.2;
- (iv) the aggregate of all increases or decreases to the Propulsion System Reference Price as agreed in any Specification Change Notice or part thereof applicable to the Propulsion System subsequent to the date of this Agreement as adjusted to the Delivery Date in accordance with Clause 4.2; and
- (v) any other amount resulting from any other provisions of this Agreement relating to the Aircraft and/or any other written agreement between the Buyer and the Seller relating to the Aircraft.

---

**4 - PRICE REVISION**

4.1 Seller Price Revision Formula

The Base Prices of the Airframe and of the SCNs relating to the Airframe are subject to revision up to and including the Delivery Date in accordance with the Seller Price Revision Formula.

4.2 Propulsion System Price Revision

4.2.1 The Propulsion System Reference Price and SCNs relating to the Propulsion System are subject to revision up to and including the Delivery Date in accordance with the Propulsion System Price Revision Formula.

4.2.2 The Reference Price of the Propulsion System, the prices of the related equipment and the Propulsion System Price Revision Formula are based on information received from the Propulsions Systems Manufacturer and are subject to amendment by the Propulsion System Manufacturer at any time prior to Delivery. If the Propulsion System Manufacturer makes any such amendment, the amendment will be deemed to be incorporated into this Agreement and the Reference Price of the Propulsion System, the prices of the related equipment and the Propulsion System Price Revision Formula will be adjusted accordingly. The Seller agrees to notify the Buyer promptly upon receiving notice of any such amendment from the Propulsion System Manufacturer.

5 - **PAYMENT TERMS**

5.1 Seller's Account

The Buyer will pay, from bank accounts within the United States, the Predelivery Payments, the Balance of the Final Price and any other amount due hereunder at the relevant times required by the Agreement and in immediately available funds in United States dollars to:

Beneficiary Name: \*\*\*\*\*

Account Identification: \*\*\*\*\*

with:

\*\*\*\*\*

SWIFT: \*\*\*\*\*

ABA: \*\*\*\*\*

\*\*\*\*\*

or to such other account as may be designated by the Seller in written notice to Buyer at least two Business Days prior to the date such payment is due.

5.2 INTENTIONALLY LEFT BLANK

5.3 Predelivery Payments

5.3.1 Predelivery Payments are \*\*\*\*\* and will be paid by the Buyer to the Seller for the Aircraft.

5.3.2 The Predelivery Payment Reference Price for an Aircraft to be delivered in calendar year T is determined in accordance with the following formula:

\*\*\*\*\*

5.3.3 Predelivery Payments will be paid according to the following schedule:

<u>Payment Date</u>		<u>Percentage of Predelivery Payment Reference Price</u>
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****



TOTAL PAYMENT PRIOR TO DELIVERY

In the event of the above schedule resulting in any Predelivery Payment falling due prior to the date of signature of the Agreement, such Predelivery Payments shall be made upon signature of this Agreement.

5.3.4 \*\*\*\*\* The Seller will be under no obligation to segregate any Predelivery Payment, or any amount equal thereto, from the Seller’s funds generally.

5.3.5 \*\*\*\*\*

\*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(iii) \*\*\*\*\*

5.4 Payment of Balance of the Final Price of the Aircraft

Before the Delivery Date or concurrent with the Delivery of each Aircraft, the Buyer will pay to the Seller the Final Price of such Aircraft less an amount equal to the Predelivery Payments received for such Aircraft by the Seller (the “Balance of the Final Price”).

The Seller’s receipt of the full amount of all Predelivery Payments and of the Balance of the Final Price of such Aircraft, and any amounts due under Clause 5.8, are a condition precedent to the Seller’s obligation to deliver such Aircraft to the Buyer.

5.5 Taxes

5.5.1 \*\*\*\*\*

5.5.2 \*\*\*\*\*

5.5.3 \*\*\*\*\*

“Taxes” means any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority or any political subdivision or taxing authority thereof or therein.

5.6 Application of Payments

\*\*\*\*\*

5.7 Setoff Payments

\*\*\*\*\*

5.8 Overdue Payments

5.8.1 \*\*\*\*\*

5.8.2 \*\*\*\*\*

5.9 Proprietary Interest

Notwithstanding any provision of law to the contrary, the Buyer will not, by virtue of anything contained in this Agreement (including, without limitation, any Predelivery Payments hereunder, or any designation or identification by the Seller of a particular aircraft as an Aircraft to which any of the provisions of this Agreement refers) acquire any proprietary, insurable or other interest whatsoever in any Aircraft before Delivery of and payment for such Aircraft, as provided in this Agreement.

5.10 Payment in Full

The Buyer's obligation to make payments to the Seller hereunder will not be affected by and will be determined without regard to any setoff, counterclaim, recoupment, defense or other right that the Buyer may have against the Seller or any other person and all such payments will be made without deduction or withholding of any kind. The Buyer will ensure that the sums received by the Seller under this Agreement will be equal to the full amounts expressed to be due to the Seller hereunder, without deduction or withholding on account of and free from any and all taxes, levies, imposts, duties or charges of whatever nature, except that if the Buyer is compelled by law to make any such deduction or withholding the Buyer will pay such additional amounts to the Seller as may be necessary so that the net amount received by the Seller after such deduction or withholding will equal the amounts that would have been received in the absence of such deduction or withholding.

5.11 Other Charges

Unless expressly stipulated otherwise, any charges due under this Agreement other than those set out in Clauses 5.3 and 5.8 will be paid by the Buyer at the same time as payment of the Balance of the Final Price or, if invoiced, within \*\*\*\*\* after the invoice date.

5.12 \*\*\*\*\*

5.12.1 \*\*\*\*\*

---

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

\*\*\*\*\*

5.12.2

\*\*\*\*\*

**6 - MANUFACTURE PROCEDURE – INSPECTION**

6.1 Manufacture Procedures

The Airframe will be manufactured in accordance with the requirements of the laws of the jurisdiction of incorporation of the Seller or of its relevant Affiliate as enforced by the Aviation Authority of such jurisdiction.

6.2 Inspection

6.2.1 The Buyer or its duly authorized representatives (the “**Buyer’s Inspector(s)**”) will be entitled to inspect the manufacture of the Airframe and all materials and parts obtained by the Seller for the manufacture of the Airframe (the “**Inspection**”) on the following terms and conditions;

- (i) any Inspection will be conducted pursuant to the Seller’s system of inspection and the relevant Airbus Procedures, as developed under the supervision of the relevant Aviation Authority and generally applicable to commercial airline customers of Seller for A320 family aircraft;
- (ii) the Buyer’s Inspector(s) will have access to such relevant technical documentation solely to the extent reasonably necessary for the purpose of the Inspection;
- (iii) any Inspection and any related discussions with the Seller and other relevant personnel by the Buyer’s Inspector(s) will be at reasonable times during business hours and will take place in the presence of the relevant inspection department personnel of the Seller;
- (iv) the Inspections will be performed in a manner not to unduly delay or hinder the manufacture or assembly of the Aircraft or the performance of this Agreement by the Seller or any other work in progress at the Manufacture Facilities.

6.2.2 Location of Inspections

The Buyer’s Inspector(s) will be entitled to conduct any such Inspection at the relevant Manufacture Facility of the Seller or the Affiliates and where possible at the Manufacture Facilities of the sub-contractors provided that if access to any part of the Manufacture Facilities where the Airframe manufacture is in progress or materials or parts are stored are restricted for security or confidentiality reasons, the Seller will be allowed reasonable time to make the relevant items available elsewhere.

6.3 Seller’s Service for Buyer’s Inspector(s)

For the purpose of the Inspections with respect to an Aircraft, and starting from a mutually agreed date until the Delivery Date of such Aircraft, the Seller will furnish without additional charge suitable space and office equipment in or conveniently

---

located with respect to the Delivery Location for the use of a reasonable number of Buyer's Inspector(s).

PA-2

**CERTIFICATION**

Except as set forth in this Clause 7, the Seller will not be required to obtain any certificate or approval with respect to the Aircraft.

## 7.1 Type Certification

The Seller will obtain or cause to be obtained (i) a type certificate under EASA procedures for joint certification in the transport category and (ii) an FAA type certificate (the "**Type Certificate**") to allow the issuance of the Export Certificate of Airworthiness.

## 7.2 Export Certificate of Airworthiness

Subject to the provisions of Clause 7.3, each Aircraft will be delivered to the Buyer with an Export Certificate of Airworthiness issued by EASA in a condition enabling the Buyer to obtain at the time of Delivery a Standard Airworthiness Certificate issued pursuant to Part 21 of the US Federal Aviation Regulations and a Certificate of Sanitary Construction issued by the U.S. Public Health Service of the Food and Drug Administration. However, the Seller will have no obligation to make and will not be responsible for any costs of alterations or modifications to such Aircraft to enable such Aircraft to meet FAA or U.S. Department of Transportation requirements for specific operation on the Buyer's routes, whether before, at or after Delivery of any Aircraft.

If the FAA requires additional or modified data before the issuance of the Export Certificate of Airworthiness, the Seller will provide such data or implement the required modification to the data, in either case, \*\*\*\*\*.

## 7.3 Specification Changes before Aircraft Ready for Delivery

7.3.1 If, any time before the date on which an Aircraft is Ready for Delivery, any law, rule or regulation is enacted, promulgated, becomes effective and/or an interpretation of any law, rule or regulation is issued by the EASA that requires any change to the Specification for the purposes of obtaining the Export Certificate of Airworthiness (a "**Change in Law**"), the Seller will make the required modification and the parties hereto will sign an SCN pursuant to Clause 2.2.1.

7.3.2 The Seller will as far as practicable, but at its sole discretion and without prejudice to Clause 7.3.3(ii), take into account the information available to it concerning any proposed law, rule or regulation or interpretation that could become a Change in Law, in order to minimize the costs of changes to the Specification as a result of such proposed law, regulation or interpretation becoming effective before the applicable Aircraft is Ready for Delivery.

7.3.3 The cost of implementing the required modifications referred to in Clause 7.3.1 will be:

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

7.3.4 Notwithstanding the provisions of Clause 7.3.3, if a Change in Law relates to an item of BFE or to the Propulsion System the costs related thereto will \*\*\*\*\*.

7.4 Specification Changes after Aircraft Ready For Delivery

Nothing in Clause 7.3 will require the Seller to make any changes or modifications to, or to make any payments or take any other action with respect to, any Aircraft that is Ready for Delivery before the compliance date of any law or regulation referred to in Clause 7.3. Any such changes or modifications made to an Aircraft after it is Ready for Delivery will be at the \*\*\*\*\*.

**8 - TECHNICAL ACCEPTANCE**

8.1 Technical Acceptance Process

8.1.1 Prior to Delivery, the Aircraft will undergo a technical acceptance process developed by the Seller (the “**Technical Acceptance Process**”). Completion of the Technical Acceptance Process will demonstrate the satisfactory functioning of the Aircraft and will be deemed to demonstrate compliance with the Specification. Should it be established that the Aircraft does not comply with the Technical Acceptance Process requirements, the Seller will without hindrance from the Buyer be entitled to carry out any necessary changes and, as soon as practicable thereafter, resubmit the Aircraft to such further Technical Acceptance Process as is necessary to demonstrate the elimination of the noncompliance.

8.1.2 The Technical Acceptance Process will:

- (i) commence on a date notified by the Seller to the Buyer not later than \*\*\*\*\* notice prior thereto,
- (ii) take place at the Delivery Location,
- (iii) be carried out by the personnel of the Seller, and
- (iv) include a technical acceptance flight that will \*\*\*\*\* (the “**Technical Acceptance Flight**”), and

8.2 Buyer’s Attendance

8.2.1 The Buyer is entitled to elect to attend the Technical Acceptance Process.

8.2.2 If the Buyer elects to attend the Technical Acceptance Process, the Buyer:

- (i) will comply with the reasonable requirements of the Seller, with the intention of completing the Technical Acceptance Process within \*\*\*\*\* after its commencement, and
- (ii) may have a maximum of \*\*\*\*\* of its representatives (no more than \*\*\*\*\* of whom will have access to the cockpit at any one time) accompany the Seller’s representatives on the Technical Acceptance Flight, during which the Buyer’s representatives will comply with the instructions of the Seller’s representatives.

8.2.3 If the Buyer does not attend or fails to cooperate in the Technical Acceptance Process, the Seller will be entitled to complete the Technical Acceptance Process and the Buyer will be deemed to have accepted that the Technical Acceptance Process has been satisfactorily completed, in all respects.



8.3 Certificate of Acceptance

Upon successful completion of the Technical Acceptance Process, the Buyer will, on or before the Delivery Date, sign and deliver to the Seller a certificate of acceptance in respect of the Aircraft in the form of Exhibit D (the "**Certificate of Acceptance**").

8.4 Finality of Acceptance

The Buyer's signature of the Certificate of Acceptance for the Aircraft will constitute waiver by the Buyer of any right it may have, under the Uniform Commercial Code as adopted by the State of New York or otherwise, to revoke acceptance of the Aircraft for any reason, whether known or unknown to the Buyer at the time of acceptance.

8.5 Aircraft Utilization

The Seller will, \*\*\*\*\*, be entitled to use the Aircraft prior to Delivery as may be necessary to obtain the certificates required under Clause 7. Such use will not limit the Buyer's obligation to accept Delivery of the Aircraft hereunder.

The Seller will be authorized to use the Aircraft for \*\*\*\*\* for any other purpose without the specific agreement of the Buyer.

9 - DELIVERY

9.1 Delivery Schedule

Subject to Clauses 2, 7, 8 10 and 18:

the Seller will have the Aircraft listed in the table below Ready for Delivery at the Delivery Location within the following months (each a "Scheduled Delivery Month") or quarters (each a "Scheduled Delivery Quarter"):

Aircraft Rank		Scheduled Delivery	
		Quarter	Year
1	A321 Aircraft	*****	*****
2	A321 Aircraft	*****	*****
3	A321 Aircraft	*****	*****
4	A321 Aircraft	*****	*****
5	A321 Aircraft	*****	*****
6	A321 Aircraft	*****	*****
7	A321 Aircraft	*****	*****
8	A321 Aircraft	*****	*****
9	A321 Aircraft	*****	*****

The Seller will give the Buyer the Scheduled Delivery Month of each Aircraft \*\*\*\*\* before the first day of the Scheduled Delivery Quarter of the respective Aircraft or upon execution of this Agreement for Aircraft to be delivered earlier than \*\*\*\*\* before the first day of the Scheduled Delivery Quarter. The Seller will give the Buyer at least \*\*\*\*\* written notice of the anticipated date on which the Aircraft will be Ready for Delivery. Thereafter, the Seller will notify the Buyer of any change to such dates.

9.2 Delivery Process

9.2.1 The Buyer will, when the Aircraft is Ready for Delivery, pay the Balance of the Final Price, take Delivery of the Aircraft and remove the Aircraft from the Delivery Location.

9.2.2 The Seller will deliver and transfer title to the Aircraft to the Buyer free and clear of all encumbrances (except for any liens or encumbrances created by or on behalf of the Buyer) provided that the Balance of the Final Price of such Aircraft has been paid by the Buyer pursuant to Clause 5.4 and that the Certificate of Acceptance has been signed and delivered to the Seller pursuant to Clause 8.3. The Seller will provide the Buyer with a bill of sale in the form of Exhibit E (the "Bill of Sale") and such other documentation confirming transfer of title and receipt of the Final Price of the Aircraft

as may reasonably be requested by the Buyer. Title to, property in and risk of loss of or damage to the Aircraft will transfer to the Buyer contemporaneously with the delivery by the Seller to the Buyer of such Bill of Sale.

9.2.3 If the Buyer fails to (i) deliver the signed Certificate of Acceptance with respect to an Aircraft to the Seller when required pursuant to Clause 8.3, or (ii) pay the Balance of the Final Price of such Aircraft to the Seller and take Delivery of the Aircraft, then the Buyer will be deemed to have rejected Delivery wrongfully when such Aircraft was duly tendered to the Buyer hereunder. If such a deemed rejection arises, then in addition to the remedies of Clause 5.8.1, (a) the Seller will retain title to such Aircraft and (b) the Buyer will indemnify and hold the Seller harmless against any and all costs (including but not limited to any parking, storage, and insurance costs) and consequences resulting from the Buyer's rejection (including but not limited to risk of loss of or damage to such Aircraft), it being understood that the Seller will be under no duty to the Buyer to store, park, insure or otherwise protect such Aircraft. These rights of the Seller will be in addition to the Seller's other rights and remedies in this Agreement.

9.2.4 If the Buyer fails to remove the Aircraft from the Delivery Location, then, without prejudice to the Seller's other rights and remedies under this Agreement or at law, the provisions of Clause 9.2.3 (b) shall apply.

9.3 Flyaway

9.3.1 The Buyer and the Seller will cooperate to obtain any licenses that may be required by the Aviation Authority of the Delivery Location for the purpose of exporting the Aircraft.

9.3.2 All expenses of, or connected with, flying the Aircraft from the Delivery Location after Delivery will be borne by the Buyer. The Buyer will make direct arrangements with the supplying companies for the fuel and oil required for all post-Delivery flights.

**10 - EXCUSABLE DELAY AND TOTAL LOSS**

10.1 Scope of Excusable Delay

Neither the Seller nor any Affiliate of the Seller, will be responsible for or be deemed to be in default on account of delays in delivery of the Aircraft or failure to deliver or otherwise in the performance of this Agreement or any part hereof due to causes beyond the Seller's, or any Affiliate's control or not occasioned by the Seller's, fault or negligence ("Excusable Delay"), including, but not limited to: \*\*\*\*\*.

10.2 Consequences of Excusable Delay

If an Excusable Delay occurs:

- (i) the Seller will notify the Buyer of such Excusable Delay as soon as practicable after becoming aware of the same;
- (ii) the Seller will not be responsible for any damages arising from or in connection with such Excusable Delay suffered or incurred by the Buyer;
- (iii) the Seller will not be deemed to be in default in the performance of its obligations hereunder as a result of such Excusable Delay;
- (iv) the Seller will as soon as practicable after the removal of the cause of such delay resume performance of its obligations under this Agreement and in particular will notify the Buyer of the revised Scheduled Delivery Month.

10.3 Termination on Excusable Delay

10.3.1 If any Delivery is delayed as a result of an Excusable Delay for a period of more than \*\*\*\*\* after the last day of the Scheduled Delivery Month, then either party may terminate this Agreement with respect to the affected Aircraft, by giving written notice to the other party \*\*\*\*\* after the \*\*\*\*\*. However, the Buyer will not be entitled to terminate this Agreement pursuant to this Clause 10.3.1 if the Excusable Delay is caused directly or indirectly by the action or inaction of the Buyer.

10.3.2 If the Seller advises the Buyer in its notice of a revised Scheduled Delivery Month pursuant to Clause 10.2.1(iv) that there will be a delay in Delivery of an Aircraft of more than \*\*\*\*\* after the last day of the Scheduled Delivery Month, then either party may terminate this Agreement with respect to the affected Aircraft. Termination will be made by giving written notice to the other party \*\*\*\*\* after the Buyer's receipt of the notice of a revised Scheduled Delivery Month.]

10.3.3 If this Agreement is not terminated under the terms of Clause 10.3.1 or 10.3.2, then the Seller will be entitled to reschedule Delivery. The Seller will notify the Buyer of the new Scheduled Delivery Month after the \*\*\*\*\* referred to in Clause 10.3.1 or 10.3.2, and this new Scheduled Delivery Month will be deemed to be an amendment to the applicable Scheduled Delivery Month in Clause 9.1.

10.4 Total Loss, Destruction or Damage

If, prior to Delivery, any Aircraft is lost or destroyed or in the reasonable opinion of the Seller is damaged beyond economic repair ("Total Loss"), the Seller will notify the Buyer to this effect within \*\*\*\*\* of such occurrence. The Seller will include in said notification (or as soon after the issue of the notice as such information becomes available to the Seller) the earliest date consistent with the Seller's other commitments and production capabilities that an aircraft to replace the Aircraft may be delivered to the Buyer, and the Scheduled Delivery Month will be extended as specified in the Seller's notice to accommodate the delivery of the replacement aircraft; provided, however, that if the Scheduled Delivery Month is extended to a month that is later than \*\*\*\*\* after the last day of the original Scheduled Delivery Month then this Agreement will terminate with respect to said Aircraft unless:

- (i) the Buyer notifies the Seller within \*\*\*\*\* of the date of receipt of the Seller's notice that it desires the Seller to provide a replacement aircraft during the month quoted in the Seller's notice; and
- (ii) the parties execute an amendment to this Agreement recording the change in the Scheduled Delivery Month.

Nothing herein will require the Seller to manufacture and deliver a replacement aircraft if such manufacture would require the reactivation of its production line for the model or series of aircraft that includes the Aircraft.

10.5 Termination Rights Exclusive

If this Agreement is terminated as provided for under the terms of Clauses 10.3 or 10.4, such termination will discharge all obligations and liabilities of the parties hereunder with respect to such affected Aircraft and undelivered material, services, data or other items applicable thereto and to be furnished under the Agreement.

10.6 Remedies

THIS CLAUSE 10 SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 11, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING, WITHOUT LIMITATION, ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE. THE BUYER WILL NOT BE ENTITLED TO CLAIM THE REMEDIES AND RECEIVE THE BENEFITS PROVIDED IN THIS CLAUSE 10 WHERE THE DELAY REFERRED TO IN THIS CLAUSE 10 IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE BUYER OR ITS REPRESENTATIVES.

**11 - INEXCUSABLE DELAY**

11.1 \*\*\*\*\*

\*\*\*\*\*

11.2 Renegotiation

If, as a result of an Inexcusable Delay, the Delivery does not occur within \*\*\*\*\* of the Delivery Period the Buyer will have the right, exercisable by written notice to the Seller given between \*\*\*\*\* to require from the Seller a renegotiation of the Scheduled Delivery Month for the affected Aircraft. Unless otherwise agreed between the Seller and the Buyer during such renegotiation, the said renegotiation will not prejudice the Buyer's right to receive liquidated damages in accordance with Clause 11.1.

11.3 Termination

If, as a result of an Inexcusable Delay, the Delivery does not occur within \*\*\*\*\* of the Delivery Period and the parties have not renegotiated the Delivery Date pursuant to Clause 11.2, then both parties will have the right exercisable by written notice to the other party, given between \*\*\*\*\* to terminate this Agreement in respect of the affected Aircraft. In the event of termination, \*\*\*\*\*

11.4 Remedies

THIS CLAUSE 11 SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 10, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING WITHOUT LIMITATION ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE. THE BUYER WILL NOT BE ENTITLED TO CLAIM THE REMEDIES AND RECEIVE THE BENEFITS PROVIDED IN THIS CLAUSE 11 WHERE THE DELAY REFERRED TO IN THIS CLAUSE 11 IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE BUYER OR ITS REPRESENTATIVES.

**12 - WARRANTIES AND SERVICE LIFE POLICY**

This Clause covers the terms and conditions of the warranty and service life policy.

**12.1 Standard Warranty**

**12.1.1 Nature of Warranty**

**12.1.1.1** For the purpose of this Agreement the term “**Warranted Part**” will mean any Seller proprietary component, equipment, accessory or part, which is installed on an Aircraft at Delivery thereof and

- (i) which is manufactured to the detailed design of the Seller or a subcontractor of the Seller and
- (ii) which bears a part number of the Seller at the time of such Delivery.

**12.1.1.2** Subject to the conditions and limitations as hereinafter provided for and except as provided for in Clause 12.1.2, the Seller warrants to the Buyer that each Aircraft and each Warranted Part will at Delivery to the Buyer be free from defects:

- (i) in material;
- (ii) in workmanship, including without limitation processes of manufacture;
- (iii) in design (including without limitation the selection of materials) having regard to the state of the art at the date of such design; and
- (iv) arising from failure to conform to the Specification, except to those portions of the Specification relating to performance or where it is expressly stated that they are estimates or approximations or design aims.

**12.1.2 Exclusions**

The warranties set forth in Clause 12.1.1 will not apply to Buyer Furnished Equipment, nor to the Propulsion System, nor to any component, equipment, accessory or part installed on the Aircraft at Delivery that is not a Warranted Part except that:

- (i) any defect in the Seller’s workmanship in respect of the installation of such items in the Aircraft, including any failure by the Seller to conform to the installation instructions of the manufacturers of such items, that invalidates any applicable warranty from such manufacturers, will constitute a defect in workmanship for the purpose of this Clause 12.1 and be covered by the warranty set forth in Clause 12.1.1.2(ii); and
- (ii) any defect inherent in the Seller’s design of the installation, in consideration of the state of the art at the date of such design, which impairs the use of such

items, will constitute a defect in design for the purpose of this Clause 12.1 and be covered by the warranty set forth in Clause 12.1.1.2(iii).

12.1.3 Warranty Period

The warranties set forth in Clauses 12.1.1 and 12.1.2 will be limited to those defects that \*\*\*\*\* of the affected Aircraft (the “**Warranty Period**”).

12.1.4 Limitations of Warranty

12.1.4.1 The Buyer’s remedy and the Seller’s obligation and liability under Clauses 12.1.1 and are limited to, at the Seller’s expense and option, the repair, replacement or correction of any Warranted Part which is defective (or to the supply of modification kits, rectifying the defect), together with a credit to the Buyer’s account with the Seller of an amount equal to the mutually agreed direct labor costs expended in performing the removal and reinstallation thereof on the Aircraft at the labor rate defined in Clause 12.1.7.5.

The Seller may alternatively furnish to the Buyer’s account with the Seller a credit equal to the price at which the Buyer is then entitled to purchase a replacement for the defective Warranted Part.

12.1.4.2 In the event of a defect covered by Clauses 12.1.1.2(iii), 12.1.1.2(iv) and 12.1.2(ii) becoming apparent within the Warranty Period, the Seller shall also, if so requested by the Buyer in writing, correct such defect in any Aircraft which has not yet been delivered to the Buyer, \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

12.1.4.3 Cost of Inspection

In addition to the remedies set forth in Clauses 12.1.4.1 and 12.1.4.2, the Seller will reimburse the direct labor costs incurred by the Buyer in performing inspections of the Aircraft to determine whether or not a defect exists in any Warranted Part within the Warranty Period subject to the following conditions:

- (i) such inspections are recommended by a Seller Service Bulletin to be performed within the Warranty Period;
- (ii) the reimbursement will not apply for any inspections performed as an alternative to accomplishing corrective action as recommended by the Seller prior to the date of such inspection.
- (iii) the labor rate for the reimbursement will be the Inhouse Warranty Labor Rate, and



- (iv) the manhours used to determine such reimbursement will not exceed the Seller's estimate of the manhours required for such inspections.

12.1.5 Warranty Claim Requirements

The Buyer's remedy and the Seller's obligation and liability under this Clause 12.1 with respect to any warranty claim submitted by the Buyer (each a "**Warranty Claim**") are subject to the following conditions:

- (i) the defect having become apparent within the Warranty Period;
- (ii) the Buyer having filed a warranty claim within \*\*\*\*\* of discovering the defect;
- (iii) \*\*\*\*\*
- (iv) the Seller having received a Warranty Claim complying with the provisions of Clause 12.1.6 below.

12.1.6 Warranty Administration

The warranties set forth in Clause 12.1 will be administered as hereinafter provided for:

12.1.6.1 Claim Determination

Determination as to whether any claimed defect in any Warranted Part is a valid Warranty Claim will be made by the Seller and will be based upon the claim details, reports from the Seller's Representatives, historical data logs, inspections, tests, findings during repair, defect analysis and other relevant documents.

12.1.6.2 Transportation Costs

The cost of transporting a Warranted Part claimed to be defective to the facilities designated by the Seller and for the return therefrom of a repaired or replaced Warranted Part will be \*\*\*\*\*.

12.1.6.3 Return of an Aircraft

If the Buyer and the Seller mutually agree, prior to such return, that it is necessary to return an Aircraft to the Seller for consideration of a Warranty Claim, the Seller \*\*\*\*\* The Buyer will make reasonable efforts to minimize the duration of the corresponding flights.

12.1.6.4 On Aircraft Work by the Seller

If the Seller determines that a defect subject to this Clause 12.1 justifies the dispatch by the Seller of a working team to repair or correct such defect through the embodiment of one or several Seller's Service Bulletins at the Buyer's facilities, or if

the Seller accepts the return of an Aircraft to perform or have performed such repair or correction, then the \*\*\*\*\*.

The condition which has to be fulfilled for on-Aircraft work by the Seller is that, in the reasonable opinion of the Seller, the work necessitates the technical expertise of the Seller as manufacturer of the Aircraft.

If said condition is fulfilled and if the Seller is requested to perform the work, the Seller and the Buyer will agree on a schedule and place for the work to be performed.

12.1.6.5

#### Warranty Claim Substantiation

Each Warranty Claim filed by the Buyer under this Clause 12.1 will contain at least the following data:

- (i) description of defect and any action taken, if any,
- (ii) date incident and/or removal date,
- (iii) description of Warranted Part claimed to be defective,
- (iv) part number,
- (v) serial number (if applicable),
- (vi) position on Aircraft,
- (vii) total flying hours or calendar time, as applicable, at the date of defect appearance,
- (viii) time since last shop visit at the date of defect appearance,
- (ix) Manufacturer Serial Number of the Aircraft and/or its registration,
- (x) Aircraft total flying hours and/or number of landings at the date of defect appearance,
- (xi) Warranty Claim number,
- (xii) date of Warranty Claim,
- (xiii) Delivery Date of Aircraft or Warranted Part to the Buyer,

Warranty Claims are to be addressed as follows:

AIRBUS

CUSTOMER SERVICES DIRECTORATE  
WARRANTY ADMINISTRATION

Rond Point Maurice Bellonte  
B.P. 33  
F 31707 BLAGNAC CEDEX  
FRANCE

12.1.6.6 Replacements

Replaced components, equipment, accessories or parts will become the Seller's property.

Title to and risk of loss of any Aircraft, component, accessory, equipment or part and returned by the Buyer to the Seller will at all times remain with the Buyer, except that:

- (i) when the Seller has possession of a returned Aircraft, component, accessory, equipment or part to which the Buyer has title, the Seller will have such responsibility therefor as is chargeable by law to a bailee for hire, but the Seller will not be liable for loss of use; and
- (ii) title to and risk of loss of a returned component, accessory, equipment or part will pass to the Seller upon shipment by the Seller to the Buyer of any item furnished by the Seller to the Buyer as a replacement therefor.

Upon the Seller's shipment to the Buyer of any replacement component, accessory, equipment or part provided by the Seller pursuant to this Clause 12.1, title to and risk of loss of such replacement component, accessory, equipment or part will pass to the Buyer.

12.1.6.7 Rejection

The Seller will provide reasonable written substantiation in case of rejection of a Warranty Claim. In such event the Buyer will refund to the Seller reasonable inspection and test charges incurred in connection therewith.

12.1.6.8 Inspection

The Seller will have the right to inspect the affected Aircraft, documents and other records relating thereto in the event of any Warranty Claim under this Clause 12.1.

12.1.7 Inhouse Warranty

12.1.7.1 Seller's Authorization

The Seller hereby authorizes the Buyer to repair Warranted Parts ("**Inhouse Warranty**") subject to the terms of this Clause 12.1.7.

12.1.7.2 Conditions for Seller's Authorization

The Buyer will be entitled to repair such Warranted Parts:

- (i) provided the Buyer notifies the Seller Representative of its intention to perform Inhouse Warranty repairs before any such repairs are started where the estimated cost of such repair is \*\*\*\*\*. The Buyer's notification will include sufficient detail regarding the defect, estimated labor hours and material to allow the Seller to ascertain the reasonableness of the estimate. The Seller agrees to use all reasonable efforts to ensure a prompt response and will not unreasonably withhold authorization;
- (ii) if adequate facilities and qualified personnel are available to the Buyer;
- (iii) if repairs are performed in accordance with the Seller's Technical Data or written instructions; and
- (iv) only to the extent specified by the Seller, or, in the absence of such specification, to the extent reasonably necessary to correct the defect, in accordance with the standards set forth in Clause 12.1.10.

#### 12.1.7.3 Seller's Rights

The Seller will have the right to require the return of any Warranted Part, or any part removed therefrom, which is claimed to be defective if, in the judgment of the Seller, the nature of the claimed defect requires technical investigation. Such return will be subject to the provisions of Clause 12.1.6.2. Furthermore, the Seller will have the right to have a Seller representative present during the disassembly, inspection and testing of any Warranted Part claimed to be defective, subject to such presence being practical and not unduly delaying the repair.

#### 12.1.7.4 Inhouse Warranty Claim Substantiation

Claims for Inhouse Warranty credit will be filed within the time period set forth in 12.1.5(ii) and will contain the same information as that required for Warranty Claims under Clause 12.1.6.5 and in addition will include:

- (i) a report of technical findings with respect to the defect,
- (ii) for parts required to remedy the defect:
  - part numbers, serial numbers (if applicable),
  - parts description,
  - quantity of parts,
  - unit price of parts,
  - related Seller's or third party's invoices (if applicable),
  - total price of parts,
- (iii) detailed number of labor hours,
- (iv) Inhouse Warranty Labor Rate,

(v) total claim value.

12.1.7.5

\*\*\*\*\*

The Buyer's sole remedy and the Seller's sole obligation and liability with respect to Inhouse Warranty Claims will be \*\*\*\*\* determined as set forth below:

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

The Inhouse Warranty Labor Rate is \*\*\*\*\*. For the purposes of this Clause 12.1.7.5 only, \*\*\*\*\* , defined in the Seller's Price Revision Formula set forth in Exhibit C to the Agreement.

(iii) \*\*\*\*\*

12.1.7.6

Limitation

The Buyer will in \*\*\*\*\*.

12.1.7.7

Scrapped Material

The Buyer will retain any defective Warranted Part beyond economic repair and any defective part removed from a Warranted Part during repair for a period of either \*\*\*\*\* of the Seller's request to that effect.

Notwithstanding the foregoing, the Buyer may scrap any such defective parts, which are beyond economic repair and not required for technical evaluation locally, with the agreement of the Seller Representative(s).

Scrapped Warranted Parts will be evidenced by a record of scrapped material certified by an authorized representative of the Buyer and will be kept in the Buyer's file for a least the duration of the applicable Warranty Period.

12.1.8

Standard Warranty in case of Pooling or Leasing Arrangements

Without prejudice to Clause 21.1, the warranties provided for in this Clause 12.1 for any Warranted Part will accrue to the benefit of any airline in revenue service, other than the Buyer, if the Warranted Part enters into the possession of any such airline as a result of a pooling or leasing agreement between such airline and the Buyer, in

accordance with the terms and subject to the limitations and exclusions of the foregoing warranties and to the extent permitted by any applicable law or regulations.

12.1.9 Warranty for Corrected, Replaced or Repaired Warranted Parts

Whenever any Warranted Part, which contains a defect for which the Seller is liable under Clause 12.1, has been corrected, replaced or repaired pursuant to the terms of this Clause 12.1, \*\*\*\*\*.

If a defect is attributable to a defective repair or replacement by the Buyer, a Warranty Claim with respect to such defect will be rejected, notwithstanding any subsequent correction or repair, and will immediately terminate the remaining warranties under this Clause 12.1 in respect of the affected Warranted Part.

12.1.10 Accepted Industry Standard Practices Normal Wear and Tear

The Buyer's rights under this Clause 12.1 are subject to the Aircraft and each component, equipment, accessory and part thereof being maintained, overhauled, repaired and operated in accordance with accepted industry standard practices, all Technical Data and any other instructions issued by the Seller, the Suppliers and the Propulsion System Manufacturer and all applicable rules, regulations and directives of the relevant Aviation Authorities.

The Seller's liability under this Clause 12.1 will not extend to normal wear and tear nor to:

- (i) any Aircraft or component, equipment, accessory or part thereof, which has been repaired, altered or modified after Delivery, except by the Seller or in a manner approved by the Seller;
- (ii) any Aircraft or component, equipment, accessory or part thereof, which has been operated in a damaged state; or
- (iii) any component, equipment, accessory and part from which the trademark, name, part or serial number or other identification marks have been removed.

12.1.11 DISCLAIMER OF SELLER LIABILITY

THE SELLER WILL NOT BE LIABLE FOR, AND THE BUYER WILL INDEMNIFY THE SELLER AGAINST, THE CLAIMS OF ANY THIRD PARTIES FOR LOSSES DUE TO ANY DEFECT, NONCONFORMANCE OR PROBLEM OF ANY KIND, ARISING OUT OF OR IN CONNECTION WITH ANY REPAIR OF WARRANTED PARTS UNDERTAKEN BY THE BUYER UNDER THIS CLAUSE 12.1 OR ANY OTHER ACTIONS UNDERTAKEN BY THE BUYER UNDER THIS CLAUSE 12, WHETHER SUCH CLAIM IS ASSERTED IN CONTRACT OR IN TORT, OR IS PREMISED ON ALLEGED, ACTUAL, IMPUTED, ORDINARY OR INTENTIONAL ACTS OR OMISSIONS OF THE BUYER OR THE SELLER.

12.2 Seller Service Life Policy

In addition to the warranties set forth in Clause 12.1, the Seller further agrees that should a Failure occur in any Item (as these terms are defined herein below) that has not suffered from an extrinsic force, then, subject to the general conditions and limitations set forth in Clause 12.2.4, the provisions of this Clause 12.2 will apply.

For the purposes of this Clause 12.2:

- (i) “**Item**” means any item listed in Exhibit F;
- (ii) “**Failure**” means a breakage or defect that can reasonably be expected to occur on a fleetwide basis and which materially impairs the utility of the Item.

12.2.1 Periods and Seller’s Undertakings

Subject to the general conditions and limitations set forth in Clause 12.2.4, the Seller agrees that if a Failure occurs in an Item before \*\*\*\*\* after the Delivery of said Aircraft, whichever will first occur, the Seller will, at its discretion and as promptly as practicable and with the Seller’s financial participation as hereinafter provided, either:

- (a) design and furnish to the Buyer a correction for such Item with a Failure and provide any parts required for such correction (including Seller designed standard parts but excluding industry standard parts), or
- (b) replace such Item.

12.2.2 Seller’s Participation in the Costs

Subject to the general conditions and limitations set forth in Clause 12.2.4, any part or Item that the Seller is required to furnish to the Buyer under this Service Life Policy in connection with the correction or replacement of an Item will be furnished to the Buyer \*\*\*\*\* therefor, \*\*\*\*\* determined in accordance with the following formula:

\*\*\*\*\*

- (i) \*\*\*\*\*
- (ii) \*\*\*\*\*
- (iii) \*\*\*\*\*

12.2.3 General Conditions and Limitations

12.2.3.1 The undertakings set forth in this Clause 12.2 will be valid after the period of the Seller’s warranty applicable to an Item under Clause 12.1.

- 12.2.3.2 The Buyer's remedies and the Seller's obligations and liabilities under this Service Life Policy are subject to the prior compliance by the Buyer with the following conditions:
- (i) the Buyer will maintain log books and other historical records with respect to each Item, adequate to enable the Seller to determine whether the alleged Failure is covered by this Service Life Policy and, if so, to define the portion of the costs to be borne by the Seller in accordance with Clause 12.2.3;
  - (ii) the Buyer will keep the Seller informed of any significant incidents relating to an Aircraft, howsoever occurring or recorded;
  - (iii) the Buyer will comply with the conditions of Clause 12.1.10;
  - (iv) the Buyer will implement specific structural inspection programs for monitoring purposes as may be established from time to time by the Seller. Such programs will be as compatible as possible with the Buyer's operational requirements and will be carried out at the Buyer's expense. Reports relating thereto will be regularly furnished to the Seller;
  - (v) the Buyer will report any breakage or defect in a Item in writing to the Seller within \*\*\*\*\* after such breakage or defect becomes apparent, whether or not said breakage or defect can reasonably be expected to occur in any other aircraft, and the Buyer will have provided to the Seller sufficient detail on the breakage or defect to enable the Seller, acting reasonably, to determine whether said breakage or defect is subject to this Service Life Policy.
- 12.2.3.3 Except as otherwise provided for in this Clause 12.2, any claim under this Service Life Policy will be administered as provided for in, and will be subject to the terms and conditions of, Clause 12.1.6.
- 12.2.3.4 In the event of the Seller having issued a modification applicable to an Aircraft, the purpose of which is to avoid a Failure, the Seller may elect to supply the necessary modification kit \*\*\*\*\* established by the Seller. If such a kit is so offered to the Buyer, then, to the extent of such Failure and any Failures that could ensue therefrom, the validity of the Seller's commitment under this Clause 12.2 will be subject to the Buyer incorporating such modification in the relevant Aircraft, as promulgated by the Seller and in accordance with the Seller's instructions, within a reasonable time.
- 12.2.3.5 THIS SERVICE LIFE POLICY IS NEITHER A WARRANTY, PERFORMANCE GUARANTEE, NOR AN AGREEMENT TO MODIFY ANY AIRCRAFT OR AIRFRAME COMPONENTS TO CONFORM TO NEW DEVELOPMENTS OCCURRING IN THE STATE OF AIRFRAME DESIGN AND MANUFACTURING ART. THE SELLER'S OBLIGATION UNDER THIS CLAUSE 12.2 IS TO MAKE ONLY THOSE CORRECTIONS TO THE ITEMS OR FURNISH REPLACEMENTS THEREFOR AS PROVIDED FOR IN THIS CLAUSE 12.2. THE BUYER'S SOLE REMEDY AND RELIEF FOR THE NON-PERFORMANCE OF ANY OBLIGATION OR LIABILITY OF THE SELLER



ARISING UNDER OR BY VIRTUE OF THIS SERVICE LIFE POLICY WILL BE IN A CREDIT FOR GOODS AND SERVICES (NOT INCLUDING AIRCRAFT), LIMITED TO THE AMOUNT THE BUYER REASONABLY EXPENDS IN PROCURING A CORRECTION OR REPLACEMENT FOR ANY ITEM THAT IS THE SUBJECT OF A FAILURE COVERED BY THIS SERVICE LIFE POLICY AND TO WHICH SUCH NON-PERFORMANCE IS RELATED, LESS THE AMOUNT THAT THE BUYER OTHERWISE WOULD HAVE BEEN REQUIRED TO PAY UNDER THIS CLAUSE 12.2 IN RESPECT OF SUCH CORRECTED OR REPLACEMENT ITEM. WITHOUT LIMITING THE EXCLUSIVITY OF WARRANTIES AND GENERAL LIMITATIONS OF LIABILITY PROVISIONS SET FORTH IN CLAUSE 12.5, THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL CLAIMS TO ANY FURTHER DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES, ARISING UNDER OR BY VIRTUE OF THIS SERVICE LIFE POLICY.

12.3 Supplier Warranties and Service Life Policies

Prior to or at Delivery of the first Aircraft, the Seller will provide the Buyer, in accordance with the provisions of Clause 17, with the warranties and, where applicable, service life policies that the Seller has obtained for Supplier Parts pursuant to the Supplier Product Support Agreements.

12.3.1 Definitions

12.3.1.1 “**Supplier**” means any supplier of Supplier Parts.

12.3.1.2 “**Supplier Part**” means any component, equipment, accessory or part installed in an Aircraft at the time of Delivery thereof and for which there exists a Supplier Product Support Agreement. For the sake of clarity, Propulsion System and Buyer Furnished Equipment and other equipment selected by the Buyer to be supplied by suppliers with whom the Seller has no existing enforceable warranty agreements are not Supplier Parts.

12.3.1.3 “**Supplier Product Support Agreements**” means agreements between the Seller and Suppliers, as described in Clause 17.1.2, containing enforceable and transferable warranties and, in the case of landing gear suppliers, service life policies for selected structural landing gear elements.

12.3.2 Supplier’s Default

12.3.2.1 \*\*\*\*\*

12.3.2.2 \*\*\*\*\*

12.3.2.3 \*\*\*\*\*

12.4 Interface Commitment

12.4.1 Interface Problem

If the Buyer experiences any technical problem in the operation of an Aircraft or its systems due to a malfunction, the cause of which, after due and reasonable investigation, is not readily identifiable by the Buyer but which the Buyer reasonably believes to be attributable to the design characteristics of one or more components of the Aircraft (“**Interface Problem**”), the Seller will, if so requested by the Buyer, and without additional charge to the Buyer except for transportation of the Seller’s or its designee’s personnel to the Buyer’s facilities, promptly conduct or have conducted an investigation and analysis of such problem to determine, if possible, the cause or causes of the problem and to recommend such corrective action as may be feasible. The Buyer will furnish to the Seller all data and information in the Buyer’s possession relevant to the Interface Problem and will cooperate with the Seller in the conduct of the Seller’s investigations and such tests as may be required.

At the conclusion of such investigation, the Seller will promptly advise the Buyer in writing of the Seller’s opinion as to the cause or causes of the Interface Problem and the Seller’s recommendations as to corrective action.

12.4.2 Seller’s Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of a Warranted Part, the Seller will, if so requested by the Buyer and pursuant to the terms and conditions of Clause 12.1, correct the design of such Warranted Part to the extent of the Seller’s obligation as defined in Clause 12.1.

12.4.3 Supplier’s Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of any Supplier Part, the Seller will, if so requested by the Buyer, reasonably assist the Buyer in processing any warranty claim the Buyer may have against the Supplier.

12.4.4 Joint Responsibility

If the Seller determines that the Interface Problem is attributable partially to the design of a Warranted Part and partially to the design of any Supplier Part, the Seller will, if so requested by the Buyer, seek a solution to the Interface Problem through cooperative efforts of the Seller and any Supplier involved.

The Seller will promptly advise the Buyer of such corrective action as may be proposed by the Seller and any such Supplier. Such proposal will be consistent with any then existing obligations of the Seller hereunder and of any such Supplier towards the Buyer. Such corrective action, unless reasonably rejected by the Buyer, will constitute full satisfaction of any claim the Buyer may have against either the Seller or any such Supplier with respect to such Interface Problem.

12.4.5 General

- 12.4.5.1 All requests under this Clause 12.4 will be directed to both the Seller and the affected Supplier.
- 12.4.5.2 Except as specifically set forth in this Clause 12.4, this Clause will not be deemed to impose on the Seller any obligations not expressly set forth elsewhere in this Agreement.
- 12.4.5.3 All reports, recommendations, data and other documents furnished by the Seller to the Buyer pursuant to this Clause 12.4 will be deemed to be delivered under this Agreement and will be subject to the terms, covenants and conditions set forth in this Clause 12 and in Clause 22.11.
- 12.5 \*\*\*\*\*  
\*\*\*\*\*  
(I) \*\*\*\*\*  
(II) \*\*\*\*\*  
(III) \*\*\*\*\*  
(IV) \*\*\*\*\*  
(V) \*\*\*\*\*  
(VI) \*\*\*\*\*  
(VII) \*\*\*\*\*  
(A) \*\*\*\*\*  
(B) \*\*\*\*\*  
(C) \*\*\*\*\*  
(D) \*\*\*\*\*

12.6 Duplicate Remedies

The remedies provided to the Buyer under Clause 12.1 and Clause 12.2 as to any defect in respect of the Aircraft or any part thereof are mutually exclusive and not cumulative. The Buyer will be entitled to the remedy that provides the maximum benefit to it, as the Buyer may elect, pursuant to the terms and conditions of this Clause 12 for any particular defect for which remedies are provided under this Clause 12; provided, however, that the Buyer will not be entitled to elect a remedy under both Clause 12.1 and Clause 12.2 for the same defect. The Buyer's rights and remedies herein for the nonperformance of any obligations or liabilities of the Seller arising under these warranties will be in monetary damages limited to the amount the Buyer

expends in procuring a correction or replacement for any covered part subject to a defect or nonperformance covered by this Clause 12, and the Buyer will not have any right to require specific performance by the Seller.

12.7 Negotiated Agreement

The Buyer specifically recognizes that:

- (i) the Specification has been agreed upon after careful consideration by the Buyer using its judgment as a professional operator of aircraft used in public transportation and as such is a professional within the same industry as the Seller;
- (ii) this Agreement, and in particular this Clause 12, has been the subject of discussion and negotiation and is fully understood by the Buyer; and
- (iii) the price of the Aircraft and the other mutual agreements of the Buyer set forth in this Agreement were arrived at in consideration of, inter alia, the provisions of this Clause 12, specifically including the waiver, release and renunciation by the Buyer set forth in Clause 12.5.

12.8 Disclosure to Third Party Entity

In the event of the Buyer intending to designate a third party entity (a “**Third Party Entity**”) to administer this Clause 12, the Buyer will notify the Seller of such intention prior to any disclosure of this Clause to the selected Third Party Entity and will cause such Third Party Entity to enter into a confidentiality agreement and or any other relevant documentation with the Seller solely for the purpose of administrating this Clause 12.

12.9 Transferability

Without prejudice to Clause 21.1, the Buyer’s rights under this Clause 12 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller’s prior written consent, which will not be unreasonably withheld.

Any transfer in violation of this Clause 12.9 will, as to the particular Aircraft involved, void the rights and warranties of the Buyer under this Clause 12 and any and all other warranties that might arise under or be implied in law.

**13 - PATENT AND COPYRIGHT INDEMNITY**

13.1 Indemnity

13.1.1 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(a) \*\*\*\*\*

(b) \*\*\*\*\*

(iii) \*\*\*\*\*

13.1.2 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(iii) \*\*\*\*\*

13.1.3 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

13.2 Administration of Patent and Copyright Indemnity Claims

13.2.1 If the Buyer receives a written claim or a suit is threatened or commenced against the Buyer for infringement of a patent or copyright referred to in Clause 13.1, the Buyer will:

(i) forthwith notify the Seller giving particulars thereof;

(ii) furnish to the Seller all data, papers and records within the Buyer's control or possession relating to such patent or claim;

(iii) refrain from admitting any liability or making any payment or assuming any expenses, damages, costs or royalties or otherwise acting in a manner prejudicial to the defense or denial of such suit or claim provided always that nothing in this sub-Clause (iii) will prevent the Buyer from paying such sums as may be required in order to obtain the release of the Aircraft, provided such payment is accompanied by a denial of liability and is made without prejudice;

- (iv) fully co-operate with, and render all such assistance to, the Seller as may be pertinent to the defense or denial of the suit or claim;
- (v) act in such a way as to mitigate damages, costs and expenses and / or reduce the amount of royalties which may be payable.

13.2.2 The Seller will be entitled either in its own name or on behalf of the Buyer to conduct negotiations with the party or parties alleging infringement and may assume and conduct the defense or settlement of any suit or claim in the manner which, in the Seller's opinion, it deems proper.

13.2.3 The Seller's liability hereunder will be conditional upon the strict and timely compliance by the Buyer with the terms of this Clause and is in lieu of any other liability to the Buyer express or implied which the Seller might incur at law as a result of any infringement or claim of infringement of any patent or copyright.

THE INDEMNITY PROVIDED IN THIS CLAUSE 13 AND THE OBLIGATIONS AND LIABILITIES OF THE SELLER UNDER THIS CLAUSE 13 ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER INDEMNITIES, WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES ON THE PART OF THE SELLER AND RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY ARISING FROM OR WITH RESPECT TO LOSS OF USE OR REVENUE OR CONSEQUENTIAL DAMAGES), WITH RESPECT TO ANY ACTUAL OR ALLEGED PATENT INFRINGEMENT OR THE LIKE BY ANY AIRFRAME, PART OR SOFTWARE INSTALLED THEREIN AT DELIVERY, OR THE USE OR SALE THEREOF, PROVIDED THAT, IN THE EVENT THAT ANY OF THE AFORESAID PROVISIONS SHOULD FOR ANY REASON BE HELD UNLAWFUL OR OTHERWISE INEFFECTIVE, THE REMAINDER OF THIS CLAUSE WILL REMAIN IN FULL FORCE AND EFFECT. THIS INDEMNITY AGAINST PATENT AND COPYRIGHT INFRINGEMENTS WILL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY THE SELLER AND THE BUYER.

**14 - TECHNICAL DATA AND SOFTWARE SERVICES**

14.1 Scope

This Clause 14 covers the terms and conditions for the supply of technical data (hereinafter “**Technical Data**”) and software services described hereunder (hereinafter “**Software Services**”) to support the Aircraft operation.

14.1.1 The Technical Data will be supplied in the English language using the aeronautical terminology in common use.

14.1.2 Range, form, type, format, quantity and delivery schedule of the Technical Data to be provided under this Agreement are outlined in Exhibit G hereto.

14.2 Aircraft Identification for Technical Data

14.2.1 For those Technical Data that are customized to the Buyer’s Aircraft, the Buyer agrees to the allocation of fleet serial numbers (“**Fleet Serial Numbers**”) in the form of block of numbers selected in the range from 001 to 999.

14.2.2 The sequence will not be interrupted unless two (2) different Propulsion Systems or two (2) different models of Aircraft are selected.

14.2.3 The Buyer will indicate to the Seller the Fleet Serial Number allocated to each Aircraft corresponding to the delivery schedule set forth in Clause 9.1 no later than \*\*\*\*\* before the Scheduled Delivery Month of the first Aircraft. Neither the designation of such Fleet Serial Numbers nor the subsequent allocation of the Fleet Serial Numbers to Manufacturer Serial Numbers for the purpose of producing certain customized Technical Data will constitute any property, insurable or other interest of the Buyer in any Aircraft prior to the Delivery of such Aircraft as provided for in this Agreement.

The customized Technical Data that are affected thereby are the following:

- (i) Aircraft Maintenance Manual,
- (ii) Illustrated Parts Catalogue,
- (iii) Trouble Shooting Manual,
- (iv) Aircraft Wiring Manual,
- (v) Aircraft Schematics Manual,
- (vi) Aircraft Wiring Lists.

- 14.3 Integration of Equipment Data
- 14.3.1 Supplier Equipment

Information, including revisions, relating to Supplier equipment that is installed on the Aircraft at Delivery, or through Airbus Service Bulletins thereafter, will be introduced into the customized Technical Data to the extent necessary for understanding of the affected systems, at no additional charge to the Buyer.
- 14.3.2 Buyer Furnished Equipment
- 14.3.2.1 The Seller will introduce Buyer Furnished Equipment data for Buyer Furnished Equipment that is installed on the Aircraft by the Seller (hereinafter “**BFE Data**”) into the customized Technical Data, \*\*\*\*\* to the Buyer for the initial issue of the Technical Data provided at or before Delivery of the first Aircraft, provided such BFE Data is provided in accordance with the conditions set forth in Clauses 14.3.2.2 through 14.3.2.6.
- 14.3.2.2 The Buyer will supply the BFE Data to the Seller at least \*\*\*\*\* prior to the Scheduled Delivery Month of the first Aircraft.
- 14.3.2.3 The Buyer will supply the BFE Data to the Seller in English and will be established in compliance with the then applicable revision of ATA iSpecification 2200 (iSpec 2200), Information Standards for Aviation Maintenance.
- 14.3.2.4 The Buyer and the Seller will agree on the requirements for the provision to the Seller of BFE Data for “on-aircraft maintenance”, such as but not limited to timeframe, media and format in which the BFE Data will be supplied to the Seller, in order to manage the BFE Data integration process in an efficient, expeditious and economic manner.
- 14.3.2.5 The BFE Data will be delivered in digital format (SGML) and/or in Portable Document Format (PDF), as agreed between the Buyer and the Seller.
- 14.3.2.6 \*\*\*\*\*
- 14.4 Supply
- 14.4.1 Technical Data will be supplied on-line and/or off-line, as set forth in Exhibit G hereto.
- 14.4.2 The Buyer will not receive any credit or compensation for any unused or only partially used Technical Data supplied pursuant to this Clause 14.
- 14.4.3 Delivery
- 14.4.3.1 For Technical Data provided off-line, such Technical Data and corresponding revisions will be sent to up to two (2) addresses as indicated by the Buyer.



- 14.4.3.2 Technical Data provided off-line will be delivered by the Seller at the Buyer's named place of destination under DDU conditions.
- 14.4.3.3 The Technical Data will be delivered according to a mutually agreed schedule to correspond with the Deliveries of Aircraft. The Buyer will provide no less than \*\*\*\*\* notice when requesting a change to such delivery schedule.
- 14.4.3.4 It will be the responsibility of the Buyer to coordinate and satisfy local Aviation Authorities' requirements with respect to Technical Data. Reasonable quantities of such Technical Data will be supplied by the Seller at no charge to the Buyer at the Buyer's named place of destination. Notwithstanding the foregoing, and in agreement with the relevant Aviation Authorities, preference will be given to the on-line access to such Buyer's Technical Data through AirbusWorld.
- 14.5 Revision Service
- For each firmly ordered Aircraft covered under this Agreement, revision service for the Technical Data will be provided \*\*\*\*\* (each a "**Revision Service Period**").
- Thereafter revision service will be provided in accordance with the terms and conditions set forth in the Seller's then current Customer Services Catalog.
- 14.6 Service Bulletins (SB) Incorporation
- During Revision Service Period and upon the Buyer's request, which will be made \*\*\*\*\* of the applicable Service Bulletin, Seller Service Bulletin information will be incorporated into the Technical Data, provided that the Buyer notifies the Seller through the relevant AirbusWorld on-line Service Bulletin Reporting application that it intends to accomplish such Service Bulletin. The split effectivity for the corresponding Service Bulletin will remain in the Technical Data until notification from the Buyer that embodiment has been completed on all of the Buyer's Aircraft. The foregoing is applicable for Technical Data relating to maintenance only. For operational Technical Data either the pre or post Service Bulletin status will be shown.
- 14.7 Technical Data Familiarization
- Upon request by the Buyer, the Seller will provide up to \*\*\*\*\* of Technical Data familiarization training at the Seller's or the Buyer's facilities. The basic familiarization course is tailored for maintenance and engineering personnel.
- 14.8 Customer Originated Changes (COC)
- If the Buyer wishes to introduce Buyer originated data (hereinafter "**COC Data**") into any of the customized Technical Data that are identified as eligible for such incorporation in the Seller's then current Customer Services Catalog, the Buyer will notify the Seller of such intention.

The incorporation of any COC Data will be performed under the methods and tools for achieving such introduction and the conditions specified in the Seller's then current Customer Services Catalog.

14.9 AirN@v Family products

14.9.1 The Technical Data listed herebelow are provided on DVD and include integrated software (hereinafter together referred to as "**AirN@v Family**").

14.9.2 The AirN@v Family covers several Technical Data domains, reflected by the following AirN@v Family products:

- (i) AirN@v / Maintenance,
- (ii) AirN@v / Planning,
- (iii) AirN@v / Repair,
- (iv) AirN@v / Workshop,
- (v) AirN@v / Associated Data,
- (vi) AirN@v / Engineering.

14.9.3 Further details on the Technical Data included in such products are set forth in Exhibit G.

14.9.4 The licensing conditions for the use of AirN@v Family integrated software will be set forth in a separate agreement to be executed by the parties the earlier of \*\*\*\*\*, the "**End-User License Agreement for Airbus Software**".

14.9.5 The revision service and the license to use AirN@v Family products will be granted \*\*\*\*\* Revision Service Period. At the end of such Revision Service Period, \*\*\*\*\*.

14.10 On-Line Technical Data

14.10.1 The Technical Data defined in Exhibit G as being provided on-line will be made available to the Buyer through the Airbus customer portal AirbusWorld ("**AirbusWorld**") as set forth in a separate agreement to be executed by the parties the earlier of \*\*\*\*\*.

14.10.2 Access to Technical Data through AirbusWorld will be \*\*\*\*\* Revision Service Period.

14.10.3 Access to AirbusWorld will be subject to the General Terms and Conditions of Access to and Use of AirbusWorld (hereinafter the "**GTC**"), as set forth in a separate agreement to be executed by the parties the earlier of (i) \*\*\*\*\*.

14.10.4 The list of the Technical Data provided on-line may be extended from time to time. For any Technical Data which is or becomes available on-line, the Seller reserves the right to eliminate other formats for the concerned Technical Data.

14.10.5 Access to AirbusWorld will be granted \*\*\*\*\* for the Technical Data related to the Aircraft which will be operated by the Buyer.

14.10.6 For the sake of clarification, Technical Data accessed through AirbusWorld – which access will be covered by the terms and conditions set forth in the GTC – will remain subject to the conditions of this Clause 14.

In addition, should AirbusWorld provide access to Technical Data in software format, the use of such software will be subject to the conditions of the End-User License Agreement for Airbus Software.

14.11 Waiver, Release and Renunciation

The Seller warrants that the Technical Data are prepared in accordance with the state of the art at the date of their development. Should any Technical Data prepared by the Seller contain a non-conformity or defect, the sole and exclusive liability of the Seller will be to take all reasonable and proper steps to correct such Technical Data. Irrespective of any other provisions herein, no warranties of any kind will be given for the Customer Originated Changes, as set forth in Clause 14.8.

THE WARRANTIES, OBLIGATIONS AND LIABILITIES OF THE SELLER (AS DEFINED BELOW FOR THE PURPOSES OF THIS CLAUSE) [AND REMEDIES OF THE BUYER SET FORTH IN THIS CLAUSE 14] ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS AND LIABILITIES OF THE SELLER AND RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, EXPRESS OR IMPLIED, ARISING BY LAW, CONTRACT OR OTHERWISE, WITH RESPECT TO ANY NON-CONFORMITY OR DEFECT OF ANY KIND, IN ANY TECHNICAL DATA OR SERVICES DELIVERED UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO:

- (I) ANY WARRANTY AGAINST HIDDEN DEFECTS;
- (II) ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS;
- (III) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OR TRADE;
- (IV) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY, WHETHER IN CONTRACT OR IN TORT, WHETHER OR NOT ARISING FROM THE SELLER'S NEGLIGENCE, ACTUAL OR IMPUTED; AND

(V) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY FOR LOSS OF OR DAMAGE TO ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART, SOFTWARE, DATA OR SERVICES DELIVERED UNDER THIS AGREEMENT, FOR LOSS OF USE, REVENUE OR PROFIT, OR FOR ANY OTHER [DIRECT,] INCIDENTAL OR CONSEQUENTIAL DAMAGES;

PROVIDED THAT, IN THE EVENT THAT ANY OF THE AFORESAID PROVISIONS SHOULD FOR ANY REASON BE HELD UNLAWFUL OR OTHERWISE INEFFECTIVE, THE REMAINDER OF THIS AGREEMENT WILL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSES OF THIS CLAUSE 14, THE "SELLER" WILL BE UNDERSTOOD TO INCLUDE THE SELLER, ANY OF ITS SUPPLIERS AND SUBCONTRACTORS, ITS AFFILIATES AND ANY OF THEIR RESPECTIVE INSURERS.

14.12 Proprietary Rights

14.12.1 All proprietary rights relating to Technical Data, including but not limited to patent, design and copyrights, will remain with the Seller and/or its Affiliates, as the case may be.

These proprietary rights will also apply to any translation into a language or languages or media that may have been performed or caused to be performed by the Buyer.

14.12.2 Whenever this Agreement and/or any Technical Data provides for manufacturing by the Buyer, the consent given by the Seller will not be construed as any express or implicit endorsement or approval whatsoever of the Buyer or of the manufactured products. The supply of the Technical Data will not be construed as any further right for the Buyer to design or manufacture any Aircraft or part thereof, including any spare part.

14.13 Performance Engineer's Program

14.13.1 In addition to the Technical Data provided under Clause 14, the Seller will provide to the Buyer Software Services, which will consist of the Performance Engineer's Programs ("**PEP**") for the Aircraft type covered under this Agreement. Such PEP is composed of software components and databases, and its use is subject to the license conditions set forth in the End-User License Agreement for Airbus Software.

14.13.2 Use of the PEP will be limited to one (1) copy to be used on the Buyer's computers for the purpose of computing performance engineering data. The PEP is intended for use on ground only and will not be placed or installed on board the Aircraft.

14.13.3 The license to use the PEP and the revision service will be provided \*\*\*\*\* Revision Service Period as set forth in Clause 14.5.

- 14.13.4 At the end of such PEP Revision Service Period, the PEP will be provided to the Buyer at the standard commercial conditions set forth in the Seller's then current Customer Services Catalog.
- 14.14 Future Developments
- The Seller continuously monitors technological developments and applies them to Technical Data, document and information systems' functionalities, production and methods of transmission.
- The Seller will implement and the Buyer will accept such new developments, it being understood that the Buyer will be informed in due time by the Seller of such new developments and their application and of the date by which the same will be implemented by the Seller.
- 14.15 Confidentiality
- 14.15.1 This Clause, the Technical Data, the Software Services and their content are designated as confidential. All such Technical Data and Software Services are provided to the Buyer for the sole use of the Buyer who undertakes not to disclose the contents thereof to any third party without the prior written consent of the Seller, except as permitted therein or pursuant to any government or legal requirement imposed upon the Buyer.
- 14.15.2 If the Seller authorizes the disclosure of this Clause or of any Technical Data or Software Services to third parties either under this Agreement or by an express prior written authorization or, specifically, where the Buyer intends to designate a maintenance and repair organization or a third party to perform the maintenance of the Aircraft or to perform data processing on its behalf (each a "**Third Party**"), the Buyer will notify the Seller of such intention prior to any disclosure of this Clause and/or the Technical Data and/or the Software Services to such Third Party.
- The Buyer hereby undertakes to cause such Third Party to agree to be bound by the conditions and restrictions set forth in this Clause 14 with respect to the disclosed Clause, Technical Data or Software Services and will in particular cause such Third Party to enter into a confidentiality agreement with the Seller and appropriate licensing conditions, and to commit to use the Technical Data solely for the purpose of maintaining the Buyer's Aircraft and the Software Services exclusively for processing the Buyer's data.
- 14.16 Transferability
- Without prejudice to Clause 21.1, the Buyer's rights under this Clause 14 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller's prior written consent.

---

Any transfer in violation of this Clause 14.16 will, as to the particular Aircraft involved, void the rights and warranties of the Buyer under this Clause 14 and any and all other warranties that might arise under or be implied in law.

**15 - SELLER REPRESENTATIVE SERVICES**

The Seller will \*\*\*\*\* to the Buyer the services described in this Clause 15, at the Buyer's main base or at other locations to be mutually agreed.

15.1 Customer Support Representative(s)

15.1.1 The Seller will \*\*\*\*\* to the Buyer the services of Seller customer support representative(s), as defined in Appendix A to this Clause 15 (each a "Seller Representative"), at the Buyer's main base or such other locations as the parties may agree.

15.1.2 In providing the services as described herein, any Seller Representatives, or any Seller employee(s) providing services to the Buyer hereunder, are deemed to be acting in an advisory capacity only and at no time will they be deemed to be acting as Buyer's employees, contractors or agents, either directly or indirectly.

15.1.3 The Seller will provide to the Buyer an annual written accounting of the consumed man- months and any remaining man-month balance from the \*\*\*\*\* defined in Appendix A to this Clause 15. Such accounting will be deemed final and accepted by the Buyer unless the Seller receives written objection from the Buyer within \*\*\*\*\* of receipt of such accounting.

15.1.4 In the event of a need for Aircraft On Ground ("AOG") technical assistance after the end of the assignment referred to in Appendix A to this Clause 15, the Buyer will have non-exclusive access to:

(i) AIRTAC (Airbus Technical AOG Center);

(ii) The Seller Representative network closest to the Buyer's main base. A list of contacts of the Seller Representatives closest to the Buyer's main base will be provided to the Buyer.

As a matter of reciprocity, the Buyer agrees that Seller Representative(s) may provide services to other airlines during any assignment with the Buyer.

15.1.5 Should the Buyer request Seller Representative services exceeding the allocation specified in Appendix A to this Clause 15, the Seller may provide such additional services subject to terms and conditions to be mutually agreed.

15.1.6 The Seller will cause similar services to be provided by representatives of the Propulsion System Manufacturer and Suppliers, when necessary and applicable.

15.2 Buyer's Support

15.2.1 From the date of arrival of the first Seller Representative and for the duration of the assignment, the Buyer will \*\*\*\*\* a suitable, lockable office, conveniently located with respect to the Buyer's principal maintenance facilities for the Aircraft, with complete

office furniture and equipment including telephone, internet, email and facsimile connections for the sole use of the Seller Representative(s). All related communication costs will be \*\*\*\*\*.

15.2.2 Intentionally omitted.

15.2.3 Intentionally omitted.

15.2.4 Should the Buyer request any Seller Representative referred to in Clause 15.1 above to travel on business to a city other than his usual place of assignment, the \*\*\*\*\* will be responsible for all related transportation costs and expenses.

15.2.5 Absence of an assigned Seller Representative during normal statutory vacation periods will be covered by other seller representatives on the same conditions as those described in Clause 15.1.4, and such services will be counted against the total allocation provided in Appendix A to this Clause 15.

15.2.6 The Buyer will assist the Seller in obtaining from the civil authorities of the Buyer's country those documents that are necessary to permit the Seller Representative to live and work in the Buyer's country.

15.2.7 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(iii) \*\*\*\*\*

15.3 Withdrawal of the Seller Representative

The Seller will have the right to withdraw its assigned Seller Representatives as it sees fit if conditions arise, which are in the Seller's reasonable opinion dangerous to their safety or health or prevent them from fulfilling their contractual tasks.

15.4 Indemnities

INDEMNIFICATION PROVISIONS APPLICABLE TO THIS CLAUSE 15 ARE SET FORTH IN CLAUSE 19.



**SELLER REPRESENTATIVE ALLOCATION**

The Seller Representative allocation provided to the Buyer pursuant to Clause 15.1 is defined hereunder.

1. \*\*\*\*\*
2. \*\*\*\*\*
3. \*\*\*\*\*

**16 - TRAINING SUPPORT AND SERVICES**

16.1 General

16.1.1 This Clause 16 sets forth the terms and conditions for the supply of training support and services for the Buyer's personnel to support the Aircraft operation.

16.1.2 The range, quantity and validity of training to be \*\*\*\*\* under this Agreement are covered in Appendix A to this Clause 16.

16.1.3 Scheduling of training courses covered in Appendix A to this Clause 16 will be mutually agreed during a training conference (the "**Training Conference**") that will be held no later than \*\*\*\*\* prior to Delivery of the first Aircraft.

16.2 Training Location

16.2.1 The Seller will provide training at its training center in \*\*\*\*\* (individually a "**Seller's Training Center**" and collectively the "**Seller's Training Centers**").

16.2.2 If the unavailability of facilities or scheduling difficulties make training by the Seller at any Seller's Training Center impractical, the Seller will ensure that the Buyer is provided with such training at another location designated by the Seller.

16.2.2.1 Upon the Buyer's request, the Seller may also provide certain training at a location other than the Seller's Training Centers, including one of the Buyer's bases, if and when practicable for the Seller, under terms and conditions to be mutually agreed upon. In such event, all additional charges listed in Clauses 16.5.2 and 16.5.3 will be \*\*\*\*\*.

16.2.2.2 If the Buyer requests training at a location as indicated in Clause 16.2.2.1 and requires such training to be an Airbus approved course, the Buyer undertakes that the training facilities will be approved prior to the performance of such training. The Buyer will, as necessary and with adequate time prior to the performance of such training, provide access to the training facilities set forth in Clause 16.2.2.1 to the Seller's and the competent Aviation Authority's representatives for approval of such facilities.

16.3 Training Courses

16.3.1 Training courses will be as described in the Seller's customer services catalog (the "**Seller's Customer Services Catalog**"). The Seller's Customer Services Catalog also sets forth the minimum and maximum number of trainees per course.

All training requests or training course changes made outside of the scope of the Training Conference will be submitted by the Buyer with a minimum of \*\*\*\*\* prior notice.

16.3.2 The following terms and conditions will apply to training performed by the Seller:

- (i) Training courses will be the Seller's standard courses as described in the Seller's Customer Services Catalog valid at the time of execution of the course. The Seller will be responsible for all training course syllabi, training aids and training equipment necessary for the organization of the training courses. For the avoidance of doubt, such training equipment does not include provision of aircraft for the purpose of performing training.
- (ii) The training equipment and the training curricula used for the training of flight, cabin and maintenance personnel will not be fully customized but will be configured in order to obtain the relevant Aviation Authority's approval and to support the Seller's training programs.
- (iii) Training data and documentation for trainees receiving the training at the Seller's Training Centers will be \*\*\*\*\*. Training data and documentation will be marked "FOR TRAINING ONLY" and as such are supplied for the sole and express purpose of training; training data and documentation will not be revised.

16.3.3 When the Seller's training courses are provided by the Seller's instructors (individually an "Instructor" and collectively "Instructors") the Seller will deliver a Certificate of Recognition or a Certificate of Course Completion (each a "Certificate") or an attestation (an "Attestation"), as applicable, at the end of any such training course. Any such Certificate or Attestation will not represent authority or qualification by any Aviation Authority but may be presented to such Aviation Authority in order to obtain relevant formal qualification.

In the event of training courses being provided by a training provider selected by the Seller as set forth in Clause 16.2.2, the Seller will cause such training provider to deliver a Certificate or Attestation, which will not represent authority or qualification by any Aviation Authority, but may be presented to such Aviation Authority in order to obtain relevant formal qualification.

16.3.3.1 Should the Buyer wish to exchange any of the training courses provided under Appendix A to this Clause 16, the Buyer will place a request for exchange to this effect with the Seller. The Buyer may exchange, subject to the Seller's confirmation, the \*\*\*\*\* under Appendix A to this Clause 16 as follows:

- (i) flight operations training courses as listed under Article 1 of Appendix A to this Clause 16 may be exchanged for any flight operations training courses described in the Seller's Customer Services Catalog current at the time of the Buyer's request;
- (ii) maintenance training courses as listed under Article 3 of Appendix A to this Clause 16 may be exchanged for any maintenance training courses described in the Seller's Customer Services Catalog current at the time of the Buyer's request;
- (iii) should any one of the \*\*\*\*\* thereunder (flight operations or maintenance) have been fully drawn upon, the Buyer will be entitled to exchange for flight

operations or maintenance training courses as needed against the remaining allowances.

The exchange value will be based on the Seller's Training Course Exchange Matrix applicable at the time of the request for exchange and which will be provided to the Buyer at such time.

It is understood that the above provisions will apply to the extent that \*\*\*\*\* granted under Appendix A to this Clause 16 remain available to the full extent necessary to perform the exchange.

All requests to exchange training courses will be submitted by the Buyer with a minimum of \*\*\*\*\* prior notice. The requested training will be subject to the Seller's then existing planning constraints.

16.3.3.2 Should the Buyer use none or only part of the training to be provided pursuant to this Clause 16, no compensation or non-training credit of any nature will be provided.

16.3.3.3 Should the Buyer decide to cancel or reschedule a training course, fully or partially, and irrespective of the location of the training, a minimum advance notification of at least \*\*\*\*\* prior to the relevant training course start date is required.

16.3.3.4 If the notification occurs \*\*\*\*\* prior to such training, a \*\*\*\*\* of such training will be, as applicable, either deducted from the training allowance defined in Appendix A to this Clause 16 or invoiced at the Seller's then applicable price.

16.3.3.5 If the notification occurs \*\*\*\*\* calendar days prior to such training, a \*\*\*\*\* of such training will be, as applicable, either deducted from the training allowance defined in Appendix A to this Clause 16 or invoiced at the Seller's then applicable price.

16.3.3.6 All courses exchanged under Clause 16.3.3.1 will remain subject to the provisions of this Clause 16.3.3.

#### 16.4 Prerequisites and Conditions

16.4.1 Training will be conducted in English and all training aids used during such training will be written in English using common aeronautical terminology.

16.4.2 The Buyer hereby acknowledges that all training courses conducted pursuant to this Clause 16 are "Standard Transition Training Courses" and not "Ab Initio Training Courses".

16.4.3 Trainees will have the prerequisite knowledge and experience specified for each course in the Seller's Customer Services Catalog.

16.4.3.1 The Buyer will be responsible for the selection of the trainees and for any liability with respect to the entry knowledge level of the trainees.

- 16.4.3.2 The Seller reserves the right to verify the trainees' proficiency and previous professional experience.
- 16.4.3.3 The Seller will provide to the Buyer during the Training Conference an Airbus PreTraining Survey for completion by the Buyer for each trainee. The Buyer will provide the Seller with an attendance list of the trainees for each course, with the validated qualification of each trainee, at the time of reservation of the training course and in no event any later than \*\*\*\*\* before the start of the training course. The Buyer will return concurrently thereto the completed Airbus Pre-Training Survey, detailing the trainees' associated background. If the Seller determines through the Airbus Pre-Training Survey that a trainee does not match the prerequisites set forth in the Seller's Customer Services Catalog, following consultation with the Buyer, such trainee will be withdrawn from the program or directed through a relevant entry level training (ELT) program, which will be at the Buyer's expense.
- 16.4.3.4 If the Seller determines at any time during the training that a trainee lacks the required level, following consultation with the Buyer, such trainee will be withdrawn from the program or, upon the Buyer's request, the Seller may be consulted to direct the above mentioned trainee(s), if possible, to any other required additional training, which will be at the Buyer's expense.
- 16.4.4 The Seller will in no case warrant or otherwise be held liable for any trainee's performance as a result of any training provided.
- 16.5 Logistics
- 16.5.1 Trainees
- 16.5.1.1 Living and travel expenses for the Buyer's trainees will be \*\*\*\*\*.
- 16.5.1.2 It will be the responsibility of the Buyer to make all necessary arrangements relative to authorizations, permits and/or visas necessary for the Buyer's trainees to attend the training courses to be provided hereunder. Rescheduling or cancellation of courses due to the Buyer's failure to obtain any such authorizations, permits and/or visas will be subject to the provisions of Clauses 16.3.3.3 thru 16.3.3.5.
- 16.5.2 Training at External Location – Seller's Instructors
- 16.5.2.1 In the event of training being provided at the Seller's request at any location other than the Seller's Training Centers, as provided for in Clause 16.2.2, the expenses of the Seller's Instructors will be \*\*\*\*\*.
- 16.5.2.2 In the event of training being provided by the Seller's Instructor(s) at any location other than the Seller's Training Centers at the Buyer's request, the Buyer will reimburse the Seller for all the expenses related to the assignment of such Seller Instructors and the performance of their duties as aforesaid.

Such per diem will include, but will not be limited to, lodging, food and local transportation to and from the place of lodging and the training course location.

16.5.2.3 \*\*\*\*\*  
\*\*\*\*\*

16.5.2.4 \*\*\*\*\*  
\*\*\*\*\*

16.5.2.5 Buyer's Indemnity

Except in case of gross negligence or willful misconduct of the Seller, the Seller will not be held liable to the Buyer for any delay or cancellation in the performance of any training outside of the Seller's Training Centers associated with any transportation described in this Clause 16.5.2, and the Buyer will indemnify and hold harmless the Seller from any such delay and/or cancellation and any consequences arising therefrom.

16.5.3 Training Material and Equipment Availability – Training at External Location

Training material and equipment necessary for course performance at any location other than the Seller's Training Centers or the facilities of a training provider selected by the Seller will be provided by the Buyer \*\*\*\*\* in accordance with the Seller's specifications.

Notwithstanding the foregoing, should the Buyer request the performance of a course at another location as per Clause 16.2.2.1, the Seller may, upon the Buyer's request, provide the training material and equipment necessary for such course's performance. Such provision will be \*\*\*\*\*.

16.6 Flight Operations Training

The Seller will provide training for the Buyer's flight operations personnel as further detailed in Appendix A to this Clause 16, including the courses described in this Clause 16.6.

16.6.1 Flight Crew Training Course

The Seller will perform a flight crew training course program for the Buyer's flight crews, each of which will consist of \*\*\*\*\* crew members, who will be either captain(s) or first officer(s).

16.6.2 Base Flight Training

16.6.2.1 The Buyer will provide at its own cost its delivered Aircraft, or any other aircraft it operates, for any base flight training, which will consist of \*\*\*\*\* per pilot, performed

in accordance with the related Airbus training course definition (the “**Base Flight Training**”).

16.6.2.2 Should it be necessary to ferry the Buyer’s delivered Aircraft to the location where the Base Flight Training will take place, the additional flight time required for the ferry flight to and/or from the Base Flight Training field will not be deducted from the Base Flight Training time.

16.6.2.3 If the Base Flight Training is performed outside of the zone where the Seller usually performs such training, the ferry flight to the location where the Base Flight Training will take place will be performed by a crew composed of the Seller’s and/or the Buyer’s qualified pilots, in accordance with the relevant Aviation Authority’s regulations related to the place of performance of the Base Flight Training.

16.6.3 Flight Crew Line Initial Operating Experience

In order to assist the Buyer with initial operating experience after Delivery of the first Aircraft, the Seller will provide to the Buyer pilot Instructor(s) as set forth in Appendix A to this Clause 16.

Should the Buyer request, subject to the Seller’s consent, such Seller pilot Instructors to perform any other flight support during the flight crew line initial operating period, such as but not limited to line assistance, demonstration flight(s), ferry flight(s) or any flight(s) required by the Buyer during the period of entry into service of the Aircraft, it is understood that such flight(s) \*\*\*\*\* set forth in Appendix A to this Clause 16.

It is hereby understood by the Parties that the Seller’s pilot Instructors will only perform the above flight support services to the extent they bear the relevant qualifications to do so.

16.6.4 Type Specific Cabin Crew Training Course

The Seller will provide type specific training for cabin crews at one of the locations defined in Clause 16.2.1.

If the Buyer’s Aircraft is to incorporate special features, the type specific cabin crew training course will be performed no earlier than \*\*\*\*\* before the scheduled Delivery Date of the Buyer’s first Aircraft.

16.6.5 Training on Aircraft

During any and all flights performed in accordance with this Clause 16.6, the Buyer will bear full responsibility for the aircraft upon which the flight is performed, including but not limited to any required maintenance, \*\*\*\*\* in line with Clause 16.13.

The Buyer will assist the Seller, if necessary, in obtaining the validation of the licenses of the Seller's pilots performing Base Flight Training or initial operating experience by the Aviation Authority of the place of registration of the Aircraft.

16.7 Performance / Operations Courses

The Seller will provide performance/operations training for the Buyer's personnel as defined in Appendix A to this Clause 16.

The available courses will be listed in the Seller's Customer Services Catalog current at the time of the course.

16.8 Maintenance Training

16.8.1 The Seller will provide maintenance training for the Buyer's ground personnel as further set forth in Appendix A to this Clause 16.

The available courses will be as listed in the Seller's Customer Services Catalog current at the time of the course.

The practical training provided in the frame of maintenance training will be performed on the training devices in use in the Seller's Training Centers.

16.8.2 Practical Training on Aircraft

Notwithstanding Clause 16.8.1 above, upon the Buyer's request, the Seller may provide Instructors for the performance of practical training on aircraft ("**Practical Training**").

Irrespective of the location at which the training takes place, the Buyer will provide at its own cost an aircraft for the performance of the Practical Training.

Should the Buyer require the Seller's Instructors to provide Practical Training at facilities selected by the Buyer, such training will be subject to prior approval of the facilities by the Seller. All costs related to such Practical Training, including but not limited to the Seller's approval of the facilities, will be borne by the Buyer.

The provision of a Seller Instructor for the Practical Training will be deducted from the trainee days allowance defined in Appendix A to this Clause 16, subject to the conditions detailed in Paragraph 4.4 thereof.

16.9 Supplier and Propulsion System Manufacturer Training

Upon the Buyer's request, the Seller will provide to the Buyer the list of the maintenance and overhaul training courses provided by major Suppliers and the applicable Propulsion System Manufacturer on their respective products.

16.10 Proprietary Rights



All proprietary rights, including but not limited to patent, design and copyrights, relating to the Seller's training data and documentation will remain with the Seller and/or its Affiliates and/or its Suppliers, as the case may be.

These proprietary rights will also apply to any translation into a language or languages or media that may have been performed or caused to be performed by the Buyer.

16.11 Confidentiality

The Seller's training data and documentation are designated as confidential and as such are provided to the Buyer for the sole use of the Buyer, for training of its own personnel, who undertakes not to disclose the content thereof in whole or in part, to any third party without the prior written consent of the Seller, save as permitted herein or otherwise pursuant to any government or legal requirement imposed upon the Buyer.

In the event of the Seller having authorized the disclosure of any training data and documentation to third parties either under this Agreement or by an express prior written authorization, the Buyer will cause such third party to agree to be bound by the same conditions and restrictions as the Buyer with respect to the disclosed training data and documentation and to use such training data and documentation solely for the purpose for which they are provided.

16.12 Transferability

Without prejudice to Clause 21.1, the Buyer's rights under this Clause 16 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller's prior written consent.

16.13 Indemnities and Insurance

INDEMNIFICATION PROVISIONS AND INSURANCE REQUIREMENTS APPLICABLE TO THIS CLAUSE 16 ARE AS SET FORTH IN CLAUSE 19.

THE BUYER WILL PROVIDE THE SELLER WITH AN ADEQUATE INSURANCE CERTIFICATE PRIOR TO ANY TRAINING ON AIRCRAFT.

**APPENDIX A TO CLAUSE 16**

**TRAINING ALLOWANCE**

For the avoidance of doubt, all quantities indicated below are the total quantities \*\*\*\*\* , unless otherwise specified.

The contractual training courses defined in this Appendix A will be provided up to \*\*\*\*\* under this Agreement.

Notwithstanding the above, flight operations training courses \*\*\*\*\* in this Appendix A will be provided by the Seller within a period starting \*\*\*\*\* before and ending \*\*\*\*\* after Delivery of such Aircraft.

Any deviation to said training delivery schedule will be mutually agreed between the Buyer and the Seller.

**1. FLIGHT OPERATIONS TRAINING**

**1.1. Flight Crew Training (standard transition course)**

The Seller will provide flight crew training (standard transition course) \*\*\*\*\* for \*\*\*\*\* of the Buyer's flight crews \*\*\*\*\* Aircraft as of the date hereof.

**1.2. Flight Crew Line Initial Operating Experience**

The Seller will provide to the Buyer pilot Instructor(s) \*\*\*\*\* for a period of \*\*\*\*\*.

Unless otherwise agreed during the Training Conference, in order to follow the Aircraft Delivery schedule, the maximum number of pilot Instructors present at any one time will be limited to \*\*\*\*\* pilot Instructors.

**1.3. Type Specific Cabin Crew Training Course**

The Seller will provide to the Buyer \*\*\*\*\* type specific training for cabin crews for \*\*\*\*\* of the Buyer's cabin crew instructors, pursers or cabin attendants.

**1.4. Airbus Pilot Instructor Course (APIC)**

The Seller will provide to the Buyer transition Airbus Pilot Instructor Course(s) (APIC), for flight and synthetic instruction, \*\*\*\*\* for \*\*\*\*\* of the Buyer's flight instructors. APIC courses will be performed in a group of \*\*\*\*\* trainees.

**2. PERFORMANCE / OPERATIONS COURSE(S)**

The Seller will provide to the Buyer \*\*\*\*\* of performance / operations training \*\*\*\*\* for the Buyer's personnel.

**3. MAINTENANCE TRAINING**

3.1. The Seller will provide to the Buyer \*\*\*\*\* of maintenance training \*\*\*\*\* for the Buyer's personnel.

3.2. The Seller will provide to the Buyer \*\*\*\*\* Engine Run-up course.

4. **TRAINEE DAYS ACCOUNTING**

Trainee days are counted as follows:

4.1. For instruction at the Seller's Training Centers: one (1) day of instruction for one (1) trainee equals one (1) trainee day. The number of trainees originally registered at the beginning of the course will be counted as the number of trainees to have taken the course.

4.2. For instruction outside of the Seller's Training Centers: one (1) day of instruction by one (1) Seller Instructor equals \*\*\*\*\* trainee days, except for structure maintenance training course(s).

4.3. For structure maintenance training courses outside the Seller's Training Center(s), one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or the minimum number of trainees as indicated in the Seller's Customer Services Catalog.

4.4. For practical training, whether on training devices or on aircraft, one (1) day of instruction by one (1) Seller Instructor equals \*\*\*\*\* trainee days.

**17 - EQUIPMENT SUPPLIER PRODUCT SUPPORT**

17.1 Equipment Supplier Product Support Agreements

17.1.1 The Seller has obtained enforceable and transferable Supplier Product Support Agreements from Suppliers of Supplier Parts, the benefit of which is hereby accepted by the Buyer. Said Supplier Product Support Agreements become enforceable by Buyer from the date of this Agreement and for as long as Buyer is an operator of Airbus aircraft.

17.1.2 These agreements are based on the World Airlines Suppliers Guide, are made available to the Buyer through the SPSA Application, and include Supplier commitments as contained in the Supplier Product Support Agreements which include the following provisions:

17.1.2.1 Technical data and manuals required to operate, maintain, service and overhaul the Supplier Parts will be prepared in accordance with the applicable provisions of ATA Specification including revision service and be published in the English language. The Seller will recommend that a software user guide, where applicable, be supplied in the form of an appendix to the Component Maintenance Manual. Such data will be provided in compliance with the applicable ATA Specification;

17.1.2.2 Warranties and guarantees, including standard warranties. In addition, landing gear Suppliers will provide service life policies for selected structural landing gear elements;

17.1.2.3 Training to ensure efficient operation, maintenance and overhaul of the Supplier Parts for the Buyer's instructors, shop and line service personnel;

17.1.2.4 Spares data in compliance with ATA iSpecification 2200, initial provisioning recommendations, spare parts and logistic service including routine and expedite deliveries;

17.1.2.5 Technical service to assist the Buyer with maintenance, overhaul, repair, operation and inspection of Supplier Parts as well as required tooling and spares provisioning.

17.2 Supplier Compliance

The Seller will monitor Suppliers' compliance with support commitments defined in the Supplier Product Support Agreements and will, if necessary, jointly take remedial action with the Buyer.

17.3 Nothing in this Clause 17 shall be construed to prevent or limit the Buyer from entering into direct negotiations with a Supplier with respect to different or additional terms and conditions applicable to Suppliers Parts selected by the Buyer to be installed on the Aircraft.

**Familiarization Training**

Upon the Buyer's request, the Seller will provide the Buyer with Supplier Product Support Agreements familiarization training at the Seller's facilities in Blagnac, France. An on-line training module will be further available through AirbusWorld, access to which will be subject to the GTC.

**18 - BUYER FURNISHED EQUIPMENT**

18.1 Administration

18.1.1 In accordance with the Specification, the Seller will install those items of equipment that are identified in the Specification as being furnished by the Buyer ("**Buyer Furnished Equipment**" or "**BFE**"), provided that the BFE and the supplier of such BFE (the "**BFE Supplier**") are referred to in the Airbus BFE Product Catalog valid at the time the BFE Supplier is selected.

18.1.2 Notwithstanding the foregoing and without prejudice to Clause 2.4, if the Buyer wishes to install BFE manufactured by a supplier who is not referred to in the Airbus BFE Product Catalog, the Buyer will so inform the Seller and the Seller will conduct a feasibility study of the Buyer's request, in order to consider approving such supplier, provided that such request is compatible with the Seller's industrial planning and the associated Scheduled Delivery Month for the Buyer's Aircraft. In addition, it is a prerequisite to such approval that the considered supplier be qualified by the Seller's Aviation Authorities to produce equipment for installation on civil aircraft. Any approval of a supplier by the Seller under this Clause 18.1.2 will be \*\*\*\*\*. The Buyer will cause any BFE supplier approved under this Clause 18.1.2 (each an "**Approved BFE Supplier**") to comply with the conditions set forth in this Clause 18 and specifically Clause 18.2.

Except for the specific purposes of this Clause 18.1.2, the term "**BFE Supplier**" will be deemed to include Approved BFE Suppliers.

18.1.3 The Seller will advise the Buyer of the dates by which, in the planned release of engineering for the Aircraft, the Seller requires from each BFE Supplier a written detailed engineering definition encompassing a Declaration of Design and Performance (the "**BFE Engineering Definition**"). The Seller will reasonably provide to the Buyer and/or the BFE Supplier(s), the interface documentation necessary for development of the BFE Engineering Definition.

The BFE Engineering Definition will include the description of the dimensions and weight of BFE, the information related to its certification and the information necessary for the installation and operation thereof, including when applicable 3D models compatible with the Seller's systems. The Buyer will furnish, or cause the BFE Suppliers to furnish, the BFE Engineering Definition by the dates advised by the Seller pursuant to the preceding paragraph after which the BFE Engineering Definition will not be revised, except through an SCN executed in accordance with Clause 2.

18.1.4 The Seller will also provide in due time to the Buyer a schedule of dates and the shipping addresses for delivery of the BFE and, where requested by the Seller, additional spare BFE to permit installation in the Aircraft in a timely manner. The Buyer will provide, or cause the BFE Suppliers to provide, the BFE by such dates in a serviceable condition. The Buyer will, upon the Seller's request, provide to the Seller dates and references of all BFE purchase orders placed by the Buyer.

The Buyer will also provide, when requested by the Seller, at Airbus Operations S.A.S. in Toulouse, France, and/or at Airbus Operations GmbH, Division Hamburger Flugzeugbau in Hamburg, Germany, adequate field service including support from BFE Suppliers to act in a technical advisory capacity to the Seller in the installation, calibration and possible repair of a BFE.

18.1.5

Without prejudice to the Buyer's obligations hereunder, in order to facilitate the development of the BFE Engineering Definition, the Seller will organize meetings between the Buyer and BFE Suppliers. The Buyer hereby agrees to participate in such meetings and to provide adequate technical and engineering expertise to reach decisions within a timeframe specified by the Seller.

In addition, prior to Delivery of the Aircraft to the Buyer, the Buyer agrees:

- (i) to monitor the BFE Suppliers and ensure that they will enable the Buyer to fulfil its obligations, including but not limited to those set forth in the Customization Milestone Chart;
- (ii) that, should a timeframe, quality or other type of risk be identified at a given BFE Supplier, the Buyer will allocate resources to such BFE Supplier so as not to jeopardize the industrial schedule of the Aircraft;
- (iii) for major BFE, including, but not being limited to, seats, galleys and IFE ("**Major BFE**") to participate on a mandatory basis in the specific meetings that take place between BFE Supplier selection and BFE delivery, namely:
  - (a) Preliminary Design Review ("**PDR**"),
  - (b) Critical Design Review ("**CDR**");
- (iv) to attend the First Article Inspection ("**FAI**") for the first shipset of all Major BFE. Should the Buyer not attend such FAI, the Buyer will delegate the FAI to the BFE Supplier thereof and confirmation thereof will be supplied to the Seller in writing;
- (v) to attend the Source Inspection ("**SI**") that takes place at the BFE Supplier's premises prior to shipping, for each shipset of all Major BFE. Should the Buyer not attend such SI, the Buyer will delegate the SI to the BFE Supplier and confirmation thereof will be supplied to the Seller in writing. Should the Buyer not attend the SI, the Buyer will be deemed to have accepted the conclusions of the BFE Supplier with respect to such SI.

The Seller will be entitled to attend the PDR, the CDR and the FAI. In doing so, the Seller's employees will be acting in an advisory capacity only and at no time will they be deemed to be acting as Buyer's employees or agents, either directly or indirectly.

18.1.6

The BFE will be imported into France or into Germany by the Buyer under a suspensive customs system (Régime de l'entrepôt douanier ou régime de

perfectionnement actif or Zollverschluss) without application of any French or German tax or customs duty, and will be delivered on a DDU basis, to the following shipping addresses:

Airbus Operations S.A.S.  
316 Route de Bayonne  
31300 Toulouse  
France

or

Airbus Operations GmbH  
Kreetslag 10  
21129 Hamburg  
Germany

Or such other location as may be specified by the Seller.

18.2

#### Applicable Requirements

The Buyer is responsible for ensuring, at its expense, and warrants that the BFE will:

- (i) be manufactured by either a BFE Supplier referred to in the Airbus BFE Product Catalog or an Approved BFE Supplier, and
- (ii) meet the requirements of the applicable Specification of the Aircraft, and
- (iii) be delivered with the relevant certification documentation, including but not limited to the DDP, and
- (iv) comply with the BFE Engineering Definition, and
- (v) comply with applicable requirements incorporated by reference to the Type Certificate and listed in the Type Certificate Data Sheet, and
- (vi) be approved by the Aviation Authority issuing the Export Certificate of Airworthiness and by the Buyer's Aviation Authority for installation and use on the Aircraft at the time of Delivery of the Aircraft, and
- (vii) not infringe any patent, copyright or other intellectual property right of the Seller or any third party, and
- (viii) not be subject to any legal obligation or other encumbrance that may prevent, hinder or delay the installation of the BFE in the Aircraft and/or the Delivery of the Aircraft.



The Seller will be entitled to refuse any item of BFE that it considers incompatible with the Specification, the BFE Engineering Definition or the certification requirements.

18.3 Buyer's Obligation and Seller's Remedies

18.3.1 Any delay or failure by the Buyer or the BFE Suppliers in:

- (i) complying with the foregoing warranty or in providing the BFE Engineering Definition or field service mentioned in Clause 18.1.4, or
- (ii) furnishing the BFE in a serviceable condition at the requested delivery date, or
- (iii) obtaining any required approval for such BFE equipment under the above mentioned Aviation Authorities' regulations,

may delay the performance of any act to be performed by the Seller, including Delivery of the Aircraft. The Seller will not be responsible for such delay which will cause the Final Price of the affected Aircraft to be adjusted in accordance with the updated delivery schedule and to include in particular the amount of the Seller's additional costs attributable to such delay or failure by the Buyer or the BFE Suppliers, such as storage, taxes, insurance and costs of out-of sequence installation.

18.3.2 In addition, in the event of any delay or failure mentioned in 18.3.1 above, the Seller may:

- (i) select, purchase and install equipment similar to the BFE at issue, in which event the Final Price of the affected Aircraft will also be increased by the purchase price of such equipment plus reasonable costs and expenses incurred by the Seller for handling charges, transportation, insurance, packaging and, if so required and not already provided for in the Final Price of the Aircraft, for adjustment and calibration; or
- (ii) if the BFE is delayed by more than \*\*\*\*\* beyond, or is not approved within \*\*\*\*\* of the dates specified in Clause 18.1.4, deliver the Aircraft without the installation of such BFE, notwithstanding applicable terms of Clauses 7 and 8, and the Seller will thereupon be relieved of all obligations to install such equipment.

18.4 Title and Risk of Loss

Title to and risk of loss of any BFE will at all times remain with the Buyer except that risk of loss (limited to cost of replacement of said BFE) will be with the Seller for as long as such BFE is under the care, custody and control of the Seller.

18.5 Disposition of BFE Following Termination

18.5.1 \*\*\*\*\*

- 18.5.2 The Buyer will cooperate with the Seller in facilitating the sale of BFE pursuant to Clause 18.5.1 and will be responsible for all costs incurred by the Seller in removing and facilitating the sale of such BFE. \*\*\*\*\*
- 18.5.3 The Seller will notify the Buyer as to those items of BFE not sold by the Seller pursuant to Clause 18.5.1 above and, at the Seller's request, the Buyer will undertake to remove such items from the Seller's facility within \*\*\*\*\* of the date of such notice. The Buyer will have no claim against the Seller for damage, loss or destruction of any item of BFE removed from the Aircraft and not removed from Seller's facility within such period.
- 18.5.4 The Buyer will have no claim against the Seller for damage to or destruction of any item of BFE damaged or destroyed in the process of being removed from the Aircraft, provided that the Seller will use reasonable care in such removal.
- 18.5.5 The Buyer will grant the Seller title to any BFE items that cannot be removed from the Aircraft without causing damage to the Aircraft or rendering any system in the Aircraft unusable.

**INDEMNITIES AND INSURANCE**

The Seller and the Buyer will each be liable for Losses (as defined below) arising from the acts or omissions of their respective directors, officers, agents or employees occurring during or incidental to such party's exercise of its rights and performance of its obligations under this Agreement, except as provided in Clauses 19.1 and 19.2.

## 19.1 Seller's Indemnities

The Seller will, except in the case of gross negligence or wilful misconduct of the Buyer, its directors, officers, agents and/or employees, be solely liable for and will indemnify and hold the Buyer, its Affiliates and each of their respective directors, officers, agents, employees and insurers harmless against all losses, liabilities, claims, damages, costs and expenses, including court costs and reasonable attorneys' fees ("**Losses**"), arising from:

- (i) claims for injuries to, or death of, the Seller's directors, officers, agents or employees, or loss of, or damage to, property of the Seller or its employees when such Losses occur during or are incidental to either party's exercise of any right or performance of any obligation under this Agreement, and
- (ii) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to the Technical Acceptance Flights.

## 19.2 Buyer's Indemnities

The Buyer will, except in the case of gross negligence or wilful misconduct of the Seller, its directors, officers, agents and/or employees, be solely liable for and will indemnify and hold the Seller, its Affiliates, its subcontractors, and each of their respective directors, officers, agents, employees and insurers, harmless against all Losses arising from:

- (i) claims for injuries to, or death of, the Buyer's directors, officers, agents or employees, or loss of, or damage to, property of the Buyer or its employees, when such Losses occur during or are incidental to either party's exercise of any right or performance of any obligation under this Agreement, and
- (ii) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to (a) the provision of Seller Representatives services under Clause 15 including services performed on board the aircraft or (b) the provision of Aircraft Training Services to the Buyer.

## 19.3 Notice and Defense of Claims

If any claim is made or suit is brought against a party or entity entitled to indemnification under this Clause 19 (the "**Indemnitee**") for damages for which liability has been assumed by the other party under this Clause 19 (the "**Indemnitor**"),

the Indemnitee will promptly give notice to the Indemnitor and the Indemnitor (unless otherwise requested by the Indemnitee) will assume and conduct the defense, or settlement, of such claim or suit, as the Indemnitor will deem prudent. Notice of the claim or suit will be accompanied by all information pertinent to the matter as is reasonably available to the Indemnitee and will be followed by such cooperation by the Indemnitee as the Indemnitor or its counsel may reasonably request, at the expense of the Indemnitor.

\*\*\*\*\*

19.4 Insurance

19.4.1 For all Aircraft Training Services, to the extent of the Buyer's undertaking set forth in Clause 19.2, the Buyer will:

- (i) cause the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents and employees to be named as additional insured under the Buyer's Comprehensive Aviation Legal Liability insurance policies, including War Risks and Allied Perils (such insurance to include the AVN 52E Extended Coverage Endorsement Aviation Liabilities or any further Endorsement replacing AVN 52E as may be available as well as any excess coverage in respect of War and Allied Perils Third Parties Legal Liabilities Insurance), and
- (ii) with respect to the Buyer's Hull All Risks and Hull War Risks insurances and Allied Perils, cause the insurers of the Buyer's hull insurance policies to waive all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers.

19.4.2 Any applicable deductible will be borne by the Buyer. The Buyer will furnish to the Seller, not less than \*\*\*\*\* prior to the start of any Aircraft Training Services, certificates of insurance, in English, evidencing the limits of liability cover and period of insurance coverage in a form acceptable to the Seller from the Buyer's insurance broker(s), certifying that such policies have been endorsed as follows:

- (i) under the Comprehensive Aviation Legal Liability Insurances, the Buyer's policies are primary and non-contributory to any insurance maintained by the Seller,
- (ii) such insurance can only be cancelled or materially altered by the giving of not less than \*\*\*\*\* (but \*\*\*\*\* or such lesser period as may be customarily available in respect of War Risks and Allied Perils) prior written notice thereof to the Seller, and
- (iii) under any such cover, all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers have been waived.

20 - **TERMINATION**

20.1 Termination Events

Each of the following will constitute a “**Termination Event**”

- (1) \*\*\*\*\*
- (2) \*\*\*\*\*
- (3) \*\*\*\*\*
- (4) \*\*\*\*\*
- (5) \*\*\*\*\*
- (6) \*\*\*\*\*
- (7) \*\*\*\*\*
- (8) \*\*\*\*\*
- (9) \*\*\*\*\*
- (10) \*\*\*\*\*
- (11) \*\*\*\*\*

20.2 Remedies in Event of Termination

20.2.1 If a Termination Event occurs, the Buyer will be in material breach of this Agreement, and the Seller can elect any of the following remedies under the applicable law:

- A. \*\*\*\*\*
- B. \*\*\*\*\*
- C. \*\*\*\*\*
- D. \*\*\*\*\*

20.2.2 \*\*\*\*\*

- A. \*\*\*\*\*
- B. \*\*\*\*\*
- C. \*\*\*\*\*

20.2.3 \*\*\*\*\*

- A. \*\*\*\*\*
  - i. \*\*\*\*\*
  - ii. \*\*\*\*\*
  - iii. \*\*\*\*\*
  - iv. \*\*\*\*\*
  - v. \*\*\*\*\*
  - vi. \*\*\*\*\*
  - vii. \*\*\*\*\*

B. \*\*\*\*\*

20.2.4 The parties to this Agreement are commercially sophisticated parties acting within the same industry, and represented by competent counsel and the parties expressly agree and declare as follows:

- A. \*\*\*\*\*
- B. \*\*\*\*\*
- C. \*\*\*\*\*

20.3 Definitions

- \*\*\*\*\*
- i. \*\*\*\*\*
  - ii. \*\*\*\*\*
  - iii. \*\*\*\*\*.

20.4 Notice of Termination Event

Within \*\*\*\*\* of becoming aware of the occurrence of a Termination Event by the Buyer, the Buyer will notify the Seller of such occurrence in writing, provided, that any failure by the Buyer to notify the Seller will not prejudice the Seller's rights or remedies hereunder.

20.5 Information Covenants

The Buyer hereby covenants and agrees that, from the date of this Agreement until no further Aircraft are to be delivered hereunder, the Buyer will furnish or cause to be furnished to the Seller the following:

- a. \*\*\*\*\*
- b. \*\*\*\*\*
- c. \*\*\*\*\*
- d. \*\*\*\*\*
- e. \*\*\*\*\*

For the purposes of this Clause 20, (x) an "Authorized Officer" of the Buyer will mean the Chief Executive Officer, the Chief Financial Officer or any Vice President and above who reports directly or indirectly to the Chief Financial Officer and (y) "Subsidiaries" will mean, as of any date of determination, those companies owned by the Buyer whose financial results the Buyer is required to include in its statements of consolidated operations and consolidated balance sheets.

20.6

Nothing contained in this Clause 20 will be deemed to waive or limit the Seller's rights or ability to request adequate assurance under Article 2, Section 609 of the Uniform Commercial Code (the "UCC"). It is further understood that any commitment of the Seller or the Propulsion Systems manufacturer to provide financing to the Buyer shall not constitute adequate assurance under Article 2, Section 609 of the UCC.

**21 - ASSIGNMENTS AND TRANSFERS**

21.1 Assignments Except as hereinafter provided, neither party may sell, assign, novate or transfer its rights or obligations under this Agreement to any person without the prior written consent of the other, except that the Seller may sell, assign, novate or transfer its rights or obligations under this Agreement to any Affiliate without the Buyer's consent.

21.2 Assignments on Sale, Merger or Consolidation

The Buyer will be entitled to assign its rights under this Agreement at any time due to a merger, consolidation or a sale of all or substantially all of its assets, provided the Buyer first obtains the written consent of the Seller. The Buyer will provide the Seller with no less than \*\*\*\*\* notice if the Buyer wishes the Seller to provide such consent. The Seller will provide its consent if

- (i) the surviving or acquiring entity is organized and existing under the laws of the United States;
- (ii) the surviving or acquiring entity has executed an assumption agreement, in form and substance reasonably acceptable to the Seller, agreeing to assume all of the Buyer's obligations under this Agreement;
- (iii) at the time, and immediately following the consummation, of the merger, consolidation or sale, no Termination Event exists or will have occurred and be continuing;
- (iv) there exists with respect to the surviving or acquiring entity no basis for a Termination Event;
- (v) the surviving or acquiring entity is an air carrier holding an operating certificate issued by the FAA at the time, and immediately following the consummation, of such sale, merger or consolidation; and
- (vi) \*\*\*\*\*

21.3 Designations by Seller

The Seller may at any time by notice to the Buyer designate facilities or personnel of the Seller or any other Affiliate of the Seller at which or by whom the services to be performed under this Agreement will be performed. Notwithstanding such designation, the Seller will remain ultimately responsible for fulfilment of all obligations undertaken by the Seller in this Agreement.



In the event that the Seller is subject to a corporate restructuring having as its object the transfer of, or succession by operation of law in, all or a substantial part of its assets and liabilities, rights and obligations, including those existing under this Agreement, to a person (the “**Successor**”) that is an Affiliate of the Seller at the time of that restructuring, for the purpose of the Successor carrying on the business carried on by the Seller at the time of the restructuring, such restructuring will be completed without consent of the Buyer following notification by the Seller to the Buyer in writing. The Buyer recognizes that succession of the Successor to the Agreement by operation of law that is valid under the law pursuant to which that succession occurs will be binding upon the Buyer.

22 - MISCELLANEOUS PROVISIONS

22.1 Data Retrieval

On the Seller's reasonable request no more frequently than \*\*\*\*\*, the Buyer will provide the Seller with all the necessary data, as customarily compiled by the Buyer and pertaining to the operation of the Aircraft, to assist the Seller in making an efficient and coordinated survey of all reliability, maintenance, operational and cost data with a view to monitoring the efficient and cost effective operations of the Airbus fleet worldwide

22.2 Notices

All notices, requests and other communications required or authorized hereunder will be given in writing either by personal delivery to an authorized officer of the party to whom the same is given or by commercial courier, certified air mail (return receipt requested) or facsimile at the addresses and numbers set forth below. The date on which any such notice or request is received (or delivery is refused), will be deemed to be the effective date of such notice or request.

The Seller will be addressed at:

Airbus S.A.S.  
Attention: Senior Vice President Contracts  
1, Rond Point Maurice Bellonte  
31707 Blagnac Cedex,  
France

Telephone: +\*\*\*\*\*

Facsimile: +\*\*\*\*\*

The Buyer will be addressed at:

Frontier Airlines Inc.  
7001 Tower Road  
Denver, Colorado 80249-7312  
Attention: SVP – General Counsel

Telephone: \*\*\*\*\*

Facsimile: \*\*\*\*\*

From time to time, the party receiving the notice or request may designate another address or another person.

22.3 Waiver

The failure of either party to enforce at any time any of the provisions of this Agreement, to exercise any right herein provided or to require at any time performance

by the other party of any of the provisions hereof will in no way be construed to be a present or future waiver of such provisions nor in any way to affect the validity of this Agreement or any part hereof or the right of the other party thereafter to enforce each and every such provision. The express waiver by either party of any provision, condition or requirement of this Agreement will not constitute a waiver of any future obligation to comply with such provision, condition or requirement.

22.4 International Supply Contract

The Buyer and the Seller recognize that this Agreement is an international supply contract which has been the subject of discussion and negotiation, that all its terms and conditions are fully understood by the parties, and that the Specification and price of the Aircraft and the other mutual agreements of the parties set forth herein were arrived at in consideration of, inter alia, all provisions hereof specifically including all waivers, releases and remunerations by the Buyer set out herein.

22.5 Certain Representations of the Parties

22.5.1 Buyer's Representations

The Buyer represents and warrants to the Seller:

- (i) the Buyer is a corporation organized and existing in good standing under the laws of the State of Colorado and has the corporate power and authority to enter into and perform its obligations under this Agreement;
- (ii) neither the execution and delivery by the Buyer of this Agreement, nor the consummation of any of the transactions by the Buyer contemplated thereby, nor the performance by the Buyer of the obligations thereunder, constitutes a breach of any agreement to which the Buyer is a party or by which its assets are bound;
- (iii) this Agreement has been duly authorized, executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer enforceable against the Buyer in accordance with its terms.

22.5.2 Seller's Representations

The Seller represents and warrants to the Buyer:

- (i) the Seller is organized and existing in good standing under the laws of the Republic of France and has the corporate power and authority to enter into and perform its obligations under the Agreement;
- (ii) neither the execution and delivery by the Seller of this Agreement, nor the consummation of any of the transactions by the Seller contemplated thereby, nor the performance by the Seller of the obligations thereunder, constitutes a breach of any agreement to which the Seller is a party or by which its assets are bound;

(iii) this Agreement has been duly authorized, executed and delivered by the Seller and constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms.

22.6 Interpretation and Law

22.6.1 THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF WILL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

Each of the Seller and the Buyer (i) hereby irrevocably submits itself to the nonexclusive jurisdiction of the courts of the state of New York, New York County, and of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defense based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

THE PARTIES HEREBY ALSO AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS WILL NOT APPLY TO THIS TRANSACTION.

22.6.2 Service of process in any suit, action or proceeding in respect of any matter as to which the Seller or the Buyer has submitted to jurisdiction under Clause 22.6 may be made (i) on the Seller by delivery of the same personally or by dispatching the same via Federal Express, UPS, or similar international air courier service prepaid to, CT Corporation, New York City offices as agent for the Seller, it being agreed that service upon CT Corporation will constitute valid service upon the Seller or by any other method authorized by the laws of the State of New York, and (ii) on the Buyer by delivery of the same personally or by dispatching the same by Federal Express, UPS, or similar international air courier service prepaid, return receipt requested to its address for notices designated pursuant to Clause 22.2, or by any other method authorized by the laws of the State of New York; provided in each case that failure to deliver or mail such copy will not affect the validity or effectiveness of the service of process made as aforesaid.

22.7 Headings

All headings in this Agreement are for convenience of reference only and do not constitute a part of this Agreement.

22.8 Waiver of Jury Trial

EACH OF THE PARTIES HERETO WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM OR CROSS-CLAIM THEREIN.

22.9 Waiver of Consequential Damages

In no circumstances shall either party claim or receive incidental (other than as provided in Clause 20) or consequential damages under this Agreement.

22.10 No Representations Outside of this Agreement

The parties declare that, prior to the execution of this Agreement, they, with the advice of their respective counsel, apprised themselves of sufficient relevant data in order that they might intelligently exercise their own judgments in deciding whether to execute this Agreement and in deciding on the contents of this Agreement. Each party further declares that its decision to execute this Agreement is not predicated on or influenced by any declarations or representations by any other person, party, or any predecessors in interest, successors, assigns, officers, directors, employees, agents or attorneys of any said person or party, except as set forth in this Agreement. This Agreement resulted from negotiation involving counsel for all of the parties hereto and no term herein will be construed or interpreted against any party under the contra proferentum or any related doctrine.

22.11 Confidentiality

Subject to any legal or governmental requirements of disclosure (whether imposed by applicable law, court order otherwise), the parties (which for this purpose will include their employees and legal counsel) will maintain the terms and conditions of this Agreement and any reports or other data furnished hereunder strictly confidential, including but not limited to, the Aircraft pricing and all confidential, proprietary or trade secret information contained in any reports or other data furnished to it by the other party hereunder (the "**Confidential Information**"), provided that disclosure may be made to each party's respective accountants and lawyers so long as such accountants and lawyers have agreed to maintain the Confidential Information as strictly confidential. To the extent the Buyer furnishes any Confidential Information to its accountants or lawyers in accordance with this Clause 22.11, the Buyer agrees that it shall be liable to the Seller for damages resulting from unauthorized disclosures of Confidential Information by such parties. Without limiting the generality of the foregoing, the Buyer and the Seller will use their best efforts to limit the disclosure of the contents of this Agreement to the extent legally permissible in (i) any filing required to be made by the Buyer or the Seller with any governmental agency and will make such applications as will be necessary to implement the foregoing, and (ii) any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto. With respect to any public disclosure or filing, each party agrees to submit to the other a copy of the proposed document to be

filed or disclosed and will give the other party a reasonable period of time in which to review said document. The Buyer and the Seller will consult with each other prior to the making of any public disclosure or filing, permitted hereunder, of this Agreement or the terms and conditions thereof.

The provisions of this Clause 22.11 will survive any termination of this Agreement.

22.12 Severability

If any provision of this Agreement should for any reason be held ineffective, the remainder of this Agreement will remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law that renders any provision of this Agreement prohibited or unenforceable in any respect.

22.13 Entire Agreement

This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any previous understanding, commitments or representations whatsoever, whether oral or written. This Agreement will not be amended or modified except by an instrument in writing of even date herewith or subsequent hereto executed by both parties or by their fully authorized representatives.

22.14 Inconsistencies

In the event of any inconsistency between the terms of this Agreement and the terms contained in either (i) the Specification, or (ii) any other Exhibit, in each such case the terms of this Agreement will prevail over the terms of the Specification or any other Exhibit. For the purpose of this Clause 22.14, the term Agreement will not include the Specification or any other Exhibit hereto.

22.15 Language

All correspondence, documents and any other written matters in connection with this Agreement will be in English.

22.16 Counterparts

This Agreement has been executed in two (2) original copies.

Notwithstanding the foregoing, this Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered (including counterparts delivered by electronic mail or by facsimile transmission) will be an original, but all such counterparts will together constitute but one and the same instrument.

IN WITNESS WHEREOF, this A321 Aircraft Purchase Agreement was entered into as of the day and year first above written.

AIRBUS S.A.S.

By: /s/ Christophe Mourey  
Christophe Mourey  
Senior Vice President Contracts

FRONTIER AIRLINES, INC.

By: /s/ James G. Dempsey  
James G. Dempsey  
Chief Financial Officer

PA-5

---

**EXHIBIT A-1**

**A321 SPECIFICATION**

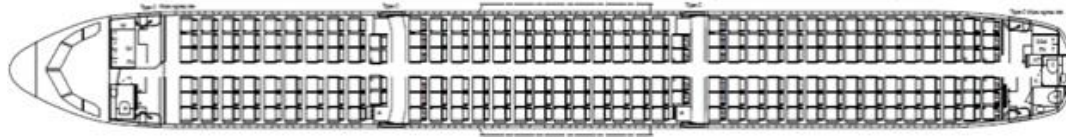
**The A321 Standard Specification is contained in a separate folder.**



[LOGO]  
 FRONTIER AIRLINES - A321-200  
 Customization budget

Based on A321-200 \*\*\*\*\*

Total SCN Price \*\*\*\*\*  
 Prices in \*\*\*\*\* Delivery Conditions (USD)



ATA	Description	List Price in USD (*****)	Comments
*****	*****	*****	
*****	*****	*****	*****
*****	*****	*****	
*****	*****	*****	
*****	*****	*****	
*****	*****	*****	
*****	*****	*****	
*****	*****	*****	
*****	*****	*****	
*****	*****	*****	*****
*****	*****	*****	
*****	*****	*****	
*****	*****	*****	
*****	*****	*****	*****
*****	*****	*****	
*****	*****	*****	
*****	*****	*****	

<u>ATA</u>	<u>Description</u>	<u>List Price in USD (****)</u>	<u>Comments</u>
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****

<u>Additional Options as per PA</u>	<u>Description</u>	<u>List Price in USD (dc 01/2014)</u>	<u>Comments</u>
*****	*****	*****	*****

FORM OF  
SPECIFICATION CHANGE NOTICE

EXH B-1 -1

**[LOGO]**  
**SPECIFICATION CHANGE NOTICE**  
**(SCN)**

For  
SCN Number  
Issue  
Dated  
Page

**Title:**

**Description:**

**Remarks/References**

**Specification changed by this SCN**

**This SCN requires prior or concurrent acceptance of the following SCN(s):**

**Price per aircraft**

US DOLLARS:  
AT DELIVERY CONDITIONS:

This change will be effective on

AIRCRAFT No. and subsequent.

Provided approval is received by

**Buyer approval**

**Seller approval**

By:

By:

Date:

Date:

**[LOGO]**  
**SPECIFICATION CHANGE NOTICE**  
**(SCN)**

For  
SCN Number  
Issue  
Dated  
Page

**Specification repercussion:**

After contractual agreement with respect to weight, performance, delivery, etc, the indicated part of the specification wording will read as follows:

**[LOGO]**  
**SPECIFICATION CHANGE NOTICE**  
**(SCN)**

For  
SCN Number  
Issue  
Dated  
Page

**Scope of change (FOR INFORMATION ONLY)**

**AIRBUS  
MANUFACTURER'S SPECIFICATION CHANGE  
NOTICE  
(SCN)**

**Airline**  
MSCN Number  
Issue  
Dated  
Page 1 of 3

**Title:**

**Description:**

**Effect on weight**

Manufacturer's Weight Empty Change:

Operational Weight Empty Change:

Allowable Payload Change:

**Remarks/References**

**Specification changed by this MSCN**

**Price per aircraft**

US DOLLARS:  
AT DELIVERY CONDITIONS:

This change will be effective on

AIRCRAFT No. and subsequent.

Provided MSCN is not rejected by

**Buyer Approval**

**Seller Approval**

By:

By:

Date:

Date:

**AIRBUS**  
**MANUFACTURER'S SPECIFICATION**  
**CHANGE NOTICE**  
**(MSCN)**

**Airline**  
MSCN Number  
Issue  
Dated  
Page 2 of 3

**Specification repercussion:**

After contractual agreement with respect to weight, performance, delivery, etc, the indicated part of the specification wording will read as follows:



**AIRBUS**  
**MANUFACTURER'S SPECIFICATION**  
**CHANGE NOTICE**  
**(MSCN)**

**Airline**  
MSCN Number  
Issue  
Dated  
Page 3 of 3

**Scope of change (FOR INFORMATION ONLY)**

**PART 1 SELLER PRICE REVISION FORMULA**

**1. BASE PRICE**

The Base Price of the A321 Airframe quoted in Clause 3.1.1.1 of the Agreement and \*\*\*\*\* (each a, "**Base Price**") are subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics, and in accordance with the provisions hereof.

**2. BASE PERIOD**

Each Base Price has been established in accordance with the average economic conditions prevailing in \*\*\*\*\* as defined by "ECIb" and "ICb" index values indicated hereafter.

**3. INDEXES**

Labor Index: "Employment Cost Index for Workers in Aerospace manufacturing" hereinafter referred to as "ECI336411W", quarterly published by the US Department of Labor, Bureau of Labor Statistics, in "NEWS", and found in Table 9, "WAGES and SALARIES (not seasonally adjusted): Employment Cost Indexes for Wages and Salaries for private industry workers by industry and occupational group", or such other name that may be from time to time used for the publication title and/or table, (Aircraft manufacturing, NAICS Code 336411, base month and year December 2005 = 100).

The quarterly value released for a certain month (March, June, September and December) shall be the one deemed to apply for the two preceding months.

Index code for access on the Web site of the US Bureau of Labor Statistics: CIU2023211000000I.

Material Index: "Industrial Commodities" (hereinafter referred to as "IC") as published in "PPI Detailed Report" (found in Table 6. "Producer price indexes and percent changes for commodity and service groupings and individual items not seasonally adjusted" or such other names that may be from time to time used for the publication title and/or table). (Base Year 1982 = 100).

Index code for access on the Web site of the US Bureau of Labor Statistics: WPU03THRU15.

**4. REVISION FORMULA**

\*\*\*\*\*

**5. GENERAL PROVISIONS****5.1 Roundings**

The Labor Index average and the Material Index average shall be computed to the first decimal. If the next succeeding place is five (5) or more, the preceding decimal place shall be raised to the next higher figure.

Each quotient (\*\*\*\*\*) and (\*\*\*\*\*) shall be rounded to the nearest ten-thousandth (4 decimals). If the next succeeding place is five (5) or more, the preceding decimal place shall be raised to the next higher figure.

The final factor shall be rounded to the nearest ten-thousandth (4 decimals).

The final price shall be rounded to the nearest whole number (0.5 or more rounded to 1).

**5.2 Substitution of Indexes for Seller Price Revision Formula**

If:

- (i) the United States Department of Labor substantially revises the methodology of calculation of the Labor Index or the Material Index as used in the Seller Price Revision Formula, or
- (ii) the United States Department of Labor discontinues, either temporarily or permanently, such Labor Index or such Material Index, or
- (iii) the data samples used to calculate such Labor Index or such Material Index are substantially changed;

the Seller shall select a substitute index for inclusion in the Seller Price Revision Formula (the "Substitute Index").

The Substitute Index shall reflect as closely as possible the actual variance of the Labor Costs or of the material costs used in the calculation of the original Labor Index or Material Index as the case may be.

As a result of the selection of the Substitute Index, the Seller shall make an appropriate adjustment to the Seller Price Revision Formula to combine the successive utilization of the original Labor Index or Material Index (as the case may be) and of the Substitute Index.

**5.3 Final Index Values**

The Index values as defined in Clause 4 above shall be considered final and no further adjustment to the base prices as revised at Delivery of the Aircraft shall be made after Aircraft Delivery for any subsequent changes in the published Index values.

5.4

\*\*\*\*\*

\*\*\*\*\*

EXH C-1 -3

**PART 2 PROPULSION SYSTEM PRICE REVISION FORMULA CFM INTERNATIONAL****1. REFERENCE PRICE OF THE PROPULSION SYSTEM**

The “**Reference Price**” (as such term is used in this Exhibit C Part 2) of a set of two (2) CFM International CFM56-5B3/3Engines is \*\*\*\*\*.

The Reference Price is subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics and in accordance with the provisions of this Exhibit C Part 2.

**2. REFERENCE PERIOD**

The Reference Price has been established in accordance with the economic conditions prevailing for \*\*\*\*\* as defined by CFM International by the Reference \*\*\*\*\*.

**3. INDEXES**

Labor Index: “Employment Cost Index for Workers in Aerospace manufacturing” hereinafter referred to as “ECI336411W”, quarterly published by the US Department of Labor, Bureau of Labor Statistics, in “NEWS”, and found in: Table 9, “WAGES and SALARIES (not seasonally adjusted): Employment Cost Indexes for Wages and Salaries for private industry workers by industry and occupational group”, or such other name that may be from time to time used for the publication title and/or table, (Aircraft manufacturing, NAICS Code 336411, base month and year December 2005 = 100, \*\*\*\*\*).

The quarterly value released for a certain month (March, June, September and December) will be the one deemed to apply for the two (2) preceding months.

Index code for access on the Web site of the US Bureau of Labor Statistics: CIU20232110000001.

Material Index: “Industrial Commodities” (hereinafter referred to as “IC”) as published in “PPI detailed report” (found in Table 6. “Producer price indexes and percent changes for commodity groupings and individual items not seasonally adjusted” or such other names that may be from time to time used for the publication title and/or table). (Base Year 1982 = 100).

Index code for access on the Web site of the US Bureau of Labor Statistics: WPU03THRU15.

**4. REVISION FORMULA**

\*\*\*\*\*

**5. GENERAL PROVISIONS****5.1 Roundings**

- (i) The Material Index average (\*\*\*\*\*) will be rounded to the nearest second decimal place and the Labor Index average (\*\*\*\*\*) will be rounded to the nearest first decimal place.
- (ii) \*\*\*\*\*) will be rounded to the nearest second decimal place.
- (iii) The final factor (\*\*\*\*\*) will be rounded to the nearest fourth decimal place.

If the next succeeding place is five (5) or more, the preceding decimal place will be raised to the next higher figure. After final computation, \*\*\*\*\*) will be rounded to the nearest whole number (0.5 rounds to 1).

**5.2 Final Index Values**

The revised Reference Price at the date of Aircraft delivery will not be subject to any further adjustment in the indexes.

**5.3 Interruption of Index Publication**

If the US Department of Labor substantially revises the methodology of calculation or discontinues any of the indexes referred to hereabove, the Seller will reflect the substitute for the revised or discontinued index selected by CFM International, such substitute index to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original index as it may have fluctuated had it not been revised or discontinued.

Appropriate revision of the formula will be made to accomplish this result.

**5.4 Annulment of the Formula**

Should the above \*\*\*\*\*) provisions become null and void by action of the US Government, the Reference Price will be adjusted due to increases in the costs of labor and material which have occurred from the period represented by the applicable Reference \*\*\*\*\*) to the \*\*\*\*\*) prior to the scheduled month of Aircraft delivery.

**5.5 \*\*\*\*\*)  
\*\*\*\*\*)**

**PART 3 PROPULSION SYSTEM PRICE REVISION FORMULA INTERNATIONAL AERO ENGINES****1. INTERNATIONAL AERO ENGINES PRICE REVISION FORMULA****Engines Reference Price**

The “**Reference Price**” (as such term is used in this Exhibit C Part 3) for a set of two (2) INTERNATIONAL AERO ENGINES IAE V2533-A5 Engines is \*\*\*\*\*.

This Reference Price applies to the Engine type as specified Clause 3.1.2.2 of the Agreement.

This Reference Price is subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics, and in accordance with the provisions hereof.

**1.2 Reference Period**

The above Reference Price has been established in accordance with the averaged economic conditions prevailing in \*\*\*\*\*, as defined, according to INTERNATIONAL AERO ENGINES by the ECIB and ICb, index values indicated in Clause 3.4. hereof.

**1.3 Indexes**

Labor Index: “Employment Cost Index for Workers in Aerospace manufacturing” hereinafter referred to as “ECI336411W”, quarterly published by the US Department of Labor, Bureau of Labor Statistics, in “NEWS”, and found in: Table 9, “WAGES and SALARIES (not seasonally adjusted); Employment Cost Indexes for Wages and Salaries for private industry workers by industry and occupational group”, or such other name that may be from time to time used for the publication title and/or table, (Aircraft manufacturing, NAICS Code 336411, base month and year December 2005 = 100).

The quarterly value released for a certain month (March, June, September and December) shall be the one deemed to apply for the two preceding months.

Index code for access on the Web site of the US Bureau of Labor Statistics: CIU2023211000000L.

Material Index: “Industrial Commodities” (hereinafter referred to as “IC”) as published in “PPI detailed report” (found in Table 6. “Producer price indexes and percent changes for commodity groupings and individual items not seasonally adjusted” or such other names that may be from time to time used for the publication title and/or table). (Base Year 1982 = 100).

Index code for access on the Web site of the US Bureau of Labor Statistics: WPU03THRU15.

**1.4 Revision Formula**

\*\*\*\*\*

**1.5 General Provisions****1.5.1 Roundings**

- (i) \*\*\*\*\* shall be calculated to the nearest tenth (1 decimal).
- (ii) Each quotient (\*\*\*\*\*) shall be calculated to the nearest ten-thousandth (4 decimals).
- (iii) The final factor shall be rounded to the nearest ten-thousandth (4 decimals).

If the next succeeding place is five (5) or more the preceding decimal place shall be raised to the nearest higher figure.

After final computation \*\*\*\*\* shall be rounded to the nearest whole number (0.5 rounds to 1).

**1.5.2 Final Index Values**

The revised Reference Price at the date of Aircraft delivery shall be the final price and shall not be subject to any further adjustments in the indexes.

If no final index values are available for any of the applicable month, the then published preliminary figures shall be the basis on which the Revised Reference Price shall be computed.

**1.5.3 Interruption of Index Publication**

If the US Department of Labor substantially revises the methodology of calculation or discontinues any of these indexes referred to hereabove, AIRBUS shall reflect the substitute for the revised or discontinued index selected by INTERNATIONAL AERO ENGINES, such substitute index to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original index as it may have fluctuated had it not been revised or discontinued.

Appropriate revision of the formula shall be made to accomplish this result.

**1.5.4 Annulment of Formula**

Should the above \*\*\*\*\* provisions become null and void by action of the US Government, the Reference Price shall be adjusted due to increases in the costs of labor and materiel which have occurred from the period represented by the applicable \*\*\*\*\* to the \*\*\*\*\* prior to the scheduled Aircraft delivery.

**1.5.5 \*\*\*\*\***



\*\*\*\*\*

EXH C PT3 -3

CERTIFICATE OF ACCEPTANCE

In accordance with the terms of Clause 8.3 of the Purchase Agreement dated [day] October 2014 and made between Frontier Airlines, Inc. (the “Customer”) and Airbus S.A.S. as amended and supplemented from time to time (the “Purchase Agreement”), the technical acceptance tests relating to one Airbus A321-[ ] aircraft, bearing manufacturer’s serial number [ ], and registration mark [ ] (the “Aircraft”) have taken place in \*\*\*\*\* (the “Owner”).

In view of said tests having been carried out successfully, the undersigned accepts the Aircraft for delivery in accordance with Clause 8.1.1 and the other provisions of the Purchase Agreement.

Such acceptance shall not impair the rights that may be derived from the warranties relating to the Aircraft set forth in the Purchase Agreement.

Any right at law or otherwise to revoke this acceptance of the Aircraft is hereby irrevocably waived.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by its duly authorized representative this      day of [month], [year] in \*\*\*\*\*.

[OWNER].

Name:

Title:

Signature:

**BILL OF SALE**

Know all men by these presents that Airbus S.A.S., a *Société par Actions Simplifiée* existing under French law and having its principal office at 1 rond-point Maurice Bellonte, 31707 Blagnac Cedex, FRANCE (the “**Seller**”), was this [day] [month] [year] the owner of the title to the following airframe (the “**Airframe**”), the propulsion system as specified (the “**Propulsion System**”) and all appliances, components, parts, instruments, accessories, furnishings, modules and other equipment of any nature, \*\*\*\*\* incorporated therein, installed thereon or attached thereto on the date hereof (the “**Parts**”):

**AIRFRAME:**

AIRBUS Model A3[ ]-[ ]

**MANUFACTURERS**

**SERIAL NUMBER:** [ ]

**PROPULSION SYSTEMS:**

[propulsion system manufacturer] Model [ ]

**ENGINE SERIAL NUMBERS**

LH: [ ]

RH: [ ]

**REGISTRATION MARK:** [ ]

\*\*\*\*\*

The Airframe, [Propulsion System] and Parts are hereafter together referred to as the “**Aircraft**”.

The Seller did this day of [month] [year], sell, transfer and deliver all of its rights, title and interest in and to the Aircraft \*\*\*\*\* to the following entity and to its successors and assigns forever, said Aircraft \*\*\*\*\* to be the property thereof:

[ ]  
(the “**Buyer**”)

The Seller hereby warrants to the Buyer, its successors and assigns that it had [(i)] good and lawful right to sell, deliver and transfer title to the Aircraft to the Buyer and that there was conveyed to the Buyer good, legal and valid title to the Aircraft, free and clear of all liens, claims, charges, encumbrances and rights of others and that the Seller will warrant and defend such title forever against all claims and demands whatsoever \*\*\*\*\*.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of New York, United States of America.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by its duly authorized representative this day of [month], [year] in \*\*\*\*\*.

**AIRBUS S.A.S.**

---

Name:

Title:

Signature:

**SERVICE LIFE POLICY**

**LIST OF ITEMS**

EXH F -1

SELLER SERVICE LIFE POLICY

- 1. The Items covered by the Service Life Policy pursuant to Clause 12.2 are those Seller Items of primary and auxiliary structure described hereunder.
  
- 2. **WINGS - CENTER AND OUTER WING BOX (LEFT AND RIGHT)**
  - 2.1 \*\*\*\*\*
  - 2.1.1 \*\*\*\*\*
  - 2.1.2 \*\*\*\*\*
  - 2.1.3 \*\*\*\*\*
  - 2.2 \*\*\*\*\*
  - 2.2.1 \*\*\*\*\*
  - 2.2.2 \*\*\*\*\*
  - 2.2.3 \*\*\*\*\*
  - 2.2.4 \*\*\*\*\*
  - 2.3 \*\*\*\*\*
  - 2.3.1 \*\*\*\*\*
  - 2.3.1.1 \*\*\*\*\*
  - 2.3.1.2 \*\*\*\*\*
  - 2.3.2 \*\*\*\*\*
  - 2.3.2.1 \*\*\*\*\*
  - 2.3.2.2 \*\*\*\*\*
  - 2.3.3 \*\*\*\*\*
  - 2.3.3.1 \*\*\*\*\*
  - 2.3.3.2 \*\*\*\*\*
  - 2.4 \*\*\*\*\*
  - 2.4.1 \*\*\*\*\*
  - 2.4.1.1 \*\*\*\*\*

2.4.1.2 \*\*\*\*\*  
2.4.1.3 \*\*\*\*\*  
2.4.1.4 \*\*\*\*\*

**3. FUSELAGE**

**3.1** \*\*\*\*\*  
3.1.1 \*\*\*\*\*  
3.1.2 \*\*\*\*\*  
3.1.3 \*\*\*\*\*  
3.1.4 \*\*\*\*\*  
3.1.5 \*\*\*\*\*  
3.1.6 \*\*\*\*\*  
3.1.7 \*\*\*\*\*  
3.1.8 \*\*\*\*\*  
**3.2** \*\*\*\*\*  
3.2.1 \*\*\*\*\*  
3.2.2 \*\*\*\*\*  
3.2.3 \*\*\*\*\*

**4. STABILIZERS**

**4.1** \*\*\*\*\*  
4.1.1 \*\*\*\*\*  
4.1.2 \*\*\*\*\*  
4.1.3 \*\*\*\*\*  
4.1.4 \*\*\*\*\*  
4.1.5 \*\*\*\*\*  
4.1.5.1 \*\*\*\*\*

4.1.5.2 \*\*\*\*\*

4.2 \*\*\*\*\*

4.2.1 \*\*\*\*\*

4.2.2 \*\*\*\*\*

4.2.3 \*\*\*\*\*

4.2.4 \*\*\*\*\*

4.2.5 \*\*\*\*\*

4.2.5.1 \*\*\*\*\*

4.2.5.2 \*\*\*\*\*

5. **EXCLUSIONS**

\*\*\*\*\*

EXH F-4



TECHNICAL DATA & SOFTWARE

EXH G -1

**TECHNICAL DATA & SOFTWARE**

Where applicable, data shall be established in general compliance with the ATA 100 Information Standards for Aviation Maintenance and the applicable provisions for digital standard of ATA Specification 2200 (iSpec2200).

The Seller shall provide the Buyer with the following Technical Data (or such other equivalent Technical Data as may be applicable at the time of their provision to the Buyer).

**1. AIRBUS FLIGHT OPERATIONS DATA PACKAGE**

The Airbus Flight Operations Data Package encompasses the following customised operational manuals required to operate the Aircraft:

- Flight Manual (FM),
- Flight Crew Operating Manual (FCOM),
- Flight Crew Training Manual (FCTM),
- Quick Reference Handbook (QRH),
- Cabin Crew Operating Manual (CCOM),
- Master Minimum Equipment List (MMEL),
- Weight and Balance Manual (WBM).

**1.1 Format of Data**

The Flight Operations Data Package shall be available on-line through the Seller's customer portal AirbusWorld in eXtensible Mark-up Language (XML), for downloading and further data processing and customization, and/or in Portable Document Format (PDF), as applicable.

In addition, the Seller shall make available up to a maximum of two (2) QRH sets per Aircraft in paper format.

Upon the Buyer's request, a back-up copy of the manuals of the Flight Operations Data Package may be provided off-line on CD or DVD.

**1.2 Availability Schedule**

The Airbus Flight Operations Data Package, reflecting the Buyer's Aircraft configuration, shall be available to the Buyer \*\*\*\*\* before the Scheduled Delivery Month of the first Aircraft.

A preliminary customized MMEL shall be available \*\*\*\*\* prior to the Scheduled Delivery Month of the first Aircraft.

The final issue of WBM and FM shall be made available at the time of each Aircraft Delivery.

**2. AIRBUS MAINTENANCE TECHNICAL DATA PACKAGE**

The Airbus Maintenance Technical Data Package encompasses the following customised maintenance data required for on-aircraft maintenance to ensure the continued airworthiness of the Aircraft:

- Aircraft Maintenance Manual (AMM),
- Aircraft Wiring Manual (AWM),
- Aircraft Schematics Manual (ASM),
- Aircraft Wiring Lists (AWL),
- Illustrated Part Catalog (IPC),
- Trouble Shooting Manual (TSM).
- Format of Data

The Airbus Maintenance Technical Data Package shall be available in the Airn@v/Maintenance module of the AirN@v software and shall be accessible on-line through the Seller's customer portal AirbusWorld.

In addition, if so requested by the Buyer, the corresponding raw data in Standard Generalized Mark-up Language (SGML) format shall also be made available for download from the Seller's customer portal AirbusWorld.

Upon the Buyer's request, a back-up copy of the data of the Airbus Maintenance Technical Data Package may be provided off-line on CD or DVD.

**2.1 Availability Schedule**

The Airbus Maintenance Technical Data Package, reflecting the Buyer's Aircraft configuration, shall be available to the Buyer \*\*\*\*\* before the Scheduled Delivery Month of the first Aircraft.

Upon the Buyer's request, where applicable, preliminary customized maintenance data may be available \*\*\*\*\* prior to the Scheduled Delivery Month of the first Aircraft.

**3. NON-CUSTOMIZED TECHNICAL DATA**

Non-customised Technical Data, provided as part of the Maintenance Technical Data Package, shall be made available to the Buyer either in the corresponding Airn@v software module, as detailed in Clause 14.9 of the Agreement, or in PDF format, as applicable.

The Technical Data belonging to each AirN@v module and/or available in PDF format shall be as listed in the Seller's Customer Services Catalog current at the time of the delivery of the Technical Data.

Non-customised Technical Data shall be made available to the Buyer in accordance with a schedule to be mutually agreed between the Buyer and Seller no later than \*\*\*\*\* prior to the Scheduled Delivery Month of the first Aircraft.

**4. ADDITIONAL TECHNICAL DATA**

**4.1** In addition to the Flight Operations Data Package and the Maintenance Technical Data Package, the Seller shall provide, at Delivery of each Aircraft, on-line access to the Aircraft mechanical drawings that cover installation of structure and systems fitted on the Buyer's Aircraft at Delivery.

**4.2** Within \*\*\*\*\* after the Delivery of each Aircraft, the Seller shall provide:

- the weighing report, for integration into the WBM by the Buyer,
- the Electrical Load Analysis (ELA), in a format allowing further updating by the Buyer.

**MATERIAL  
SUPPLY AND SERVICES  
EXH G -1**

**1. GENERAL**

**1.1 Scope**

- 1.1.1 This Exhibit H sets forth the terms and conditions for the support and services offered by the Seller to the Buyer with respect to Material (as defined below).
- 1.1.2 References made to Articles will be deemed to refer to articles of this Exhibit H unless otherwise specified.
- 1.1.3 For purposes of this Exhibit H:
- 1.1.4 The term “**Supplier**” will mean any supplier (other than the Seller) providing any of the Material listed in Article 1.2.1 and the term “**Supplier Part**” will mean an individual item of Material.
- 1.1.5 The term “**SPEC 2000**” means the “**E-Business Specification for Materials Management**” document published by the Air Transport Association of America.

**1.2 Material Categories**

1.2.1 Each of the following constitutes “**Material**” for purposes of this Exhibit H:

- (i) Seller Parts;
- (ii) Supplier Parts classified as Repairable Line Maintenance Parts (as defined in SPEC 2000);
- (iii) Supplier Parts classified as Expendable Line Maintenance Parts (as defined in SPEC 2000);
- (iv) Seller and Supplier ground support equipment and specific-to-type tools

where “**Seller Parts**” means Seller’s proprietary parts bearing a part number of the Seller or for which the Seller has the exclusive sales rights.

1.2.2 Propulsion Systems, engine exchange kits, their accessories and parts for any of the foregoing, are not covered under this Exhibit H.

**1.3 Term**

During a period commencing on the date hereof and continuing as long as at least \*\*\*\*\* aircraft of the model of the Aircraft are operated in commercial air transport service, of which \*\*\*\*\* (the “**Term**”), the Seller will maintain, or cause to be maintained, a reasonable stock of \*\*\*\*\*.

The Seller will use reasonable efforts to obtain a similar service from all Suppliers of Supplier Parts originally installed on an Aircraft at Delivery.

*Confidential*

## **1.4 Airbus Material Store**

### **1.4.1 AACS Spares Center**

The Seller has established and will maintain or cause to be maintained, during the Term, a US store (“**US Spares Center**”). The US Spares Center will be operated twenty-four (24) hours per day, seven (7) days per week, for the handling of AOG and critical orders for Seller Parts.

The Seller will make reasonable efforts to deliver Seller Parts to the Buyer from the US Spares Center.

### **1.4.2 Material Support Center, Germany**

The Seller has established its material headquarters in Hamburg, Germany (the “**Airbus Material Center**”) and will, during the Term, maintain, or have maintained on its behalf, a central store of Seller Parts. The Airbus Material Center will be operated twenty-four (24) hours per day, seven (7) days per week.

### **1.4.3 Other Points of Shipment**

#### **1.4.3.1** In addition to the US Spares Center and the Airbus Material Center, the Seller and its Affiliates operate a global network of regional satellite stores (the “**Regional Satellite Stores**”). A list of such stores will be provided to the Buyer upon the Buyer’s request.

#### **1.4.3.2** The Seller reserves the right to effect deliveries from distribution centers other than the US Spares Center or the Airbus Material Center, which may include the Regional Satellite Stores or any other production or Supplier’s facilities.

## **1.5 Customer Order Desk**

The Seller operates a “**Customer Order Desk**”, the main functions of which are:

- (ii) Management of order entries for all priorities, including Aircraft On Ground (“**AOG**”);
- (iii) Management of order changes and cancellations;
- (iv) Administration of Buyer’s routing instructions;
- (v) Management of Material returns;
- (vi) Clarification of delivery discrepancies;
- (vii) Issuance of credit and debt notes.

The Buyer hereby agrees to communicate its orders for Material to the Customer Order Desk either in electronic format (SPEC 2000) or via the Internet.

**1.7 Commitments of the Buyer**

1.7.1 During the Term, the Buyer agrees to purchase Seller Parts from

- (a) the Seller, AACS or the Seller’s licensee(s) that are required for the Buyer’s own needs; or
- (b) other operators or from distributors, provided said Seller Parts were originally designed by the Seller and manufactured by the Seller or its licensees.

1.7.2 Subject to the express further agreement of the Seller in relation to Article 1.7.2 (ii) below, the Buyer may manufacture, exclusively for its own use parts that are equivalent to Seller Parts, provided, however, that it may only do so in one of the following circumstances:

- (i) \*\*\*\*\*
- (ii) \*\*\*\*\*
- (iii) \*\*\*\*\*

1.7.3

1.7.3.1 The rights granted to the Buyer in Article 1.7.2 will not in any way be construed as a license, nor will they in any way obligate the Buyer to pay any license fee or royalty, nor will they in any way be construed to affect the rights of third parties.

1.7.3.2 \*\*\*\*\*

1.7.3.3 The Buyer will allocate its own part number to any part manufactured in accordance with Article 1.7.2. The Buyer will under no circumstances be allowed to use the Airbus part number of the Seller Part to which such manufactured part is intended to be equivalent.

1.7.3.4 The Buyer will not be entitled to sell or lend any part manufactured under the provisions of Article 1.7.2 to any third party.

**2. INITIAL PROVISIONING**

**2.1 Period**

The initial provisioning period commences with the Pre-Provisioning Meeting, as defined in Article 2.2.1, and expires on the \*\*\*\*\* under the Agreement as of the date hereof (“**Initial Provisioning Period**”).

**2.2 Pre-Provisioning Meeting**



2.2.1 The Seller will organize a pre-provisioning meeting at US Spares Center or at the Airbus Material Center, or at any other agreed location, for the purpose of setting an acceptable schedule and working procedure for the preparation of the initial issue of the Provisioning Data and the Initial Provisioning Conference referred to, respectively, in Articles 2.4 and 2.3 below (the “**Pre-Provisioning Meeting**”).

During the Pre-Provisioning Meeting, the Seller will familiarize the Buyer with the provisioning processes, methods and formulae of calculation and documentation.

2.2.2 The Pre-Provisioning Meeting will take place on an agreed date that is no later than \*\*\*\*\* prior to Scheduled Delivery Month of the first Aircraft, allowing a minimum preparation time of \*\*\*\*\* for the Initial Provisioning Conference.

### 2.3 **Initial Provisioning Conference**

The Seller will organize an initial provisioning conference at the US Spares Center or at the Airbus Material Center (the “**Initial Provisioning Conference**”), the purpose of which will be to agree the material scope and working procedures to accomplish the initial provisioning of Material (the “**Initial Provisioning**”).

The Initial Provisioning Conference will take place at the earliest \*\*\*\*\* after Aircraft Manufacturer Serial Number allocation or Contractual Definition Freeze, whichever occurs last and latest \*\*\*\*\* before the Scheduled Delivery Month of the first Aircraft.

### 2.4 **Provisioning Data**

2.4.1 Provisioning data generally in accordance with SPEC 2000, Chapter 1, for Material described in Articles 1.2.1 (i) through 1.2.1 (iii) (“**Provisioning Data**”) will be supplied by the Seller to the Buyer in the English language, in a format and timeframe to be agreed during the Pre-Provisioning Meeting.

2.4.1.1 Unless a longer revision cycle has been agreed between the Buyer and the Seller, the Provisioning Data will be revised every \*\*\*\*\* up to the end of the Initial Provisioning Period.

2.4.1.2 The Seller will ensure that Provisioning Data is provided to the Buyer in time to permit the Buyer to perform any necessary evaluation and to place orders in a timely manner.

2.4.1.3 Provisioning Data generated by the Seller will comply with the configuration of the Aircraft as documented \*\*\*\*\* before the date of issue.

This provision will not cover:

- (i) Buyer modifications not known to the Seller,
- (ii) other modifications not approved by the Seller’s Aviation Authorities or by the FAA.

*Confidential*

2.4.2 Supplier-Supplied Data

Provisioning Data relating to each Supplier Part (both initial issue and revisions) will be produced by Supplier thereof and may be delivered to the Buyer either by the Seller or such Supplier. It is agreed and understood by the Buyer that the Seller will not be responsible for the substance, accuracy or quality of such data. Such Provisioning Data will be provided in either SPEC 2000 format or any other agreed format.

2.4.3 Supplementary Data

The Seller will provide the Buyer with data supplementary to the Provisioning Data, comprising local manufacture tables, ground support equipment, specific-to-type tools and a pool item candidate list.

2.5 **Commercial Offer**

Upon the Buyer's request, the Seller will submit a commercial offer for Initial Provisioning.

2.6 **Delivery of Initial Provisioning Material**

2.6.1 During the Initial Provisioning Period, Initial Provisioning Material will conform to the latest known configuration standard of the Aircraft for which such Material is intended as reflected in the Provisioning Data transmitted by the Seller.

2.6.2 The delivery of Initial Provisioning Material will take place according to the conditions specified in the commercial offer mentioned in Article 2.5.

2.6.3 All Initial Provisioning Material will be packaged in accordance with ATA 300 Specification.

2.7 **Buy-Back Period and Buy-Back of Initial Provisioning Surplus Material**

- a) \*\*\*\*\*
- b) \*\*\*\*\*
- c) \*\*\*\*\*
  - i) \*\*\*\*\*
  - ii) \*\*\*\*\*
  - iii) \*\*\*\*\*
  - iv) \*\*\*\*\*
  - v) \*\*\*\*\*

- vi) \*\*\*\*\*
- vii) \*\*\*\*\*
- d) \*\*\*\*\*
  - \*\*\*\*\*
  - \*\*\*\*\*
- e) \*\*\*\*\*
- f) \*\*\*\*\*

**3. OTHER MATERIAL SUPPORT**

**3.1** As of the date hereof, the Seller currently offers various types of parts support through the Customer Services Catalog on the terms and conditions set forth therein from time to time, including, but not limited to the lease of certain Seller Parts, the repair of Seller Parts and the sale or lease of ground support equipment and specific-to-type tools.

**4. WARRANTIES**

**4.1 Seller Parts**

Subject to the limitations and conditions as hereinafter provided, the Seller warrants to the Buyer that all Seller Parts, sold under this Exhibit H will at delivery to the Buyer:

- (i) be free from defects in material.
- (ii) be free from defects in workmanship, including without limitation processes of manufacture.
- (iii) be free from defects arising from failure to conform to the applicable specification for such part.
- (iv) \*\*\*\*\*

**4.1.1 Warranty Period**

**4.1.1.1** The warranty period for Seller Parts is \*\*\*\*\* for new Seller Parts and \*\*\*\*\* for used Seller Parts from delivery of such parts to the Buyer.

**4.1.1.2** Whenever any Seller Part that contains a defect for which the Seller is liable under Article 4.1 has been corrected, replaced or repaired pursuant to the terms of this Article 4.1, the period of the Seller’s warranty with respect to such corrected, repaired or

replacement Seller Part, as the case may be, will be the remaining portion of the original warranty period or \*\*\*\*\*, whichever is longer.

#### 4.1.2 Buyer's Remedy and Seller's Obligation

The Buyer's remedy and Seller's obligation and liability under this Article 4.1 are limited to the repair, replacement or correction, at the Seller's expense and option, of any Seller Part that is defective.

The Seller may alternatively furnish to the Buyer's account with the Seller a \*\*\*\*\*.

The provisions of Clauses 12.1.5 through 12.1.11 of the Agreement will apply to claims made pursuant to this Article 4.1.

#### 4.2 Supplier Parts

With respect to Supplier Parts to be delivered to the Buyer under this Exhibit H, the Seller agrees to transfer to the Buyer the benefit of any warranties, which the Seller may have obtained from the corresponding Suppliers and the Buyer hereby agrees that it will accept the same.

#### 4.3 Waiver, Release and Renunciation

THIS ARTICLE 4 (INCLUDING ITS SUBPARTS) SETS FORTH THE EXCLUSIVE WARRANTIES, EXCLUSIVE LIABILITIES AND EXCLUSIVE OBLIGATIONS OF THE SELLER, AND THE EXCLUSIVE REMEDIES AVAILABLE TO THE BUYER, WHETHER UNDER THIS AGREEMENT OR OTHERWISE, ARISING FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN ANY SELLER PART, MATERIAL, OR SERVICES (IF ANY) DELIVERED BY THE SELLER UNDER THIS EXHIBIT H.

THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES OF THE SELLER AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER AND ITS SUPPLIERS, WHETHER EXPRESS OR IMPLIED BY CONTRACT, TORT, OR STATUTORY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMITY OR DEFECT OR PROBLEM OF ANY KIND IN ANY SELLER PART, MATERIAL, LEASED PART, OR SERVICES (IF ANY) DELIVERED BY THE SELLER UNDER THIS EXHIBIT H, INCLUDING BUT NOT LIMITED TO:

- (1) ANY IMPLIED WARRANTY OF MERCHANTABILITY AND/OR FITNESS FOR ANY GENERAL OR PARTICULAR PURPOSE;
- (2) ANY IMPLIED OR EXPRESS WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE;

*Confidential*

- (3) ANY RIGHT, CLAIM OR REMEDY FOR BREACH OF CONTRACT;
- (4) ANY RIGHT, CLAIM OR REMEDY FOR TORT, UNDER ANY THEORY OF LIABILITY, HOWEVER ALLEGED, INCLUDING, BUT NOT LIMITED TO, ACTIONS AND/OR CLAIMS FOR NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL ACTS, WILLFUL DISREGARD, IMPLIED WARRANTY, PRODUCT LIABILITY, STRICT LIABILITY OR FAILURE TO WARN;
- (5) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER THE UNIFORM COMMERCIAL CODE OR ANY OTHER STATE OR FEDERAL STATUTE;
- (6) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER ANY REGULATIONS OR STANDARDS IMPOSED BY ANY INTERNATIONAL, NATIONAL, STATE OR LOCAL STATUTE OR AGENCY;
- (7) ANY RIGHT, CLAIM OR REMEDY TO RECOVER OR BE COMPENSATED FOR:
  - (A) LOSS OF USE OR REPLACEMENT OF ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THE AGREEMENT;
  - (B) LOSS OF, OR DAMAGE OF ANY KIND TO, ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THE AGREEMENT;
  - (C) LOSS OF PROFITS AND/OR REVENUES;
  - (D) ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGE.

THE WARRANTIES PROVIDED BY THIS AGREEMENT WILL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY THE SELLER AND THE BUYER. IN THE EVENT THAT ANY PROVISION OF THIS ARTICLE 4 SHOULD FOR ANY REASON BE HELD UNLAWFUL, OR OTHERWISE UNENFORCEABLE, THE REMAINDER OF THIS ARTICLE 4 WILL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSES OF THIS ARTICLE 4, THE "SELLER" WILL BE UNDERSTOOD TO INCLUDE THE SELLER, ANY OF ITS SUPPLIERS, SUBCONTRACTORS, AND AFFILIATES AND ANY OF THEIR RESPECTIVE INSURERS.

#### 4.4

#### **Duplicate Remedies**

EXH G -1

The remedies provided to the Buyer under this Article 4 as to any part thereof are mutually exclusive and not cumulative. The Buyer will be entitled to the remedy that provides the maximum benefit to it, as the Buyer may elect, pursuant to the terms and conditions of this Article 4 for any particular defect for which remedies are provided under this Article 4; provided, however, that the Buyer will not be entitled to elect a remedy under one part of this Article 4 that constitutes a duplication of any remedy elected by it under any other part hereof for the same defect. The Buyer's rights and remedies herein for the nonperformance of any obligations or liabilities of the Seller arising under these warranties will be in monetary damages limited to the amount the Buyer expends in procuring a correction or replacement for any covered part subject to a defect or nonperformance covered by this Article 4, and the Buyer will not have any right to require specific performance by the Seller.

**5. COMMERCIAL CONDITIONS**

**5.1 Delivery Terms**

All Material prices are quoted on the basis of Free Carrier (FCA) delivery terms, without regard to the place from which such Material is shipped. The term "**Free Carrier (FCA)**" is as defined by publication n° 560 of the International Chamber of Commerce, published in January 2000.

**5.2 Payment Procedures and Conditions**

All payments under this Exhibit H will be made in accordance with the terms and conditions set forth in the then current Customer Services e-Catalog.

**5.3 Title**

Title to any Material purchased under this Exhibit H will remain with the Seller until full payment of the invoices and interest thereon, if any, has been received by the Seller.

The Buyer hereby undertakes that Material title to which has not passed to the Buyer will be kept free from any debenture or mortgage or any similar charge or claim in favour of any third party.

**5.4 Cessation of Deliveries**

The Seller has the right to restrict, stop or otherwise suspend deliveries of Material in this Exhibit H, or its other obligations under this Exhibit H, if the Buyer fails to meet its material obligations set forth in this Exhibit H.

**6. EXCUSABLE DELAY**

Clauses 10.1 and 10.2 of the Agreement will apply, mutatis mutandis, to all Material support and services provided under this Exhibit H.

*Confidential*

**7. TERMINATION OF MATERIAL PROCUREMENT COMMITMENTS**

**7.1** If the Agreement is terminated with respect to any Aircraft, then the rights and obligations of the parties with respect to undelivered spare parts, services, data or other items to be purchased hereunder and which are applicable to those Aircraft for which the Agreement has been terminated will also be terminated. Unused Material in excess of the Buyer's requirements due to such termination may be repurchased by the Seller, at the Seller's option, as provided in Article 2.7.

**8. INCONSISTENCY**

In the event of any inconsistency between this Exhibit H and the Customer Services Catalog or any order placed by the Buyer, this Exhibit H will prevail to the extent of such inconsistency.

*Confidential*

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.17(b)**

LETTER AGREEMENT NO. 5

As of October 31, 2014

Frontier Airlines, Inc.  
7001 Tower Road  
Denver, Colorado 80249-7312

Re: \*\*\*\*\*

Dear Ladies and Gentlemen,

FRONTIER AIRLINES, INC. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into an Airbus A321 Purchase Agreement dated of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 5 (the “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.



1. \*\*\*\*\*

The following sub-clause will be added to Clause 21 of the Agreement:

QUOTE

21.6 \*\*\*\*\*

\*\*\*\*\*

(a) \*\*\*\*\*

(b) \*\*\*\*\*

(c) \*\*\*\*\*

(d) \*\*\*\*\*

(e) \*\*\*\*\*

i. \*\*\*\*\*

ii. \*\*\*\*\*

(A) \*\*\*\*\*

(B) \*\*\*\*\*

(C) \*\*\*\*\*

(D) \*\*\*\*\*

(f) \*\*\*\*\*

(g) \*\*\*\*\*

(h) \*\*\*\*\*

(i) \*\*\*\*\*

(j) \*\*\*\*\*

(k) \*\*\*\*\*

(l) \*\*\*\*\*

(m) \*\*\*\*\*

(n) \*\*\*\*\*

*Confidential*

\*\*\*\*\*

UNQUOTE

**2. ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 and Clause 21.5 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller, and any attempted assignment or transfer in contravention of the provisions of this Paragraph 2 will be void and of no force or effect.

**3. CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

**4. COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered (including counterparts delivered by electronic mail or by facsimile transmission) will be an original, but all such counterparts will together constitute one and the same instrument.

*Confidential*

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

FRONTIER AIRLINES, INC.

By: /s/ James G. Dempsey

Its: Chief Financial Officer

*Confidential*

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.17(c)**

LETTER AGREEMENT NO. 6A

As of October 31, 2014

Frontier Airlines, Inc.  
7001 Tower Road  
Denver, Colorado 80249-7312

**Re: A321 AIRCRAFT PERFORMANCE GUARANTEE – CEO (CFM ENGINES)**

Dear Ladies and Gentlemen,

FRONTIER AIRLINES (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into an Airbus A321 Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 6A (the “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the A321 Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1. AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2 and 3 below (the "Guarantees") are applicable to the A321 Aircraft as described in the A321 Standard Specification \*\*\*\*\* as amended by the following SCNs:

- ii) \*\*\*\*\*
- iii) \*\*\*\*\*
- iii) \*\*\*\*\*

hereinafter referred to as the "Specification" without taking into account any further changes thereto as provided in the Agreement except as provided in paragraph 6 below (for purposes of this Letter Agreement the "A321 Aircraft").

2. \*\*\*\*\* GUARANTEES

2.1 \*\*\*\*\*

2.1.1 \*\*\*\*\*

\*\*\*\*\*

- a) \*\*\*\*\*
- b) \*\*\*\*\*
- c) \*\*\*\*\*
- d) \*\*\*\*\*
- e) \*\*\*\*\*
- f) \*\*\*\*\*
- g) \*\*\*\*\*
- h) \*\*\*\*\*

- 1) \*\*\*\*\*
- 2) \*\*\*\*\*
- 3) \*\*\*\*\*
- 4) \*\*\*\*\*
- 5) \*\*\*\*\*

2.1.2 \*\*\*\*\*

\*\*\*\*\*

2.2 \*\*\*\*\*

2.2.1 \*\*\*\*\*

\*\*\*\*\*

a) \*\*\*\*\*

b) \*\*\*\*\*

c) \*\*\*\*\*

d) \*\*\*\*\*

e) \*\*\*\*\*

f) \*\*\*\*\*

g) \*\*\*\*\*

h) \*\*\*\*\*

1) \*\*\*\*\*

2) \*\*\*\*\*

3) \*\*\*\*\*

4) \*\*\*\*\*

5) \*\*\*\*\*

2.2.2 \*\*\*\*\*

\*\*\*\*\*

2.3 \*\*\*\*\*

2.3.1 \*\*\*\*\*

\*\*\*\*\*

a) \*\*\*\*\*

b) \*\*\*\*\*

c) \*\*\*\*\*

d) \*\*\*\*\*

e) \*\*\*\*\*

f) \*\*\*\*\*

g) \*\*\*\*\*

h) \*\*\*\*\*

1) \*\*\*\*\*

2) \*\*\*\*\*

3) \*\*\*\*\*

4) \*\*\*\*\*

5) \*\*\*\*\*

2.3.2 \*\*\*\*\*

\*\*\*\*\*

2.4 \*\*\*\*\*

2.4.1 \*\*\*\*\*

\*\*\*\*\*

a) \*\*\*\*\*

b) \*\*\*\*\*

c) \*\*\*\*\*

d) \*\*\*\*\*

e) \*\*\*\*\*

f) \*\*\*\*\*

g) \*\*\*\*\*

h) \*\*\*\*\*

1) \*\*\*\*\*

2) \*\*\*\*\*

3) \*\*\*\*\*

4) \*\*\*\*\*

5) \*\*\*\*\*

2.4.2 \*\*\*\*\*

\*\*\*\*\*

2.5 \*\*\*\*\*

2.5.1 \*\*\*\*\*

\*\*\*\*\*

- a) \*\*\*\*\*
- b) \*\*\*\*\*
- c) \*\*\*\*\*
- d) \*\*\*\*\*
- e) \*\*\*\*\*
- f) \*\*\*\*\*
- g) \*\*\*\*\*
- h) \*\*\*\*\*

- 1) \*\*\*\*\*
- 2) \*\*\*\*\*
- 3) \*\*\*\*\*
- 4) \*\*\*\*\*
- 5) \*\*\*\*\*

2.5.2 \*\*\*\*\*  
\*\*\*\*\*

2.6 \*\*\*\*\*

3. \*\*\*\*\* **GUARANTEE**  
\*\*\*\*\*

4. **GUARANTEE CONDITIONS**

- 4.1 \*\*\*\*\*
- 4.2 \*\*\*\*\*
- 4.3 \*\*\*\*\*
- 4.4 \*\*\*\*\*
- 4.5 \*\*\*\*\*

5. **GUARANTEE COMPLIANCE**

5.1 \*\*\*\*\*



- 5.2 \*\*\*\*\*
- 5.3 \*\*\*\*\*
- 5.4 \*\*\*\*\*
- 5.5 \*\*\*\*\*
- 5.6 \*\*\*\*\*
- 5.7 \*\*\*\*\*

**6. ADJUSTMENT OF GUARANTEES**

- 6.1 \*\*\*\*\*
- 6.2 \*\*\*\*\*

**7. EXCLUSIVE GUARANTEES**

\*\*\*\*\*

- 8. \*\*\*\*\*
- \*\*\*\*\*

**8.1 \*\*\*\*\***

- 8.1.1 \*\*\*\*\*
- 8.1.2 \*\*\*\*\*

**8.2 \*\*\*\*\***

**8.3 \*\*\*\*\***

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

FRONTIER AIRLINES, INC.

By: /s/ James G. Dempsey

Its: Chief Financial Officer

*Confidential*

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.17(d)**

LETTER AGREEMENT NO. 6B

As of October 31, 2014

Frontier Airlines, Inc.  
7001 Tower Road  
Denver, Colorado 80249-7312

**Re: A321 AIRCRAFT PERFORMANCE GUARANTEE – CEO (IAE ENGINES)**

Dear Ladies and Gentlemen,

FRONTIER AIRLINES (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into an Airbus A321 Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 6B (the “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the A321 Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1. AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2 and 3 below (the “Guarantees”) are applicable to the A321 Aircraft as described in the A321 Standard Specification \*\*\*\*\* as amended by the following SCNs:

- i) \*\*\*\*\*
- ii) \*\*\*\*\*
- iii) \*\*\*\*\*

hereinafter referred to as the “Specification” without taking into account any further changes thereto as provided in the Agreement except as provided in paragraph 6 below (for purposes of this Letter Agreement the “A321 Aircraft”).

2. \*\*\*\*\* GUARANTEES

2.1 \*\*\*\*\*

2.1.1 \*\*\*\*\*

\*\*\*\*\*

a) \*\*\*\*\*

b) \*\*\*\*\*

c) \*\*\*\*\*

d) \*\*\*\*\*

e) \*\*\*\*\*

f) \*\*\*\*\*

g) \*\*\*\*\*

h) \*\*\*\*\*

2.1.2 \*\*\*\*\*

\*\*\*\*\*

2.2 \*\*\*\*\*

2.2.1 \*\*\*\*\*

\*\*\*\*\*

a) \*\*\*\*\*

b) \*\*\*\*\*

c) \*\*\*\*\*

d) \*\*\*\*\*

e) \*\*\*\*\*

f) \*\*\*\*\*

g) \*\*\*\*\*

h) \*\*\*\*\*

1) \*\*\*\*\*

2) \*\*\*\*\*

3) \*\*\*\*\*

4) \*\*\*\*\*

5) \*\*\*\*\*

2.2.2 \*\*\*\*\*

\*\*\*\*\*

2.3 \*\*\*\*\*

2.3.1 \*\*\*\*\*

\*\*\*\*\*

a) \*\*\*\*\*

b) \*\*\*\*\*

c) \*\*\*\*\*

d) \*\*\*\*\*

e) \*\*\*\*\*

f) \*\*\*\*\*

g) \*\*\*\*\*

h) \*\*\*\*\*

- 1) \*\*\*\*\*
- 2) \*\*\*\*\*
- 3) \*\*\*\*\*
- 4) \*\*\*\*\*
- 5) \*\*\*\*\*

2.3.2 \*\*\*\*\*

\*\*\*\*\*

2.4 \*\*\*\*\*

2.4.1 \*\*\*\*\*

\*\*\*\*\*

2.4.2 \*\*\*\*\*

2.4.3 \*\*\*\*\*

2.4.4 \*\*\*\*\*

2.4.5 \*\*\*\*\*

e) \*\*\*\*\*

f) \*\*\*\*\*

g) \*\*\*\*\*

h) \*\*\*\*\*

- 1) \*\*\*\*\*
- 2) \*\*\*\*\*
- 3) \*\*\*\*\*
- 4) \*\*\*\*\*
- 5) \*\*\*\*\*

2.4.2 \*\*\*\*\*

\*\*\*\*\*

2.5 \*\*\*\*\*

2.5.1 \*\*\*\*\*

\*\*\*\*\*

- a) \*\*\*\*\*
- b) \*\*\*\*\*
- c) \*\*\*\*\*
- d) \*\*\*\*\*
- e) \*\*\*\*\*
- f) \*\*\*\*\*
- g) \*\*\*\*\*
- h) \*\*\*\*\*

- 1) \*\*\*\*\*
- 2) \*\*\*\*\*
- 3) \*\*\*\*\*
- 4) \*\*\*\*\*
- 5) \*\*\*\*\*

2.5.2 \*\*\*\*\*

2.6 \*\*\*\*\*

3. \*\*\*\*\* **GUARANTEE**  
\*\*\*\*\*

4. **GUARANTEE CONDITIONS**

4.1 \*\*\*\*\*

4.2 \*\*\*\*\*

4.3 \*\*\*\*\*

4.4 \*\*\*\*\*

4.5 \*\*\*\*\*

5. **GUARANTEE COMPLIANCE**

5.1 \*\*\*\*\*

5.2 \*\*\*\*\*

5.3 \*\*\*\*\*

5.4 \*\*\*\*\*

5.5 \*\*\*\*\*

5.6 \*\*\*\*\*

5.7 \*\*\*\*\*

**6. ADJUSTMENT OF GUARANTEES**

6.1 \*\*\*\*\*

6.2 \*\*\*\*\*

**7. EXCLUSIVE GUARANTEES**

\*\*\*\*\*

**8. \*\*\*\*\***

\*\*\*\*\*

**8.1 \*\*\*\*\***

8.1.1 \*\*\*\*\*

8.1.2 \*\*\*\*\*

**8.2 \*\*\*\*\***

**8.3 \*\*\*\*\***



If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

FRONTIER AIRLINES, INC.

By: /s/ James G. Dempsey

Its: Chief Financial Officer

*Confidential*

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.17(e)**

LETTER AGREEMENT NO. 8

As of October 31, 2014

Frontier Airlines Inc.  
7001 Tower Road,  
Denver, Colorado 80249-7312

REFERENCE: \*\*\*\*\*

FRONTIER AIRLINES Inc. (the "Buyer") and AIRBUS (the "Seller") have entered into an A321 Aircraft Purchase Agreement (the "Agreement"), dated as of even date herewith that covers, among other things, the sale by the Seller and the purchase by the Buyer of certain Aircraft.

The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 8 (the "Letter Agreement") certain additional terms and conditions regarding the sale of the Aircraft.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions that are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

*Confidential*

If the foregoing correctly sets forth our understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Agreed and Accepted

For and on behalf of

**FRONTIER AIRLINES, INC.**

Name : /s/ James G. Dempsey  
Title : Chief Financial Officer  
Date : [Undated]

Agreed and Accepted

For and on behalf of

**AIRBUS S.A.S.**

Name : /s/ Christophe Mourey  
Title : Senior Vice President Contracts

*Confidential*

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.17(f)**

LETTER AGREEMENT NO. 9

As of October 31, 2014

Frontier Airlines, Inc.  
7001 Tower Road  
Denver, Colorado 80249-7312

Re: MISCELLANEOUS

Dear Ladies and Gentlemen,

FRONTIER AIRLINES, INC. (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**") have entered into an Airbus A321 Aircraft Purchase Agreement dated of even date herewith (the "**Agreement**") which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 9 (the "**Letter Agreement**") certain additional terms and conditions regarding the sale of the Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

*Confidential*

**1. DEFINITIONS**

1.1 Clause 0 of the Agreement is amended to replace the definition of “Agreement” with the following quoted text:

QUOTE

Agreement – this Airbus A321 aircraft purchase agreement, including all exhibits and appendixes attached hereto, and all letter agreements that are expressed to be part of the Agreement, between the Buyer and the Seller relating hereto, as the same may be amended or modified and in effect from time to time.

UNQUOTE

1.2 Clause 0 of the Agreement is amended to replace the definition of “Delivery Location” with the following quoted text:

QUOTE

Delivery Location – \*\*\*\*\*.

UNQUOTE

1.3 Clause 0 of the Agreement is amended to replace the definition of “Affiliate” with the following quoted text:

QUOTE

Affiliate – with respect to any person or entity, any other person or entity directly or indirectly controlling, controlled by or under common control with such person or entity; \*\*\*\*\*.

UNQUOTE

**2. CERTIFICATION**

Clause 7 of the Agreement is deleted in its entirety and is replaced with Clause 7 attached hereto as Appendix 1.

**3. TECHNICAL ACCEPTANCE**

Clause 8 of the Agreement is deleted in its entirety and is replaced with Clause 8 attached hereto as Appendix 2.

*Confidential*

4.

**DELIVERY**

Clause 9 of the Agreement is deleted in its entirety and is replaced with Clause 9 attached hereto as Appendix 3.

5.

**EXCUSABLE DELAY AND TOTAL LOSS**

Clause 10 of the Agreement is deleted in its entirety and is replaced with Clause 10 attached hereto as Appendix 4.

6.

**INEXCUSABLE DELAY**

Clause 11 of the Agreement is deleted in its entirety and is replaced with Clause 11 attached hereto as Appendix 5.

7.

**PATENT AND COPYRIGHT INDEMNITY**

Clause 13 of the Agreement is deleted in its entirety and is replaced with Clause 13 attached hereto as Appendix 6.

8.

**BUYER FURNISHED EQUIPMENT**

Clause 18 of the Agreement is deleted in its entirety and is replaced with Clause 18 attached hereto as Appendix 7.

9.

**INDEMNITIES AND INSURANCE**

Clause 19 of the Agreement is deleted in its entirety and is replaced with Clause 19 attached hereto as Appendix 8.

10.

**TERMINATION**

Clause 20 of the Agreement is deleted in its entirety and is replaced with Clause 20 attached hereto as Appendix 9.

11.

**ASSIGNMENT AND TRANSFERS**

Clause 21 of the Agreement is deleted in its entirety and is replaced with Clause 21 attached hereto as Appendix 10.

12.

**ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 and Clause 21.5 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller, and any attempted assignment or transfer in contravention of the provisions of this Paragraph 12 will be void and of no force or effect.

*Confidential*

---

**13. CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

**14. COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered (including counterparts delivered by electronic mail or by facsimile transmission) will be an original, but all such counterparts will together constitute one and the same instrument.

*Confidential*

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Agreed and Accepted

FRONTIER AIRLINES, INC.

By: /s/ James G. Dempsey

Its: Chief Financial Officer

*Confidential*



**7. CERTIFICATION**

Except as set forth in this Clause 7, the Seller will not be required to obtain any certificate or approval with respect to the Aircraft.

**7.1 Type Certification**

The Seller will obtain or cause to be obtained (i) a type certificate under EASA procedures for joint certification in the transport category and (ii) an FAA type certificate (the "**Type Certificate**") to allow the issuance of the Export Certificate of Airworthiness. \*\*\*\*\*

**7.2 Export Certificate of Airworthiness**

Subject to the provisions of Clause 7.3, each Aircraft will be delivered to the Buyer with an Export Certificate of Airworthiness issued by EASA and in a condition enabling the Buyer to obtain at the time of Delivery a Standard Airworthiness Certificate issued pursuant to Part 21 of the US Federal Aviation Regulations and a Certificate of Sanitary Construction issued by the U.S. Public Health Service of the Food and Drug Administration. However, the Seller will have no obligation to make and will not be responsible for any costs of alterations or modifications to such Aircraft to enable such Aircraft to meet FAA or U.S. Department of Transportation requirements \*\*\*\*\* for specific operation on the Buyer's routes, whether before, at or after Delivery of any Aircraft.

If the FAA requires additional or modified data before the issuance of the Export Certificate of Airworthiness, the Seller will provide such data or implement the required modification to the data, in either case, \*\*\*\*\*.

**7.3 Specification Changes before Aircraft Ready for Delivery**

**7.3.1** If, any time before the date on which an Aircraft is Ready for Delivery, any law, rule or regulation is enacted, promulgated, becomes effective and/or an interpretation of any law, rule or regulation is issued by the EASA that requires any change to the Specification for the purposes of obtaining the Export Certificate of Airworthiness (a "**Change in Law**"), the Seller will make the required modification and the parties hereto will sign an SCN pursuant to Clause 2.2.1.

**7.3.2** The Seller will as far as practicable, but at its sole discretion and without prejudice to Clause 7.3.3(ii), take into account the information available to it concerning any proposed law, rule or regulation or interpretation that could become a Change in Law, in order to minimize the costs of changes to the Specification as a result of such proposed law, regulation or interpretation becoming effective before the applicable Aircraft is Ready for Delivery.

*Confidential*

7.3.3 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

7.3.4 Notwithstanding the provisions of Clause 7.3.3, if a Change in Law relates to an item of BFE or to the Propulsion System the costs related thereto will \*\*\*\*\*.

7.4 Specification Changes after Aircraft Ready For Delivery

Nothing in Clause 7.3 will require the Seller to make any changes or modifications to, or to make any payments or take any other action with respect to, any Aircraft that is Ready for Delivery before the compliance date of any law or regulation referred to in Clause 7.3. Any such changes or modifications made to an Aircraft after it is Ready for Delivery will be at the \*\*\*\*\*.

*Confidential*

**8. TECHNICAL ACCEPTANCE**

## 8.1 Technical Acceptance Process

8.1.1 Prior to Delivery, the Aircraft will undergo a technical acceptance process developed by the Seller (the “**Technical Acceptance Process**”). \*\*\*\*\*. Completion of the Technical Acceptance Process will demonstrate the satisfactory functioning of the Aircraft and will be deemed to demonstrate compliance with the Specification. If an Aircraft is not in compliance with the Technical Acceptance Process requirements, the Seller will without hindrance from the Buyer carry out any necessary changes and, as soon as practicable thereafter, resubmit the Aircraft to such further Technical Acceptance Process as is necessary to demonstrate the elimination of the non-compliance.

8.1.2 The Technical Acceptance Process will:

- (i) commence on a date notified by the Seller to the Buyer not later than \*\*\*\*\* notice prior thereto,
- (ii) take place at the Delivery Location,
- (iii) be carried out by the personnel of the Seller,
- (iv) include a technical acceptance flight that will \*\*\*\*\* (the “**Technical Acceptance Flight**”), and
- (v) include a ground inspection.

## 8.2 Buyer’s Attendance

8.2.1 The Buyer is entitled to elect to attend the Technical Acceptance Process.

8.2.2 If the Buyer elects to attend the Technical Acceptance Process, the Buyer:

- (i) will comply with the reasonable requirements of the Seller, with the intention of completing the Technical Acceptance Process within \*\*\*\*\* after its commencement, and
- (ii) may have a \*\*\*\*\* of its representatives (no more than \*\*\*\*\* of whom will have access to the cockpit at any one time) accompany the Seller’s representatives on the Technical Acceptance Flight, during which the Buyer’s representatives will comply with the instructions of the Seller’s representatives.

8.2.3 If, \*\*\*\*\* the Buyer does not attend or fails to cooperate reasonably in the Technical Acceptance Process, the Seller will be entitled to complete the Technical Acceptance

*Confidential*

Process and the Buyer will be deemed to have accepted that the Technical Acceptance Process has been satisfactorily completed, in all respects.

8.3 Certificate of Acceptance

\*\*\*\*\*, the Buyer will, on or before the Delivery Date, sign and deliver to the Seller a certificate of acceptance in respect of such Aircraft in the form of Exhibit D (the “**Certificate of Acceptance**”).

8.4 Finality of Acceptance

The Buyer’s signature of the Certificate of Acceptance for the Aircraft will constitute waiver by the Buyer of any right it may have, under the Uniform Commercial Code as adopted by the State of New York or otherwise, to revoke acceptance of the Aircraft for any reason, whether known or unknown to the Buyer at the time of acceptance.

8.5 Aircraft Utilization

The Seller will, \*\*\*\*\*, be entitled to use the Aircraft prior to Delivery as may be necessary to obtain the certificates required under Clause 7, \*\*\*\*\*. Such use will not limit the Buyer’s obligation to accept Delivery of the Aircraft hereunder.

\*\*\*\*\*

\*\*\*\*\*

*Confidential*

**9. DELIVERY****9.1 Delivery Schedule**

Subject to Clauses 2, 7, 8 10 and 18:

the Seller will have the Aircraft listed in the table below Ready for Delivery at the Delivery Location within the following months (each month a “**Scheduled Delivery Month**”) or quarters (each quarter a “**Scheduled Delivery Quarter**”):

<b>Aircraft Rank</b>		<b>Scheduled Delivery</b>	
		<b>Month/Quarter</b>	<b>Year</b>
1	A321 Aircraft	*****	*****
2	A321 Aircraft	*****	*****
3	A321 Aircraft	*****	*****
4	A321 Aircraft	*****	*****
5	A321 Aircraft	*****	*****
6	A321 Aircraft	*****	*****
7	A321 Aircraft	*****	*****
8	A321 Aircraft	*****	*****
9	A321 Aircraft	*****	*****

The Seller will give the Buyer written notice of the Scheduled Delivery Month of each Aircraft not already identified above at least \*\*\*\*\* before the first day of the Scheduled Delivery Quarter of the respective Aircraft or upon execution of this Agreement for Aircraft to be delivered earlier than \*\*\*\*\* before the first day of the Scheduled Delivery Quarter. The Seller will give the Buyer at least \*\*\*\*\* written notice of the anticipated date within the Scheduled Delivery Month on which the Aircraft will be Ready for Delivery.

**9.2 Delivery Process**

9.2.1 The Buyer will, when the Aircraft is Ready for Delivery, execute and deliver to the Seller the Certificate of Acceptance, pay the Balance of the Final Price, take Delivery of the Aircraft and remove the Aircraft from the Delivery Location, \*\*\*\*\*.

9.2.2 Upon receipt of the Balance of the Final Price pursuant to Clause 5.4 and the Certificate of Acceptance executed and delivered by the Buyer pursuant to Clause 8.3, the Seller will deliver and transfer title to the Aircraft to the Buyer free and clear of all encumbrances (except for any liens or encumbrances created by or on behalf of the Buyer). At Delivery, the Seller will provide the Buyer with a bill of sale in the form of Exhibit E (the “**Bill of Sale**”), an FAA bill of sale, the Export Certificate of Airworthiness and such other documentation confirming transfer of title and receipt of the Final Price of the Aircraft as may reasonably be requested by the Buyer. \*\*\*\*\* Title to, property in and risk of loss of or damage to the Aircraft will transfer to the

*Confidential*

Buyer contemporaneously with the delivery by the Seller to the Buyer of such Bill of Sale.

- 9.2.3 If the Buyer fails to (i) deliver the signed Certificate of Acceptance with respect to an Aircraft to the Seller when required pursuant to Clause 8.3, or (ii) pay the Balance of the Final Price of such Aircraft to the Seller and take Delivery of the Aircraft when required under Clause 9.2.1, then the Buyer will be deemed to have rejected Delivery wrongfully when such Aircraft was duly tendered to the Buyer hereunder. If such a deemed rejection arises, then in addition to the remedies of Clause 5.8.1, (a) the Seller will retain title to such Aircraft and (b) the Buyer will indemnify and hold the Seller harmless against any and all reasonable costs (including but not limited to any parking, storage, and insurance costs) and consequences resulting from the Buyer's rejection (including but not limited to risk of loss of or damage to such Aircraft not covered by insurance), it being understood that the Seller will be under no duty to the Buyer to store, park, or otherwise protect such Aircraft. These rights of the Seller will be in addition to the Seller's other rights and remedies in this Agreement.
- 9.2.4 If after Delivery the Buyer fails to remove the Aircraft from the Delivery Location, then, without prejudice to the Seller's other rights and remedies under this Agreement or at law, the provisions of Clause 9.2.3 (b) shall apply.
- 9.3 Flyaway
- 9.3.1 The Buyer and the Seller will cooperate to obtain any licenses that may be required by the Aviation Authority of the Delivery Location for the purpose of exporting the Aircraft.
- 9.3.2 Immediately after Delivery of an Aircraft, the Seller shall provide to Buyer access to the Aircraft to allow Buyer to fly it away. \*\*\*\*\* All expenses of, or connected with, flying the Aircraft from the Delivery Location after Delivery will be borne by the Buyer.

*Confidential*

**10. EXCUSABLE DELAY AND TOTAL LOSS**

10.1 \*\*\*\*\*

\*\*\*\*\*

10.2 \*\*\*\*\*

10.2.1 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(iii) \*\*\*\*\*

(iv) \*\*\*\*\*

(v) \*\*\*\*\*

10.3 \*\*\*\*\*

10.3.1 \*\*\*\*\*

10.3.2 \*\*\*\*\*

10.3.3 \*\*\*\*\*

10.4 \*\*\*\*\*

\*\*\*\*\*

10.5 \*\*\*\*\*

\*\*\*\*\*

10.6 \*\*\*\*\*

\*\*\*\*\*

10.7 \*\*\*\*\*

\*\*\*\*\*

10.8 \*\*\*\*\*

\*\*\*\*\*

**11. INEXCUSABLE DELAY**

- 11.1 \*\*\*\*\*  
\*\*\*\*\*
- 11.1.1 \*\*\*\*\*
- 11.1.2 \*\*\*\*\*
- 11.1.3 \*\*\*\*\*
- 11.1.4 \*\*\*\*\*
- 11.2 \*\*\*\*\*
- 11.2.1 \*\*\*\*\*
- 11.2.2 \*\*\*\*\*
- 11.3 \*\*\*\*\*  
\*\*\*\*\*

*Confidential*



**13. PATENT AND COPYRIGHT INDEMNITY**

## 13.1 Indemnity

## 13.1.1 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(a) \*\*\*\*\*

(b) \*\*\*\*\*

(iii) \*\*\*\*\*

## 13.1.2 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

(iii) \*\*\*\*\*

## 13.1.3 \*\*\*\*\*

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

## 13.2 Administration of Patent and Copyright Indemnity Claims

13.2.1 If the Buyer receives a written claim or a suit is threatened or commenced against the Buyer for infringement of a patent or copyright referred to in Clause 13.1, the Buyer will:

(i) forthwith notify the Seller giving particulars thereof;

(ii) furnish to the Seller all data, papers and records within the Buyer's control or possession relating to such patent or claim;

(iii) refrain from admitting any liability or making any payment or assuming any expenses, damages, costs or royalties or otherwise acting in a manner prejudicial to the defense or denial of such suit or claim provided always that nothing in this sub-Clause (iii) will prevent the Buyer from paying such sums as may be required in order to obtain the release of the Aircraft, provided such payment is accompanied by a denial of liability and is made without prejudice;

*Confidential*

- (iv) fully co-operate with, and render all such assistance to, the Seller as may be pertinent to the defense or denial of the suit or claim;
- (v) act in such a way as to mitigate damages, costs and expenses and / or reduce the amount of royalties which may be payable, \*\*\*\*\*.

13.2.2 The Seller will be entitled either in its own name or on behalf of the Buyer to conduct negotiations with the party or parties alleging infringement and may assume and conduct the defense or settlement of any suit or claim in the manner which, in the Seller's opinion, it deems proper, \*\*\*\*\*.

13.2.3 The Seller's liability hereunder will be conditional upon the strict and timely compliance by the Buyer with the terms of this Clause and is in lieu of any other liability to the Buyer express or implied which the Seller might incur at law as a result of any infringement or claim of infringement of any patent or copyright.

\*\*\*\*\*

*Confidential*

**18. BUYER FURNISHED EQUIPMENT**

## 18.1 Administration

18.1.1 In accordance with the Specification, the Seller will install those items of equipment that are identified in the Specification as being furnished by the Buyer ("**Buyer Furnished Equipment**" or "**BFE**"), provided that the BFE and the supplier of such BFE (the "**BFE Supplier**") are referred to in the Airbus BFE Product Catalog valid at the time the BFE Supplier is selected.

18.1.2 Notwithstanding the foregoing and without prejudice to Clause 2.4, if the Buyer wishes to install BFE manufactured by a supplier who is not referred to in the Airbus BFE Product Catalog, the Buyer will so inform the Seller \*\*\*\*\*. In addition, it is a prerequisite to such approval that the considered supplier be qualified by the Seller's Aviation Authorities to produce equipment for installation on civil aircraft. \*\*\*\*\* in considering any approval of a supplier by the Seller under this Clause 18.1.2. The Buyer will cause any BFE supplier approved under this Clause 18.1.2 (each an "**Approved BFE Supplier**") to comply with the conditions set forth in this Clause 18 and specifically Clause 18.2.

Except for the specific purposes of this Clause 18.1.2, the term "BFE Supplier" will be deemed to include Approved BFE Suppliers.

18.1.3 The Seller will advise the Buyer of the dates by which, in the planned release of engineering for the Aircraft, the Seller requires from each BFE Supplier a written detailed engineering definition encompassing a Declaration of Design and Performance (the "**BFE Engineering Definition**"). The Seller will reasonably provide to the Buyer and/or the BFE Supplier(s), the interface documentation necessary for development of the BFE Engineering Definition.

The BFE Engineering Definition will include the description of the dimensions and weight of BFE, the information related to its certification and the information necessary for the installation and operation thereof, including when applicable 3D models compatible with the Seller's systems. The Buyer will furnish, or cause the BFE Suppliers to furnish, the BFE Engineering Definition by the dates advised by the Seller pursuant to the preceding paragraph after which the BFE Engineering Definition will not be revised, except through an SCN executed in accordance with Clause 2.

18.1.4 The Seller will also provide in due time to the Buyer a schedule of dates and the shipping addresses for delivery of the BFE and, where reasonably requested by the Seller, additional spare BFE to permit installation in the Aircraft in a timely manner. The Buyer will provide, or cause the BFE Suppliers to provide, the BFE by such dates in a serviceable condition. The Buyer will, upon the Seller's request, provide to the Seller dates and references of all BFE purchase orders placed by the Buyer.

*Confidential*

The Buyer will also provide, when requested by the Seller, at Airbus Operations S.A.S. in Toulouse, France, and/or at Airbus Operations GmbH, Division Hamburger Flugzeugbau in Hamburg, Germany, adequate field service including support from BFE Suppliers to act in a technical advisory capacity to the Seller in the installation, calibration and possible repair of a BFE.

18.1.5

Without prejudice to the Buyer's obligations hereunder, in order to facilitate the development of the BFE Engineering Definition, the Seller will organize meetings between the Buyer and BFE Suppliers on reasonable advance notice. The Buyer hereby agrees to participate in such meetings and to provide adequate technical and engineering expertise to reach decisions within a timeframe reasonably specified by the Seller.

In addition, prior to Delivery of the Aircraft to the Buyer, the Buyer agrees:

- (i) to monitor the BFE Suppliers and seek to ensure that they will enable the Buyer to fulfil its obligations, including but not limited to those set forth in the Customization Milestone Chart;
- (ii) that, should a timeframe, quality or other type of risk be identified at a given BFE Supplier, the Buyer will allocate resources to such BFE Supplier so as not to jeopardize the industrial schedule of the Aircraft;
- (iii) for major BFE, including, but not being limited to, seats, galleys and IFE ("**Major BFE**") to participate on a mandatory basis in the specific meetings that take place between BFE Supplier selection and BFE delivery, namely:
  - (a) Preliminary Design Review ("**PDR**"),
  - (b) Critical Design Review ("**CDR**");
- (iv) to attend the First Article Inspection ("**FAI**") for the first shipset of all Major BFE. Should the Buyer not attend such FAI, the Buyer will delegate the FAI to the BFE Supplier thereof and confirmation thereof will be supplied to the Seller in writing;
- (v) to attend the Source Inspection ("**SI**") that takes place at the BFE Supplier's premises prior to shipping, for each shipset of all Major BFE. Should the Buyer not attend such SI, the Buyer will delegate the SI to the BFE Supplier and confirmation thereof will be supplied to the Seller in writing. Should the Buyer not attend the SI, the Buyer will be deemed to have accepted the conclusions of the BFE Supplier with respect to such SI.

The Seller will be entitled to attend the PDR, the CDR and the FAI. In doing so, the Seller's employees will be acting in an advisory capacity only and at no time will they be deemed to be acting as Buyer's employees or agents, either directly or indirectly.

*Confidential*

18.1.6 The BFE will be imported into France or into Germany by the Buyer under a suspensive customs system (Régime de l'entrepôt douanier ou régime de perfectionnement actif or Zollverschluss) without application of any French or German tax or customs duty, and will be delivered on a DDU basis, to the following shipping addresses as designated by the Seller to the Buyer in a reasonable time period prior to the planned arrival date:

Airbus Operations S.A.S.  
316 Route de Bayonne  
31300 Toulouse  
France

or

Airbus Operations GmbH  
Kreetslag 10  
21129 Hamburg  
Germany

Or such other location \*\*\*\*\*.

18.2 Applicable Requirements

The Buyer is responsible for ensuring, at its expense, and warrants that the BFE will:

- (i) be manufactured by either a BFE Supplier referred to in the Airbus BFE Product Catalog or an Approved BFE Supplier, and
- (ii) meet the requirements of the applicable Specification of the Aircraft, and
- (iii) be delivered with the relevant certification documentation, including but not limited to the DDP, and
- (iv) comply with the BFE Engineering Definition, and
- (v) comply with applicable requirements incorporated by reference to the Type Certificate and listed in the Type Certificate Data Sheet, and
- (vi) be approved by the Aviation Authority issuing the Export Certificate of Airworthiness and by the Buyer's Aviation Authority for installation and use on the Aircraft at the time of Delivery of the Aircraft, and
- (vii) not infringe any patent, copyright or other intellectual property right of the Seller or any third party, and
- (viii) not be subject to any legal obligation or other encumbrance that may prevent, hinder or delay the installation of the BFE in the Aircraft and/or the Delivery of the Aircraft.

*Confidential*

The Seller will be entitled to refuse any item of BFE that it considers incompatible with the Specification, the BFE Engineering Definition or the certification requirements.

18.3 Buyer's Obligation and Seller's Remedies

18.3.1 Any delay or failure by the Buyer or the BFE Suppliers in:

- (i) complying with the foregoing warranty or in providing the BFE Engineering Definition or field service mentioned in Clause 18.1.4, or
- (ii) furnishing the BFE in a serviceable condition at the requested delivery date, or
- (iii) obtaining any required approval for such BFE equipment under the above mentioned Aviation Authorities' regulations,

may delay the performance of any act to be performed by the Seller, including Delivery of the Aircraft. The Seller will not be responsible for such delay which will cause the Final Price of the affected Aircraft to be adjusted in accordance with the Seller Price Revision Formula to the actual month of Delivery of such affected Aircraft and to include in particular the amount of the Seller's additional reasonable direct costs attributable to such delay or failure by the Buyer or the BFE Suppliers, such as storage, taxes, insurance and costs of out-of sequence installation.

18.3.2 In addition, in the event of any delay or failure mentioned in 18.3.1 above, the Seller, in consultation with the Buyer, may:

- (i) select, purchase and install equipment similar to the BFE at issue, in which event the Final Price of the affected Aircraft will also be increased by the purchase price of such equipment plus reasonable costs and expenses incurred by the Seller for handling charges, transportation, insurance, packaging and, if so required and not already provided for in the Final Price of the Aircraft, for adjustment and calibration; or
- (ii) if the BFE is delayed by more than \*\*\*\*\* beyond, or is not approved within \*\*\*\*\* of the dates specified in Clause 18.1.4, deliver the Aircraft without the installation of such BFE, notwithstanding applicable terms of Clauses 7 and 8, and the Seller will thereupon be relieved of all obligations to install such equipment.

18.4 Title and Risk of Loss

Title to and risk of loss of any BFE will at all times remain with the Buyer except that risk of loss (limited to cost of replacement of said BFE) will be with the Seller for as long as such BFE is under the care, custody and control of the Seller.

18.5 Disposition of BFE Following Termination

*Confidential*

- 18.5.1 \*\*\*\*\*
- 18.5.2 \*\*\*\*\*
- 18.5.3 The Buyer will cooperate with the Seller in facilitating the sale of BFE pursuant to Clause 18.5.1 or 18.5.2 and will be responsible for, \*\*\*\*\*. The Buyer will reimburse the Seller to the extent required under the preceding sentence within \*\*\*\*\* of receiving documentation of such costs from the Seller.
- 18.5.4 The Seller will notify the Buyer as to those items of BFE not sold by the Seller pursuant to Clause 18.5.1 or 18.5.2 above and, at the Seller's request, the Buyer will undertake to remove such items from the Seller's facility within \*\*\*\*\* of the date of such notice. The Buyer will have no claim against the Seller for damage, loss or destruction of any item of BFE removed from the Aircraft and not removed from Seller's facility within such period. \*\*\*\*\*
- 18.6 The Buyer will have no claim against the Seller for damage to or destruction of any item of BFE damaged or destroyed in the process of being removed from the Aircraft, provided that the Seller has used reasonable care in such removal.
- 18.7 The Buyer will grant the Seller title to any BFE items that cannot be removed from the Aircraft without causing damage to the Aircraft or rendering any system in the Aircraft unusable.

*Confidential*

**19. INDEMNITIES AND INSURANCE**

The Seller and the Buyer will each be liable for Losses (as defined below) arising from the acts or omissions of their respective directors, officers, agents or employees occurring during or incidental to such party's exercise of its rights and performance of its obligations under this Agreement, except as provided in Clauses 19.1 and 19.2.

**19.1 Seller's Indemnities**

The Seller will, except in the case of gross negligence or wilful misconduct of the Buyer, its directors, officers, agents and/or employees, be solely liable for and will indemnify and hold the Buyer, its Affiliates and each of their respective directors, officers, agents, employees and insurers harmless against all losses, liabilities, claims, damages, costs and expenses, including court costs and reasonable attorneys' fees ("**Losses**"), arising from:

- (i) claims for injuries to, or death of, the Seller's directors, officers, agents or employees, or loss of, or damage to, property of the Seller or its employees when such Losses occur during or are incidental to either party's exercise of any right or performance of any obligation under this Agreement, and
- (ii) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to the Technical Acceptance Flights.

**19.2 Buyer's Indemnities**

The Buyer will, except in the case of gross negligence or wilful misconduct of the Seller, its directors, officers, agents and/or employees, be solely liable for and will indemnify and hold the Seller, its Affiliates, its subcontractors, and each of their respective directors, officers, agents, employees and insurers, harmless against all Losses arising from:

- (i) claims for injuries to, or death of, the Buyer's directors, officers, agents or employees, or loss of, or damage to, property of the Buyer or its employees, when such Losses occur during or are incidental to either party's exercise of any right or performance of any obligation under this Agreement, and
- (ii) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to (a) the provision of Seller Representatives services under Clause 15 including services performed on board the aircraft or (b) the provision of Aircraft Training Services to the Buyer.

*Confidential*



19.3 Notice and Defense of Claims

If any claim is made or suit is brought against a party or entity entitled to indemnification under this Clause 19 (the “**Indemnitee**”) for damages for which liability has been assumed by the other party under this Clause 19 (the “**Indemnitor**”), the Indemnitee will promptly give notice to the Indemnitor and the Indemnitor (unless otherwise requested by the Indemnitee) will assume and conduct the defense, or settlement, of such claim or suit, as the Indemnitor will deem prudent. Notice of the claim or suit will be accompanied by all information pertinent to the matter as is reasonably available to the Indemnitee and will be followed by such cooperation by the Indemnitee as the Indemnitor or its counsel may reasonably request, at the expense of the Indemnitor.

\*\*\*\*\*

19.4 Insurance

19.4.1 For all Aircraft Training Services, to the extent of the Buyer’s undertaking set forth in Clause 19.2, the Buyer will:

- (i) cause the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents and employees to be named as additional insured under the Buyer’s Comprehensive Aviation Legal Liability insurance policies (in accordance with AVN67B and AVN2001 and 2002 or applicable successor policy thereof or, as the case may be, equivalent endorsements reasonably satisfactory to the Seller). Such insurances shall include war, passenger legal liability, property damage, aircraft third party and airlines general third party legal (including products) liability, and
- (ii) with respect to the Buyer’s Hull All Risks and Hull War Risks insurances and Allied Perils, cause the insurers of the Buyer’s hull insurance policies to waive all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers;

provided however, in lieu of any war risk insurance, the Buyer may provide insurance or an indemnity issued by the US Government.

19.4.2 Any applicable deductible will be borne by the Buyer. The Buyer will furnish to the Seller, not less than \*\*\*\*\* prior to the start of any Aircraft Training Services, certificates of insurance, in English, evidencing the limits of liability cover and period of insurance coverage in a form reasonably acceptable to the Seller from the Buyer’s insurance broker(s), certifying that such policies have been endorsed as follows:

- (i) under the Comprehensive Aviation Legal Liability Insurances, the Buyer’s policies are primary and non-contributory to any insurance maintained by the additional insureds,

*Confidential*

- (ii) such insurance can only be cancelled or coverage substantially changed which adversely affects the interests of any additional insureds by the giving of not less than \*\*\*\*\* (or such lesser period as may be applicable in the case of any war risk, hijacking and allied perils insurance coverage) prior written notice thereof to the additional insureds, and
- (iii) under any such cover, all rights of subrogation against the additional insureds have been waived.

*Confidential*

20. **TERMINATION**

20.1 Termination Events

Each of the following will constitute a “**Termination Event**”

- (1) \*\*\*\*\*
- (2) \*\*\*\*\*
- (3) \*\*\*\*\*
- (4) \*\*\*\*\*
- (5) \*\*\*\*\*
- (6) \*\*\*\*\*
- (7) \*\*\*\*\*
- (8) \*\*\*\*\*

20.2 Remedies in Event of Termination

20.2.1 If a Termination Event occurs the Buyer will be in material breach of this Agreement, and the Seller can elect any of the following remedies to the extent permitted under applicable law:

- A. \*\*\*\*\*
- B. \*\*\*\*\*
- C. \*\*\*\*\*
- D. \*\*\*\*\*

20.2.2 \*\*\*\*\*

- A. \*\*\*\*\*
- B. \*\*\*\*\*
- C. \*\*\*\*\*

20.2.3 \*\*\*\*\*

20.3 Notice of Termination Event

Within \*\*\*\*\* of becoming aware of the occurrence of a Termination Event by the Buyer, the Buyer will notify the Seller of such occurrence in writing, provided, that any failure by the Buyer to notify the Seller will not prejudice the Seller's rights or remedies hereunder.

20.4

Information Covenants

The Buyer hereby covenants and agrees that, from the date of this Agreement until no further Aircraft are to be delivered hereunder, the Buyer will furnish or cause to be furnished to the Seller the following:

- a. \*\*\*\*\*
- b. \*\*\*\*\*
- c. \*\*\*\*\*
- d. \*\*\*\*\*
- e. \*\*\*\*\*

For the purposes of this Clause 20, (x) an "Authorized Officer" of the Buyer will mean the Chief Executive Officer, the Chief Financial Officer or any Vice President and above who reports directly or indirectly to the Chief Financial Officer and (y) "Subsidiaries" will mean, as of any date of determination, those companies owned by the Buyer whose financial results the Buyer is required to include in its statements of consolidated operations and consolidated balance sheets.

20.5

Nothing contained in this Clause 20 will be deemed to waive or limit the Seller's rights or ability to request adequate assurance under Article 2, Section 609 of the Uniform Commercial Code (the "UCC"). It is further understood that any commitment of the Seller or the Propulsion Systems manufacturer to provide financing to the Buyer shall not constitute adequate assurance under Article 2, Section 609 of the UCC.

*Confidential*

**21. ASSIGNMENTS AND TRANSFERS****21.1 Assignments**

Except as hereinafter provided, neither party may sell, assign, novate or transfer its rights or obligations under this Agreement to any person without the prior written consent of the other, except that the Seller may sell, assign, novate or transfer its rights or obligations under this Agreement to any Affiliate without the Buyer's consent.

**21.2 Assignments on Sale, Merger or Consolidation**

The Buyer will be entitled to assign its rights under this Agreement at any time due to a merger, consolidation or a sale of all or substantially all of its assets, provided \*\*\*\*\*:

- (i) the surviving or acquiring entity is organized and existing under the laws of the United States;
- (ii) the surviving or acquiring entity has executed an assumption agreement, in form and substance reasonably acceptable to the Seller, agreeing to assume all of the Buyer's obligations under this Agreement;
- (iii) at the time, and after giving effect to the consummation, of the merger, consolidation or sale, no Termination Event exists or will have occurred and be continuing;
- (iv) the surviving or acquiring entity \*\*\*\*\* is an air carrier holding an operating certificate issued by the FAA at the time, and immediately following the consummation, of such sale, merger or consolidation; and
- (v) upon giving effect to the sale, merger or consolidation, \*\*\*\*\*.

**21.3 Designations by Seller**

The Seller may at any time by notice to the Buyer designate facilities or personnel of the Seller or any other Affiliate of the Seller at which or by whom the services to be performed under this Agreement will be performed. Notwithstanding such designation, the Seller will remain ultimately responsible for fulfillment of all obligations undertaken by the Seller in this Agreement.

**21.4 Transfer of Rights and Obligations upon Reorganization**

In the event that the Seller is subject to a corporate restructuring having as its object the transfer of, or succession by operation of law in, all or substantially all of its assets and liabilities, rights and obligations \*\*\*\*\*, including those existing under this Agreement, to a person (the "\*\*\*\*\* **Successor**") that is an Affiliate of the Seller at the time of that restructuring, for the purpose of the Seller Successor carrying on the

*Confidential*

business carried on by the Seller at the time of the restructuring, such restructuring will be completed without consent of the Buyer following notification by the Seller to the Buyer in writing \*\*\*\*\*.

21.5

\*\*\*\*\*

*Confidential*

**GENERAL TERMS AGREEMENT NO. 6-13616**

**Table of Contents**

Agreement

ARTICLE I	–	PRODUCTS
ARTICLE II	–	PRICES
ARTICLE III	–	ORDER PLACEMENT
ARTICLE IV	–	DELIVERY
ARTICLE V	–	PAYMENT
ARTICLE VI	–	TAXES
ARTICLE VII	–	CFM56 PRODUCT SUPPORT PLAN
ARTICLE VIII	–	EXCUSABLE DELAY
ARTICLE IX	–	PATENTS
ARTICLE X	–	INFORMATION AND DATA
ARTICLE XI	–	FAA AND DGAC CERTIFICATION REQUIREMENTS
ARTICLE XII	–	TERMINATION FOR INSOLVENCY
ARTICLE XIII	–	LIMITATION OF LIABILITY
ARTICLE XIV	–	EXPORT SHIPMENT
ARTICLE XV	–	GOVERNMENTAL AUTHORIZATION
ARTICLE XVI	–	NOTICES
ARTICLE XVII	–	MISCELLANEOUS

• Exhibit A – Products

• Exhibit B – CFM56 Product Support Plan

SECTION I	–	DEFINITIONS
SECTION II	–	WARRANTIES
SECTION III	–	SPARE PARTS PROVISIONING
SECTION IV	–	TECHNICAL DATA
SECTION V	–	TECHNICAL TRAINING
SECTION VI	–	CUSTOMER FACTORY AND FIELD SUPPORT
SECTION VII	–	PRODUCT SUPPORT ENGINEERING
SECTION VIII	–	OPERATIONS ENGINEERING
SECTION IX	–	GROUND SUPPORT EQUIPMENT
SECTION X	–	GENERAL CONDITIONS – CFM56 PRODUCT SUPPORT PLAN

• Exhibit C – Escalation

• Exhibit D – Payment

• Exhibit E – Technical Data

**THIS GENERAL TERMS AGREEMENT NO. 6-13616** (hereinafter referred to as this Agreement) dated as of the 30<sup>th</sup> day of June, 2000, by and between **CFM International, Inc.** (hereinafter referred to as CFMI), a Delaware corporation jointly owned by General Electric Company (hereinafter referred to as "GE"), a New York corporation and **Societe Nationale D'Etude et de Construction de Moteurs d'Aviation** (hereinafter referred to as "SNECMA"), a French Company, and **Frontier Airlines, Inc.**, a corporation organized under the law of Colorado (hereinafter referred to as "Airline"). Capitalized terms not defined herein are used as defined in Exhibit B hereto.

#### **WITNESSETH**

**WHEREAS**, Airline has agreed to lease and purchase certain aircraft equipped with CFM installed Engines, and

**WHEREAS**, the parties hereto desire to enter into this Agreement for the support by CFMI of the installed Engines and the purchase by Airline from CFMI and the sale and support by CFMI of spare Engines, related equipment and spare Parts therefor.

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

#### **ARTICLE I – PRODUCTS**

CFMI shall sell and Airline shall purchase, under the terms and subject to the conditions hereinafter set forth, the Engines, Modules, spare Parts and other products and equipment identified in the attached Exhibit A, and hereinafter referred to as "Product(s)."

Products purchased hereunder for installation on Airline's type A319 aircraft shall conform to the specifications for Products installed by the manufacturer on new type A319 aircraft purchased or leased by Airline and shall be interchangeable with, and of the same quality as, such Products.

#### **ARTICLE II – PRICES**

The selling prices of Products, including certain spare Parts, shall be the prices as quoted by CFMI and as set forth in each Airline purchase order accepted by CFMI.

- A. The selling prices of Engines and related equipment therefor shall be quoted by CFMI as base prices subject to an adjustment for escalation. The escalation provisions currently in effect are set forth in attached Exhibit C and CFMI will advise Airline in writing \*\*\*\*\* in advance of any change thereto.
- B. The selling price of spare Parts, except for those which may be quoted by CFMI to Airline, shall be those prices set forth in CFMI's then current CFM56 Engine Spare Parts Price Catalog ("Spare Parts Catalog") or in procurement data issued by CFMI in accordance with Airline Transport Association of America (ATA) Specification (Spec) 200. The price of a new spare Part which is first listed by CFMI in procurement data, may be changed by CFMI in subsequent procurement data revisions until such time as the Part is included in CFMI's Spare Parts Catalog as from time to time revised by CFMI.



- C. CFMI will advise Airline in writing \*\*\*\*\* in advance of any changes in prices in CFMI's Spare Parts Catalog. During such \*\*\*\*\* period, CFMI shall not be obligated to accept Airline purchase orders for quantities of spare Parts in excess of up to \*\*\*\*\* normal usage beyond the effective date of the announced price change.
- D. The selling prices of all Products shall be expressed in U.S. Dollars.

### **ARTICLE III – ORDER PLACEMENT**

- A. In the event of any conflict between this Agreement and the printed terms and conditions appearing on Airline's purchase orders, this Agreement shall govern, except that the description of Products, price, quantity, delivery dates and shipping instructions shall be as set forth on each purchase order accepted by CFMI.
- B. Airline shall place purchase orders for Products quoted by CFMI, in accordance with CFMI's quotation for said Products.
- C. Airline may place purchase orders for spare Parts using one of the following methods: telephone, telegram, facsimile transmission, ARINC or SITA utilizing ATA Spec 200 (Chapter 6 format) or Spec 2000 (Chapter 3 format) or Airline purchase order as prescribed in the Spare Parts Catalog or CFMI's quotation.
- D. Airline shall place purchase orders for initial provisioning quantities of spare Parts as provided in Section III of the attached Exhibit B within \*\*\*\*\* following receipt from CFMI of initial provisioning data relating thereto.
- E. CFMI's acknowledgment of each purchase order shall constitute acceptance thereof. If CFMI fails to acknowledge any purchase order within \*\*\*\*\* after receipt thereof, such purchase order shall be deemed to have been accepted by CFMI in accordance with its terms. In the case of emergency, shipment of spare Parts by CFMI in accordance with Section III G.2 of Exhibit B shall constitute acceptance of the purchase order for such spare Parts.

### **ARTICLE IV – DELIVERY**

- A. Except as otherwise provided under Section III.G. of Exhibit B herein, CFMI shall deliver Products under each purchase order placed by Airline and accepted by CFMI, on a mutually agreed upon schedule consistent with CFMI's lead times and as set forth in each such purchase order. Delivery dates are subject to (1) prompt receipt by CFMI of all information necessary to permit CFMI to proceed with work immediately and without interruption, and (2) Airline's compliance with the payment terms set forth herein.
- B. Title to and risk of loss of all Products shall pass to Airline upon delivery to the common carrier designated by Airline, Ex-Works, at the point of manufacture, or (2) to storage, in the event shipment cannot be made for reasons set forth in Paragraph C of this Article IV.

Wherever transportation rates and the carrier's liability for damage depend upon the declared value of the shipment, CFMI will declare such value as will entitle Airline to ship Products at the lowest permissible rates, unless otherwise instructed in writing by Airline.

- C. If any Product cannot be delivered when ready due to any acts, or failure to act of Airline, CFMI shall place such Product in storage. In such event, (1) all expenses incurred by CFMI for activities such as, but not limited to, preparation for and placement into storage and handling, storage, inspection, preservation and insurance shall be paid by Airline upon presentation of CFMI's invoices, and (2) CFMI shall assist and cooperate with Airline in any reasonable manner with respect to the removal of any such Product from storage.
- D. Unless otherwise instructed by Airline, CFMI shall deliver each Product, except for spare Parts, packaged in accordance with CFMI's normal standards for domestic shipment or export shipment. Any special boxing or preparation for shipment specified by Airline shall be for Airline's account and responsibility. The cost of any re-usable shipping stand or container is not included in the price of Engines or of equipment and will be paid by Airline within \*\*\*\*\* of presentation of CFMI's invoice if such stand or container is not returned by Airline, ex-works the original point of shipment, in the condition in which it was received by Airline within \*\*\*\*\* after shipment. CFMI may, at its option, use non-reusable shipping stands or containers at no charge to Airline.
- E. CFMI shall deliver spare Parts packaged and labeled in accordance with ATA Spec 300, Revision No. 4, or to a revision mutually agreed in writing between CFMI and Airline. CFMI shall notify Airline, when applicable, that certain spare Parts are packed in unit package quantities (UPQ's), or multiples thereof.

#### **ARTICLE V – PAYMENT**

Airline shall pay CFMI with respect to Products purchased hereunder as set forth in the attached Exhibit D.

#### **ARTICLE VI – TAXES**

- 1. The selling prices include and CFMI shall be responsible for the payment of any imposts, duties, fees, taxes, dues or any charges whatsoever imposed or levied in connection with Products prior to their delivery. If claim is made against Airline for any such duties, fees, charges, or assessments, Airline shall immediately notify CFMI and, if requested by CFMI, Airline shall not pay except under protest, and if payment be made, shall use all reasonable effort to obtain a refund thereof. If all or any part of any such taxes, duties, fees, charges or assessments be refunded. Airline shall repay to CFMI such part thereof as CFMI shall have paid, together with any interest received by Airline with respect thereto. CFMI shall pay to Airline, upon demand, all expenses (including penalties and interest, other than any such penalties or interest resulting from the failure of Airline seasonably to pay any such taxes, duties, fees, charges or assessments which it has reason to believe are applicable, unless such nonpayment is directed by CFMI) incurred by Airline in protesting payment and in endeavoring to obtain such refund, in each case at CFMI's request.

2. Upon delivery, Airline shall be responsible for the payment of all other imposts, duties, taxes, dues or any other charges whatsoever (including without limitation, sales, use, excise, turnover or value added tax but excluding any taxes in the nature of income taxes) imposed or levied in connection with such Products from and after their delivery and Airline shall pay to CFMI, upon demand, or furnish to CFMI evidence of exemption therefrom, any such items legally assessed or levied by any governmental authority against CFMI or its employees, its subsidiaries or their employees. If claim is made against CFMI for any such duties, fees, charges, or assessments, CFMI shall immediately notify Airline and, if requested by Airline, CFMI shall not pay except under protest, and if payment be made, shall use all reasonable effort to obtain a refund thereof. If all or any part of any such taxes, duties, fees, charges or assessments be refunded, CFMI shall repay to Airline such part thereof as Airline shall have paid, together with any interest received by CFMI with respect thereto. Airline shall pay to CFMI, upon demand, all expenses (including penalties and interest other than any such penalties or interest resulting from the failure of CFMI seasonably to pay any such taxes, duties, fees, charges or assessments which it has reason to believe are applicable, unless such nonpayment is directed by Airline) incurred by CFMI in protesting payment and in endeavoring to obtain such refund, in each case at Airline's request.

#### **ARTICLE VII – CFM56 PRODUCT SUPPORT PLAN**

The CFM56 Product Support Plan for Products, either purchased by Airline from CFMI or installed on Airline's Aircraft as original equipment, and Airline's operation thereof is set forth in the attached Exhibit B.

#### **ARTICLE VIII– EXCUSABLE DELAY**

CFMI shall not be liable for delays in delivery or failure to deliver due to \*\*\*\*\*. As used herein, the term "CFMI" shall be deemed to mean CFMI, GE and SNECMA. In the event of any such delay, the date of delivery shall be extended for a period equal to the time lost by reason of the delay. This provision shall not, however, relieve CFMI from using reasonable efforts to continue performance whenever such causes are removed. The final invoice price at the time of delivery following any delay referred to in this Article VIII (other than any such delay caused by Airline) shall be the invoice price at the originally scheduled delivery date set forth in the applicable purchase order. CFMI shall promptly notify Airline when delays occur or impending delays are likely to occur and shall continue to advise it of new shipping schedules and/or changes thereto. In the event an excusable delay continues, or CFMI advises Airline that such a delay is likely to continue for a period of \*\*\*\*\* or more beyond the scheduled delivery date. Airline may, upon \*\*\*\*\* written notice to CFMI, cancel all or any part of any purchase order so delayed. In the event an excusable delay continues, or CFMI advises Airline that such a delay is likely to continue for a period of \*\*\*\*\* or more beyond the scheduled delivery date, Airline or CFMI may, upon \*\*\*\*\* written notice to the other, cancel all or any part of any purchase order so delayed. Upon any cancellation pursuant to this Article VIII, CFMI shall return to Airline all payments relative to the canceled part of the order. Airline shall pay CFMI its reasonable cancellation charges if the delay arises due to acts of Airline.

## **ARTICLE IX – PATENTS**

- A. CFMI hereby indemnifies and agrees to hold Airline harmless from and against, and shall handle all claims and defend any suit or proceeding brought against Airline insofar as based on, any claim that without further combination, any Product furnished under this Agreement constitutes an infringement of any patent of the United States or of any patent of any other country that is signatory to Article 27 of the Convention on International Civil Aviation signed by the United States at Chicago on December 7, 1944, in which Airline is authorized to operate or in which another airline pursuant to lawful interchange, lease or similar arrangement, operates aircraft of Airline. This paragraph shall apply only to any Product manufactured to CFMI's design.
- B. CFMI's liability hereunder is conditioned upon Airline promptly notifying CFMI in writing and giving CFMI authority, information and assistance (at CFMI's expense) for the defense of any suit or proceeding. In case such Product is held in such suit or proceeding to constitute infringement and/or the use of said Product is enjoined or otherwise prohibited, CFMI shall \*\*\*\*\*

The foregoing shall constitute the sole remedy of Airline and the sole liability of CFMI for patent infringement.

## **ARTICLE X – INFORMATION AND DATA**

- A. All technical information and data (including, but not limited to, designs, drawings, blueprints, tracings, plans, models, layouts, specifications, and memoranda) which may be furnished or made available to Airline directly or indirectly as the result of this Agreement shall remain the property of CFMI, GE or SNECMA as the case may be. This information and data is proprietary to CFMI and shall neither be used by Airline nor furnished by Airline to any other person, firm or corporation for the design or manufacture of any Product nor permitted out of Airline's possession nor divulged to any other person, firm or corporation, except as required by law or court order (provided Airline shall first give CFMI prompt written notice of any such law or court orders and such notice affords CFMI a reasonable opportunity to object to such disclosure or otherwise seek an appropriate protective order) or as otherwise provided herein or agreed in writing. Nothing in this Agreement shall preclude Airline from using such information and data for modification, overhaul, or maintenance work performed by Airline on Airline's Products; except that all repairs or repair processes that require substantiation (including, but not limited to, high technology repairs) will be the subject of a separate license and substantiated repair agreement between CFMI and Airline. As an alternative to CFMI engine maintenance centers and Airline's own maintenance facilities, CFMI will negotiate in good faith with a third party engine maintenance facility for CFM56 engine overhaul subject to acceptance of CFMI's licensing terms by such third party engine maintenance facility. Airline shall take all steps reasonably necessary to insure compliance by its employees, and agents with this Article X. The instrument by which Airline transfers any Product may permit the use of such information and data by its transferees, subject to the same limitations set forth above.

- B. Nothing in this Agreement shall convey to Airline the right to reproduce or cause the reproduction of any Product of a design identical or similar to that of the Product purchased hereunder or give to Airline a license under any patents or rights owned or controlled by CFMI, GE or SNECMA.
- C. If computer software is provided by CFMI to Airline under this Agreement, it is understood that only CFMI owns and/or has the right to license such software product(s) and that Airline shall have no rights in such software; except, as may be explicitly set forth in a separate written agreement between CFMI and Airline.

**ARTICLE XI – FAA AND DGAC CERTIFICATION REQUIREMENTS**

- A. All Products shall, at time of delivery;
  - 1. Conform to a Type Certificate issued by the FAA and DGAC, if applicable;
  - 2. Conform to applicable regulations issued by the FAA and DGAC; and
  - 3. Be delivered with an export certificate of airworthiness, if applicable, for export to the United States.
- B. If, subsequent to the date of acceptance of the purchase order for such Products but prior to their delivery by CFMI to Airline, the FAA and/or DGAC issue changes in regulations covering Products sold under this Agreement then CFMI will make any modifications necessary to cause such Products to comply with such regulations and all costs associated with such modifications, if any, required as a result thereof, will be shared equally by CFMI and Airline; provided however, that costs associated with any modifications to the airframe required by such Product modifications shall not be borne by CFM.
- C. Any delay occasioned by complying with such regulations set forth in Paragraph B above shall be deemed an Excusable Delay under Article VIII hereof, and, in addition, appropriate adjustments shall be made in the specifications to reflect the reflect of compliance with such regulations.

## ARTICLE XII – TERMINATION FOR INSOLVENCY

- A. Upon the commencement of any bankruptcy or reorganization proceeding by or against either party hereto (the “Defaulting Party”), the other party hereto may, upon written notice to the Defaulting Party, cease to perform any and all of its obligations under this Agreement and the purchase orders hereunder (including, without limitation, continuing work in progress and making deliveries or progress payments or downpayments) unless the Defaulting Party shall provide adequate assurance, in the opinion of the other party hereto, that the Defaulting Party will continue to perform all of its obligations under this Agreement and the purchase orders hereunder in accordance with the terms hereof, and will promptly compensate the other party hereto for any actual pecuniary loss resulting from the Defaulting Party being unable to perform in full its obligations hereunder and under the purchase orders. If the Defaulting Party or the trustee thereof shall fail to promptly provide such adequate assurance, upon notice to the Defaulting Party by the other party hereto, this Agreement and all purchase orders hereunder shall be canceled, any deposits shall be promptly returned, and neither party shall have any further obligation to the other hereunder, except such obligations which have accrued prior to such cancellation.
- B. Either party, at its option, may cancel this Agreement or any purchase order hereunder with respect to any or all of the Products to be furnished hereunder which are undelivered or not furnished on the effective date of such cancellation by giving the other party written notice, as hereinafter provided, at any time after a receiver of the other’s assets is appointed on account of insolvency, or the other makes a general assignment for the benefit of its creditors and such appointment of a receiver shall remain in force undischarged, unvacated or unstayed for a period of \*\*\*\*\* thereafter. Such notice of cancellation shall be given \*\*\*\*\* prior to the effective date of cancellation, except that, in the case of a voluntary general assignment for the benefit of creditors, such notice need not precede the effective date of cancellation.

## ARTICLE XIII – WARRANTIES: LIMITATION OF LIABILITY

- A. CFMI’s warranties with respect to Products, either purchased by Airline from CFMI or installed on Airline’s Aircraft as original equipment, are set forth in Section II of Exhibit B.
- B. CFMI warrants to Airline that it will convey good title to any Products sold hereunder, free and clear of any liens, claims or encumbrances whatsoever; provided that CFMI’s liability and Airline’s remedy under the foregoing warranty are \*\*\*\*\* provided further that Airline’s rights and remedies with respect to patent infringement are as set forth in Article IX hereof.
- C. Except as provided in this Article XIII and in Article IX hereof, the liability of CFMI \*\*\*\*\* As used herein, the term “CFMI” shall be deemed to include GE, SNECMA and CFMI. **THE WARRANTIES AND GUARANTEES SET FORTH IN THE PRODUCT SUPPORT PLAN ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES AND GUARANTEES WHETHER WRITTEN, STATUTORY, ORAL, OR IMPLIED (INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE).**

## ARTICLE XIV – EXPORT SHIPMENT

If CFMI agrees in writing upon Airline’s written request, to assist Airline to arrange for export shipment of Products, Airline shall pay CFMI for all fees and expenses including, but not limited to, those covering preparation of consular invoices, freight, storage, and Warehouse to Warehouse (including war risk) insurance, upon submission of CFMI’s invoices. In such event, CFMI will assist Airline in applying for any required export license and in preparing consular documents according to Airline’s instructions or in the absence thereof, according to its best judgment but without liability for error or incorrect declarations including, but not limited to, liability for fines or other charges.

## ARTICLE XV – GOVERNMENTAL AUTHORIZATION

CFMI shall be responsible for obtaining any Export Certificate of Airworthiness and any export license required in respect of Products when delivered new to Airline for export to the United States. Airline shall be responsible for obtaining any other required authorization such as any other export license, import license, exchange permit or any other required governmental authorization. Airline shall restrict disclosure of all information and data furnished thereto under this Agreement and shall ship the direct product of such information and data to only those destinations which are authorized by the U.S. and/or French Governments. At the request of Airline, CFMI will provide Airline with a list of such authorized destinations. CFMI shall not be liable if any authorization is delayed, denied, revoked, restricted or not renewed and Airline shall not be relieved of its obligation to pay CFMI.

## ARTICLE XVI – NOTICES

Any notices under this Agreement shall become effective upon receipt and shall be in writing and be delivered or sent by mail or electronic transmission to the respective parties at the following addresses, which may be changed by written notice:

To: Frontier Airlines, Inc.  
12015 East 46<sup>th</sup> Avenue  
Suite 200  
Denver, CO 80239-3116

To: CFM International, Inc.  
P.O. Box 15514  
Cincinnati, Ohio 45215-0514

Attention:

Attention: Director, Commercial Contracts

## ARTICLE XVII – MISCELLANEOUS

- A. This Agreement may not be assigned, in whole or in part, by either party without the prior written consent of the other party, except that (i) CFMI's consent shall not be required for (a) the substitution of an affiliate of Airline in place of Airline, (b) the assignment by Airline of its rights and obligations hereunder to the surviving or acquiring entity in any merger, consolidation or sale of all or substantially all of its assets, if, immediately following such merger, consolidation or sale, the surviving or acquiring entity is in a financial condition at least equal to that of the Airline at the time immediately prior to such merger, consolidation or sale, and such entity executes an assumption agreement, in form and substance reasonably acceptable to CFMI, agreeing to assume all of Airline's obligations hereunder, or (c) the assignment by Airline of its rights under Section II of Exhibit B hereto to a lender or financier as security for Airline's obligations in connection with any financing of an Engine or an aircraft on which an Engine is installed, and (ii) Airline's consent shall not be required for the substitution of any other company jointly owned by GE and SNECMA in place of CFMI as the contracting party and the recipient of any or all payments and/or for the assignment of CFMI's payment rights to CFMI's suppliers. No assignment by either party shall increase any cost or liability of the other hereunder, or modify in any way such other party's contract rights hereunder, and each party agrees that notwithstanding any such assignment it remains fully and solely responsible in accordance with the terms and obligations of this Agreement for all of its obligations and liabilities hereunder.
- B. The rights herein granted and this Agreement are for the benefit of the parties hereto and are not for the benefit of any third person, firm or corporation, except as expressly provided herein with respect to GE and SNECMA, and nothing herein contained shall be construed to create any rights in any third parties under, as the result of, or in connection with this Agreement.
- C. This Agreement contains information specifically for Airline and CFMI and, except as permitted pursuant to Article X hereof, nothing herein contained shall be divulged by Airline or CFMI to any third person, firm or corporation, without the prior written consent of the other party which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Airline may disclose this Agreement (i) to its agents and professional advisors, (ii) to prospective lenders or financiers with respect to the Engines or an aircraft on which an Engine is installed, (iii) to prospective transferees or operators of the Engines or such aircraft, and (iv) as otherwise required by law (including any governmental agency) or by court order, and all of the persons and entities set forth in (i), (ii) and (iii) above shall agree in writing not to divulge to others without the prior written consent of CFMI. If Airline is required to disclose pursuant to subparagraph (iv) above, Airline shall first give CFMI written notice of any such law or court order, and such notice shall afford CFMI a reasonable opportunity to object to such disclosure or otherwise seek an appropriate protective order. Airline and CFMI shall also work together to provide to the S.E.C. an agreed to redacted version of the Agreement.



- D. This Agreement shall be construed, interpreted and applied in accordance with the law of the State of New York. Each of CFMI and Airline (i) hereby irrevocably submits itself to the nonexclusive jurisdiction of the courts of the state of New York, New York County, and of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defense based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts. Each party hereby generally consents to service of process by registered mail, return receipt requested, at its address for notice under this Agreement. The United Nations Conference on contracts for the International Sale of Goods shall not apply to this Agreement.
- E. This Agreement and all Letter Agreements relating hereto contain the entire and only agreement between the parties, and supersede all pre-existing agreements between such parties, respecting the subject matter hereof; including General Terms Agreement No. 613328, dated November 13, 1995 and any representation, promise or condition in connection therewith not incorporated herein shall not be binding upon either party. No modification, renewal, extension, waiver, or termination by mutual consent of this Agreement or any of the provisions herein contained shall be binding unless it is made in writing and signed on behalf of CFMI and Airline by duly authorized executives.
- F. Any provision in this Agreement to the contrary notwithstanding (including, in particular the provisions of Exhibit B hereto), the maintenance, removal, repair or replacement of Products, the order and storage thereof, as well as manuals, training and tooling in support thereof shall be controlled by and subject to any applicable law, rule or regulation and to the conditions set forth in any applicable governmental authorization.
- G. The provisions of Articles IX – Patents, X – Information and Data, XIII – Warranties; Limitation of Liability and XV – Governmental Authorization and Paragraph C of Article XVII shall survive any expiration or termination of this Agreement.
- H. This Agreement shall remain in full force and effect until (1) Airline ceases to operate at least one Aircraft powered by Products set forth herein, (2) less than five aircraft powered by such Products are in commercial airline service, (3) this Agreement is terminated in whole or in part under either the provisions of Article VIII – Excusable Delay or Article XII – Termination for Insolvency herein, or (4) by mutual consent of the parties, whichever occurs first.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and the year first above written.

**FRONTIER AIRLINES, INC.**

By: /s/ Arthur T. Voss

Typed Name: Arthur T. Voss

Title: Vice President

Date: July 20, 2000

**CFM INTERNATIONAL, INC.**

By: /s/ David M. Romansky

Typed Name: David M. Romansky

Title: Regional Sales Director

Date: July 20, 2000

**POWER OF ATTORNEY**

**TO WHOM IT MAY CONCERN:**

I, Herbert D. Depp, Vice President, Marketing and Sales, CFM International ("CFMI"), do hereby authorize David Romansky to execute on behalf of CFM, a General Terms Agreement and any accompanying documents thereto between CFM and Frontier Airlines. Mr. David Romansky has the same authority as though I were present and executing the documents personally.

This authorization shall be valid through August 31, 2000.

**IN WITNESS WHEREOF**, this document was signed and acknowledged in the presence of two witnesses.

**WITNESSES:**

**CFM INTERNATIONAL, INC.**

/s/ Evelyn McGuire

/s/ Herbert D. Depp

/s/ [Authorized Signatory]

Herbert D. Depp,  
Vice President, Marketing and Sales

**EXHIBIT A**

**CFM56 SERIES PRODUCTS APPLICABLE TO  
AIRLINE'S TYPE A319 AND 737 AIRCRAFT**

- I. Model CFM56-5B5/P, CFM56-3-B1, CFM56-3C1 and CFM56-3B2 Turbofan Engines as certified by the U.S. Federal Aviation Administration ("FAA") and French Direction Generale De L'Aviation Civile ("DGAC").
- II. Related Optional Equipment for the above Engines.
- III. Engine Modules
  - A. Fan
  - B. Low Pressure Turbine ("LPT")
  - C. Accessory Gearbox
  - D. Core Engine
- IV. Spare Parts.
- V. Special Tools and Test Equipment including Ground Support Equipment.
- VI. Other CFM56 products as may be offered for sale by CFMI from time to time.

**EXHIBIT B**  
**CFM56 PRODUCT SUPPORT PLAN**

**SECTION I – DEFINITIONS**

These definitions shall apply for all purposes of this Agreement unless the context otherwise requires.

1. “Aircraft” means each of the aircraft on which an Engine is installed.
2. “Agreement” means the General Terms Agreement No. 6-13616 between CFMI and Airline, to which this Exhibit B is attached.
3. “Engine(s)” means the Engine(s) described in Exhibit A.
4. “Expendable Parts” means those parts which must routinely be replaced during Inspection, repair, or maintenance, whether or not such parts have been damaged, and other parts which are customarily replaced at each such Inspection and maintenance period such as filter inserts and other short-lived items which are not dependent on wear out but replaced at predetermined intervals.
5. “Failed Parts” means those Parts or Expendable Parts suffering a Failure or mutually determined to have caused the Engine to be unserviceable and incapable of continued operation without requiring corrective action and shall include any Part or Expendable Part with a defect in material or workmanship or that otherwise fails to conform to CFMI’s applicable specifications and such failure to conform to the applicable CFMI specification causes the Engine to be unserviceable and incapable of continued operation.
6. “Failure” means the breakage or malfunction of, or injury to a Part or Expendable Part, rendering it unserviceable for any reason within CFMI’s control. Failure shall also include any defect in material or workmanship or any failure to conform to CFMI’s applicable specifications and such failure to conform to the applicable CFMI specification causes the Part to be unserviceable and incapable of continued operation. Failure does not include normal wear and tear and deterioration which can be restored by overhaul or repair.
7. “Flight Cycle” means the complete running of an Engine from start through any condition of flight and ending at Engine shutdown. A “touch and go landing” used during pilot training shall be considered as a “Flight Cycle.”
8. “Flight Hours” means the cumulative number of airborne hours in operation of each Engine computed from the time an aircraft leaves the ground until it touches the ground at the end of a flight.
9. “Foreign Object Damage” means any damage to the Engine caused by objects which are not part of the Engine or engine optional equipment.

10. "Inspection" means the observation of an Engine or Parts thereof, through disassembly or other means, for the purpose of determining serviceability.
11. "Labor Allowance" means a CFMI credit \*\*\*\*\* The "established labor rate" means either (a) the then current labor rate mutually agreed between CFMI and Airline if the work has been performed by Airline, or (b) the then current labor rate agreed between CFMI and the CFMI authorized repair and overhaul shop if the work has been performed by such repair and overhaul shop.
12. "Module" means each of the Engine Modules described in Exhibit A.
13. "Part(s)" means only those Engine and Engine Module Parts which have been sold originally to Airline by CFMI for commercial use. The term excludes parts which were furnished on new Engines and Modules but are procured directly from vendors. Such parts are covered by the Vendor Warranty and the CFMI "Vendor Warranty Back Up." Also excluded are Expendable Parts and customary short-lived items such as igniters and filter inserts.
14. "Parts Credit Allowance" means the credit granted by CFMI to Airline \*\*\*\*\*, ex-works, Evendale, or ex-works point of manufacture at the time the Part or Expendable Part is removed. \*\*\*\*\*
15. "Part Cycles" means the total number of Flight Cycles accumulated by a Part.
16. "Parts Repair" means the CFMI recommended rework or restoration of Failed Parts to a serviceable condition, excluding repair of normal wear and tear and deterioration.
17. "Part Time" means the total number of Flight Hours flown by a Part.
18. "Scheduled Inspection" means the inspection of an Engine conducted when an Engine has approximately completed a planned operating interval.
19. "Scrapped Parts" means those Parts determined to be unserviceable and not repairable by virtue of reliability, performance or repair costs. Such Parts shall be considered as scrapped if they bear a scrap tag duly countersigned by a CFMI representative. Such Parts shall be disposed of by Airline unless requested by CFMI for engineering analysis, in which event any handling and shipping shall be at CFMI's expense.
20. "Ultimate Life" of a Part means the approved limitation on use of a Part, in cumulative Flight Hours or Flight Cycles, which either CFMI or a U.S. and/or French Government authority establish as the maximum period of allowed operational time for such Parts in Airline service, with periodic repair and restoration. The term does not include individual Failure from wear and tear or other cause not related to the total usage capability of all such Parts in Airline service.

**SECTION II – WARRANTIES**

**A. New Engine Warranty**

- a. CFMI warrants each new Engine and Module against Failure \*\*\*\*\*
  - b. \*\*\*\*\*
  - c. \*\*\*\*\*
2. \*\*\*\*\*
- a. \*\*\*\*\*
  - b. \*\*\*\*\*

**B. New Parts Warranty**

In addition to the warranty granted for new Engines and new Modules, CFMI warrants Parts as follows:

- 1. \*\*\*\*\*
- 2. \*\*\*\*\*

**C. Ultimate Life Warranty**

1. CFMI warrants Ultimate Life limits on the following Parts:
- a. \*\*\*\*\*
  - b. \*\*\*\*\*
  - c. \*\*\*\*\*
  - d. \*\*\*\*\*
  - e. \*\*\*\*\*
  - f. \*\*\*\*\*
  - g. \*\*\*\*\*
  - h. \*\*\*\*\*
  - i. \*\*\*\*\*
  - j. \*\*\*\*\*
2. \*\*\*\*\*

D. Campaign Change Warranty

1. A campaign change will be declared by CFMI when a new Part design introduction, Part modification, Part Inspection, or premature replacement of an Engine or Module is required by a time compliance CFMI Service Bulletin or FAA and/or DGAC Airworthiness Directive. Campaign change may also be declared for CFMI Service Bulletins requesting new Part introduction no later than the next Engine or Module shop visit. CFMI will grant the following Parts Credit Allowances:

Engines and Modules

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

2. \*\*\*\*\*

3. \*\*\*\*\*

E. Warranty Pass-On

If requested by Airline and consented to by CFMI in writing which consent will not be unreasonably withheld, CFMI will extend warranty support for Engines sold by Airline to commercial Airline operators, or to other aircraft operators. Such warranty support will be \*\*\*\*\* will require such operator(s) to agree, in writing, to be bound by, and comply with, all the terms and conditions, including the limitations, applicable to such warranties as set forth in this Agreement.

If Airline acquires Products from another Airline or operator of Products, and such Airline or operator has an agreement with CFMI, CFMI will agree to extend the CFMI warranty support, if any, remaining in respect of such Products as extended by CFMI to such Airline or operator.







ENGINE FLIGHT HOURS					
2000	3000	4000	6000	8000	12000

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

F. Vendor Warranty Back-Up

1. CFMI controls and accessories vendors provide a warranty on their products used on CFMI Engines. This warranty applies to controls and accessories sold to CFMI for delivery on installed or spare Engines, and controls and accessories sold by the vendor to the Airlines on a direct purchase basis. In the event the controls and accessories suffer a failure during the vendors warranty period, the Airline will submit a claim directly to the vendor in accordance with the terms and conditions of the vendors warranty.
2. In the event a controls and accessories vendor fails to provide a warranty at least as favorable as the CFMI New Engine Warranty (for complete controls and accessories) or New Parts Warranty (for components thereof), or if provided, rejects a proper claim from the Airline, CFMI will intercede on behalf of the Airline to resolve the claim with the vendor. In the event CFMI is unable to resolve a proper claim with the vendor, CFMI will honor a claim from the Airline under the provisions and limitations of CFMI's New Engine or New Parts Warranty, as applicable. Settlements under this vendor back-up warranty will exclude credits for resultant damage to or from controls and accessories procured directly by Airline from vendors.

G. Vendor Interface warranty

1. Should any CFMI control or accessory, for which CFMI is responsible, develop a problem due to its environment or interface with other controls and accessories or with the Engine, reverser, or equipment supplied by the aircraft manufacturer, CFMI will be responsible for initiating corrective action. If the vendor disclaims warranty responsibility for parts requiring replacement, CFMI will apply the provisions of its New Parts Warranty to such part whether it was purchased originally from CFMI or directly from the vendor.

H. Condition Monitoring Warranty

1. CFMI warrants CFM56 condition monitoring equipment, installed on new Engines, in accordance with the provisions of its New Engine Warranty as heretofore set forth, \*\*\*\*\*.
2. CFMI warrants CFM56 condition monitoring equipment, purchased as spare Parts, in accordance with the provisions of its New Parts Warranty as heretofore set forth.

I. Special Tools and Test Equipment Warranty

1. CFMI warrants to Airline that special tools and test equipment sold hereunder will, at the time of delivery, be free from defects in material, workmanship, and title.
2. If it appears within \*\*\*\*\* from the date of delivery that any special tool or test equipment delivered hereunder does not meet the warranties specified in Paragraph 1. above and the Airline so notifies CFMI in writing prior to the expiration of \*\*\*\*\* after the end of that \*\*\*\*\* period, CFMI shall, at its option, correct any such defects either by repairing the defective item or by making available a repair or replacement item, ex-works, as designated by CFMI, or by refunding the purchase price of such item. At the request of CFMI, Airline, at its expense, shall ship the defective item to a location on the Airline's system designated by CFMI.
3. CFMI reserves the right to make changes in design and add improvements without incurring any obligation to make, at CFMI's expense, the same on other special tools or test equipment previously sold by CFMI.
4. This warranty is applicable only if the special tools and test equipment are operated, handled, used, maintained and repaired in accordance with CFMI's then-current recommendations as stated in its manuals, bulletins or other written recommendations, as supplied to Airline by CFMI.

J. Special Guarantees

The following special guarantees apply to all of Airline's new CFM56-5B5/P powered A319 Aircraft. The basis and conditions for application of these guarantees are described in Attachment A hereto.

1. In-flight shut-down ("IFSD") Rate Guarantee

CFMI guarantees that Airline will experience \*\*\*\*\* Engine-caused IFSD's during the first \*\*\*\*\* of revenue service. If at any time during the guarantee period Airline experiences an Engine-caused IFSD, CFMI will provide Airline a credit against purchases from CFMI in the amount of US \*\*\*\*\* for each such IFSD.

For purposes of this guarantee, an "IFSD" is defined as (i) when an Engine Part Fails or malfunctions causing an Engine-imposed shutdown during flight or (ii) subject to investigation to verify compliance with the Flight Crew operating manual, when the flight crew elects to shut off fuel to the Engine during flight solely due to an Engine Part Failure or malfunction.

2. Delay and Cancellation Rate Guarantee

CFMI guarantees that Airline's \*\*\*\*\* cumulative Engine-caused Delay (in excess of \*\*\*\*\*) and Cancellation rate for revenue flights will not exceed \*\*\*\*\*; if at the end of the guarantee period the guaranteed rate is exceeded, CFMI will provide Airline a credit against purchases from CFMI in the amount of US \*\*\*\*\* for each Engine-caused Delay or Cancellation in excess of the guaranteed rate.

"Delays and Cancellations" are defined in Attachment B.

3. Remote Site Removal Rate Guarantee

CFMI guarantees that Airline will experience no Engine Remote Site Removal during the first \*\*\*\*\* of its Engine revenue service. If Airline experiences such a Remote Site Removal, CFMI will provide Airline a credit against purchases from CFMI in the amount of US\*\*\*\*\* for each such removal.

For purpose of this guarantee, "Remote Site Removal" is defined as an Engine-caused Failure requiring Engine removal from the Aircraft at any location except Denver.

4. Extended New Engine Warranty

CFMI guarantees that Airline's new Engines and Engine Modules will operate without Failure requiring removal for the first \*\*\*\*\*.

Should an Engine or Engine Module be removed due to a Failure covered by this guarantee, CFMI will provide \*\*\*\*\*. Thereafter, the Parts Credit Allowance and Labor Allowance will decrease \*\*\*\*\*.

Annual settlements will be conducted with respect to each of the foregoing special guarantees. Final settlement for the guarantee shall occur at the end of the guarantee period. In the event an annual settlement results in a credit to Airline because the guaranteed rate is exceeded at that time but the guarantee is met at either a subsequent interim settlement or the final settlement, then such credit shall be repaid by Airline at such time. In the event the guarantee is not subsequently met, the interim settlement shall be offset against any subsequent amount due under the guaranteed cumulative rate.

**THE WARRANTIES AND GUARANTEES SET FORTH IN THIS PRODUCT SUPPORT PLAN ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES AND GUARANTEES, WHETHER WRITTEN, STATUTORY, ORAL, OR IMPLIED (INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE).**

### **SECTION III – SPARE PARTS PROVISIONING**

#### **A. Provisioning Data**

1. In connection with Airline's initial provisioning of spare Parts, CFMI shall furnish Airline with data in accordance with ATA 2000 Specification using a revision mutually agreed to in writing by CFMI and Airline.
2. It is the intention of the parties hereto to comply with the requirements of the ATA 2000 Specification and any future changes thereto, except that neither party shall deny the other the right to negotiate reasonable changes in the procedures or requirements of the Specification which procedures or requirements, if complied with exactly, would result in an undue operating burden or unnecessary economic penalty.

The data to be provided by CFMI to Airline shall encompass all Parts listed in CFMI's Illustrated Parts Catalogs. CFMI further agrees to become total supplier of Initial Provisioning Data for all vendor spare Parts in accordance with Paragraph 1. above.

3. Beginning on a date no later than \*\*\*\*\* prior to delivery of Airline's first Aircraft, or as mutually agreed, CFMI shall provide to Airline a complete set of Initial Provisioning Data and shall progressively revise this data until \*\*\*\*\* after delivery of the last spare Engine specified in its initial purchase order or as mutually agreed. A status report will be issued periodically. Provisioning data will be reinstated for subsequent spare Engines reflecting the latest modification status. CFMI will make available a list of major suppliers as requested by Airline. CFMI will provide, or cause to be provided on behalf of its vendors, the same service detailed in this clause.

B. Pre-Provisioning Conference

A pre-provisioning conference, attended by CFMI and Airline personnel directly responsible for initial provisioning of spare Parts hereunder, will be held at a mutually agreed time and place prior to the placing by Airline of initial provisioning purchase orders. The purpose of this conference is to discuss systems, procedures and documents available to the Airline for the initial provisioning cycle of the Products.

C. Changes

CFMI shall have the right to make corrections and changes in the Initial Provisioning Data in accordance with Chapter 2 (Initial Provisioning) of Chapter 1 of ATA 2000 Specification using a revision mutually agreed to in writing by CFMI and Airline. So long as Airline operates one (1) aircraft powered by CFM56 Engines and there are five (5) such aircraft powered by CFM56 Engines in commercial Airline service, CFMI will, at no cost to Airline, progressively revise Airline's Procurement Data tape in accordance with Chapter 3 (Order Administration) of Chapter 2 of ATA 2000 Specification entitled "Integrated Data Processing Supply" using a revision mutually agreed to in writing by CFMI and Airline.

D. Return Of Parts

Airline shall have the right to return to CFMI, at CFMI's expense, any new or unused Part which has been shipped in excess of the quantity ordered or which is not the part number ordered or which is in a discrepant condition except for damage in transit.

E. Parts Buy-Back

CFMI will agree to repurchase within the first \*\*\*\*\* after delivery of the first Aircraft to Airline, and at the invoiced price, any new and unused initially provisioned spare Parts purchased from CFMI which CFMI recommended that Airline purchase, in the event Airline finds such Parts to be surplus to Airline's needs. Parts which become surplus to Airline's needs by reason of Airline's decision to upgrade or dispose of Products or resulting from a change in the Beet operating conditions supplied by Airline, upon which the CFMI initial provisioning recommendation was established, are excluded from this provision. Shipping costs for parts returned will be paid by Airline.

F. Parts of Modified Design

1. CFMI shall have the right to make modifications to design or changes in the spare Parts sold to Airline hereunder.
2. CFMI will from time to time inform Airline in accordance with the means set forth in ATA 2000 Specification, when such spare Parts of modified design become available for shipment hereunder.

3. spare Parts of the modified design will be supplied unless Airline advises CFMI in writing of its contrary desire within \*\*\*\*\* of the issuance of the Service Bulletin specifying the change to the modified Parts. In such event, Airline may negotiate for the continued supply of spare Parts of the premodified design at a rate of delivery and price to be agreed upon.

G. Spare Parts Availability.

1. CFMI will ship reasonable quantities (defined as \*\*\*\*\* normal usage) of spare Parts which are included in CFMI's Engine Spare Parts Catalog within a \*\*\*\*\* lead time following receipt of an acceptable purchase order from Airline.  
Spare Parts and other CFMI furnished material which are not included in the CFM56 Engine Spare Parts Price Catalog and for which lead time has not been quoted will be shipped as quoted by CFMI.

2. CFMI will maintain a stock of spare Parts to cover Airline's emergency needs. For purposes of this Paragraph, emergency is understood by CFMI and Airline to mean the occurrence of any one of the following conditions:

- AOG – Aircraft on Ground
- Critical – Imminent AOG or Work Stoppage
- Expedite – Less than Normal Lead Time

Airline will order spare Parts according to lead time as provided in Paragraph 1. above, but should Airline's spare Parts requirements arise as a result of an emergency, Airline can draw such spare Parts from CFMI's stock. A 24-hour telephone service is available to Airline for this purpose. If an emergency does exist, CFMI will ship required spare Part(s) within the time period set forth below following receipt of an acceptable purchase order from Airline.

- AOG – \*\*\*\*\*
- Critical – \*\*\*\*\*
- Expedite – \*\*\*\*\*

**SECTION IV – TECHNICAL DATA**

- A. CFMI shall make available to Airline the technical data, including revisions thereof, at no charge, in the quantities as specified in Exhibit E and at a time and to a location as mutually agreed.

Such technical data shall be prepared by CFMI in accordance with the applicable provisions of ATA 100 or 2100 Specification (including necessary deviations) as the same may be revised from time to time.

If Airline requires CFMI to furnish the technical data in a form different from that normally furnished by CFMI pursuant to ATA 100 or 2100 Specification, or in quantities greater than those specified in Exhibit E, CFMI will, upon written request from Airline, furnish Airline with a written quotation for furnishing such technical data.



---

Revisions to the above technical data shall be furnished by CFMI to Airline at no charge for quantities equivalent to the quantities specified in Exhibit E for as long as Airline operates \*\*\*\*\* CFM56 powered aircraft in commercial airline service. Such quantities of revisions may be mutually modified in order to reflect any change in Airline's CFM56 operation.

CFMI shall incorporate in the Engine Illustrated Parts Catalog and the Engine Manual all appropriate CFMI Service Bulletins for as long as Airline receives revisions to technical information or data. Premodified and postmodified configurations shall be included by CFMI unless Airline informs CFMI that a configuration is no longer required.

- B. CFMI will require each vendor to furnish technical data consisting of copies of a component maintenance manual and service bulletins. Such vendor publications shall be furnished by CFMI to Airline in accordance with and subject to the same provisions as those set forth in Paragraph A. above.
- C. CFMI will also require its ground support equipment vendors, where appropriate, to furnish to Airline, at no charge, technical data determined by CFMI to be necessary for Airline to maintain, overhaul and calibrate special tools and test equipment. Such vendor-furnished technical data shall be furnished in accordance with and subject to the same provisions as those set forth in Paragraph A. above, except that the technical data shall be prepared in accordance with the applicable provisions of ATA 101 Specification, as the same may be revised from time to time.
- D. The following technical data, not covered by ATA Specifications, shall be furnished by CFMI to Airline in the quantities and at a time and to a location as mutually agreed:
  - Installation Manual (if required)
  - General Facility Study
  - Parts serialization records
- E. Where applicable, technical data as described in the above Paragraphs A. B. and D., furnished by CFMI or by CFMI vendors to Airline hereunder, shall be printed in the simplified English language as defined by AECMA (Association Europeenne des Constructeurs de Material Aerospatial).
- F. In addition to the above technical data to be furnished by CFMI to Airline, CFMI will have available with its resident representatives, where appropriate, one set of 35MM aperature cards or equivalent of each part and/or assembly drawing. CFM will also supply, on request, in 35MM aperature card format, one (1) copy of each special tool and equipment drawing.
- G. All technical data furnished herein by CFMI to Airline shall be subject to the provisions of Article X, "Information and Data", of this Agreement.

**SECTION V – TECHNICAL TRAINING**

1. **General**

This part describes the current maintenance training to be provided by CFMI at CFMFs training facility in Springdale, Ohio. CFMI will provide at no charge to Airline, except as otherwise provided herein, a number of student days\* for maintenance training as defined hereunder:

- \*\*\*\*\*
- \*\*\*\*\*

These days will be selected from the list given in (3), "Standard Maintenance Training" below. Any additional training beyond this threshold shall be at Airline's cost. It is necessary for Airline to use the maintenance training days prior to delivery of the first aircraft, unless the parties have otherwise agreed in writing.

All instruction, examinations and materials shall be prepared and presented in the English language and in the units of measure used by CFMI. Airline will provide interpreters, if required, for Airline's personnel.

Airline will be responsible for the living and medical expenses of Airline's personnel during maintenance training. For maintenance training provided at Springdale, Ohio, CFMI will assist Airline's personnel in making arrangements for hotels and transportation between selected lodging and the training facility.

2. Maintenance Training Conference

No later than twelve months prior to delivery of Airline's first aircraft, CFMI and Airline will conduct a maintenance training conference call in order to schedule and discuss the maintenance training or, Airline is welcome to visit CFMI's training facilities and discuss training. During the maintenance training conference call or visit, Airline will indicate the courses selected and arrange a mutually acceptable schedule.

\* Student days = # of students X # of class days

3. Standard Maintenance Training

Standard Maintenance Training will consist of computer based training or classroom presentations supported by training materials and, when applicable, hands-on practice. Training material will be based on ATA104 guidelines.

ATA104 – Level I – General Familiarization

ATA104 – Level II – Ramp and Transit

ATA104 – Level III – Line and Base Maintenance

ATA104 – Level IV – Specialized Training

Major Module Replacement

Module Replacement

Fan Trim Balance

Borescope Inspection

4. Optional Maintenance Training

Non-standard maintenance training courses are described in the current CFMI Training Course Syllabus and CFMI will provide a quote upon request.

5. Training at a Facility Other Than CFMI's

If requested prior to the conclusion of the maintenance training planning conference call or visit, CFMI will conduct the classroom training described in (3), "Standard Maintenance Training" at a mutually acceptable alternate training site, subject to the following conditions.

5.1 \*\*\*\*\*

5.2 \*\*\*\*\*

5.3 \*\*\*\*\*

5.4 \*\*\*\*\*

6. Supplier Training

The standard maintenance training includes sufficient information on the location, operation and servicing of engine equipment, accessories and parts provided by suppliers to support line maintenance functions.

If Airline requires additional maintenance training with respect to any supplier-provided equipment, accessories or parts, Airline will schedule such training directly with the supplier.

7. Student Training Material

7.1 Manuals

When required, CFMI will provide, at the beginning of each maintenance training course, one set of training manuals, or equivalent, for each student attending such course.

7.2 Other Training Material

CFMI will provide one set of the following training material, per course, as applicable.

Video Tapes – CFMI will lend a set of video tapes on ¾ inch U-matic or ½ inch VHS cassettes in NTSC, PAL or SECAM standard, as selected by Airline.

## **SECTION VI – CUSTOMER SERVICE**

- A. CFMI shall assign to Airline \*\*\*\*\*, a Customer Support Manager located at CFMI's factory to provide and coordinate appropriate liaison between the Airline and CFMI's factory personnel.
- B. CFMI shall also make available to Airline on an as-required basis, \*\*\*\*\*, a Field Service Representative as CFMI's representative at Airline's maintenance base plus a Shop Specialist to be assigned by CFMI to the engine shop facility selected by Airline. These specialists will assist Airline in areas of unscheduled maintenance action and scrap approval and will provide rapid communication between Airline's maintenance base and CFMI's factory personnel.

## **SECTION VII – PRODUCT SUPPORT ENGINEERING**

Factory based engineers who are specialized in powerplant engineering problems are available, at no charge to Airline, to make visits to Airline as mutually agreed when problems are encountered. These engineers will coordinate with the CFM56 design engineers and Airline's powerplant engineering group. Where specific design problems require a better understanding of Airline's experience, design engineers will work directly with Airline's powerplant engineering personnel to solve the problem.

## **SECTION VIII – OPERATIONS ENGINEERING**

Operations Engineering survey teams are available, at no charge to Airline, to make surveys of Airline maintenance and operating procedures as mutually agreed by Airline and CFMI. These survey teams will be able to provide service to all Airlines operating CFM56 Engines. This group will include experienced operations engineers who will be available for flying jump-seat on CFM56-powered aircraft, and discussing operating procedures with the crews.

## **SECTION IX – GROUND SUPPORT EQUIPMENT**

CFMI will provide to Airline, \*\*\*\*\*, maintenance and repair tooling and fixture drawings it has designed for the Engines. Engine maintenance tooling, lifting devices, transportation devices, and accessory or component stands will be offered for sale to Airline by CFMI, and can also be procured from vendors.

## **SECTION X – GENERAL CONDITIONS – CFM56 PRODUCT SUPPORT PLAN**

- A. Airline will maintain adequate operational and maintenance records and make these available for CFMI inspection.
- B. The warranty and guarantee provisions of this CFM56 Product Support Plan will not apply to any Product if it has been reasonably determined the Engine or any Parts thereof:
  - Has not been properly installed or maintained; or

- Has been operated contrary to applicable CFMI recommendations as contained in its Manual, Bulletins, or other written instructions delivered to Airline; or
  - Has been repaired or altered outside of CFMI facilities in such a way as to impair its safety of operation or efficiency; or
  - Has been subjected to misuse, neglect or accident; or
  - Has been subjected to Foreign Object Damage; or
  - Has been subjected to any other defect or cause not within the control of CFMI; or
  - Has been subjected to the control or use of another engine manufacturer; or
  - Has not been sold originally by CFMI to Airline for commercial use or installed in aircraft sold by the aircraft manufacturer to Airline.
- C. The express provisions of this CFM56 Product Support Plan set forth the maximum liability of CFMI with respect to \*\*\*\*\* As used herein the term “CFMI” shall be deemed to include GE, SNECMA and CFMI.
- D. Except as provided in the Vendor Warranty Back-up provisions in Paragraph F. of Section II hereof, no Parts Credit Allowance will be granted and no claim for loss or liability will be recognized by CFMI for Parts of the Engine whether original, repair, replacement, or otherwise, unless sold originally by CFMI to Airline for commercial use or installed in aircraft sold by the aircraft manufacturer to Airline.
- E. Airline shall apprise CFMI of any Failure subject to the conditions of this CFM56 Product Support Plan within \*\*\*\*\* after Airline’s discovery of such Failure. Any Part for which a Parts Credit Allowance is requested by Airline shall be returned to CFMI upon specific request by CFMI. Upon return to CFMI, such Part shall become the property of CFMI unless CFMI directs otherwise. Transportation expenses shall be borne by CFMI.
- F. The warranty applicable to a replacement Part provided under the terms of the New Engine Warranty or New Parts Warranty shall be the same as the warranty on the original Part. The unexpired portion of the applicable warranty will apply to Parts repaired under the terms of such warranty;
- G. Airline will cooperate with CFMI in the development of Engine operating practices, repair procedures, and the like with the objective of improving Engine operating costs.
- H. Except as provided in the Warranty Pass-On provisions in Paragraph E. of Section II hereof, this Product Support Plan applies only to the original purchaser of the CFM56 Engine, except that (i) installed Engines supplied to Airline through the aircraft manufacturer shall be considered as original Airline purchases covered by this Product

---

Support Plan, and (ii) the provisions of Section II.J (Special Guarantees) and Section V (Technical Training) shall also apply to Airline's new leased Aircraft; provided that the lessor with respect to such Aircraft agrees to waive any rights it may have to receive similar product support with respect to such Aircraft.

- I. Airline will provide CFMI a report identifying serialized rotating parts which have been scrapped by Airline. Format and frequency of reporting will be mutually agreed to by Airline and CFMI.

**ATTACHMENT A**

**BASIS AND CONDITIONS FOR SPECIAL GUARANTEES**

**A. General Conditions**

The Guarantees offered herein have been developed specifically for Airline’s new installed and spare CFM56-5B5/P engines (hereinafter referred to as the “Engine(s)”), whether leased or purchased. They are offered to Airline contingent upon:

1. \*\*\*\*\*
2. \*\*\*\*\*
3. \*\*\*\*\*
4. \*\*\*\*\*
5. \*\*\*\*\*
6. \*\*\*\*\*

**B. Exclusions**

The guarantees shall not apply (i) to repairs that are due to negligence, accidents, improper operation and/or improper maintenance or (ii) if the Engines are employed in power-back Aircraft operation.

**C. Administration**

The guarantees commence with delivery of Airline’s first Aircraft (whether leased or purchased) and end \*\*\*\*\* thereafter. Except as otherwise specifically set forth in the Agreement, the guarantees are not assignable without the written consent of CFMI.

CFMI will, with Airline’s assistance, conduct an accounting at least annually to determine the status of each guarantee. If compensation becomes available to Airline under more than one specific guarantee, warranty or other engine program consideration, Airline will not receive duplicate compensation but will receive the compensation most beneficial to Airline under a single guarantee, warranty or other program consideration. Unless otherwise stated, the guarantee compensation will be in the form of credits to be used by Airline against the purchase from CFMI of spare Engines, spare Parts, and/or Engine services.

**D. Miscellaneous**

The General Conditions described in Exhibit B (Product Support Plan) of the General Terms Agreement between CFMI and Airline apply to the guarantees.



**ATTACHMENT B**  
**DEFINITIONS FOR DELAY AND**  
**CANCELLATION RATE GUARANTEE**

**Delay**

Technical delays occur when the malfunctioning of an item, the checking of same, or necessary corrective action causes the final departure to be delayed more than a specified time (\*\*\*\*\*) after the programmed departure time in any of the following instances:

1. An originating flight departs later than the scheduled departure time.
2. A through service or turnaround flight remains on the ground longer than the allowable ground time.
3. The aircraft is released late from maintenance.

**NOTE:**

A cancellation supersedes a delay (i.e., a flight which is canceled after having been delayed is considered to be a cancellation only – not a delay and a cancellation).

**Cancellation**

Elimination of a scheduled trip because of a known or reasonably suspected malfunction and/or defect.

**NOTE:**

\*\*\*\*\*

**EXHIBIT C**  
**ESCALATION**

- I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.
- II. For purposes of this adjustment:
- A. Base price shall be the price(s) set forth on the purchase order as accepted by CFMI.
- B. The Composite Price Index (CPI) shall be deemed to mean the weighted average of the following four indices prepared by the US Department of Labor, Bureau of Labor Statistics, as published at the time of the scheduled Product billing for the sixth month prior to the scheduled Product billing. Base year 1982 = 100.
1. The Labor Index shall mean \*\*\*\*\*.
  2. The Metals and Metal Products Index for such month shall be deemed to mean \*\*\*\*\* of the wholesale price index for "Metals and Metal Products", Code 10, to the second decimal place.
  3. The Industrial Commodities Index for such month shall be deemed to mean \*\*\*\*\* of the wholesale price index for "All Commodities other than Farm and Foods," Code 3-15, to the second decimal place.
  4. The Fuel Index for such month shall be deemed to mean \*\*\*\*\* of the wholesale price index for "Fuel and Related Products and Power," Code 5, to the second decimal place.
- C. The CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.
- D. The Base CPI (CPI<sub>b</sub>) shall be the index stated in the published prices announced by CFMI from time to time.
- III. Base prices shall be adjusted in accordance with the following formula:  
\*\*\*\*\*
- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio \*\*\*\*\* shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. The resulting three digit decimal shall be used to calculate \*\*\*\*\*.

- 
- VI. In the event that the indices specified herein are discontinued, or the basis of their calculation is modified, equivalent indices shall be substituted by CFMI to reflect changes in labor, material, commodities, and fuel costs up to the sixth month prior to scheduled billing.
- VII. Should the above provisions become null and void by action of the US Government, the billing for the Products shall reflect changes in the costs of labor, material, commodities, and fuel which have occurred from the period represented by the applicable CPI<sub>b</sub> to the sixth month prior to scheduled billing date.

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.19(b)**

GE Aircraft Engines  
One Neumann Way  
Cincinnati, OH 45215-1988  
USA

**LETTER AGREEMENT NO. 1**

Frontier Airlines, Inc.  
12015 East 46th Avenue  
Suite 200  
Denver, CO 80239-3116

Gentlemen:

CFM International, Inc. ("CFMI") and Frontier Airlines, Inc. ("Airline") have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the "Agreement"). The Agreement contains applicable terms and conditions governing the sale by CFMI and the purchase by Airline from CFMI of CFM56 series Engines, Modules and Optional Equipment in support of Airline's acquisition of new aircraft.

In consideration of Airline's agreement to purchase and take delivery of \*\*\*\*\* new firm and up to, \*\*\*\*\* option CFM56-5B5/P powered A319 aircraft ("Aircraft") directly from Airbus Industrie ("AI") in accordance with the Airbus A3 18/A319 Purchase Agreement dated as of March 10, 2000 between Airline and AVSA, S.A.R.L. (the "Airbus Purchase Agreement"), as memorialized in Attachment A hereto, the parties agree as follows:

**I. Prices**

Base prices for new CFM56-5B5/P spare Engines, Modules and Optional Equipment delivered through \*\*\*\*\*, are set forth in Attachment B hereto. The escalation formula set forth in Exhibit C of the Agreement remains in effect through \*\*\*\*\*.

**II. Special Allowances**

CFMI agrees to provide to Airline the following special allowances. These allowances are contingent upon Airline selecting CFM56-5B5/P Engines to power all of its purchased A319 Aircraft, it being understood that Airline has the right not to exercise its options for the option A319 Aircraft, and up to \*\*\*\*\* leased A319 aircraft, regardless of the lessors and are subject to the conditions set forth in Attachment C hereto.

**A. Per Aircraft Allowance**

\*\*\*\*\* per each of the first \*\*\*\*\* CFM56-5B5/P] powered purchased A319 Aircraft purchased by and delivered to Airline \*\*\*\*\*, and for each additional CFM56-5B5/P powered purchased Aircraft purchased by and delivered to Airline by \*\*\*\*\*, payable in each case by wire transfer within \*\*\*\*\* following receipt of written notice from Airline that it has taken delivery of an A319 Aircraft in accordance with the Airbus Purchase Agreement.

\* Subject to adjustment for escalation to the date of delivery of the shipset of Engines to AI pursuant to the escalation provisions applicable to base prices, as set forth in Exhibit C of the Agreement.

**B. \*\*\*\*\* Spare Engine Allowance**

In consideration of Airline's agreement to purchase and take delivery of a minimum of \*\*\*\*\* CFM56 powered A319 Aircraft during the Delivery Period (as defined in Attachment A hereto), CFMI agrees to provide \*\*\*\*\* to Airline a new CFM56-5B5/P or CFM56-3C-1 spare engine at Airline's option (\*\*\*\*\*). CFMI shall deliver \*\*\*\*\* to Airline, together with a full warranty bill of sale with respect thereto, upon delivery of Airline's first leased or purchased A319 Aircraft; provided that Airline shall first enter into a security agreement with CFMI or CFMI's designee in the form attached hereto as Attachment D.

Upon the delivery of the \*\*\*\*\* CFM56 powered purchased A319 Aircraft during the Delivery Period, CFMI's security interest in \*\*\*\*\* shall be released and the security agreement referred to in the preceding paragraph shall terminate.

In the event Airline fails to take delivery of a minimum of \*\*\*\*\* purchased A319 Aircraft during the Delivery Period, Airline shall immediately pay to CFMI the base price of \*\*\*\*\* in effect at the time of delivery thereof to Airline. However, in the event Airline shall have purchased and taken delivery of at least \*\*\*\*\* A319 Aircraft during the Delivery Period, CFMI will credit Airline an amount equal to \*\*\*\*\* of such base price for each Aircraft so purchased and delivered.

For the avoidance of doubt, \*\*\*\*\* for all purposes of the Agreement, including, without limitation, Exhibit B thereof.

**C. Second Spare Engine Credit**

Airline has the option to purchase a second new CFM56-5B5/P spare Engine ("2nd Spare Engine") directly from CFMI at the Base Price specified in Attachment B hereto, plus escalation to the date the 2nd Spare Engine is purchased by and delivered to Airline. Airline shall earn a cash credit from CFMI equivalent to \*\*\*\*\* of the price paid by Airline for the 2nd Spare Engine ("2nd Spare Engine Credit") for each of the \*\*\*\*\* purchased A319 Aircraft delivered (the "Credit Aircraft"). If Airline has purchased and taken delivery of the 2nd Spare Engine prior to delivery of the first Credit Aircraft, the 2nd Spare Engine Credit shall be paid to Airline upon delivery of each Credit Aircraft. If the 2nd Spare Engine is purchased and delivered subsequent to delivery of the first Credit Aircraft, the 2nd Spare Engine Credit for such Aircraft and any other Credit Aircraft which have been so delivered shall be credited against the purchase price of the 2nd Spare Engine; thereafter the 2nd Spare Engine Credit shall be paid upon delivery of each of the remaining Credit Aircraft.

The obligations set forth in this Letter Agreement No. 1 are in addition to the obligations set forth in the Agreement.

The provisions of paragraphs A, B, C, D and E of Article XVIII of the Agreement are incorporated herein by reference.

Please indicate your agreement with the forgoing by signing the original and one (1) copy of this Letter Agreement No. 1 in the space provided below.

Very truly yours,

FRONTIER AIRLINES, INC.

CFM INTERNATIONAL, INC.

By: /s/ Lars-Erik Arnell  
Printed Name: Lars-Erik Arnell  
Title: Senior Vice President  
Date: [undated]

By: /s/ John C. Mericle  
Printed Name: John C. Mericle  
Title: Chief Financial Officer  
Date: October 26, 2011

ATTACHMENT A

AIRCRAFT DELIVERY SCHEDULE

<u>Aircraft</u>	<u>Engine Model</u>	<u>Year</u>	<u>Quantity of Aircraft</u>
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****

Airline's failure to purchase and take delivery of any one or more A319 Aircraft in strict accordance with the foregoing schedule will not affect the rights and obligations of the parties hereunder, so long as such Aircraft are purchased and accepted by Airline within \*\*\*\*\* after the last day of the scheduled year of delivery, as such scheduled year may be postponed in accordance with the Airbus Purchase Agreement for any reason other than a request by Airline or a default thereunder by Airline (the "Delivery Period").

**ATTACHMENT B**  
**BASE PRICES FOR SPARE ENGINES**  
**OPTIONAL EQUIPMENT AND MODUL.FS**

<u>Item</u>	<u>Base Price</u>
1.*****	*****
2.*****	*****
	*****
	*****
	*****
3.*****	*****
4.*****	*****
	*****
	*****

- A. Base prices are effective for firm orders received by CFMI within quoted lead time for basic spare Engines (including associated equipment and maximum climb thrust increase), Optional Equipment and Modules for delivery to Airline by CFMI on or before \*\*\*\*\*. The base prices are ex works, Evendale, Ohio, or point of manufacture, subject to adjustment for escalation and Airline shall be responsible, upon delivery, for the payment of all taxes, duties, fees or other similar charges.
- B. The selling price of CFM56-5B basic spare Engines, Optional Equipment and Modules ordered for delivery after the period set forth in Paragraph A above shall be the base price then in effect and as set forth in each purchase order as accepted by CFMI, which base price shall be subject to adjustment for escalation in accordance with CFMI's then-current escalation provisions.



1. **Allowance for Initial Aircraft Sale Only**

Any allowance described in this Letter Agreement No. 1 applies only to new A319 aircraft (together or individually the "Aircraft") equipped with new CFM56-5B5/P engines (together or individually the "Engines") purchased by Airline directly from the aircraft manufacturer.

2. **Allowance Not Paid**

Allowances described in this Letter Agreement No. 1 will not be earned or paid with respect to Engines which have been delivered to the aircraft manufacturer for installation in Airline's Aircraft if, thereafter, for any reason, Airline's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or if delivery of the Aircraft will be prevented or delayed beyond the expiration of the Delivery Period.

3. **Adjustment of Allowances**

The special allowance described in paragraph II.A of this Letter Agreement No. 1 is contingent upon Airline purchasing and accepting delivery of a minimum of \*\*\*\*\* CFM56-5B5/P powered A319 aircraft ("Minimum Number of Aircraft") for delivery during the Delivery Period. If Airline has canceled or otherwise failed to accept delivery of one or more of the required Minimum Number of Aircraft within the Delivery Period, the allowances will be adjusted as follows:

<u>Number of Aircraft delivered to Airline</u>	<u>Percentage of specified allowances on Aircraft actually delivered to Airline</u>
*****	*****
*****	*****
*****	*****
*****	*****

Adjustment of allowances in accordance with the above formula may be made by CFMI prospectively to take into account Aircraft delays and/or cancellations. In any case, Airline agrees to promptly reimburse CFMI for any allowance overpayments determined to have been made at the application of the adjustment formula set forth above \*\*\*\*\*. Unless otherwise agreed by CFMI, no allowance shall be paid on Aircraft not accepted within the Delivery Period and such Aircraft shall not be counted for purposes of the adjustment formula set forth above.

4. **Assignability of Allowance**

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFMI's written consent; provided that Airline may assign such allowance, together with its other rights under this Letter Agreement No. 1 on the terms described in clause (i) of paragraph A of Article XVIII of the Agreement.

5. **Set Off for Outstanding Balance**

CFMI shall be entitled, at all times, to set off any outstanding obligation and amounts that are due and owing from Airline to CFMI for CFMI Aircraft Engines goods or services (whether or not in connection with this Letter Agreement No. 1 or the Agreement), against any amount payable by CFMI to Airline in connection with this Letter Agreement No. 1 or the Agreement.

6. **Cancellation of Spare Engines**

Airline recognizes that harm or damage will be sustained by CFMI if Airline places a purchase order for spare Engine(s) or for Aircraft (the \*\*\*\*\* firm Aircraft) equipped with installed Engines and subsequently cancels such purchase order and such cancellation is not caused by acts (or failure to act) of Airbus or CFMI or otherwise fails to accept delivery of the Engines or Aircraft when duly tendered. Within \*\*\*\*\* of any such cancellation or failure to accept delivery occurs, Airline shall remit to CFMI, as liquidated damages, a cancellation charge equal to \*\*\*\*\* of the Engine price, determined as of the date of scheduled Engine delivery to Airline or to the aircraft manufacturer, whichever is applicable.

The parties acknowledge such cancellation charge to be a reasonable estimate of the harm or damage to CFMI in such circumstances.

CFMI shall apply any progress payments or other deposits made to CFMI for any such Engine first to the cancellation charge for such Engine and thereafter to any other amounts owed to CFMI hereunder. Progress payments held by CFMI in respect of any such Engine which are in excess of such amounts will be refunded to Airline.

If CFMI fails to deliver a spare Engine in accordance with the terms of the Agreement or this Letter Agreement No. 1 within \*\*\*\*\* after the date upon which such spare Engine was scheduled to be delivered for any reason other than an Excusable Delay or a default or breach by Airline, Airline may terminate this Letter Agreement No. 1 with respect to such spare Engine and CFMI shall promptly return any progress payments or other deposits made with respect to such Engine, together with interest thereon from the date such deposits were made at six month Libor. In addition, Airline will retain all remedies available to it at law or in equity.

7. **Delay of Spare Engines**

In the event the Airline delays the scheduled delivery date of a spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for which CFMI has received a purchase order from the aircraft manufacturer or Airline, as appropriate, through no fault of CFMI or the aircraft manufacturer, for a period, or cumulative period, of more than \*\*\*\*\* , such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

8. **Option Aircraft Substitution Rights**

CFMI acknowledges that Airline has the right, pursuant to the Airbus Purchase Agreement, to convert A319 option Aircraft into firm A318 aircraft which are not powered by CFM56 engines, and to convert option A318 aircraft into firm CFM56 powered A319 aircraft (the "Conversion Right"). Such right is exercisable upon notice by Airline to the airframe manufacturer not later than \*\*\*\*\* before the start of the calendar quarter in which the aircraft to be converted is scheduled to be delivered. In the event that Airline elects to exercise its Conversion Right with respect to any A319 Aircraft or any A318 Aircraft, it will deliver a copy of the foregoing notice to CFMI, and CFMI agrees that, promptly following its receipt thereof, it will provide its written consent to such exercise to the airframe manufacturer. CFMI will use its best reasonable efforts, consistent with its other obligations and its production capabilities, to ensure that the delivery date for the engines for any new firm CFM56 powered A319 aircraft resulting from the exercise of the Conversion Right will be the same as the scheduled delivery date for the engines for the A318 aircraft from which it was converted, and further agrees that any such new A319 aircraft will be an "Aircraft" for all purposes of this Letter Agreement No. 1.

9. **Aircraft Not Operated for Minimum Period**

If, within the first \*\*\*\*\* following delivery of each Aircraft for which a special allowance, of any nature, was provided by CFMI under this Letter Agreement No. 1 (the "Minimum Period"), such aircraft is no longer owned by (i) Airline or a wholly owned subsidiary of Airline, (ii) a trust or other special purpose entity established in connection with the financing of such Aircraft for Airline, or (iii) an entity to which Airline is permitted to assign its rights pursuant to clause (i)(b) of Paragraph A of Article XVIII of the Agreement, the special allowances earned and/or paid on such Aircraft will be proportionately reduced. Airline will reimburse CFMI an amount equal to the proportionate share of the special allowances earned and/or paid with respect to such Aircraft (based on the percentage of the Minimum Period the Aircraft was actually owned by Airline), with interest on such amount. The allowance reimbursement is due no later than \*\*\*\*\* from the time Airline ceases to own and operate such Aircraft. \*\*\*\*\*.

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.19(c)

[LOGO HERE]

**LETTER AGREEMENT NO. 2**

Frontier Airlines, Inc.  
12015 East 46th Avenue  
Suite 200  
Denver, CO 80239-3116

Gentlemen:

CFM International, Inc. ("CFMI") and Frontier Airlines, Inc. ("Airline") have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the "Agreement"). The Agreement contains applicable terms and conditions governing the sale by CFMI and the purchase by Airline from CFMI of CFM56 series Engines, Modules and Optional Equipment in support of Airline's acquisition of new aircraft.

WHEREAS, CFMI and Airline have entered into Letter Agreement No. 1 to document Airline's agreement to install CFM56-5B5/P engines on a minimum of \*\*\*\*\* new firm and up to \*\*\*\*\* option A319 aircraft (the "the A319 Aircraft") directly from Airbus Industrie ("AI") in accordance with the Airbus A318/A319 Purchase Agreement between Airline and AVS, S.A.R.L. (the "Airbus Purchase Agreement"), and

WHEREAS, Airline agrees to purchase \*\*\*\*\* new firm CFM56-5B5/P powered A319 Aircraft (the "\*\*\*\*\* Additional A319 Aircraft"), directly from AI in accordance with the Airbus Purchase Agreement, as memorialized in Attachment A hereto, and

WHEREAS, Airline agrees to purchase and take delivery of \*\*\*\*\* new firm CFM56- 5B8/P powered A318 Aircraft (the "A318 Aircraft") directly from AI in accordance with the Airbus Purchase Agreement, as memorialized in Attachment A hereto, and

WHEREAS, Airline agrees to purchase \*\*\*\*\* spare CFM56-5B8/P or CFM56-5B5/P engine from CFMI, \*\*\*\*\*,

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

**I. CFM56-5B8/P spare engine price**

Base price for new CFM56-5B8/P spare engines, delivered through \*\*\*\*\* , is set forth in Attachment B hereto. The base price is subject to adjustment for escalation per the escalation formula (with 2 indices) set forth in Attachment C hereto.

**II. CFM56-5B5/P spare engine price**

Base price for new CFM56-5B5/P spare engines, delivered through \*\*\*\*\*, is set forth in Attachment B of Letter Agreement #1 and included as Attachment D to this Letter Agreement No. 2 for convenience. For avoidance of doubt, this base price is subject to escalation per the escalation formula (with 4 indices) set forth in Attachment E hereto.

**III. Special allowances**

CFMI agrees to provide to Airline the following special allowances. These allowances are subject to the conditions set forth in Attachment F hereto.

- 1) \*\*\*\* (\*\*\*\*) allowance per each A318 Aircraft purchased by and delivered to Airline by \*\*\*\*\*. CFMI shall also provide to Airline an additional supplemental allowance of \*\*\*\* (\*\*\*\*) per each A318 Aircraft delivered to Airline by \*\*\*\*\*, both allowances are subject to escalation to the date of delivery of the related shipset of CFM56-5B8/P engines to Airbus, pursuant to the escalation' formula (with 2 indices) set forth in Attachment C hereto.
- 2) \*\*\*\* (\*\*\*\*) allowance per each A319 Aircraft and per each of the \*\*\*\* Additional A319 Aircraft purchased by and delivered to Airline by \*\*\*\*\*. This allowance is subject to escalation the date of delivery of the related shipset of CFM56-5B5/P engines to Airbus, pursuant to the escalation formula (with 4 indices) set forth in Attachment E hereto.

CFMI shall also provide an additional supplemental credit of \*\*\*\* (\*\*\*\*) per each of the \*\*\*\* Additional A319 Aircraft purchased by and delivered to Airline by \*\*\*\*\*. This credit shall be applied by Airline towards the purchase price of a spare CFM56-5B5/P or CFM56- 5B8/P engine from CFMI.

- 3) The above allowances and credits shall be available within \*\*\*\* following receipt of written notice from Airline that it has taken delivery of an aircraft from the A318 Aircraft, A319 Aircraft or the \*\*\*\* Additional A319 Aircraft in accordance with the Airbus Purchase Agreement.
- 4) In lieu of the Special Guarantees set forth in this Letter Agreement No. 2, Airline may elect to have a Residual Value Guarantee apply in which GE and Snecma (CFMI's parent companies), along with Airbus, would participate. This Residual Value Guarantee would be subject to the following:
  - a) GE and Snecma liability, in the aggregate, shall not exceed a total of \*\*\*\*.
  - b) Airline shall make this election for all \*\*\*\* of the A318 Aircraft.
  - c) Airline shall provide notification to CFMI, in writing, of its election to participate in this Residual Value Guarantee (in lieu of the Special Guarantees) a minimum of \*\*\*\* prior to delivery of the first A318 Aircraft to Airline.

- d) If Airline elects this option, Airline agrees to work with CFMI to segregate the CFM56-5B8/P Engines from the rest of its fleet for tracking, audit and enforceability issues relating to special guarantees which apply to CFM56 powered aircraft already delivered to Airline.
- 5) In lieu of the Special Guarantees and the Residual Value Guarantee, CFMI shall provide Airline with a credit in the amount of \*\*\*\*\* (not subject to escalation) for each of the \*\*\*\*\* A318 Aircraft. This credit shall be earned by Airline upon delivery of each of the A318 Aircraft. This allowance, once earned, shall be applied by Airline towards the purchase price of a spare Engine or towards other CFM56 goods or services procured by Airline from CFMI. Airline shall provide notice to CFMI, in writing, of its election (to elect application of this allowance in lieu of the Special Guarantees and the Residual Value Guarantee) a minimum of \*\*\*\*\* prior to delivery of the first A318 Aircraft to Airline.
- 6) CFMI agrees to participate with Airbus in the take-out of \*\*\*\*\* 737-200 aircraft (the "737 aircraft") currently operated by Airline. CFMI's participation shall be limited to \*\*\*\*\* (\*\*\*\*\* ) for each of the 737 aircraft, for a total contribution of \*\*\*\*\* (\*\*\*\*\*). CFMI's participation per aircraft is contingent upon Airline purchasing and accepting delivery of the \*\*\*\*\* Additional A319 Aircraft. The US \*\*\*\*\* (\*\*\*\*\* ) participation per aircraft is subject to escalation by the escalation formula in Attachment E (4 indices) hereto from January 2002 (\*\*\*\*\* ) through the delivery date of the \*\*\*\*\* Additional A319 Aircraft to Airline, and shall be provided to Airline or Airbus no earlier than the date of delivery of the \*\*\*\*\* Additional A319 Aircraft to Airline.

#### **IV. Special Guarantees**

The Special Guarantees set forth in paragraph J. of Section II of Exhibit B to the Agreement shall be applicable to the A318 Aircraft, A319 Aircraft and the Two Additional A319 Aircraft set forth in this Letter Agreement No. 2. However, the "Delivery Period" referred to in paragraph A.1 of Attachment A to Exhibit B of the Agreement shall, for the purposes of this Letter Agreement No. 2, be the delivery schedule set forth in Attachment A hereto.

Also, paragraph A. 3 of Attachment A to Exhibit B of the Agreement shall, for the purposes of this Letter Agreement No. 2 only, be amended to read as follows:

"3. Airline operating Aircraft \*\*\*\*\*. A change in Aircraft or Engine quantity, Aircraft or Engine model, Aircraft delivery occurring outside of the Delivery Period, or flight operations resulting in more severe operating conditions than described above will require adjustment of the guaranteed values to reflect such different conditions, using CFMI's operational severity criteria."

---

All other conditions set forth in the Agreement and Attachment A and Attachment B to Exhibit B of the Agreement (except as amended above) shall be incorporated herein as if set out in full.

The obligations set forth in this Letter Agreement No. 2 are in addition to the obligations set forth in the Agreement.

Please indicate your agreement with the forgoing by signing the original and one (1) copy of this Letter Agreement No. 2 in the space provided below.

FRONTIER AIRLINES, INC.

By: /s/ Paul H. Tate

Printed Name: Paul H. Tate

Title: Vice President and CFO

Date: November 20, 2002

Very truly yours,

CFM INTERNATIONAL, INC.

By: /s/ Luc Bramy

Printed Name: Luc Bramy

Title: VP, Contracts Admin.

Date: November 21, 2002



ATTACHMENT A

AIRCRAFT DELIVERY SCHEDULE

*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****

SPARE ENGINES DELIVERY SCHEDULE

*****	*****	*****
*****	*****	1
OT		
*****		

\*\*\*\*\*

Airline's failure to purchase and take delivery of (i) any one or more of the A318 Aircraft or A319 Aircraft or (ii) the \*\*\*\*\*, in strict accordance with the foregoing schedule will not affect the rights and obligations of the parties hereunder, so long as such Aircraft and Spare Engine are purchased and accepted by Airline within \*\*\*\*\* after the last day of the scheduled year of delivery, as such scheduled year for the Aircraft may be postponed in accordance with the Airbus Purchase Agreement for any reason other than a request by Airline or a default thereunder by Airline (the "Delivery Period").

**ATTACHMENT B**

**BASE PRICES FOR SPARE ENGINES,  
OPTIONAL EQUIPMENT AND MODULES**

<b>Item</b>	<b>Base Price January 2002 US Dollars CPI=148.84</b>
1. Basic engine including FADEC CFM56-5B8/P	*****

- A. Base prices are effective for firm orders received by CFMI within quoted lead time for basic spare Engines (including associated equipment and maximum climb thrust increase), Optional Equipment and Modules for delivery to Airline by CFMI on or before \*\*\*\*\*. The base prices are ex works, Evendale, Ohio, or point of manufacture, subject to adjustment for escalation and Airline shall be responsible, upon delivery, for the payment of all taxes, duties, fees or other similar charges.
- B. The selling price of CFM56-5B basic spare Engines, Optional Equipment and Modules ordered for delivery after the period set forth in Paragraph A above shall be the base price then in effect and as set forth in each purchase order as accepted by CFMI, which base price shall be subject to adjustment for escalation in accordance with CFMI's then-current escalation provisions.

ATTACHMENT C

ESCALATION FORMULA (2 INDICES) FOR  
CFM56 SPARE ENGINES AND MAJOR MODULES

\*\*\*\*\*

- I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.
- II. For the purpose of this adjustment:
- A. Base price shall be the price(s) set forth on the Purchase Order as acknowledged by CFM,
- B. The Composite Price Index (CPI) shall be calculated, to the second decimal place, using the following formula:
- \*\*\*\*\*
- Where:
- \*\*\*\*\*
- \*\*\*\*\*
- C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.
- D. The Base Composite Index (\*\*\*\*\* ) shall be the base index stated in the published prices.
- III. Base prices shall be adjusted in accordance with the following formula:
- \*\*\*\*\*
- Where:
- \*\*\*\*\*
- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio \*\*\*\*\* shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. If the calculation of this ratio results in a number less than 1.000, the ratio will be adjusted to 1.000. The resulting three digit decimal shall be used to calculate \*\*\*\*\*.

- VI. Values to be utilized in the event of unavailability. If at the time of delivery of Product, CFMI is unable to determine the adjusted price because the applicable values to be used to determine the \*\*\*\*\* have not been released by the Bureau of Labor Statistics, then:
- a) The Price Adjustment, to be used at the time of delivery of the Product, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available \*\*\*\*\* prior to scheduled Product delivery month will be used to determine the \*\*\*\*\* values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment. If no value has been released for an applicable month, the provisions set forth in Paragraph b, below, will apply. If prior to delivery of a Product, the U.S. Department of Labor changes the base year for determination of the \*\*\*\*\* values as defined above, such rebase values will be incorporated in the Price Adjustment calculation.
  - b) If prior to delivery of a Product, U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the \*\*\*\*\* values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Price Adjustment, CFMI will, prior to delivery of any such Product, select a substitute for such values from data published by the Bureau of Labor Statistics or other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revisions of the formula will be made as required to reflect any substitute values. However, if within \*\*\*\*\* from delivery of the Product, the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Product Price Adjustment, such values will be used to determine any increase or decrease in the Product Price Adjustment from that determined at the time of delivery of such Product.
  - c) In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the base price of any affected Product to reflect an allowance for increase or decrease in labor compensation and material costs occurring since February of the base price year which is consistent with the applicable provisions of this Price Escalation formula.
  - d) For the calculation herein, the values released by the Bureau of Labor Statistics and available to CFMI at the end of the month prior to scheduled Product delivery month will be used to determine the \*\*\*\*\* values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to

- 
- e) calculate the Product Price Adjustment for the Product invoice at the time of delivery. The values will be considered final and no Product Price Adjustment will be made after Product delivery for any subsequent changes in published index values.

Note: Any rounding of a number, with respect to escalation of the Product Price, will be accomplished as follows: If the first digit of the portion to be dropped from the number is five or greater, the preceding digit will be raised to the next higher number.

**ATTACHMENT D**

**BASE PRICES FOR SPARE ENGINES,  
OPTIONAL EQUIPMENT AND MODULES**

<b>Item</b>	<b>Base Price July 1998 US Dollars CPI=145.55</b>
1. *****	*****
2. *****	*****
	*****
	*****
3. *****	*****
4. *****	*****
	*****

- A. Base prices are effective for firm orders received by CFMI within quoted lead time for basic spare Engines (including associated equipment and maximum climb thrust increase), Optional Equipment and Modules for delivery to Airline by CFMI on or before \*\*\*\*\*. The base prices are ex works, Evendale, Ohio, or point of manufacture, subject to adjustment for escalation and Airline shall be responsible, upon delivery, for the payment of all taxes, duties, fees or other similar charges.
- B. The selling price of CFM56-5B basic spare Engines, Optional Equipment and Modules ordered for delivery after the period set forth in Paragraph A above shall be the base price then in effect and as set forth in each purchase order as accepted by CFMI, which base price shall be subject to adjustment for escalation in accordance with CFMI's then-current escalation provisions.

ATTACHMENT E

ESCALATION FORMULA (4 INDICES) FOR  
CFM56 SPARE ENGINES AND MAJOR MODULES

\*\*\*\*\*

I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.

II. For purposes of this adjustment:

- A. Base Price shall be the price(s) set forth on the purchase order as accepted by CFML
- B. The Composite Price Index (CPI) shall be deemed to mean the weighted average of the following four indices prepared by the US Department of Labor, Bureau of Labor Statistics, as published at the time of the scheduled Product billing for the sixth month prior to the scheduled Product billing.
  - 1. \*\*\*\*\*;  
\*\*\*\*\*
  - 2. \*\*\*\*\*
  - 3. \*\*\*\*\*
  - 4. \*\*\*\*\*
- C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.
- D. The Base Composite Price Index (\*\*\*\*\*) shall be the index stated in the published prices announced by CFM from time to time.

III. Base prices shall be adjusted in accordance with the following formula:

\*\*\*\*\*

- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the Base Price,
- V. The ratio \*\*\*\*\* shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. The resulting three digit decimal shall be used to calculate \*\*\*\*\*.

- 
- VI. In the event that the indices specified herein are discontinued, or the basis of their calculation is modified, equivalent indices shall be substituted by CFM to reflect changes in \*\*\*\*\* costs up to the sixth month prior to scheduled billing.
- VII. Should the above provisions become null and void by action of the US Government, the billing for the Products shall reflect changes in the costs of labor, material, commodities, and fuel which have occurred from the period represented by the applicable CPI^ to the sixth month prior to scheduled billing date.



ATTACHMENT F

**1. Allowance for Initial Aircraft Sale Only**

Any allowance described in this Letter Agreement No. 2 applies only to new A318 and A319 aircraft (together or individually the "Aircraft") equipped with new CFM56-5B engines (together or individually the "Engines") purchased by Airline directly from the aircraft manufacturer.

**2. Allowance Not Paid**

Allowances described in this Letter Agreement No. 2 will not be earned or paid with respect to Engines which have been delivered to the aircraft manufacturer for installation in Airline's Aircraft if, thereafter, for any reason, Airline's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or if delivery of the Aircraft will be prevented or delayed beyond the expiration of the Delivery Period.

**3. Adjustment of Allowances**

The special allowance described in paragraph II of this Letter Agreement No. 2 is contingent upon Airline purchasing and accepting delivery of a minimum of \*\*\*\*\* CFM56-5B8/P powered A318 Aircraft, \*\*\*\*\* Additional A319 Aircraft powered by CFM56-5B5/P and \*\*\*\*\* spare CFM56-5B Engine ("Minimum Number") for delivery during the Delivery Period. If Airline has canceled or otherwise failed to accept delivery of one or more of the required Minimum Number within the Delivery Period, the allowances will be adjusted as follows:

\*\*\*\*\*

Adjustment of allowances in accordance with the above formula may be made by CFMI prospectively to take into account Aircraft or Spare Engine delays, and/or cancellations. In any case, Airline agrees to promptly reimburse CFMI for any allowance overpayments determined to have been made at the application of the adjustment formula set forth above \*\*\*\*\*. Unless otherwise agreed by CFMI, no allowance shall be paid on Aircraft not accepted within the Delivery Period and such Aircraft shall not be counted for purposes of the adjustment formula set forth above.

**4. Assignability of Allowance**

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFMI's written consent; provided that Airline may assign such allowance, together with its other rights under this Letter Agreement No. 2 on the terms described in clause (i) of paragraph A of Article XVIII of the Agreement.

**5. Set Off for Outstanding Balance**

CFMI shall be entitled, at all times, to set off any outstanding obligation and amounts that are due and owing from Airline to CFMI for CFMI Aircraft Engines goods or services (whether or not in connection with this Letter Agreement No. 2 or the Agreement), against any amount payable by CFMI to Airline in connection with this Letter Agreement No. 2 or the Agreement.

**6. Cancellation of Engines**

Airline recognizes that harm or damage will be sustained by CFMI if Airline places a purchase order for spare Engine(s) or for Aircraft (the \*\*\*\*\* firm Aircraft) equipped with installed Engines and subsequently cancels such purchase order (and such cancellation is not caused by acts (or failure to act) of Airbus or CFMI or otherwise fails to accept delivery of the Engines or Aircraft when duly tendered. Within \*\*\*\*\* of any such cancellation or if failure to accept delivery occurs, Airline shall remit to CFMI, as liquidated damages, a cancellation charge equal to \*\*\*\*\* of the Engine price, determined as of the date of scheduled Engine delivery to Airline or to the aircraft manufacturer, whichever is applicable.

The parties acknowledge such cancellation charge to be a reasonable estimate of the harm or damage to CFMI in such circumstances.

CFMI shall apply any progress payments or other deposits made to CFMI for any such Engine first to the cancellation charge for such Engine and thereafter to any other amounts owed to CFMI hereunder. Progress payments held by CFMI in respect of any such Engine which are in excess of such amounts will be refunded to Airline.

If CFMI fails to deliver a spare Engine in accordance with the terms of the Agreement or this Letter Agreement No. 2 within \*\*\*\*\* after the date upon which such spare Engine was scheduled to be delivered for any reason other than an Excusable Delay or a default or breach by Airline, Airline may terminate this Letter Agreement No. 2 with respect to such spare Engine and CFMI shall promptly return any progress payments or other deposits made with respect to such Engine, together with interest thereon from the date such deposits were made at six month Libor. In addition, Airline will retain all remedies available to it at law or in equity.

**7. Delay of Engines**

In the event the Airline delays the scheduled delivery date of a spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for which CFMI has received a purchase order from the aircraft manufacturer or Airline, as appropriate, through no fault of CFMI or the aircraft manufacturer, for a period, or cumulative period, of more than \*\*\*\*\* , such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

**8. Aircraft Not Operated for Minimum Period**

If, within the first \*\*\*\*\* following delivery of each Aircraft for which a special allowance, of any nature, was provided by CFMI under this Letter Agreement No. 2 (the "Minimum Period"), such aircraft is no longer owned by (i) Airline or a wholly-owned subsidiary of Airline, (ii) a trust or other special purpose entity established in connection with the financing of such Aircraft for Airline, or (iii) an entity to which Airline is permitted to assign its rights pursuant to clause (i)(b) of Paragraph A of Article XVIII of the Agreement, the special allowances earned and/or paid on such Aircraft will be proportionately reduced. Airline will reimburse CFMI an amount equal to the proportionate share of the special allowances earned and/or paid with respect to such Aircraft, (based on the percentage of the Minimum Period the Aircraft was actually owned by Airline), with interest on such amount. The allowance reimbursement is due no later than \*\*\*\*\* from the time Airline ceases to own and operate such Aircraft. \*\*\*\*\*.

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.19(d)

1 August, 2003

**LETTER AGREEMENT NO. 3**

Frontier Airlines, Inc.  
Frontier Center One  
7001 Tower Road

Denver, CO 80249-7312

Gentlemen:

CFM International, Inc. ("**CFMI**") and Frontier Airlines, Inc. ("**Airline**") have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the "**Agreement**"). The Agreement contains applicable terms and conditions governing the sale by CFMI and the purchase by Airline from CFMI of CFM56 series Engines, Modules and Optional Equipment in support of Airline's acquisition of new aircraft.

WHEREAS, CFMI and Airline have previously entered into Letter Agreement No. 1 and No. 2 to document Airline's agreement to install CFM56-5B5/P engines on a minimum of \*\*\*\*\* new firm and up to \*\*\*\*\* option A319 aircraft (the "**A319 Aircraft**") and \*\*\*\*\* CFM56-5B powered A318 aircraft directly from Airbus Industries ("**AI**") in accordance with the Airbus A318/A319 Purchase Agreement between Airline and AVSA, S.A.R.L. (the "**AI Purchase Agreement**"); and

WHEREAS, Airline now agrees to purchase \*\*\*\*\* additional new firm CFM56-5B5/P powered A319 aircraft (individually or collectively the "Additional A319 Aircraft") (with options to convert such A319 aircraft to new firm CFM56-5B4/P powered A320 aircraft, the "**Additional A320 Aircraft**") directly from AI in accordance with the AI Purchase Agreement, as memorialized in Attachment A hereto; and

WHEREAS, Airline agrees to purchase \*\*\*\*\* spare CFM56-5B5/P engines from CFMI in \*\*\*\*\* according to the delivery schedule set forth in Attachment A. However, if \*\*\*\*\* or more of the Additional A319 Aircraft are converted to CFM56-5B4/P powered A320 aircraft, Airline shall purchase from CFMI \*\*\*\*\* spare CFM56-5B5/P engine in \*\*\*\*\* and \*\*\*\*\* spare CFM56-5B4/P engine in the year in which Airline takes delivery of the first of the Additional A320 Aircraft. These \*\*\*\*\* spare engines are incremental to spare engine commitments from previous agreements.

NOW, THEREFORE, in consideration of Airline's agreements set forth above, CFMI and Airline agree as follows:

**I. CFM56 Spare Engine Price**

Base price for new CFM56-5B5/P and CFM56-5B4/P spare Engines, delivered through \*\*\*\*\* are set forth in Attachment B hereto. The base price is subject to adjustment for escalation per the escalation formula set forth in Attachment C hereto.

## II. Special Allowances

CFMI agrees to provide to Airline the following special allowances. These allowances are subject to the conditions set forth in Attachment D hereto.

- 1) \*\*\*\*\* (\*\*\*\*\*) allowance per each Additional A319 Aircraft purchased by and delivered to Airline by \*\*\*\*\*. This allowance is subject to escalation to the date of delivery of the related shipset of CFM56-5B5/P engines to AI, pursuant to the escalation formula set forth in Attachment C hereto.
- 2) \*\*\*\*\* (\*\*\*\*\*) allowance per each Additional A320 Aircraft purchased by and delivered to Airline by \*\*\*\*\*. This allowance is subject to escalation the date of delivery of the related shipset of CFM56-5B4/P engines to AI, pursuant to the escalation formula set forth in Attachment C hereto. This allowance will be increased to \*\*\*\*\* (\*\*\*\*\*) provided Airline has contractually (with Airbus and with written notice thereof to CFMI) converted the Additional A319 Aircraft to Additional A320 by \*\*\*\*\*.

CFMI shall also provide an additional supplemental credit (\*\*\*\*\*) of \*\*\*\*\* per each of the Additional A319 Aircraft or \*\*\*\*\* per each of the Additional A320 Aircraft, provided such Additional A319 Aircraft and Additional A320 Aircraft are purchased by and delivered to Airline by January 31, 2009. This credit shall be applied by Airline towards the purchase price of the \*\*\*\*\* spare CFM56-5B engines Airline has agreed to purchase from CFMI as described above.

- 3) The above allowances and credits shall be available within \*\*\*\*\* following receipt of written notice from Airline that it has taken delivery of the Additional A319 Aircraft or Additional A320 Aircraft in accordance with the AI Purchase Agreement.

## III. Special Guarantees

The Special Guarantees set forth in paragraph J of Section II of Exhibit B to the Agreement shall be applicable to the Additional A319 Aircraft and Additional A320 Aircraft set forth in this Letter Agreement No. 3. However, the "Delivery Period" referred to in paragraph A.1 of Attachment A to Exhibit B of the Agreement shall, for the purposes of this Letter Agreement No. 3, be the delivery schedule set forth in Attachment A hereto.

Also, paragraph A.3 of Attachment A to Exhibit B of the Agreement shall, for the purposes of this Letter Agreement No. 3 only, be amended to read as follows:

"3. Airline operating Aircraft \*\*\*\*\* A change in Aircraft or Engine quantity, Aircraft or Engine model, Aircraft delivery occurring outside of the Delivery Period, or flight operations resulting in more severe operating conditions than described above will require adjustment of the guaranteed values to reflect such different conditions, using CFMI's operational severity criteria."

All other conditions set forth in the Agreement and Attachment A and Attachment B to Exhibit B of the Agreement (except as amended above) shall be incorporated herein as if set out in full.

The obligations set forth in this Letter Agreement No. 3 are in addition to the obligations set forth in the Agreement.

This Letter Agreement is valid, unless withdrawn by CFMI prior to acceptance by Airline, until August 31, 2003.

Please indicate your agreement with the foregoing by signing the original and one (1) copy of this Letter Agreement No. 3 in the space provided below.

FRONTIER AIRLINES, INC.

By: /s/ Paul H. Tate

Typed Name: Paul H. Tate

Title: Sr. VP & CFO

Very truly yours,

CFM INTERNATIONAL, INC.

By: /s/ Jeff Robeson

Typed Name: Jeff Robeson

Title: Attorney In Fact

Date: September 23, 2003

Date: August 1, 2003

ATTACHMENT A

<u>Qty</u>	<u>Aircraft Delivery Dates</u>	<u>Qty</u>	<u>Spare Engine Delivery Dates</u>	<u>Type</u>
*****	*****	*****	*****	*****
*****	*****	*****	*****	*****
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			
*****	*****			

\* Aircraft above are either A319 or A320. The second spare engine will be CFM56-5B5/P unless four or more aircraft are converted to A320 aircraft, in which case it shall be a CFM56-5B4/P and delivery shall take place in the year in which Airline takes delivery of the first of the Additional A320 Aircraft.

Airline’s failure to purchase and take delivery of (i) any one or more of the Additional A319 Aircraft or Additional A320 Aircraft and (ii) the \*\*\*\*\* Spare Engines in strict accordance with the foregoing schedule will not affect the rights and obligations of the parties hereunder, so long as such Aircraft and Spare Engines are purchased and accepted by Airline within \*\*\*\*\* after the last day of the scheduled year of delivery, as such scheduled year for the Aircraft may be postponed in accordance with the Airbus Purchase Agreement for any reason other than a request by Airline or a default thereunder by Airline (the “Delivery Period”).

**ATTACHMENT B**

**BASE PRICES FOR SPARE ENGINES,  
OPTIONAL EQUIPMENT AND MODULES**

<b><u>Item</u></b> *****	<b><u>Base Price</u></b> *****
-----------------------------	-----------------------------------

- A. Base prices are effective for firm orders received by CFMI within quoted lead time for basic spare Engines (including associated equipment and maximum climb thrust increase). Optional Equipment and Modules for delivery to Airline by CFMI on or before \*\*\*\*\*. The base prices are ex works, Evendale, Ohio, or point of manufacture, subject to adjustment for escalation and Airline shall be responsible, upon delivery, for the payment of all taxes, duties, fees or other similar charges.
- B. The selling price of CFM56-5B basic spare Engines. Optional Equipment and Modules ordered for delivery after the period set forth in Paragraph A above shall be the base price then in effect and as set forth in each purchase order as accepted by CFMI, which base price shall be subject to adjustment for escalation in accordance with CFMI's then-current escalation provisions.



**ESCALATION FORMULA (4 INDICES) FOR**  
**CFM56 SPARE ENGINES AND MAJOR MODULES**

\*\*\*\*\*

- I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.
- II. For purposes of this adjustment:
  - A. Base price shall be the price(s) set forth on the purchase order as accepted by CFMI.
  - B. The Composite Price Index (CPI) shall be deemed to mean the weighted average of the following four indices prepared by the US Department of Labor, Bureau of Labor Statistics, as published at the time of the scheduled Product billing for the sixth month prior to the scheduled Product billing.
    - 1. The Labor Index shall mean \*\*\*\*\* to the second decimal place of the following \*\*\*\*\* calculation:
      - \*\*\*\*\*
      - 2. \*\*\*\*\*
      - 3. \*\*\*\*\*
      - 4. \*\*\*\*\*
    - C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.
    - D. The Base Composite Price Index (\*\*\*\*\*) shall be the index stated in the published prices announced by CFM from time to time.
- III. Base prices shall be adjusted in accordance with the following formula:

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*       \*\*\*\*\*  
\*\*\*\*\*       \*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio \*\*\*\*\*, shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. The resulting three digit decimal shall be used to calculate \*\*\*\*\*.
- VI. \*\*\*\*\*
- VII. Should the above provisions become null and void by action of the US Government, the billing for the Products shall reflect changes in the costs of labor, material, commodities, and fuel which have occurred from the period represented by the applicable \*\*\*\*\*to the sixth month prior to scheduled billing date.

1. **Allowance for Initial Aircraft Sale Only**

Any allowance described in this Letter Agreement No. 3 applies only to the new Additional 319 Aircraft and A320 Aircraft described in this Letter Agreement No. 3 (together or individually the "Aircraft") equipped with new CFM56-5B engines (together or individually the "Engines") purchased by Airline directly from the aircraft manufacturer.

2. **Allowance Not Paid**

Allowances described in this Letter Agreement No. 3 will not be earned or paid with respect to Engines which have been delivered to the aircraft manufacturer for installation in Airline's Aircraft if, thereafter, for any reason, Airline's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or if delivery of the Aircraft will be prevented or delayed beyond the expiration of the Delivery Period (as defined in Attachment A hereto).

3. **Adjustment of Allowances**

The special allowance described in paragraph II of this Letter Agreement No. 3 is contingent upon Airline purchasing and accepting delivery of a minimum of \*\*\*\*\* Additional A319 Aircraft or Additional A320 Aircraft (as described in this Letter Agreement No. 3,) and purchasing and taking delivery from CFMI \*\*\*\*\* spare CFM56-5B engines ("Minimum Number") for delivery during the Delivery Period. If Airline has canceled or otherwise failed to accept delivery of one or more of the required Minimum Number within the Delivery Period, the allowances will be adjusted as follows:

\*\*\*\*\*  
\*\*\*\*\*

Adjustment of allowances in accordance with the above formula may be made by CFMI prospectively to take into account Aircraft or Spare Engine delays, and/or cancellations. In any case, Airline agrees to promptly reimburse CFMI for any allowance overpayments determined to have been made at the application of the adjustment formula set forth above \*\*\*\*\*. Unless otherwise agreed by CFMI, no allowance shall be paid on Aircraft not accepted within the Delivery Period and such Aircraft shall not be counted for purposes of the adjustment formula set forth above.

4. **Assignability of Allowance**

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFMI's written consent: provided that Airline may assign such allowance, together with its other rights under this Letter Agreement No. 3 on the terms described in clause (i) of paragraph A of Article XVIII of the Agreement.

5. **Set Off for Outstanding Balance**

CFMI shall be entitled, at all times, to set off any outstanding obligation and amounts that are due and owing from Airline to CFMI for CFMI Aircraft Engines goods or services (whether or not in connection with this Letter Agreement No. 3 or the Agreement), against any amount payable by CFMI to Airline in connection with this Letter Agreement No. 3 or the Agreement.

6. **Cancellation of Engines**

Airline recognizes that harm or damage will be sustained by CFMI if Airline places a purchase order for spare Engines or for Aircraft equipped with installed Engines and subsequently cancels such purchase order (and such cancellation is not caused by acts (or failure to act) of Airbus or CFMI) or otherwise fails to accept delivery of the Engines or Aircraft when duly tendered. Within \*\*\*\*\* of any such cancellation or failure to accept delivery occurs, Airline shall remit to CFMI, as liquidated damages, a cancellation charge equal to \*\*\*\*\* of the Engine price, determined as of the date of scheduled Engine delivery to Airline or to the aircraft manufacturer, whichever is applicable.

The parties acknowledge such cancellation charge to be a reasonable estimate of the harm or damage to CFMI in such circumstances.

CFMI shall apply any progress payments or other deposits made to CFMI for any such Engine first to the cancellation charge for such Engine and thereafter to any other amounts owed to CFMI hereunder. Progress payments held by CFMI in respect of any such Engine which are in excess of such amounts will be refunded to Airline.

If CFMI fails to deliver a spare Engine in accordance with the terms of the Agreement or this Letter Agreement No. 3 within \*\*\*\*\* after the date upon which such spare Engine was scheduled to be delivered for any reason other than an Excusable Delay or a default or breach by Airline, Airline may terminate this Letter Agreement No. 3 with respect to such spare Engine and CFMI shall promptly return any progress payments or other deposits made with respect to such Engine\*\*\*\*\*. In addition, Airline will retain all remedies available to it at law or in equity.

7. **Delay of Engines**

In the event Airline delays the scheduled delivery date of a spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for which CFMI has received a purchase order from the aircraft manufacturer or Airline, as appropriate, through no fault of CFMI or the aircraft manufacturer, for a period, or cumulative period, of more than \*\*\*\*\*, such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

September 2003

\*\*\*\*\*

GE Aircraft Engines  
One Neumann Way, MD F118  
Cincinnati, Ohio 45215

RE: Letter Agreement No.3, dated August 1, 2003 by and between CFM International, Inc. and Frontier Airlines, Inc.

Dear \*\*\*\*\*:

Per my email to you today, enclosed is a signed copy of the above referenced Letter Agreement. We look forward to a prosperous relationship with GE Engines and CFMI.

If you have any questions, don't hesitate to give me a call.

Sincerely,

\*\*\*\*\*

Corporate Financial Administrator  
Frontier Airlines Inc.

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.19(e)

26 March 2004

**LETTER AGREEMENT NO. 4 TO GTA 6-13616**

Frontier Airlines, Inc.  
Frontier Center One  
7001 Tower Road  
Denver, CO 80249-7312

Gentlemen:

CFM International, Inc. ("CFM") and Frontier Airlines, Inc. ("Airline") have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the "Agreement"). The Agreement contains applicable terms and conditions governing the sale by CFM and the purchase by Airline from CFM of CFM56 series Engines, Modules and Optional Equipment in support of Airline's acquisition of new aircraft.

WHEREAS, CFM and Airline have previously entered into Letter Agreements No's. 1, 2 and 3 to document CFM and Airline's agreements with regard to CFM56-5B5/P and CFM56-5B8/P installed and spare Engines, and

WHEREAS, Airline now desires to purchase thrust upgrades for the CFM56-5B5/P Engine to the CFM56-5B6/P thrust (including rating plugs and, if required, engine identification plates) ("Thrust Upgrades") for the installed Engines ("Installed Engines") on a total of \*\*\*\*\* A319 aircraft ("Aircraft") and \*\*\*\*\* spare Engines ("Spare Engines") (Installed Engines and Spare Engines collectively called the "Engines").

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants and conditions contained herein, and other good and valuable consideration, receipt of which is acknowledged and agreed, CFM and Airline agree as follows:

**I. Thrust Upgrade Price and Conditions**

CFM offers Airline \*\*\*\*\* Thrust Upgrades for the Engines. The full price of each Thrust Upgrade shall be \*\*\*\*\* (“Base Price”). This Base Price shall be subject to escalation from January 2004 to the month and year the purchase order for the Thrust Upgrade is placed directly to CFM, in accordance with Attachment A (“Escalated Price”). Airline shall pay the Escalated Price for each Thrust Upgrade as set forth in this Letter Agreement.

The Thrust Upgrades for the Installed Engines are to be applied to the following Aircraft:

- \*\*\*\*\* Thrust Upgrades are for \*\*\*\*\* A319 Aircraft already being operated by Airline. CFM shall invoice Airline upon execution of this Letter Agreement No. 4 for an amount equal to \*\*\*\*\* of the Escalated Price for each of these 16 Thrust Upgrades and payment of such invoice(s) shall be due \*\*\*\*\* after the invoice date.
- \*\*\*\*\* Thrust Upgrades are for \*\*\*\*\* A319 Aircraft on order to be delivered in \*\*\*\*\* pursuant to Letter Agreement No. 3 to the Agreement. Delivery of such Thrust Upgrades shall be concurrent with the delivery of each Firm A319 Aircraft powered by the CFM56- 5B5/P Engine with Thrust Upgrades installed. As early as possible prior to the delivery of these Thrust Upgrades, CFM shall invoice Airline for an amount equal to \*\*\*\*\* of the Escalated Price for the Thrust Upgrades then being delivered and payment of such invoice(s) shall be due at the time of delivery.

In addition, Airline will purchase \*\*\*\*\* Thrust Upgrades for use on the Spare Engines. The price of these \*\*\*\*\* Thrust Upgrades shall be \*\*\*\*\* of the Escalated Price. Amounts paid by the Airline for Thrust Upgrades used on Spare Engines will be subject to adjustment per the Takeoff Utilization Levels schedule set forth below. CFM shall invoice Airline upon execution of this Letter Agreement No. 4 an amount equal to \*\*\*\*\* of the Escalated Price for the Thrust Upgrade for Airline’s existing \*\*\*\*\* and payment of such invoice shall be due \*\*\*\*\* after the invoice date. Delivery and payment of the Thrust Upgrade for the spare CFM56- 5B5/P Engine to be purchased and delivered pursuant to Letter Agreement No. 1 of the Agreement shall be concurrent with the delivery of such Spare Engine. As soon as possible prior to the delivery of such Spare Engine, CFM shall invoice Airline for an amount equal to \*\*\*\*\* of the Escalated Price for the Thrust Upgrades then being delivered and payment of such invoice(s) shall be due at the time of delivery.

The initial portion of the Escalated Price paid by Airline for the Thrust Upgrades being delivered pursuant to this Letter Agreement is referred to herein as the “Initial Payment.” and any balance remaining thereafter, or after Airline has made additional payments with respect to a Thrust Upgrade pursuant to the Takeoff Utilization schedule described below, will be referred to herein as the “Remaining Balance.” Airline will have the option, in its sole discretion, to purchase any or all Thrust Upgrades delivered to Airline pursuant to this Letter Agreement at any time by payment to CFM the Remaining

Balance of the Escalated Price for such Thrust Upgrade. CFM will transfer good, marketable title to Airline, free of all liens or encumbrances, for each Thrust Upgrade at the time Airline pays the Remaining Balance for such Thrust Upgrade or title to a Thrust Upgrade is transferred to Airline in accordance with the automatic transfer of title provisions set forth below.

Airline shall be responsible for obtaining any required approvals/changes from Airbus and the FAA.

If title to a Thrust Upgrade has not transferred to Airline, and if Airline seeks to relinquish possession or control of such Engine on which a Thrust Upgrade is installed (it being expressly understood that a sale/leaseback transaction involving an Engine will not be considered a relinquishment of possession or control by Airline) within the \*\*\*\*\* period following delivery of the Thrust Upgrade for such Engine, then Airline shall either (i) transfer the Thrust Upgrade to a CFM56-5B5/P engine still under Airline's possession or control, or (ii) relinquish the use of the Thrust Upgrade and return the rating plugs for such Aircraft to CFM prior to relinquishing possession or control of the Engine. If, however, Airline retains possession or control of any Engine for a \*\*\*\*\* period following delivery of the Thrust Upgrade to be applied to such Engine, then, at the end of such \*\*\*\*\* period, CFM will transfer ownership of the Thrust Upgrade for such Engine to Airline at no additional charge. In the event that Airline retains possession and control of all Installed Engines for a \*\*\*\*\* period following the delivery of the Thrust Upgrade for such Installed Engines, then CFM will transfer ownership of the Thrust Upgrades applied to the \*\*\*\*\* Spare Engines to Airline \*\*\*\*\*.

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

Thrust Upgrades are the property of CFM and are provided to Airline for Airline's exclusive operation and use. CFM represents and warrants that Airline will have the right of quiet enjoyment of the Thrust Upgrades until such time that the Thrust Upgrade is returned to CFM or title to the Thrust Upgrade is transferred to Airline in accordance with this Letter Agreement.

Except for the payment terms set forth herein which shall apply to the purchase of the Thrust Upgrades, and which shall supercede the Payment Terms set forth in Exhibit D Paragraph A of the Agreement, all other conditions set forth in the Agreement and Attachment A and Attachment B to Exhibit B of the Agreement shall be incorporated herein as if set out in full.

Except as modified herein, the obligations set forth in this Letter Agreement No. 4 are in addition to the obligations set forth in the Agreement.



---

This Letter Agreement is valid, unless withdrawn by CFM prior to acceptance by Airline, \*\*\*\*\*.

Please indicate your agreement with the foregoing by signing the original and one (1) copy of this Letter Agreement No. 4 in the space provided below. This Letter Agreement may be executed in counterparts each of which, when taken together, will be deemed to be a single, enforceable agreement between the parties.

---

FRONTIER AIRLINES, INC.

By: /s/ Paul H. Tate

Typed Name: Paul H. Tate

Title: Senior Vice President & CFO

---

---

Date: March 26, 2004

Very truly yours,

CFM INTERNATIONAL, INC.

By: /s/ William R. Van Austen

Typed Name: William R. Van Austen

Title: G M Commercial Engine Transaction

---

Date: 26, March 2004

ATTACHMENT A

ESCALATION FORMULA (4 INDICES)  
FOR CFM56 SPARE ENGINES AND THRUST UPGRADES

\*\*\*\*\*

- I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.
- II. For purposes of this adjustment:
  - A. Base price shall be the price(s) set forth on the purchase order as accepted by CFMI.
  - B. The Composite Price Index (CPI) shall be deemed to mean the weighted average of the following four indices prepared by the US Department of Labor, Bureau of Labor Statistics, as published at the time of the scheduled Product billing for the sixth month prior to the scheduled Product billing.
    - 1. The Labor Index shall mean \*\*\*\*\* to the second decimal place of the following \*\*\*\*\* calculation:
      - \*\*\*\*\*
      - 2. \*\*\*\*\*
      - 3. \*\*\*\*\*
      - 4. \*\*\*\*\*
  - C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.
  - D. The Base Composite Price Index (\*\*\*\*\*) shall be the index stated in the published prices announced by CFM from time to time.
- III. Base prices shall be adjusted in accordance with the following formula:

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\* \*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio \*\*\*\*\* shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. The resulting three digit decimal shall be used to calculate \*\*\*\*\*.
- VI. \*\*\*\*\*
- VII. Should the above provisions become null and void by action of the US Government, the billing for the Products shall reflect changes in the costs of labor, material, commodities, and fuel which have occurred from the period represented by the applicable \*\*\*\*\* to the \*\*\*\*\* to scheduled billing date.

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.19(f)**

11 April 2006

LETTER AGREEMENT NO. 5 TO GTA 6-13616

Frontier Airlines, Inc.  
Frontier Center One  
7001 Tower Road  
Denver, CO 80249-7312

CFM International, Inc. ("CFM") and Frontier Airlines, Inc. ("Airline") have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the "Agreement") The Agreement contains applicable terms and conditions governing the sale by CFM and the purchase by Airline from CFM of CFM56 series Engines, Modules and Optional Equipment in support of Airline's acquisition of new aircraft.

WHEREAS, CFM and Airline have previously entered into Letter Agreements No's. 1, 2, 3 and 4 to document CFM and Airline's agreements with regard to CFM56-5B5/P and [CFM56-5B8/P] installed and spare Engines, and

WHEREAS, Airline now desires to purchase \*\*\*\*\* A320 additional aircraft and associated Engines, and \*\*\*\*\* additional spare Engine.

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants and conditions contained herein, and other good and valuable consideration, receipt of which is acknowledged and agreed, CFM and Airline agree as follows:

1. Airline agrees to purchase and take delivery of \*\*\*\*\* new firm CFM56-5B4/P powered A320 aircraft directly from Airbus in accordance with the delivery schedule set forth in Attachment A hereto (the "Aircraft").
2. Airline agrees to purchase and take delivery of a minimum of \*\*\*\*\* CFM56-5B4/P spare Engine from CFM according to the delivery schedule set forth in Attachment A hereto.

In consideration of the above, CFM agrees to the following:

GE PROPRIETARY INFORMATION

A. Special Allowances

CFM agrees to provide the following allowances to Airline subject to the conditions set forth in the Attachment D:

(i) Aircraft Allowance

For each of the Aircraft scheduled to deliver to Airline before \*\*\*\*\*, CFM will provide Airline with a per aircraft allowance for each such Aircraft in the amount of \*\*\*\*\* (\*\*\*\*\*), and shall be subject to adjustment for escalation to the date of delivery of each such Aircraft in accordance with the escalation formula set forth in Attachment C hereto).

Each per Aircraft Allowance will be made available to Airline within \*\*\*\*\* following receipt of written notice from Airline that it has taken delivery of each Aircraft in accordance with its purchase agreement with Airbus. \*\*\*\*\*

(ii) Spare Engine Credit

1. CFM shall provide a credit of \*\*\*\*\* (\*\*\*\*\*) per each of the \*\*\*\*\* A320 aircraft purchased and delivered to airline, per Attachment A, \*\*\*\*\*, provided Airline has purchased and taken delivery of the Spare Engine per Attachment A.
2. This credit is subject to escalation to the date of delivery of the related shipset of CFM56-5B4/P engines to A1, pursuant to the escalation formula set forth in Attachment C.
3. Each per-aircraft Spare Engine credit will be made available to Airline within \*\*\*\*\* following receipt of written notice from Airline that it has taken delivery of each Aircraft in accordance with its purchase agreement with Airbus.
4. Each per-aircraft Spare Engine credit will be in the form of a credit against purchases from GE or CFM.
5. Base Prices for spare Engines delivered to Airline by December 31, 2010 are set forth in Attachment B and are subject to adjustment for escalation per the terms set forth in Attachment C.

The obligations set forth in this Letter Agreement are in addition to the obligations set forth in the GTA. In the event of conflict between the terms of this Letter Agreement and the terms of the GTA, the terms of this Letter Agreement shall take precedence. Terms which are capitalized but not otherwise defined herein shall have the meaning given to them in Article I of the GTA.

GE PROPRIETARY INFORMATION

Confidentiality of Information. This Letter Agreement contains information specifically for Airline and CFM, and nothing herein contained shall be divulged by Airline or CFM to any third person, firm or corporation, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld: except (i) that Airline's consent shall not be required for disclosure by CFM of this Letter Agreements, to an Engine program participant, joint venture participant, engineering service provider or consultant to CFM so as to enable CFM to perform its obligations under this Letter Agreement or to provide informational data; (ii) to the extent required by Government agencies, by law, or to enforce this Letter Agreement; and (iii) to the extent necessary for disclosure to the Parties' respective insurers, accountants or other professional advisors who must likewise agree to be bound by the provisions of this paragraph. In the event (i) or (iii) occur, suitable restrictive legends limiting further disclosure shall be applied. In the event this Letter Agreement, or other CFM information or data is required to be disclosed or filed by government agencies by law, or by court order, Airline shall notify CFM at least thirty (30) days in advance of such disclosure or filing and shall cooperate fully with CFM in seeking confidential treatment of sensitive terms of this Letter Agreement.

Please indicate your agreement with the foregoing by signing two (2) duplicate originals as provided below.

		Very truly yours,	
Frontier Airlines, Inc.		CFM International, Inc.	
By:	<u>/s/ Paul H. Tate</u>	By:	<u>/s/ Russell P. Shelton</u>
Typed Name:	Paul H. Tate	Typed Name:	Russell P. Shelton
Title:	Sr. VP & CFO	Title:	Attorney In Fact
	_____		_____
	_____		_____
Date:	<u>April 17, 2006</u>	Date:	<u>April 19, 2006</u>

GE PROPRIETARY INFORMATION

ATTACHMENT A

CFM56-5B4/P Aircraft Order and Spare Engine Delivery Schedule\*

<u>Ref:</u>	<u>Delivery Date</u>	<u>A320 Aircraft with ; CFM56-5B/P (AC Qty)</u>	<u>Spare CFM56-5B4/P Engine (Engine Qty)</u>
	*****		
	*****		
	*****		
	*****		
	*****		
	*****		

\*\*\*\*\*

GE PROPRIETARY INFORMATION



ATTACHMENT B

BASE PRICES FOR CFM56-5B4/P SPARE ENGINES

Prices Applicable to Deliveries through \*\*\*\*\*

Item

\*\*\*\*\*

1. Basic Engine Including FADEC- CFM56-5B4/P

- A. Base prices are effective for firm orders received by CFM within quoted lead time for basic spare Engines (including associated equipment and maximum climb thrust increase) for delivery to Airline by CFM on or before \*\*\*\*\*.
- B. The selling price of CFM56-5B4/P basic spare Engines ordered for delivery after the period set forth in Paragraph A above shall be the base price then in effect and as set forth in each purchase order as accepted by CFM, which base price shall be subject to adjustment for escalation in accordance with CFM's then-current escalation provisions.

GE PROPRIETARY INFORMATION

ATTACHMENT C

CFM56-5B4/P ESCALATION FORMULA (4 INDICES) FOR SPARE ENGINES AND MAJOR MODULES \*\*\*\*\*

- I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.
- II. For purposes of this adjustment:
  - A. Base price shall be the price(s) set forth on the purchase order as accepted by CFMI.
  - B. The Composite Price Index (CPI) shall be deemed to mean the weighted average of the following four indices prepared by the US Department of Labor, Bureau of Labor Statistics, as published at the time of the scheduled Product billing for the sixth month prior to the scheduled Product billing.
    - 1. The Labor Index shall mean \*\*\*\*\* to the second decimal place of the following ECI calculation:  
\*\*\*\*\*
    - 2. \*\*\*\*\*
    - 3. \*\*\*\*\*
    - 4. \*\*\*\*\*
  - C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.
  - D. The Base Composite Price Index (\*\*\*\*\*) shall be the index stated in the published prices announced by CFM from time to time.
- III. Base prices shall be adjusted in accordance with the following formula:  
\*\*\*\*\*

\*\*\*\*\*

GE PROPRIETARY INFORMATION

- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio \*\*\*\*\* shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. The resulting three digit decimal shall be used to calculate \*\*\*\*\*.
- VI. \*\*\*\*\*
- VII. Should the above provisions become null and void by action of the US Government, the billing for the Products shall reflect changes in the costs of labor, material, commodities, and fuel which have occurred from the period represented by the applicable \*\*\*\*\* to the \*\*\*\*\*.

GE PROPRIETARY INFORMATION

ATTACHMENT D  
CONDITIONS FOR SPECIAL ALLOWANCES/DELAY/CANCELLATION

1. Allowance for Initial Aircraft Sale Only

Any allowance described in this Letter Agreement applies only to new A320 aircraft (together or individually the "Aircraft") equipped with new CFM56-5B4/P engines (together or individually the "Engines") purchased by Airline directly from the aircraft manufacturer.

2. Allowance Not Paid

Allowances described in this Letter Agreement will become unearned and will not be paid if Engines have been delivered to the aircraft manufacturer for installation in Airline's Aircraft and, thereafter, for any reason, Airline's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or for any reason delivery of the Aircraft will be prevented or delayed beyond \*\*\*\*\* after the last day of the scheduled year of delivery described in Attachment A, (when accounting for any deferrals as contemplated in the Attachment A), as such scheduled delivery may be postponed in accordance with the Airbus Purchase Agreement ("Delivery Period").

3. Termination of Special Allowances

Airline agrees that all of the Special Allowances set forth in this Letter Agreement shall expire \*\*\*\*\* after delivery of last scheduled firm Aircraft as set forth in Attachment A (when accounting for any deferrals as contemplated in the Attachment A) hereto (the "Expiration Date").

For the avoidance of doubt, it is understood that CFM shall have no further obligation beyond the Expiration Date to provide any of such Special Allowances which were not provided to Airline, through no fault of CFM.

4. Earning and Adjustment of Allowances

The special allowance described in this Letter Agreement is contingent upon Airline purchasing and accepting delivery of a minimum of \*\*\*\*\* A320 Aircraft and purchasing and taking delivery from CFM \*\*\*\*\* spare \*\*\*\*\* Engine ("Minimum Number") for delivery during the Delivery Period. If Airline has canceled or otherwise failed to accept these deliveries, the allowance will be adjusted as follows:

\*\*\*\*\*

5. Assignability of Allowance

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFM's written consent; provided that Airline may assign such allowance, together with its other rights under this LA on the terms described in clause (i) of paragraph A of Article XVII of the Agreement.

GE PROPRIETARY INFORMATION

6. Set Off for Outstanding Balance

CFM shall be entitled, at all times, to set off any outstanding obligation and amounts that are due and owing from Airline to CFM for CFM Aircraft Engines goods or services (whether or not in connection with this Letter Agreement and/or GTA), against any amount payable by CFM to Airline in connection with this Letter Agreement and/or GTA.

7. Cancellation of Installed or Spare Engines Cancellation Charge

Airline recognizes that harm or damage will be sustained by CFM if Airline places a purchase order for spare Engine(s) or for Aircraft equipped with installed Engines and subsequently cancels such purchase order (and such cancellation is not caused by acts (or failure to act) of Airbus or CFMI) or otherwise fails to accept delivery of the Engines or Aircraft when duly tendered, Within \*\*\*\*\* of any such cancellation or failure to accept delivery occurs. Airline shall remit to CFM a minimum cancellation charge equal to \*\*\*\*\* of the Engine price, determined as of the date of scheduled Engine delivery to Airline or to the aircraft manufacturer, whichever is applicable.

CFM shall retain any progress payments or other deposits made to CFM for any such Engine. Such progress payments will be applied first to the minimum cancellation charge for such Engine and, in circumstances described in the last sentence of the preceding paragraph, then to any further damages sustained by CFM as a result of such cancellation or failure to accept delivery. Progress payments held by CFM in respect of any such Engine which are in excess of such amounts will be refunded to Airline, provided Airline is not then in arrears on other amounts owed to CFM.

If CFMI fails to deliver a spare Engine in accordance with the terms of the Agreement or this Letter Agreement No. 3 within \*\*\*\*\* after the date upon which such spare Engine was scheduled to be delivered for any reason other than an Excusable Delay or a default or breach by Airline, Airline may terminate this Letter Agreement No 3 with respect to such spare Engine and CFMI shall promptly return any progress payments or other deposits made with respect to such Engine, together with interest thereon from the date such deposits were made at \*\*\*\*\*. In addition, Airline will retain all remedies available to it at law or in equity.

8. Delay Charge for Installed or Spare Engines

In the event Airline delays the scheduled delivery date of a spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for which CFM has received a purchase order from the aircraft manufacturer or Airline, as appropriate, for a period, or cumulative period, of more than \*\*\*\*\*, such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

GE PROPRIETARY INFORMATION

9. Aircraft Substitution Rights

Airline shall have no Aircraft "substitution rights", unless such rights are granted in writing by the Airframe manufacturer and CFM. If Airline attempts to replace any of the Aircraft which are the subject of this Agreement with another aircraft type, and the replacement aircraft is not equipped with Engines of the type that are the subject of this GTA, such event shall also be considered a cancellation and the cancellation provisions described in subparagraph 7 above shall apply.

10. Aircraft Not Operated for Minimum Period

If, within the first twenty-four months following delivery of each Aircraft for which a special allowance, of any nature, was provided by CFM under this Letter Agreement or resulting GTA (the "Minimum Period"), Airline sells, transfers, trades, exchanges, leases, subleases and fails to operate such Aircraft, the special allowances earned and/or paid on such Aircraft will be proportionately reduced. Airline will reimburse CFM an amount equal to the proportionate share of the special allowances earned and/or paid with respect to such Aircraft, (based on the percentage of the Minimum Period the Aircraft was actually owned and operated by Airline), with interest on such amount. The allowance reimbursement is due no later than \*\*\*\*\* from the time Airline ceases to own and operate such Aircraft. Interest will be \*\*\*\*\* from the time of initial allowance payment on such Aircraft until the time of full reimbursement.

GE PROPRIETARY INFORMATION

[LOGO]

June 6, 2009

**AMENDMENT NO. 1 TO GTA 6-13616**

Frontier Airlines, Inc.  
Frontier Center One  
7001 Tower Road  
Denver CO 80249-7312

CFM International, Inc. (“CFM”) and Frontier Airlines, Inc. (“Airline”) have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 (the “Agreement”). The Agreement contains applicable terms and conditions governing the sale by CFM and the purchase by Airline from CFM of CFM56 series Engines, Modules and Optional Equipment in support of Airline’s acquisition of new aircraft.

WHEREAS, CFM and Airline now desire to revise certain terms and conditions of the Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants and conditions contained herein, and other good and valuable consideration. Receipt of which is acknowledged and agreed.

CFM and Airline agree as follows:

1. Revise GTA Exhibit B.1 “Definitions”, paragraph 20 “Ultimate Life”, as follows

**FROM:**

20. “Ultimate Life” of a Part means the approved limitation on use of a Part in cumulative Flight Hours or Flight Cycles, which either CFMI or a U.S. and/or French Government authority establish as the maximum period of allowed operational time for such Parts in Airline service, with periodic repair and restoration. The term does not include individual Failure from wear and tear or other cause not related to the total usage capability of all such Parts in Airline service.”

**TO:**

“20. “Ultimate Life” of a Part means the approved limitation on use of a Part in cumulative Flight Hours or Flight Cycles, which either CFMI or a U.S. and/or French Government authority establish as the maximum period of allowed operational time for such Parts in Airline service, with periodic repair and restoration. Ultimate Life for LLPs shall be used in the calculation of CFM participation (if any, as solely determined by CFM) of an Engine or Part Failure, however, the term does not include individual Failure from wear and tear or other cause not related to the total usage capability of all such Parts in Airline service.”

Except as noted here, the Agreement remains unchanged. Please indicate your agreement with the foregoing by signing the original and one (1) copy of this Amendment Number 1 to the Agreement in the space provided below. This Letter Agreement may be executed in counterparts each of which, when taken together, will be deemed to be a single, enforceable agreement between the parties.

**FRONTIER AIRLINES, INC.**

By:                   /s/ [Authorized Signatory]

Printed Name: [Authorized Signatory]

Title: [Authorized Signatory]

Date:

**CFM INTERNATIONAL, INC.**

By:                   /s/ Thierry Derrien

Printed Name: Thierry Derrien

Title: VP Contracts

Date: July 9, 2009



\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.19(h)**

LETTER AGREEMENT NO. 7  
TO GTA NO. 6-13616

Frontier Airlines, Inc.  
8909 Purdue Road  
Indianapolis, IN 46268

**WHEREAS**, CFM International, Inc. (hereinafter individually referred to as “CFM”) and Frontier Airlines, Inc. (hereinafter referred to as “Customer”) (CFM and Customer being hereinafter collectively referred to as the “Parties”) have entered into General Terms Agreement No. 6-13616 dated June 30, 2000 as amended or completed from time to time by Letter Agreement(s), (hereinafter referred to as “GTA”); and

**WHEREAS**, the GTA contains the applicable terms and conditions governing the sale by CFM and the purchase by Customer of spare engines, related equipment and spare parts therefore in support of Customer’s CFM56-powered fleet of aircraft from Airbus S.A.S; and

**WHEREAS**, as a valued customer of CFM, CFM wishes to make available to Customer, under the terms set forth herein the benefits of the CFM’s TRUEngine™ Program.

**NOW THEREFORE**, in consideration of the mutual covenants herein contained, the Parties agree as follows:

1. TRUEngine™ Program Overview

The TRUEngine program identifies an engine that the Customer has declared as having been maintained per CFM recommendations as defined in the documents specified in Appendix 2.

TRUEngine designation is granted on an individual engine basis (ESN).

Declaration of compliance occurs at the time Customer submits Engine Serial Numbers (ESN) via form in Appendix 4, and submits required maintenance records as specified in Appendix 3 to substantiate said declaration.

Substantiation (by way of maintenance records submission) must cover all maintenance through the most recent exposure of each engine module.

Upon the occurrence of shop-level maintenance, Customer is required to submit updated engine maintenance documentation (as defined in Appendix 3) within \*\*\*\*\* to substantiate continued compliance.

In the event Customer fails to provide adequate records or CFM concludes that, at the declaration or during the life of the TRUEngine program, an engine has been maintained in a manner inconsistent with program requirements, said engine shall be excluded from the TRUEngine program.

The obligations set forth in this Letter Agreement are in addition to the obligations set forth in the GTA. In the event of conflict between the terms of this Letter Agreement and the terms of the GTA, the terms of this Letter Agreement shall take precedence. Terms that are capitalized, but not otherwise defined herein, shall have the meaning given to them in the GTA.

Please indicate your agreement with the foregoing by signing two (2) duplicate originals as provided below.

Very truly yours,

Frontier Airlines, Inc.

CFM INTERNATIONAL, INC.

By: /s/ Lars-Erik Arnell

By: /s/ John C. Mericle

Typed Name: Lars-Erik Arnell

Typed Name: John C. Mericle

Title: Senior Vice President

Title: Chief Financial Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

October 25, 2011

CFM PROPRIETARY INFORMATION  
(subject to restrictions on first page)

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.19(i)**

**LETTER AGREEMENT NO. 8**

TO GTA No. 6-13616

Frontier Airlines  
Frontier Center One  
7001 Tower Road  
Denver, CO  
80249

WHEREAS, CFM International, Inc. (hereinafter individually referred to as "CFM"), and **Frontier Airlines, Inc.** (hereinafter referred to as "Airline") (CFM and Airline being hereinafter collectively referred to as the "Parties") have entered into General Terms Agreement No. 6-13616 dated June 30<sup>th</sup>, 2000 (hereinafter referred to as "GTA"); and

WHEREAS, the GTA contains the applicable terms and conditions governing the sale by CFM and the purchase by Airline of spare engines, related equipment and spare parts therefor in support of Airline's CFM powered fleet of aircraft from Airbus S.A.S ("Airbus") ("Airframer").

NOW THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree as follows:

1. Airline agrees to purchase and take delivery of \*\*\*\*\* new firm CFM56-5B3 powered A321 aircraft (the "Aircraft") direct from Airframer in accordance with the delivery schedule set forth in Attachment A hereto (the "Aircraft Delivery Schedule").
2. Airline agrees to purchase and take delivery of a minimum of \*\*\*\*\* CFM56-5B \*\*\*\*\* CFM56-5B3 and \*\*\*\*\* CFM56-5B5) spare engines from CFM according to the delivery schedule set forth in Attachment A hereto (the "Spare Engine Delivery Schedule").
3. Airline agrees to purchase a thrust upgrade from CFM56-5B5 to CFM56-5B4 as described in paragraph D. 1 below.
4. To the extent that Airline has been or will be granted conversion rights from Airframer in relation to the Aircraft, and provided that Airline notifies CFM in writing at least \*\*\*\*\* before the scheduled delivery month of the relevant Aircraft contemplated for conversion, and Airline chooses to exercise such conversion rights, Airline may substitute any number of Aircraft for an equal number of A320 family CFM56 powered Aircraft.

In consideration of the above, CFM agrees to the following:

A. Special Allowances

CFM agrees to provide the following allowances to Airline subject to the conditions set forth in **Attachment B** hereto:

(i) Aircraft Allowance

For each of the CFM56-5B3 powered Aircraft delivered to Airline per the Aircraft Delivery Schedule CFM will provide Airline with a per aircraft allowance for each such Aircraft in the amount of \*\*\*\*\*.

Such per Aircraft allowance is stated in \*\*\*\*\*, and shall be subject to adjustment for escalation to the date of delivery of each shipset of Engines to Airline in accordance with the escalation formula set forth in Attachment D hereto and subject to the escalation cap set forth in paragraph (iv) below.

Each per Aircraft Allowance will be earned by Airline upon delivery of each shipset of Engines to Airframer, (consistent with the Aircraft Delivery Schedule) payable in each case by wire transfer to Airline as soon as possible, but in any event within \*\*\*\*\* following receipt of written notice from Airline that it has taken delivery of each Aircraft in accordance with its purchase agreement with Airframer. If requested in writing by Airline at least \*\*\*\*\* prior to the scheduled Aircraft delivery date, CFM will by the time of delivery of such Aircraft pay in cash the amount of the Aircraft Allowance directly to Airbus. Airline shall continue to advise CFM of any delivery date changes. If CFM actually pays the Aircraft Allowance to Airbus on the delivery date as most recently notified by Airline and the actual delivery date is delayed more than \*\*\*\*\* from the date CFM provides such allowance, Airline will pay to CFM interest on such amount, calculated from the date of payment to Airbus to but excluding the date of actual Aircraft delivery or return of such payment to CFM. Interest will be computed at \*\*\*\*\*. Such payment to Airbus may be offset against any amounts due and owing CFM.

(ii) Escalation Credit Allowance

CFM agrees to provide an Escalation Credit Allowance in the amount of \*\*\*\*\*. Such allowance shall be subject to adjustment for escalation to the date of delivery of each shipset of engines to Airline in accordance with the escalation formula set forth in Attachment D hereto and subject to the escalation cap set forth in paragraph (iv) below, and will be made available to Airline upon delivery of the Aircraft as a credit against purchases of goods and services from CFM, including the purchase of spare engines.

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

(iii) Equipment Credit Allowance

CFM agrees to provide Airline with an Equipment Credit Allowance in the amount of \*\*\*\*\*. Such allowance shall be subject to adjustment for escalation to the date of delivery of each shipset of engines to Airline in accordance with the escalation formula set forth in Attachment D hereto and subject to the escalation cap set forth in paragraph (iv) below, and will be made available to Airline upon delivery of the Aircraft as a credit against purchases of goods and services from CFM, including the purchase of spare engines.

(iv) Escalation Cap Installed Engines and Allowances

Subject to and contingent upon Airline purchasing and taking delivery of all \*\*\*\*\*, each in accordance with the terms set forth herein, CFM agrees to provide Airline, as a special allowance, the following price adjustment cap. The below escalation calculations will also apply to all Special Allowance payments.

If the price adjustment due to escalation as calculated under Attachment D is less than or equal to \*\*\*\*\*% cumulative annual escalation, the Engine price will be adjusted by the changes in the escalation calculated in Attachment D. If the price adjustment due to escalation as calculated under Attachment D is greater than \*\*\*\*\*% cumulative annual escalation then the price adjustment due to escalation will be an amount equal to \*\*\*\*\*% per annum on a cumulative basis from January 2014 through \*\*\*\*\*.

However, in the event the price adjustment due to escalation as calculated under Attachment D is greater than \*\*\*\*\*% in any twelve month period, then the price adjustment due to escalation will be an amount equal to the value calculated above, plus \*\*\*\*\*% of each such difference between actual escalation and \*\*\*\*\*% will be added to the above through the date of Engine delivery to the Airframer.

Notwithstanding previous agreements with Airframer, the price of Engines delivered directly to Airframer from CFM for installation on the firm Aircraft shall be subject to escalation from January, 2014 to the month of each applicable Engine delivery, in accordance with Attachment D and subject to the Escalation Cap. In the event the price calculated per Attachment D is greater than the price calculated according to the Escalation Cap, CFM shall provide Airline a credit in an amount equal to the difference. This credit shall be in addition to the Aircraft Allowance and shall be made available to Airline at the same time and in the same manner as the Aircraft Allowance.

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

For Engines delivered directly to Airframer from CFM for installation on the firm Aircraft with delivery dates that occur on or after \*\*\*\*\* the total cumulative escalation in Attachment D from \*\*\*\*\* to the date of delivery shall apply to such Engines and the Special Allowances with no escalation cap or limit, unless CFM caused the delay. In such event, the escalation cap shall continue on the Engines and Special Allowances until the Engines are delivered to the Airframer.

(v) Escalation Cap Spare engines

Subject to and contingent upon Airline purchasing and taking delivery of all \*\*\*\*\* Spare Engines, each in accordance with the terms set forth herein, CFM agrees to provide Airline, as a special allowance, the following price adjustment cap.

If the price adjustment due to escalation as calculated under Attachment D is less than or equal to \*\*\*\*\*% cumulative annual escalation, the Engine price will be adjusted by the changes in the escalation calculated in Attachment D. If the price adjustment due to escalation as calculated under Attachment D is greater than \*\*\*\*\*% cumulative annual escalation then the price adjustment due to escalation will be an amount equal to \*\*\*\*\*% per annum on a cumulative basis from January 2014 through \*\*\*\*\*.

However, in the event the price adjustment due to escalation as calculated under Attachment D is greater than \*\*\*\*\*% in any twelve month period, then the price adjustment due to escalation will be an amount equal to the value calculated above, plus \*\*\*\*\*% of each such difference between actual escalation and \*\*\*\*\*% will be added to the above through the date of Engine delivery to the Airline.

The price of spare Engines delivered directly to Airline from CFM with delivery dates that occur on or before December 31, 2017, shall be subject to escalation from January 2014 to the month of delivery, and subject to the Escalation Cap. For delivery of Spare engines that occur on or after \*\*\*\*\* , the total cumulative escalation in Attachment D from January 2014 to \*\*\*\*\* shall apply to such Spare Engines and the applicable Special Allowances with no escalation cap or limit, unless CFM caused the delay. In such event, the escalation cap shall continue until on the Spare Engines and the applicable Special Allowances are delivered to Airline.

B. Price Protection

Spare Engine Base Price Protection

Base prices for CFM56-5B3 and CFM56-5B5 Spare Engines delivered through \*\*\*\*\* , in support of the Aircraft, shall be as set forth in **Attachment C** hereto, and shall be subject to adjustment for escalation in accordance with the escalation formula set forth in **Attachment D** hereto and subject to the Escalation Cap set forth in paragraph (v) above.

**CFM PROPRIETARY INFORMATION**  
(subject to restrictions on first page)

C. Special Guarantees

CFM agrees to provide the following special guarantees to Airline in support of the \*\*\*\*\* firm Aircraft described in this Letter Agreement. These special guarantees are subject, to (i) the Limitation of Liability provisions set forth in the GTA, (ii) the General Conditions set forth in Section II of Exhibit A to the GTA and (iii) to the Basis and Conditions for Special Guarantees set forth in **Attachment E** hereto. Terms which are capitalized but not otherwise defined herein shall have the meaning ascribed to them in Section I of the GTA. If an Engine covered by any Special Guarantee delineated below, exhibits performance that is worse than the guaranteed performance value contained in such Special Guarantee, and such Engine has been retrofitted to incorporate non-CFM life limited, flow path, or fuel delivery parts, or non-CFM engine controls, it shall be the responsibility of the Airline to demonstrate that such part(s) has not contributed to the performance deterioration for that Engine. In the event such demonstration has not been made by Airline to the reasonable satisfaction of CFM, such Engine will be removed from the event calculation used to determine total fleetwide performance under the applicable Special Guarantee. Unless otherwise specifically indicated all of the special guarantees set forth below shall be effective for a period of \*\*\*\*\* commencing \*\*\*\*\* (the "Guarantee Period"). These special guarantees are exclusively offered and administered by CFM.

1. **In-Flight Shut Down ("IFSD") Rate Guarantee**

CFM guarantees that for the Guarantee Period Airline's cumulative Engine-caused IFSD rate will not exceed \*\*\*\*\* EFH. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit \*\*\*\*\* in the amount of \*\*\*\*\* for each qualifying IFSD in excess of the guaranteed rate.

For purposes of this guarantee, an "IFSD" is defined as (i) when an Engine Part experiences a Failure or malfunctions resulting in an Engine-caused shutdown during flight or (ii) subject to verification of compliance with the Flight Crew Operating Manual, when the flight crew elects to shut off fuel to the Engine during flight solely due to an Engine Part Failure or malfunction.

2. **Delay and Cancellation (D&C) Rate Guarantee**

CFM guarantees that, for the Guarantee Period, Airline's cumulative Engine-caused Delay (in excess of \*\*\*\*\*) and Cancellation rate for revenue flights will not exceed \*\*\*\*\* combined events per \*\*\*\*\* scheduled Aircraft departures. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit against future purchases from CFM in the amount of \*\*\*\*\* for each qualifying Engine-caused Delay or Cancellation in excess of the guaranteed rate.

"Delays" and "Cancellations" are defined in **Attachment F** hereto.

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

3. **Remote Site Removal Rate Guarantee**

CFM guarantees that, for the Guarantee Period, Airline's cumulative Engine-caused Remote Site Removal rate will not exceed \*\*\*\*\* EFH. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit against future purchases from CFM in the amount of \*\*\*\*\* for each Remote Site Removal in excess of the guaranteed rate.

For purposes of this guarantee, "Remote Site Removal" is defined as an Engine-caused Failure requiring Engine removal from the Aircraft at any location except Airline's main base(s) or where any Spare Engine is available from Airline or any third party.

4. **Aircraft On Ground ("AOG") Guarantee**

For purposes of this guarantee, "an engine caused AOG" is defined as an event in which one of Airline's Engine-powered Aircraft is unavailable for scheduled revenue service solely as a result of an Engine Failure.

Perquisites—In addition to the conditions set forth in Attachment E, this guarantee is contingent upon (i) Airline maintaining a spare engine ratio of at least \*\*\*\*\*. If during a measurement period the Qualifying Shop Visit rate guarantee has not been met, the availability of this Spare Engine Guarantee will be temporarily suspended until they are met.

CFM guarantees that within \*\*\*\*\* of such notification by Airline (which shall be an acknowledged notification to CFM's assigned Customer Support Manager for Airline), of an AOG, CFM will inform Airline of such spare engine (meaning the location of a spare that is owned by CFM, another airline, leasing company or other entity).

If CFM fails to inform Airline of such spare engine availability (meaning the location of a spare that is owned by CFM, another airline, leasing company or other entity), CFM shall provide Airline with a credit in the amount of \*\*\*\*\* per day until such time as Airline is apprised of such Engine location.

The maximum cumulative payment and/or value of daily rental charges covered by CFM for a spare engine under this guarantee shall not exceed \*\*\*\*\* multiplied by the total number of Aircraft delivered to Airline up to the time of the Spare Engine Guarantee being invoked by the Airline.

5. **Aborted Take-Off Rate Guarantee**

CFM guarantees that, for the Guarantee Period, Airline's cumulative Engine-caused aborted take-off ("ATO") rate will not exceed \*\*\*\*\* events per \*\*\*\*\* scheduled Aircraft departures. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit against future purchases from CFM in the amount of \*\*\*\*\* for each Engine-caused ATO in excess of the guaranteed rate.

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)



As used in this guarantee, an Engine-caused ATO occurs when the Aircraft fails to leave the ground for Engine-caused reasons within the normal time after the Aircraft is cleared for take-off and the pilot has performed the procedure for selecting take-off power. ATO's due to FOD or maintenance error or other non Engine-caused reasons are excluded from this guarantee.

D. Additional Benefits

1. **Spare Engine Thrust Upgrade Price**

CFM agrees to provide a \*\*\*\*\* discounted thrust upgrade for the CFM56-5B5 powered spare engine purchased by Airline as described in the Spare Engine Delivery Schedule in Attachment A. The purchase of the Thrust upgrade from CFM56-5B5 to CFM56-5B4 rating shall occur at the time of delivery. The discounted price for this thrust upgrade is \*\*\*\*\* in \*\*\*\*\* and is subject to escalation per Attachment D to month of delivery and subject to the escalation cap per paragraph A. (iv) above.

2. **CFM56-5B3/3B1 Thrust Upgrade Program**

CFM agrees to loan the rating plugs to Customer at no charge to upgrade each of the firm CFM56-5B3 installs and spare engines (\*\*\*\*\* firm engines) to CFM56- 5B3/3B1 rating. Customer may use the rating at no charge for up to \*\*\*\*\* of total CFM56-5B3 departures. Usage shall be tracked on a calendar year annual basis. Data will be provided by Customer to CFM and will be reviewed by the parties on an annual basis. Upon each annual usage review, if Customer usage exceeds \*\*\*\*\*, CFM will invoice and Customer shall pay for the percent usage amount above \*\*\*\*\* on a then year thrust upgrade price basis, (i.e.: if usage is \*\*\*\*\*, Customer will pay for \*\*\*\*\* of the then year thrust upgrade price.). Customer will retain ownership of the rating plugs upon total payment of \*\*\*\*\* of the then year thrust upgrade price. If aircraft leave the Customer fleet, the engines shall revert back to CFM56-5B3 rating and Customer will return the CFM56-5B3/3B1 rating plugs to CFM or Customer may elect to pay the difference of any payments made vs \*\*\*\*\*% of the then year thrust upgrade price for the engines to retain the CFM56-5B3/3B1 rating.

E. Assignment Rights

Frontier shall have the right to maintain this Letter Agreement under a sale/leaseback, or financing.

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

The obligations set forth in this Letter Agreement are in addition to the obligations set forth in the GTA. In the event of conflict between the terms of this Letter Agreement and the terms of the GTA, the terms of this Letter Agreement shall take precedence. Terms which are capitalized but not otherwise defined herein shall have the meaning given to them in Article I of the GTA.

Confidentiality of Information. This Letter Agreement contains information specifically for Airline and CFM, and nothing herein contained shall be divulged by Airline or CFM to any third person, firm or corporation, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld; except (i) that Airline's consent shall not be required for disclosure by CFM of this Letter Agreements, to an Engine program participant, joint venture participant, engineering service provider or consultant to CFM so as to enable CFM to perform its obligations under this Letter Agreement or to provide informational data; (ii) to the extent required by Government agencies, by law, or to enforce this Letter Agreement; and (iii) to the extent necessary for disclosure to the Parties' respective insurers, accountants or other professional advisors who must likewise agree to be bound by the provisions of this paragraph. In the event (i) or (iii) occur, suitable restrictive legends limiting further disclosure shall be applied. In the event this Letter Agreement, or other CFM information or data is required to be disclosed or filed by government agencies by law, or by court order, Airline shall notify CFM at least \*\*\*\*\* in advance of such disclosure or filing and shall cooperate fully with CFM in seeking confidential treatment of sensitive terms of this Letter Agreement.

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

Please indicate your agreement with the foregoing by signing two (2) duplicate originals as provided below.

Very truly yours,

**Frontier Airlines, Inc.**

**CFM International, Inc.**

By: /s/ Holly L. Nelson

By: /s/ Michael P. Munz

Typed Name: Holly L. Nelson

Typed Name: Michael P. Munz

Title: Chief Accounting Officer & Treasurer

Title: GM - N. America Sales

Date: December 23, 2014

Date: December 23, 2014

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

ATTACHMENT A

**A321 Aircraft Delivery Schedule**

<u>A/C Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****

**CFM56- 5B Spare Engine Delivery Schedule**

<u>Spare Engine Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>
*****	*****	*****
*****	*****	*****

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

ATTACHMENT B

**CONDITIONS FOR SPECIAL ALLOWANCES/DELAY/CANCELLATION**

**1. Allowance for Initial Aircraft Sale Only**

Any allowance described herein applies only to the \*\*\*\*\* new firm A321 aircraft (together or individually the "Aircraft") equipped with new CFM56-5B3 engines (together or individually the "Engines") purchased by Airline directly from the aircraft manufacturer. Allowances described herein do not apply to aircraft equipped with buyer-furnished engines, aircraft that have been the subject of a previous CFM proposal or offer, or, aircraft that have been previously sold or otherwise acquired through resale, lease, transfer, trade or exchange.

**2. Allowance Not Paid**

Allowances described herein will become unearned and will not be paid if Engines have been delivered to the aircraft manufacturer for installation in Airline's Aircraft and, thereafter, for any reason, Airline's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or for any reason delivery of the Aircraft will be prevented or delayed beyond \*\*\*\*\* of the delivery period described in the Aircraft Delivery Schedule herein ("Delivery Period"), as may be adjusted pursuant to Airline's deferral rights with the aircraft manufacturer or as otherwise set forth herein.

**3. Termination of Special Allowances**

Airline agrees that all of the Special Allowances set forth herein shall expire \*\*\*\*\* after delivery of last scheduled firm Aircraft as set forth in the Aircraft Delivery Schedule (the "Expiration Date").

For the avoidance of doubt, it is understood that CFM shall have no further obligation beyond the Expiration Date to provide any of such Special Allowances which were not provided to Airline, through no fault of CFM.

**4. Adjustment of Special Allowances**

The total allowances, of any nature, described herein are contingent upon Airline accepting delivery of a minimum of \*\*\*\*\* CFM56-5B3 powered Aircraft ("Minimum Number of Aircraft") and \*\*\*\*\* CFM56-5B \*\*\*\*\*CFM56-5B3 \*\*\*\*\* CFM56-5B5 \*\*\*\*\* CFM56-5B4 \*\*\*\*\* Spare Engines ("Minimum Number of Spares") for delivery during the Delivery Period. If Airline has canceled or otherwise failed to accept delivery of one or more of the required Minimum Number of Aircraft or Minimum Number of Spares within the Delivery Period, the allowances will be adjusted as follows:

\*\*\*\*\*  
\*\*\*\*\*

\*\*\*\*\*  
\*\*\*\*\*

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

Adjustment of allowances in accordance with the above formula may be made by CFM prospectively to take into account Aircraft delays and/or cancellations. In any case, Airline agrees to promptly reimburse CFM for any allowance overpayments determined to have been made at the application of the adjustment formula set forth above \*\*\*\*\*. Unless otherwise agreed by CFM, no allowance shall be paid on Aircraft not accepted within the Delivery Period and such Aircraft shall not be counted for purposes of the adjustment formula set forth above.

**5. Assignability of Allowance**

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFM's written consent; provided that Airline may assign such allowance, together with its other rights under this Letter Agreement on the terms described in clause (i) of Paragraph A of Article XVIII of the Agreement.

CFM agrees that in the event Airline seeks financing for payment of pre-delivery payments ("PDP Financing") for the Aircraft, CFM will consent to the assignment to such Lender of \*\*\*\*\* of the Aircraft Allowance per A. (i) and (ii) above for Aircraft in this Letter Agreement.

CFM understands that it is critical to the Airline that the Airline enters into PDP Financing for the Aircraft no later than December 31, 2014. CFM agrees to cooperate in good faith with Airline and the Lender to complete the PDP Financing arrangement by such date.

CFM agrees that in the event Airline enters into a lease agreement with a lessor for any of the Aircraft that include Engines and such Engines are enrolled in a long term CFM rate per Flight Hour engine maintenance program ("RPFH agreement") between Airline and CFM, CFM will act in good faith to reach a mutually acceptable tri-partite agreement among CFM, Airline and the lessor whereby the Engine warranties, all dollar amounts collected by CFM for the Engines in accordance with the RFPH agreement and Airline's other benefits under the RFPH Agreement will be fully assignable to the lessor (and subsequent operators, if any) in the event Airline defaults under the lease agreement and lessor takes possession of the Aircraft.

**6. Set Off for Outstanding Balance**

CFM shall be entitled, with \*\*\*\*\* written notice, to set off any outstanding obligation and amounts that are due and owing from Airline to CFM (and not subject to a good faith dispute for goods or services (whether or not in connection with this Letter Agreement and/or GTA), against any amount payable by CFM to Airline in connection with this Letter Agreement and/or GTA.

**7. Cancellation of Installed or Spare Engines**

Airline recognizes that harm or damage will be sustained by CFM if Airline fails to accept delivery of the Spare Engines or the Engines installed on the Aircraft when duly tendered. Within \*\*\*\*\* of any such cancellation or failure to accept delivery occurs, provided such cancellation or such failure is due to acts or failure to act of

**CFM PROPRIETARY INFORMATION**  
(subject to restrictions on first page)

Airline, Airline shall remit to CFM, a cancellation charge equal to \*\*\*\*\* of the Engine price, determined as of the date of scheduled Engine delivery to Airline or to the aircraft manufacturer, whichever is applicable,

Except for the Cancellation Charges set forth above, Airline shall have no further liability to CFM in connection with the cancellation of a purchase order or failure to accept delivery of Spare Engines or Aircraft.

CFM shall retain any progress payments or other deposits made to CFM for any such Engine. Such progress payments will be applied first to the minimum cancellation charge for such Engine and, in circumstances described in the last sentence of the preceding paragraph, then to any further damages sustained by CFM as a result of such cancellation or failure to accept delivery. Progress payments held by CFM in respect of any such Engine which are in excess of such amounts will be refunded to Airline, provided Airline is not then in arrears on other amounts owed to CFM

**8. Delay Charge for Installed or Spare Engines**

In the event Airline delays the scheduled delivery date of a Spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for a period, or cumulative period for all Aircraft contemplated hereunder, of more than \*\*\*\*\*, such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

**9. Aircraft Not Operated for Minimum Period**

If, within the first \*\*\*\*\* following delivery of each Aircraft for which a Special Allowance, of any nature, was provided by CFM pursuant to this Agreement or any resulting GTA/Letter Agreement (the "Minimum Period"), such Aircraft is no longer owned by (i) Airline or a wholly owned subsidiary or Airline, (ii) a trust or other special purpose entity established in connection with the financing of such Aircraft for Airline, or (iii) an entity to which Airline is permitted to assign its rights pursuant to clause (i) of Paragraph A of Article XVIII of the Agreement, the Special Allowances earned and/or paid on such Aircraft will be proportionately reduced. Airline will reimburse CFM an amount equal to the proportionate share of the Special Allowances earned and/or paid with respect to such Aircraft, (based on the percentage of the Minimum Period the Aircraft was actually owned and operated by Airline), with interest on such amount. The allowance reimbursement is due no later than \*\*\*\*\* from the time Airline ceases to own and operate such Aircraft. Interest will be calculated \*\*\*\*\*, from the time of initial Special Allowance payment on such Aircraft until the time of full reimbursement.

**10. Limitation Regarding Cancellation or Delay**

The provisions of Sections 7 and 8 shall not apply (i) in the case of any installed Engine if Frontier provides to CFM (x) a written statement from the Airframer stating that the reason for the cancellation or delay is "Excusable Delay", "Total Loss", or "Inexcusable Delay" (as defined in the Airbus Purchase Agreement) and (y) a written

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

statement from Airframer that such cancellation or delay was not caused by acts or failure to act of Airline or (ii) in the case of any installed Engine or Spare Engine, if the reason per the cancellation or delay is "Excusable Delay" (as defined in the CFM GTA) or failure of CFM to perform its material obligations under this Letter Agreement or GTA.

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)



ATTACHMENT C

BASE PRICES FOR CFM56-5B SPARE ENGINES

**Item**  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

**Base Price**  
\*\*\*\*\*  
\*\*\*\*\*  
-----  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

- A. Base prices are effective for basic Spare Engines delivered to Airline by CFM on or before \*\*\*\*\* unless delivery is delayed due to acts or failure to act of CFM, in which case the price protection shall continue until the spare Engine is delivered to Airline. The base prices are for delivery Ex Works, Evendale, Ohio, or point of manufacture, subject to adjustment for escalation, and Airline shall be responsible, upon delivery, for the payment of all taxes, duties, fees or other similar charges.
- B. The selling price of CFM56-5B basic Spare Engines delivered after \*\*\*\*\* above shall be the base price then in effect, which base price shall be subject to adjustment for escalation in accordance with CFM's then-current escalation provisions.

C-1

CFM PROPRIETARY INFORMATION

ATTACHMENT D

**CFM ESCALATION FORMULA**

I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.

II. For the purpose of this adjustment:

A. Base price shall be the price(s) set forth in the applicable Letter Agreement.

B. The Composite Price Index (CPI) shall be calculated, to the second decimal place, using the following formula:

\*\*\*\*\*

\*\*\*\*\*

MONTH OF  
SCHEDULED  
ENGINE  
DELIVERY

MONTHS TO BE UTILIZED IN  
DETERMINING THE THREE  
MONTH ARITHMETIC AVERAGE

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.

D. The Base Composite Index (\*\*\*\*\*) shall be the base index stated in the published prices.

III. Base prices shall be adjusted in accordance with the following formula:

\*\*\*\*\*

\*\*\*\*\*

IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.

V. The ratio \*\*\*\*\* shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. If the calculation of this ratio results in a number less than 1.000, the ratio will be adjusted to 1.000. The resulting three digit decimal shall be used to calculate Pn.

VI. Values to be utilized in the event of unavailability. If at the time of delivery of Product, CFM is unable to determine the adjusted price because the applicable values to be used to determine the \*\*\*\*\* have not been released by the Bureau of Labor Statistics, then:

- (a) The Price Adjustment, to be used at the time of delivery of the Product, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available \*\*\*\*\* prior to scheduled Product delivery month will be used to determine the \*\*\*\*\* values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment. If no value have been released for an applicable month, the provisions set forth in Paragraph b, below, will apply. If prior to delivery of a Product, the U.S. Department of Labor changes the base year for determination of the \*\*\*\*\* values as defined above, such rebase values will be incorporated in the Price Adjustment calculation.
- (b) If prior to delivery of a Product, U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the \*\*\*\*\* values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Price Adjustment, CFM will, prior to delivery of any such Product, select a substitute for such values from data published by the Bureau of Labor Statistics or other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revisions of the formula will be made as required to reflect any substitute values. However, if within \*\*\*\*\* from delivery of the Product, the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Product Price Adjustment, such values will be used to determine any increase or decrease in the Product Price Adjustment from that determined at the time of delivery of such Product.

D-2

**CFM PROPRIETARY INFORMATION**

- (c) In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the base price of any affected Product to reflect an allowance for increase or decrease in labor compensation and material costs occurring since February of the base price year which is consistent with the applicable provisions of this Price Escalation formula.
  - (d) For the calculation herein, the values released by the Bureau of Labor Statistics and available to CFM at the end of the month prior to scheduled Product delivery month will be used to determine the \*\*\*\*\* values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment for the Product invoice at the time of delivery. The values will be considered final and no Product Price Adjustment will be made after Product delivery for any subsequent changes in published index values.
- Note: Any rounding of a number, with respect to escalation of the Product Price, will be accomplished as follows: If the first digit of the portion to be dropped from the number is five or greater, the preceding digit will be raised to the next higher number.

**D-3**

**CFM PROPRIETARY INFORMATION**

## ATTACHMENT E

**BASIS AND CONDITIONS FOR SPECIAL GUARANTEES****A. General Conditions**

The Guarantees offered in this Letter Agreement have been developed specifically for Airline's new installed and Spare Engines. The General Conditions described in Exhibit A of the General Terms Agreement between CFM and Airline apply to the guarantees and such guarantees are offered to Airline contingent upon:

1. Airline accepting delivery of a minimum of \*\*\*\*\* CFM56-5B3 Engine powered A321 Aircraft in the time period described in this Letter Agreement;
2. Airline procuring and maintaining the CFM recommended number of Spare Engines and Engine Modules;
3. Airline's Engines being identified and maintained separately from other operators' engines at the repair agency;
4. Agreement between Airline and CFM regarding administration of the guarantees;
5. Airline operating Aircraft \*\*\*\*\* A change in Aircraft or Engine quantity, Aircraft or Engine model, Aircraft delivery schedule from that described in this Letter Agreement, or flight operations resulting in more severe operating conditions than described above will require adjustment of the guaranteed values to reflect such different conditions, using CFM's operational severity criteria;
6. Airline and CFM agreement upon the Engine restoration workscope necessary during each shop visit. Engine operation and maintenance will be performed in accordance with CFM manuals, bulletins, or other written instructions;
7. Available on-wing maintenance and performance restoration procedures, including Engine water wash at intervals no greater than every \*\*\*\*\* (or as otherwise mutually agreed between Airline and CFM), being used to avoid unnecessary shop visits; and
8. Service bulletins agreed to between Airline and CFM being incorporated in a timely manner.
9. If any third party report used to calculate any Special Guarantee becomes unavailable or there is any change in the methodology used to produce the information in any such third party report which change materially affects the result of the calculation of any Special Guarantee ("**Report Change**"), then the Parties shall negotiate and agree upon a revised source of the information and/or a revised methodology and/or an adjustment to the third party report, the result of which will be to maintain the original expectations of the Parties with respect to the calculation of that Special Guarantee, and the Parties shall apply that revision to calculations of that Special Guarantee after the Report Change.

D-1

**CFM PROPRIETARY INFORMATION**

**B. Exclusions**

The guarantees shall not apply (i) to events that are due to negligence, acts of god, accidents, improper operation and/or improper maintenance or (ii) if the Engines are employed in power-back aircraft operation (iii) to non Engine-caused events.

Costs associated with life limited Parts retirement, taxes, transportation or any other fees are excluded. Parts shall be considered Scrapped if they bear a scrap tag duly countersigned by a CFM representative.

**C. Administration**

The guarantees are not assignable without the written consent of CFM.

If compensation becomes available to Airline under more than one specific guarantee, airframer guarantee for which CFM has agreed to participate in, warranty or other engine program consideration, Airline will not receive duplicate compensation but will receive the compensation most beneficial to Airline under a single guarantee, warranty or other program consideration. If there is a dispute between CFM and the airframer about which of them is responsible for payment of related compensation to Airline available under a Special Guarantee as a result of CFM's failure to meet such Special Guarantee, CFM shall promptly pay the compensation to Airline under such Special Guarantee and will be subrogated to Airline's rights to any related compensation from the airframer. Unless otherwise stated, the guarantee compensation will be in the form of credits to be used by Airline against the purchase from CFM of Spare Engines, spare Parts, and/or Engine services.

**D-1**

**CFM PROPRIETARY INFORMATION**

ATTACHMENT F

**DELAY AND CANCELLATION DEFINITIONS FOR GUARANTEE**

**Delay**

An Engine-caused delay of an Aircraft occurs when the malfunctioning of an Engine or Part thereof, the checking of same, or necessary corrective action causes the final Aircraft departure to be delayed more than a specified time (\*\*\*\*\*) after the programmed departure time in any of the following instances:

- An originating flight departs later than the scheduled departure time.
- A through service or turnaround flight remains on the ground longer than the allowable ground time.
- The aircraft is released late from maintenance.

**NOTE:**

A cancellation supersedes a delay (i.e., a flight which is canceled after having been delayed is considered to be a cancellation only - not a delay and a cancellation). \*\*\*\*\*)

**Cancellation**

Elimination or termination of a scheduled trip because of a known or reasonably suspected malfunction and/or defect in an Engine or Part thereof.

**NOTE:**

\*\*\*\*\*)

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.19(j)**

**LETTER AGREEMENT NO. 9  
TO GTA No. 6-13616**

**Frontier Airlines  
Frontier Center One  
7001 Tower Road  
Denver, CO  
80249**

WHEREAS, CFM International, Inc. (hereinafter individually referred to as "CFM") and **Frontier Airlines, Inc.** (hereinafter referred to as "Airline") (CFM and Airline being hereinafter collectively referred to as the "Parties") have entered into General Terms Agreement 6-13616 dated June 30<sup>th</sup>, 2000, as amended (hereinafter referred to as "GTA"); and

WHEREAS, the GTA contains the applicable terms and conditions governing the sale by CFM and the purchase by Airline of spare engines, related equipment and spare parts therefor in support of Airline's CFM powered fleet of aircraft from Airbus S.A.S ("Airbus"). ("Airframer").

NOW THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree as follows:

1. Airline agrees to purchase and take delivery of [\*\*\*] new firm **CFM56-5B3** powered **A321** aircraft and [\*\*\*] new firm CFM56-5B4 powered A320 aircraft (the "Aircraft") direct from Airframer in accordance with the delivery schedule set forth in Attachment A hereto (the "Aircraft Delivery Schedule").
2. Airline agrees to purchase and take delivery of a minimum of [\*\*\*] **CFM56-5B** ([\*\*\*] **CFM56-5B4** and [\*\*\*] **CFM56-5B3**) spare engines from CFM according to the delivery schedule set forth in Attachment A hereto (the "Spare Engine Delivery Schedule").
3. Airline agrees to upgrade the CFM56-5B4 spare engine to CFM56-5B3 thrust rating by [\*\*\*]. The purchase of the thrust upgrade from CFM56-5B4 to CFM56-5B3 rating is [\*\*\*] and is subject to escalation per Attachment D to month of delivery and subject to the escalation cap per paragraph A. (iv) hereto.
4. To the extent that Airline has been or will be granted conversion rights from Airframer in relation to the Aircraft, and provided that Airline notifies CFM in writing at least [\*\*\*] before the scheduled delivery month of the relevant Aircraft contemplated for conversion, and Airline chooses to exercise such conversion rights, Airline may substitute any number of Aircraft for an equal number of A320 family CFM56 powered Aircraft.

---

**PROPRIETARY INFORMATION NOTICE** The information contained in this document is CFM Proprietary Information and is disclosed in confidence. It is the property of CFM and shall not be used, disclosed to others, or reproduced without the express written consent of CFM. If consent is given for reproduction in whole or in part, this notice and the notice set forth on each page of this document shall appear on any such reproduction. Export control laws may also control the information contained in this document. Unauthorized export or re-export is prohibited.



In consideration of the above, CFM agrees to the following:

A. Special Allowances

CFM agrees to provide the following allowances to Airline subject to the conditions set forth in **Attachment B** hereto:

(i) Aircraft Allowance

For each of the CFM56-5B3 powered A321 Aircraft delivered to Airline per the Aircraft Delivery Schedule CFM will provide Airline with a per aircraft allowance for each such A321 Aircraft in the amount of [\*\*\*]. For each of the CFM56-5B4 powered A320 Aircraft delivered to Airline per the Aircraft Delivery Schedule CFM will provide Airline with a per aircraft allowance for each such A320 Aircraft in the amount of [\*\*\*].

Such per Aircraft allowance is stated in [\*\*\*], and shall be subject to adjustment for escalation to the date of delivery of each shipset of Engines to Airline in accordance with the escalation formula set forth in Attachment D hereto and subject to the escalation cap set forth in paragraph (iv) below.

Each per Aircraft Allowance will be earned by Airline upon delivery of each shipset of Engines to Airframer, (consistent with the Aircraft Delivery Schedule) payable in each case by wire transfer to Airline as soon as possible, but in any event within [\*\*\*] following receipt of written notice from Airline that it has taken delivery of each Aircraft in accordance with its purchase agreement with Airframer. If requested in writing by Airline at least [\*\*\*] prior to the scheduled Aircraft delivery date, CFM will by the time of delivery of such Aircraft pay in cash the amount of the Aircraft Allowance directly to Airbus. Airline shall continue to advise CFM of any delivery date changes. If CFM actually pays the Aircraft Allowance to Airbus on the delivery date as most recently notified by Airline and the actual delivery date is delayed more than [\*\*\*] from the date CFM provides such allowance, Airline will pay to CFM interest on such amount, calculated from the date of payment to Airbus to but excluding the date of actual Aircraft delivery or return of such payment to CFM. Interest will be computed at [\*\*\*]. Such payment to Airbus may be offset against any amounts due and owing CFM.

---

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

(ii) Escalation Credit Allowance

CFM agrees to provide an Escalation Credit Allowance in the amount of [\*\*\*]. Such allowance is stated in [\*\*\*], and shall be subject to adjustment for escalation to the date of delivery of each shipset of engines to Airline in accordance with the escalation formula set forth in Attachment D hereto and subject to the escalation cap set forth in paragraph (iv) below, and will be made available to Airline upon delivery of the Aircraft as a credit against purchases of goods and services from CFM, including the purchase of spare engines.

(iii) Equipment Credit Allowance

CFM agrees to provide Airline with an Equipment Credit Allowance in the amount of [\*\*\*]. Such allowance is stated in [\*\*\*], and shall be subject to adjustment for escalation to the date of delivery of each A321 aircraft shipset of engines to Airline in accordance with the escalation formula set forth in Attachment D hereto and subject to the escalation cap set forth in paragraph (iv) below, and will be made available to Airline upon delivery of the A321 Aircraft as a credit against purchases of goods and services from CFM, including the purchase of spare engines.

(iv) Escalation Cap Installed Engines and Allowances

Subject to and contingent upon Airline purchasing and taking delivery of all [\*\*\*], each in accordance with the terms set forth herein, CFM agrees to provide Airline, as a special allowance, the following price adjustment cap. The below escalation calculations will also apply to all Special Allowance payments.

If the price adjustment due to escalation as calculated under Attachment D is less than or equal to [\*\*\*]% cumulative annual escalation, the Engine price will be adjusted by the changes in the escalation calculated in Attachment D. If the price adjustment due to escalation as calculated under Attachment D is greater than [\*\*\*]% cumulative annual escalation then the price adjustment due to escalation will be an amount equal to [\*\*\*]% per annum on a cumulative basis from January 2014 through [\*\*\*].

However, in the event the price adjustment due to escalation as calculated under Attachment D is greater than [\*\*\*]% in any twelve month period, then the price adjustment due to escalation will be an amount equal to the value calculated above, plus [\*\*\*]% of each such difference between actual escalation and [\*\*\*]% will be added to the above through the date of Engine delivery to the Airframer.

Notwithstanding previous agreements with Airframer, the price of Engines delivered directly to Airframer from CFM for installation on the firm Aircraft shall be subject to escalation from January, 2014 to the month of each applicable Engine

---

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

delivery, in accordance with Attachment D and subject to the Escalation Cap. In the event the price calculated per Attachment D is greater than the price calculated according to the Escalation Cap, CFM shall provide Airline a credit in an amount equal to the difference. This credit shall be in addition to the Aircraft Allowance and shall be made available to Airline at the same time and in the same manner as the Aircraft Allowance.

For Engines delivered directly to Airframer from CFM for installation on the firm Aircraft with delivery dates that occur on or after [\*\*\*] the total cumulative escalation in Attachment D from [\*\*\*] to the date of delivery shall apply to such Engines and the Special Allowances with no escalation cap or limit, unless CFM caused the delay. In such event, the escalation cap shall continue on the Engines and Special Allowances until the Engines are delivered to the Airframer.

(iv) Escalation Cap Spare engines

Subject to and contingent upon Airline purchasing and taking delivery of all [\*\*\*] Spare Engines, each in accordance with the terms set forth herein, CFM agrees to provide Airline, as a special allowance, the following price adjustment cap.

If the price adjustment due to escalation as calculated under Attachment D is less than or equal to [\*\*\*]% cumulative annual escalation, the Engine price will be adjusted by the changes in the escalation calculated in Attachment D. If the price adjustment due to escalation as calculated under Attachment D is greater than [\*\*\*]% cumulative annual escalation then the price adjustment due to escalation will be an amount equal to [\*\*\*]% per annum on a cumulative basis from January 2014 through [\*\*\*].

However, in the event the price adjustment due to escalation as calculated under Attachment D is greater than [\*\*\*]% in any twelve month period, then the price adjustment due to escalation will be an amount equal to the value calculated above, plus [\*\*\*]% of each such difference between actual escalation and [\*\*\*]% will be added to the above through the date of Engine delivery to the Airline.

The price of spare Engines delivered directly to Airline from CFM with delivery dates that occur on or before December 31, 2017, shall be subject to escalation from January 2014 to the month of delivery, and subject to the Escalation Cap. For delivery of Spare engines that occur on or after [\*\*\*], the total cumulative escalation in Attachment D from January 2014 to [\*\*\*] shall apply to such Spare Engines and the applicable Special Allowances with no escalation cap or limit, unless CFM caused the delay. In such event, the escalation cap shall continue until on the Spare Engines and the applicable Special Allowances are delivered to Airline.

---

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

**B. Price Protection****Spare Engine Base Price Protection**

Base prices for **CFM56-5B3** and **CFM56-5B4** Spare Engines delivered through [\*\*\*], in support of the Aircraft, shall be as set forth in **Attachment C** hereto, and shall be subject to adjustment for escalation in accordance with the escalation formula set forth in **Attachment D** hereto and subject to the Escalation Cap set forth in paragraph (iv) above.

**C. Special Guarantees**

CFM agrees to provide the following special guarantees to Airline in support of the [\*\*\*] firm Aircraft described in this Letter Agreement. These special guarantees are subject, to (i) the Limitation of Liability provisions set forth in the GTA, (ii) the General Conditions set forth in Section II of Exhibit A to the GTA and (iii) to the Basis and Conditions for Special Guarantees set forth in **Attachment E** hereto. Terms which are capitalized but not otherwise defined herein shall have the meaning ascribed to them in Section I of the GTA. If an Engine covered by any Special Guarantee delineated below, exhibits performance that is worse than the guaranteed performance value contained in such Special Guarantee, and such Engine has been retrofitted to incorporate non-CFM life limited, flow path, or fuel delivery parts, or non-CFM engine controls, it shall be the responsibility of the Airline to demonstrate that such part(s) has not contributed to the performance deterioration for that Engine. In the event such demonstration has not been made by Airline to the reasonable satisfaction of CFM, such Engine will be removed from the event calculation used to determine total fleetwide performance under the applicable Special Guarantee. Unless otherwise specifically indicated all of the special guarantees set forth below shall be effective for a period of [\*\*\*] commencing [\*\*\*] (the "Guarantee Period"). These special guarantees are exclusively offered and administered by CFM.

**1. In-Flight Shut Down ("IFSD") Rate Guarantee**

CFM guarantees that for the Guarantee Period Airline's cumulative Engine-caused IFSD rate will not exceed [\*\*\*] EFH. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit [\*\*\*] in the amount of [\*\*\*] for each qualifying IFSD in excess of the guaranteed rate.

For purposes of this guarantee, an "IFSD" is defined as (i) when an Engine Part experiences a Failure or malfunctions resulting in an Engine-caused shutdown during flight or (ii) subject to verification of compliance with the Flight Crew Operating Manual, when the flight crew elects to shut off fuel to the Engine during flight solely due to an Engine Part Failure or malfunction.

---

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

2. **Delay and Cancellation (D&C) Rate Guarantee**

CFM guarantees that, for the Guarantee Period, Airline's cumulative Engine-caused Delay (in excess of [\*\*\*]) and Cancellation rate for revenue flights will not exceed [\*\*\*] combined events per [\*\*\*] scheduled Aircraft departures. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit against future purchases from CFM in the amount of [\*\*\*] for each qualifying Engine-caused Delay or Cancellation in excess of the guaranteed rate.

"Delays" and "Cancellations" are defined in **Attachment F** hereto.

3. **Remote Site Removal Rate Guarantee**

CFM guarantees that, for the Guarantee Period, Airline's cumulative Engine-caused Remote Site Removal rate will not exceed [\*\*\*] EFH. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit against future purchases from CFM in the amount of [\*\*\*] for each Remote Site Removal in excess of the guaranteed rate.

For purposes of this guarantee, "Remote Site Removal" is defined as an Engine-caused Failure requiring Engine removal from the Aircraft at any location except Airline's main base(s) or where any Spare Engine is available from Airline or any third party.

4. **Aircraft On Ground ("AOG") Guarantee**

For purposes of this guarantee, "an engine caused AOG" is defined as an event in which one of Airline's Engine-powered Aircraft is unavailable for scheduled revenue service solely as a result of an Engine Failure.

Perquisites—In addition to the conditions set forth in Attachment E, this guarantee is contingent upon Airline maintaining a spare engine ratio of at least [\*\*\*].

CFM guarantees that within [\*\*\*] of such notification by Airline (which shall be an acknowledged notification to CFM's assigned Customer Support Manager for Airline), of an AOG, CFM will inform Airline of such spare engine (meaning the location of a spare that is owned by CFM, another airline, leasing company or other entity).

If CFM fails to inform Airline of such spare engine availability (meaning the location of a spare that is owned by CFM, another airline, leasing company or other entity),

---

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

CFM shall provide Airline with a credit in the amount of [\*\*\*] per day until such time as Airline is apprised of such Engine location.

The maximum cumulative payment and/or value of daily rental charges covered by CFM for a spare engine under this guarantee shall not exceed [\*\*\*] multiplied by the total number of Aircraft delivered to Airline up to the time of the Spare Engine Guarantee being invoked by the Airline.

5. **Aborted Take-Off Rate Guarantee**

CFM guarantees that, for the Guarantee Period, Airline's cumulative Engine-caused aborted take-off ("ATO") rate will not exceed [\*\*\*] events per [\*\*\*] scheduled Aircraft departures. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Airline a credit against future purchases from CFM in the amount of [\*\*\*] for each Engine-caused ATO in excess of the guaranteed rate.

As used in this guarantee, an Engine-caused ATO occurs when the Aircraft fails to leave the ground for Engine-caused reasons within the normal time after the Aircraft is cleared for take-off and the pilot has performed the procedure for selecting take-off power. ATO's due to FOD or maintenance error or other non Engine-caused reasons are excluded from this guarantee.

D. **Additional Benefits**

1. **CFM56-5B3/3B1 Thrust Upgrade Program**

CFM agrees to loan the rating plugs to Customer at no charge to upgrade each of the firm CFM56-5B3 installs and spare engines ([\*\*\*] firm engines including [\*\*\*] CFM56-5B4 spare upgraded to -5B3 per paragraph 3 hereto) to CFM56-5B3/3B1 rating. Customer may use the rating at no charge for up to [\*\*\*] of total CFM56-5B3 departures. Usage shall be tracked on a calendar year annual basis. Data will be provided by Customer to CFM and will be reviewed by the parties on an annual basis. Upon each annual usage review, if Customer usage exceeds [\*\*\*], CFM will invoice and Customer shall pay for the percent usage amount above [\*\*\*] on a then year thrust upgrade price basis. (i.e.: if usage is [\*\*\*], Customer will pay for [\*\*\*] of the then year thrust upgrade price.). Customer will retain ownership of the rating plugs upon total payment of [\*\*\*] of the then year thrust upgrade price. If aircraft leave the Customer fleet, the engines shall revert back to CFM56-5B3 rating and Customer will return the CFM56-5B3/3B1 rating plugs to CFM or Customer may elect to pay the difference of any payments made for usage exceeding the [\*\*\*] set forth above, and the [\*\*\*] of the then year thrust upgrade price for the engines to retain the CFM56-5B3/3B1 rating.

[\*\*\*].

E. Assignment Rights.

Frontier shall have the right to maintain this Letter Agreement under a sale/leaseback, or financing.

The obligations set forth in this Letter Agreement are in addition to the obligations set forth in the GTA. In the event of conflict between the terms of this Letter Agreement and the terms of the GTA, the terms of this Letter Agreement shall take precedence. Terms which are capitalized but not otherwise defined herein shall have the meaning given to them in Article I of the GTA.

Confidentiality of Information. This Letter Agreement contains information specifically for Airline and CFM, and nothing herein contained shall be divulged by Airline or CFM to any third person, firm or corporation, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld; except (i) that Airline's consent shall not be required for disclosure by CFM of this Letter Agreements, to an Engine program participant, joint venture participant, engineering service provider or consultant to CFM so as to enable CFM to perform its obligations under this Letter Agreement or to provide informational data; (ii) to the extent required by Government agencies, by law, or to enforce this Letter Agreement; and (iii) to the extent necessary for disclosure to the Parties' respective insurers, accountants or other professional advisors who must likewise agree to be bound by the provisions of this paragraph. In the event (i) or (iii) occur, suitable restrictive legends limiting further disclosure shall be applied. In the event this Letter Agreement, or other CFM information or data is required to be disclosed or filed by government agencies by law, or by court order, Airline shall notify CFM at least [\*\*\*] in advance of such disclosure or filing and shall cooperate fully with CFM in seeking confidential treatment of sensitive terms of this Letter Agreement.

---

**CFM PROPRIETARY INFORMATION**  
(subject to restrictions on first page)

Please indicate your agreement with the foregoing by signing two (2) duplicate originals as provided below.  
Very truly yours,

**Frontier Airlines, Inc.**

**CFM INTERNATIONAL, INC.**

By: /s/ Barry Biffle  
Typed Name: Barry Biffle  
Title: President

By: /s/ Sharyn Cones  
Typed Name: Sharyn Cones  
Title: VP, Contracts

Date: 8/3/15

Date: 8/3/15

---

**CFM PROPRIETARY INFORMATION**  
(subject to restrictions on first page)



ATTACHMENT A

A321 Aircraft Delivery Schedule

<u>A/C Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

A320 Aircraft Delivery Schedule

<u>A/C Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>
[***]	[***]	[***]

CFM56- 5B Spare Engine Delivery Schedule

<u>Spare Engine Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>
[***]	[***]	[***]
[***]	[***]	[***]

CFM PROPRIETARY INFORMATION

(subject to restrictions on first page)

**ATTACHMENT B****CONDITIONS FOR SPECIAL ALLOWANCES/DELAY/CANCELLATION****1. Allowance for Initial Aircraft Sale Only**

Any allowance described herein applies only to the [\*\*\*] new firm **A320 and A321** aircraft (together or individually the "Aircraft") equipped with new **CFM56-5B4 and -5B3** engines (together or individually the "Engines") purchased by Airline directly from the aircraft manufacturer. Allowances described herein do not apply to aircraft equipped with buyer-furnished engines, aircraft that have been the subject of a previous CFM proposal or offer, or, aircraft that have been previously sold or otherwise acquired through resale, lease, transfer, trade or exchange.

**2. Allowance Not Paid**

Allowances described herein will become unearned and will not be paid if Engines have been delivered to the aircraft manufacturer for installation in Airline's Aircraft and, thereafter, for any reason, Airline's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or for any reason delivery of the Aircraft will be prevented or delayed beyond [\*\*\*] of the delivery period described in the Aircraft Delivery Schedule herein ("Delivery Period"), as may be adjusted pursuant to Airline's deferral rights with the aircraft manufacturer or as otherwise set forth herein.

**3. Termination of Special Allowances**

Airline agrees that all of the Special Allowances set forth herein shall expire [\*\*\*] after delivery of last scheduled firm Aircraft as set forth in the Aircraft Delivery Schedule (the "Expiration Date").

For the avoidance of doubt, it is understood that CFM shall have no further obligation beyond the Expiration Date to provide any of such Special Allowances which were not provided to Airline, through no fault of CFM.

**4. Adjustment of Special Allowances**

The total allowances, of any nature, described herein are contingent upon Airline accepting delivery of a minimum of [\*\*\*] **CFM56-5B** powered Aircraft ("Minimum Number of Aircraft") [\*\*\*] **CFM56-5B** ([\*\*\*] **CFM56-5B3** and [\*\*\*] **CFM56-5B4** [\*\*\*] **CFM56-5B3** [\*\*\*]) Spare Engines ("Minimum Number of Spares") for delivery during the Delivery Period. If Airline has canceled or otherwise failed to accept delivery of one or more of the required Minimum Number of Aircraft or Minimum Number of Spares within the Delivery Period, the allowances will be adjusted as follows:

---

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

[\*\*\*]  
[\*\*\*][\*\*\*]  
[\*\*\*]

Adjustment of allowances in accordance with the above formula may be made by CFM prospectively to take into account Aircraft delays and/or cancellations. In any case, Airline agrees to promptly reimburse CFM for any allowance overpayments determined to have been made at the application of the adjustment formula set forth above [\*\*\*]. Unless otherwise agreed by CFM, no allowance shall be paid on Aircraft not accepted within the Delivery Period and such Aircraft shall not be counted for purposes of the adjustment formula set forth above.

5. **Assignability of Allowance**

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFM's written consent; provided that Airline may assign such allowance, together with its other rights under this Letter Agreement on the terms described in clause (i) of Paragraph A of Article XVIII of the Agreement.

CFM agrees that in the event Airline seeks financing for payment of predelivery payments ("PDP Financing") for the Aircraft, CFM will consent to the assignment to such Lender of [\*\*\*] of the Aircraft Allowance per A. (i) and (ii) above for Aircraft in this Letter Agreement.

CFM agrees that in the event Airline enters into a lease agreement with a lessor for any of the Aircraft that include Engines and such Engines are enrolled in a long term CFM rate per Flight Hour engine maintenance program ("RPFH agreement") between Airline and CFM, CFM will act in good faith to reach a mutually acceptable tri-partite agreement among CFM, Airline and the lessor whereby the Engine warranties, all dollar amounts collected by CFM for the Engines in accordance with the RPFH agreement and Airline's other benefits under the RPFH Agreement will be fully assignable to the lessor (and subsequent operators, if any) in the event Airline defaults under the lease agreement and lessor takes possession of the Aircraft.

6. **Set Off for Outstanding Balance**

CFM shall be entitled, with [\*\*\*] written notice, to set off any outstanding obligation and amounts that are due and owing from Airline to CFM (and not subject to a good faith dispute for goods or services (whether or not in connection with this Letter Agreement and/or GTA), against any amount payable by CFM to Airline in connection with this Letter Agreement and/or GTA.

7. **Cancellation of Installed or Spare Engines**

Airline recognizes that harm or damage will be sustained by CFM if Airline fails to accept delivery of the Spare Engines or the Engines installed on the Aircraft when duly tendered. Within [\*\*\*] of any such cancellation or failure to accept delivery occurs, provided such cancellation or such failure is due to acts or failure to act of Airline, Airline shall remit to CFM, a cancellation charge equal to [\*\*\*] of the Engine price, determined as of the date of scheduled Engine delivery to Airline or to the aircraft manufacturer, whichever is applicable.

Except as set forth above, Airline shall have no further liability to CFM in connection with the cancellation of a purchase order or failure to accept delivery of Spare Engines or Aircraft.

CFM shall retain any progress payments or other deposits made to CFM for any such Engine. Such progress payments will be applied to the minimum cancellation charge for such Engine. Progress payments held by CFM in respect of any such Engine which are in excess of such amounts will be refunded to Airline, provided Airline is not then in arrears on other amounts owed to CFM

**8. Delay Charge for Installed or Spare Engines**

In the event Airline delays the scheduled delivery date of a Spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for a period, or cumulative period for all Aircraft contemplated hereunder, of more than [\*\*\*], such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

**9. Aircraft Not Operated for Minimum Period**

If, within the first [\*\*\*] following delivery of each Aircraft for which a Special Allowance, of any nature, was provided by CFM pursuant to this Agreement or any resulting GTA/Letter Agreement (the "Minimum Period"), such Aircraft is no longer owned by (i) Airline or a wholly owned subsidiary or Airline, (ii) a trust or other special purpose entity established in connection with the financing of such Aircraft for Airline, or (iii) an entity to which Airline is permitted to assign its rights pursuant to clause (i) of Paragraph A of Article XVIII of the Agreement, , the Special Allowances earned and/or paid on such Aircraft will be proportionately reduced. Airline will reimburse CFM an amount equal to the proportionate share of the Special Allowances earned and/or paid with respect to such Aircraft, (based on the percentage of the Minimum Period the Aircraft was actually owned and operated by Airline), with interest on such amount. The allowance reimbursement is due no later than [\*\*\*] from the time Airline ceases to own and operate such Aircraft. Interest will be calculated [\*\*\*], from the time of initial Special Allowance payment on such Aircraft until the time of full reimbursement.

**10. Limitation Regarding Cancellation or Delay**

The provisions of Sections 7 and 8 shall not apply (i) in the case of any installed Engine if Frontier provides to CFM (x) a written statement from the Airframer stating that the reason for the cancellation or delay is "Excusable Delay", "Total Loss", or "Inexcusable Delay" (as defined in the Airbus Purchase Agreement) and (y) a written statement from Airframer that such cancellation or delay was not caused by acts or failure to act of Airline or (ii) in the case of any installed Engine or Spare Engine, if the reason per the cancellation or delay is "Excusable Delay" (as defined in the CFM GTA) or failure of CFM to perform its material obligations under this Letter Agreement or GTA.

ATTACHMENT C

**BASE PRICES FOR CFM56-5B SPARE ENGINES**

	<b>Item</b>	<b>Base Price</b>
1.	[***]	[***]
2.	[***]	[***]

- A. Base prices are effective for basic Spare Engines delivered to Airline by CFM on or before [\*\*\*] unless delivery is delayed due to acts or failure to act of CFM, in which case the price protection shall continue until the spare Engine is delivered to Airline. The base prices are for delivery Ex Works, Evendale, Ohio, or point of manufacture, subject to adjustment for escalation, and Airline shall be responsible, upon delivery, for the payment of all taxes, duties, fees or other similar charges.
- B. The selling price of **CFM56-5B** basic Spare Engines delivered after [\*\*\*] above shall be the base price then in effect, which base price shall be subject to adjustment for escalation in accordance with CFM's then-current escalation provisions.

**CFM PROPRIETARY INFORMATION**

**ATTACHMENT D**

**CFM ESCALATION FORMULA**

I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit.

II. For the purpose of this adjustment:

A. Base price shall be the price(s) set forth in the applicable Letter Agreement.

B. The Composite Price Index (CPI) shall be calculated, to the second decimal place, using the following formula:

[\*\*\*]

[\*\*\*]

MONTHS TO BE UTILIZED IN  
DETERMINING THE THREE  
MONTH ARITHMETIC  
AVERAGE

MONTH OF SCHEDULED ENGINE DELIVERY

<u>MONTH OF SCHEDULED ENGINE DELIVERY</u>	<u>MONTHS TO BE UTILIZED IN DETERMINING THE THREE MONTH ARITHMETIC AVERAGE</u>
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

[\*\*\*]

[\*\*\*]

[\*\*\*]

C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.

D. The Base Composite Index [\*\*\*] shall be the base index stated in the published prices.

III. Base prices shall be adjusted in accordance with the following formula:

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

[\*\*\*]

[\*\*\*]

- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio [\*\*\*] shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. If the calculation of this ratio results in a number less than 1.000, the ratio will be adjusted to 1.000. The resulting three digit decimal shall be used to calculate Pn.
- VI. Values to be utilized in the event of unavailability. If at the time of delivery of Product, CFM is unable to determine the adjusted price because the applicable values to be used to determine the [\*\*\*] have not been released by the Bureau of Labor Statistics, then:
- a) The Price Adjustment, to be used at the time of delivery of the Product, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available [\*\*\*] prior to scheduled Product delivery month will be used to determine the [\*\*\*] values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment. If no value have been released for an applicable month, the provisions set forth in Paragraph b, below, will apply. If prior to delivery of a Product, the U.S. Department of Labor changes the base year for determination of the [\*\*\*] values as defined above, such rebase values will be incorporated in the Price Adjustment calculation.
  - b) If prior to delivery of a Product, U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the [\*\*\*] values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Price Adjustment, CFM will, prior to delivery of any such Product, select a substitute for such values from data published by the Bureau of Labor Statistics or other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revisions of the formula will be made as required to reflect any substitute values. However, if within [\*\*\*] from delivery of the Product, the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Product Price Adjustment, such values will be used to determine any increase or decrease in the Product Price Adjustment from that determined at the time of delivery of such Product.
  - c) In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the base price of any affected Product to reflect an allowance for increase or decrease in labor compensation and material costs occurring since February of the base price year which is consistent with the applicable provisions of this Price Escalation formula.

- d) For the calculation herein, the values released by the Bureau of Labor Statistics and available to CFM at the end of the month prior to scheduled Product delivery month will be used to determine the [\*\*\*] values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment for the Product invoice at the time of delivery. The values will be considered final and no Product Price Adjustment will be made after Product delivery for any subsequent changes in published index values.

Note: Any rounding of a number, with respect to escalation of the Product Price, will be accomplished as follows: If the first digit of the portion to be dropped from the number is five or greater, the preceding digit will be raised to the next higher number.

---

**CFM PROPRIETARY INFORMATION**  
(subject to restrictions on first page)



**ATTACHMENT E**

**BASIS AND CONDITIONS FOR SPECIAL GUARANTEES**

**A. General Conditions**

The Guarantees offered in this Letter Agreement have been developed specifically for Airline's new installed and Spare Engines. The General Conditions described in Exhibit A of the General Terms Agreement between CFM and Airline apply to the guarantees and such guarantees are offered to Airline contingent upon:

1. Airline accepting delivery of a minimum of [\*\*\*] CFM56-5B3 Engine powered A321 Aircraft and [\*\*\*] CFM56-5B4 powered A320 Aircraft in the time period described in this Letter Agreement;
2. Airline procuring and maintaining the CFM recommended number of Spare Engines and Engine Modules;
3. Airline's Engines being identified and maintained separately from other operators' engines at the repair agency;
4. Agreement between Airline and CFM regarding administration of the guarantees;
5. Airline operating Aircraft [\*\*\*], A change in Aircraft or Engine quantity, Aircraft or Engine model, Aircraft delivery schedule from that described in this Letter Agreement, or flight operations resulting in more severe operating conditions than described above will require adjustment of the guaranteed values to reflect such different conditions, using CFM's operational severity criteria;
6. Airline and CFM agreement upon the Engine restoration workscope necessary during each shop visit. Engine operation and maintenance will be performed in accordance with CFM manuals, bulletins, or other written instructions;
7. Available on-wing maintenance and performance restoration procedures, including Engine water wash at intervals no greater than every [\*\*\*] (or as otherwise mutually agreed between Airline and CFM), being used to avoid unnecessary shop visits; and

**ATTACHMENT E**

**BASIS AND CONDITIONS FOR SPECIAL GUARANTEES**

(continued)

8. Service bulletins agreed to between Airline and CFM being incorporated in a timely manner.
9. If any third party report used to calculate any Special Guarantee becomes unavailable or there is any change in the methodology used to produce the information in any such third party report which change materially affects the result of the calculation of any Special Guarantee ("**Report Change**"), then the Parties shall negotiate and agree upon a revised source of the information and/or a revised methodology and/or an adjustment to the third party report, the result of which will be to maintain the original expectations of the Parties with respect to the calculation of that Special Guarantee, and the Parties shall apply that revision to calculations of that Special Guarantee after the Report Change.

**B. Exclusions**

The guarantees shall not apply (i) to events that are due to negligence, acts of god, accidents, improper operation and/or improper maintenance or (ii) if the Engines are employed in power-back aircraft operation (iii) to non Engine-caused events.

Costs associated with life limited Parts retirement, taxes, transportation or any other fees are excluded. Parts shall be considered Scrapped if they bear a scrap tag duly countersigned by a CFM representative.

**C. Administration**

The guarantees are not assignable without the written consent of CFM.

If compensation becomes available to Airline under more than one specific guarantee, airframer guarantee for which CFM has agreed to participate in, warranty or other engine program consideration, Airline will not receive duplicate compensation but will receive the compensation most beneficial to Airline under a single guarantee, warranty or other program consideration. If there is a dispute between CFM and the airframer about which of them is responsible for payment of related compensation to Airline available under a Special Guarantee as a result of CFM's failure to meet such Special Guarantee, CFM shall promptly pay the compensation to Airline under such Special Guarantee and will be subrogated to Airline's rights to any related compensation from the airframer. Unless otherwise stated, the guarantee compensation will be in the form of credits to be used by Airline against the purchase from CFM of Spare Engines, spare Parts, and/or Engine services.

---

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

**ATTACHMENT F**

**DELAY AND CANCELLATION DEFINITIONS FOR GUARANTEE**

**Delay**

An Engine-caused delay of an Aircraft occurs when the malfunctioning of an Engine or Part thereof, the checking of same, or necessary corrective action causes the final Aircraft departure to be delayed more than a specified time [\*\*\*] after the programmed departure time in any of the following instances:

- An originating flight departs later than the scheduled departure time.
- A through service or turnaround flight remains on the ground longer than the allowable ground time.
- The aircraft is released late from maintenance.

**NOTE:**

A cancellation supersedes a delay (i.e., a flight which is canceled after having been delayed is considered to be a cancellation only—not a delay and a cancellation). [\*\*\*]

**Cancellation**

Elimination or termination of a scheduled trip because of a known or reasonably suspected malfunction and/or defect in an Engine or Part thereof.

**NOTE:**

[\*\*\*]

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.20(a)

GENERAL TERMS AGREEMENT NO. CFM-1-2576101711

**THIS GENERAL TERMS AGREEMENT NO. 1-2576101711** (hereinafter referred to as this “Agreement”), dated as of the 17th day of October, 2011, by and between **CFM International, Inc.** (hereinafter referred to as “CFM”), a corporation organized under the law of the State of Delaware, U.S.A., and jointly owned by the General Electric Company (hereinafter referred to as “GE”) and Snecma Moteurs (hereinafter referred to as “SNECMA”) and Republic Airways Holdings Inc., a corporation organized under the law of Delaware (hereinafter referred to as “Airline”). CFM and Airline are also referred to in this Agreement as the “Parties” or individually as a “Party”.

**WITNESSETH**

**WHEREAS**, Airline has acquired, or is in the process of acquiring a certain number of aircraft equipped with installed CFM Engines (as defined below), and

**WHEREAS**, CFM and Airline desire to enter into this Agreement to establish the terms and conditions governing the sale by CFM and the purchase by Airline of Spare Engines (as defined below), related equipment and spare parts therefor and the product services to be supplied by CFM in support of such installed and Spare Engines for use by Airline with respect to its commercial passenger service purposes (“Activities”), and

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained, the respective Parties hereto agree as follows to the respective Sections of this Agreement. Capitalized terms used herein that are otherwise undefined shall have the meanings ascribed to them in Section I (“Definitions”), unless the context requires otherwise.

**SECTION I – DEFINITIONS**

These definitions shall apply for all purposes of this Agreement unless the context otherwise requires.

“Aircraft” means the aircraft on which the Engine(s) listed in the applicable letter agreement to this Agreement is (are) installed.

“Agreement” means this General Terms Agreement (together with all exhibits, and specific transaction agreements (“Letter Agreements”) and attachments) between CFM and Airline.

“Airworthiness Directive” means a requirement for the inspection, repair or modification of the Engine or any portion thereof as issued by the Federal Aviation Administration of the United States Department of Transportation (“FAA”) and/or the European Aviation Safety Agency (“EASA”).

“ATA” means the Air Transport Association of America.

“Data” means all information and data of any type, form or nature (including, but not limited to, designs, drawings, blueprints, tracings, plans, models, layouts, software, specifications, technical publications, electronic transmittals, website data and memoranda) which may be furnished or made available to Airline by CFM, directly or indirectly, as the result of this Agreement, but excluding any of the foregoing that is in the public domain, through no fault of Airline, was in the possession of Airline without restriction on use prior to its disclosure to Airline by CFM or that is independently developed by Airline as evidenced by written records.

“Engine” means the FAA/EASA certified Engine(s) described in the applicable letter agreement(s) to this Agreement or covered under this Agreement pursuant to Article 7 hereof.

“Expendable Parts” means those parts sold by CFM which must routinely be replaced during inspection, repair, or maintenance, whether or not such parts have been damaged, and other parts which are customarily replaced at each such inspection and maintenance period such as filter inserts and other short-lived items which are not dependent on wear out but replaced at predetermined intervals and which are not eligible for reuse after removal.

“Failed Parts” means those Parts and Expendable Parts suffering a Failure, and including Parts or Expendable Parts suffering Resultant Damage.

“Failure” means the breakage of a Part or Expendable Part, failure to function of a Part or Expendable Part, or damage to a Part or Expendable Part, rendering it not Serviceable and such breakage, failure or damage has been determined to the reasonable satisfaction of CFM to be due to causes within CFM’s control including, but not limited to, a defect in design. Failure shall also include any defect in material or workmanship. Failure does not include any such breakage, malfunction or damage that is due to normal wear and tear.

“Flight Cycle” means the complete running of an Engine from start through any condition of flight and ending at Engine shutdown. A “touch and go landing” used during pilot training shall be considered as a “Flight Cycle.”

“Flight Hours” means the cumulative number of airborne hours in operation of each Engine computed from the time an aircraft leaves the ground until it touches the ground at the end of a flight.

“Foreign Object Damage” means any damage to the Engine caused by objects that are not part of the Engine and Engine optional equipment.

“Labor Allowance” means a CFM credit calculated by \*\*\*\*\*. If a Labor Allowance is granted for a repair, it shall not exceed the credit that would have been quoted if the Part had not been repairable. The established labor rate means either (a) the then current labor rate mutually agreed between CFM and Airline if the work has been performed by Airline, or (b) the then current labor rate agreed between CFM and the third party repair and overhaul shop if the work has been performed by such repair and overhaul shop.

“Module” means a major sub-assembly of any of the Engines described in the applicable letter agreements or covered under this Agreement pursuant to Article 7 hereof.

“Part” means only those FAA/EASA certified Engine and Engine Module Parts which have been sold originally to Airline by CFM for commercial use. This term shall include parts installed on an Engine sold to Airline, whether directly by CFM or through an airframe manufacturer with respect to an Engine installed on an Aircraft, parts installed by CFM in connection with servicing or maintaining an Engine and parts sold to Airline as Spare Parts. The term excludes parts that were furnished on new Engines and Modules but are procured directly from vendors. Such parts are covered by the vendor warranty and the CFM “Vendor Warranty Back Up.” Also excluded are Expendable Parts and customary short-lived items such as igniters and filter inserts.

“Parts Credit Allowance” means the credit granted by CFM to Airline, in connection with either a CFM-declared campaign change or the Failure of a Part or Expendable Part, \*\*\*\*\*.

“Part Cycles” means the total number of Flight Cycles accumulated by a Part.

“Parts Repair” means the CFM recommended rework or restoration of Failed Parts to a Serviceable condition.

“Part Time” means the total number of Flight Hours accumulated by a Part.

“Performance Restoration Shop Visit” means a shop visit in which at a minimum, the combustor and high-pressure turbine are exposed and subsequently refurbished.

“Product” means Spare Engines, Modules, Parts, Expendable Parts, related optional equipment, technical data and other products offered for sale by CFM from time to time.

“Resultant Damage” means the damage suffered by a Part in warranty because of a Failure of another Part or Expendable Part within the same engine, provided the Part or Expendable Part causing the damage was in warranty.

“Serviceable” when used to describe an Engine or Part, means in an airworthy condition within the limits defined in the applicable Engine manuals, specification and/or publications by the type certificate holder.

“Scrapped Parts” means those Parts determined by CFM to be unServiceable and not repairable by virtue of reliability, performance or repair costs. Such Parts shall be considered as scrapped if they bear a scrap tag duly countersigned by a CFM representative. Such Parts shall be destroyed and disposed of by Airline unless requested by CFM for engineering analysis, in which event any handling and shipping shall be at CFM’s expense.

“Spare Engine” means an Engine acquired in support of Airline’s fleet of Aircraft for use as a spare Engine when another Engine in such fleet is unavailable due to damage or is otherwise being repaired or serviced.

“Spare Parts” means Parts or Expendable Parts acquired by Airline from CFM for future installation on Engines.

“Ultimate Life” of a rotating Part means the approved limitation on use of a rotating Part, in cumulative Flight Hours or Flight Cycles, which a U.S. government authority establishes as the maximum period of allowed operational time for such rotating Parts in Airline service, with periodic repair and restoration.

**SECTION II – TERMS AND CONDITIONS**

**ARTICLE 1 – PRODUCTS**

- A. Airline may purchase under the terms and subject to the conditions hereinafter set forth, Products as may be offered for sale by CFM > in quantities and in configurations reasonably required to support Airline’s activities and the aircraft applications operated by Airline in connection therewith.
- B. In order to assure that an adequate supply of CFM Spare Engines are available to support the worldwide operating fleet of CFM powered aircraft, CFM reserves the option, for a limited period of time following the sale of Spare Engines to Airline, to repurchase Spare Engines which Airline proposes to utilize for other than its own operating purposes.

Accordingly, if prior to the accumulation of \*\*\*\*\* Flight Hours on any Spare Engine sold hereunder, Airline elects to a) offer such Spare Engine for resale or b) undertake action to cause components or parts of such Spare Engine to be made available for sale, Airline shall give CFM prompt advance written notice of such determination (“Airline’s Notice”). Promptly upon receipt of such notice, CFM shall have the option to repurchase the Spare Engine from Airline (the “CFM Repurchase Option”) at the lower of (i) the net price (the CFM quoted spare engine price less any allowances or other credits available to, and exercised by, Airline) at which such Spare Engine was sold by CFM to Airline less an amount to cover any use and operation of the Spare Engine which, as agreed by the Parties, shall be equal to the then-current restoration charges per operating hours and cycles applicable to the equivalent CFM lease pool engine; or (ii) any lower amount contained in any current, bona fide offer made to Airline by a third party for such Spare Engine. CFM shall give Airline notice of its decision to decline or to exercise such CFM Repurchase Option within \*\*\*\*\* of its receipt of Airline’s Notice. Fulfillment by CFM of the CFM Repurchase Option shall be conditional upon technical inspection, review and acceptance of the Spare Engine and its records by CFM and the execution of a mutually acceptable purchase agreement. If CFM Repurchase Option “(i)” is exercised by CFM, upon completion of the repurchase, CFM shall restore to Airline’s account any allowances and credits applied to reduce the CFM quoted spare engine price. For the avoidance of doubt, such CFM Repurchase Option shall not apply to any sale of a Spare Engine intended to secure sale/leaseback financing in connection therewith.

**ARTICLE 2 – PRODUCT PRICES**

- A. In General. The selling price of Products will be the respective prices which are quoted in the Spare Parts Price Catalog, as revised from time to time (the “Spare Parts Catalog” or “Catalog”) or in CFM’s written quotation or proposal from time to time and confirmed in a Letter Agreement for the purchase of Spare Engines or in a purchase order placed by Airline and accepted by CFM. CFM shall quote such prices in U.S. Dollars and Airline shall pay for Products in U.S. Dollars. All Product prices

include the cost of CFM's standard tests, inspection and commercial packaging, but exclude, in the case of Engines, shipping stands, containers and engine covers. Transportation costs and costs resulting from special inspection, packaging, testing or other special requirements, requested by Airline, will be paid for by Airline. CFM will advise Airline in writing \*\*\*\*\* in advance of any changes in prices affecting a significant portion of the prices in the Catalog. During such \*\*\*\*\* period, CFM shall not be obligated to accept Airline purchase orders for quantities of spare Parts in excess of \*\*\*\*\* of Airline's normal usage beyond the effective date of the announced price change.

- B. Spare Engines. Spare Engine prices will be quoted as base prices, subject to escalation using the appropriate CFM Engine escalation provisions agreed upon by CFM and Airline. The appropriate CFM escalation provisions will be set forth in each applicable letter agreement to this Agreement. If a Letter Agreement does not prohibit CFM from making changes to the escalation provisions, no changes to escalation provisions will apply to Airline until CFM provides Airline at least \*\*\*\*\* prior written notice.

**ARTICLE 3 – PRODUCT ORDER PLACEMENT**

- A. The terms and conditions set forth herein are in lieu of all printed terms and conditions appearing on Airline's purchase orders.
- B. Airline shall place purchase orders for Products and CFM's acknowledgment of each purchase order shall constitute acceptance thereof.

**ARTICLE 4 – DELIVERY, TITLE, TRANSPORTATION, RISK OF LOSS, PACKAGING OF PRODUCTS**

- A. Shipment of Products shall be from CFM's facility in Evendale, Ohio, U.S.A., Peebles, Ohio, U.S.A., or Erlanger, Kentucky, U.S.A., or point of manufacture, or other facility at CFM's option.
- B. Delivery of all Products shall be as follows (hereinafter "Delivery"):
  - (1) For Products shipped from the U.S. to a domestic U.S. destination, Delivery of such Products shall be Ex Works (Incoterms 2000) at the point of shipment described in Paragraph A of this Article. The Parties shall use their reasonable best efforts to avoid or minimize the imposition of Taxes on the sale of Products and payments under this Agreement and to transfer the Products from a jurisdiction that provides a commercially reasonable mechanism for obtaining an exemption from sales and use and any similar Taxes. In the event of a change in law that could reasonably be expected to result in Airline becoming liable for Taxes under the terms of this Agreement, the parties will negotiate in good faith to restructure the terms of this Agreement, including the location from which Delivery of the Products is made, in order to eliminate or minimize such Taxes;



(2) For Products shipped from the U.S. to a destination outside the U.S., Delivery of such Products shall be to Airline over international waters (i.e., 12 miles offshore of the U.S.), or, if the Product does not cross international waters during transport, at the frontier of the destination country. Unless otherwise agreed, Airline shall be responsible for the export of the Products out of the U.S.;

(3) For Products shipped from a location outside the U.S., Delivery of such Products shall be FCA (Incoterms 2000) from such foreign CFM facility;

Upon Delivery, title to Products as well as risk of loss thereof or damage thereto shall pass to Airline. Airline shall be responsible for all risk and expense in obtaining any required licenses and carrying out all customs formalities for the exportation and importation of goods under U.S. law and CFM shall be responsible for all risk and expense in obtaining any required licenses and carrying out all customs formalities for the exportation and importation of goods under laws other than U.S. laws, unless shipment to such foreign country was requested by Airline, in which case Airline shall be responsible for such foreign licenses and customs formalities.

C. Airline shall arrange and pay for transportation of such Products from the point of shipment described in Paragraph A of this Article until Delivery in accordance with Paragraph B of this Article.

**ARTICLE 5 – PAYMENT FOR PRODUCTS**

Airline shall pay CFM with respect to Products purchased hereunder as set forth in the attached Exhibit C.

**ARTICLE 6 – TAXES AND DUTIES**

A. Taxes, Duties, or Charges. In addition to the price for the Products, REPUBLIC agrees to pay, upon demand, all taxes (including, without limitation, sales, use, excise, turnover or value added taxes), duties, fees, charges or assessments of any nature (but excluding any taxes based on or measured by the income or profits of CFM) imposed by the United States, or any jurisdiction within the United States in connection with performance of this Agreement (any such non-excluded taxes hereinafter “Taxes”). CFM shall have the right to invoice and collect sales tax on all services or products sold under this contract to REPUBLIC, unless REPUBLIC provides a complete and valid sales and use tax exemption certificate.

B. Reimbursement/Refund. If payment of any such Taxes is made by CFM (or the applicable affiliated company), REPUBLIC will reimburse CFM (or the applicable affiliated company) upon demand, such reimbursement including, *inter alia*, penalties and interest for failure to timely pay such Taxes, other than to the extent such penalty and interest arise as a result of CFM’s negligence or willful misconduct, levied against CFM (or the applicable affiliated company). REPUBLIC and CFM will use all reasonable efforts to obtain a refund thereof. If all or any part of any such taxes is refunded to CFM, CFM (or the applicable affiliated company) will repay to REPUBLIC such part thereof as CFM (or the applicable affiliated company) was refunded.

- C. **Withholdings.** All payments by REPUBLIC to CFM (or the applicable affiliated company) under this Agreement will be free of all withholdings for Taxes except to the extent otherwise required by law, and if any such withholding for Taxes is so required, REPUBLIC will pay an additional amount such that after the deduction of all amounts required to be withheld, the net amount received by CFM (or the applicable affiliated company) will equal the amount that CFM (or the applicable affiliated company) would have received if such withholding had not been required. If the aforementioned mechanism contradicts the law of U.S., the Parties shall amend this Agreement in order to increase the respective prices and amounts provided for by this Agreement so that the initial prices and amounts are preserved.
- D. The Parties shall use their reasonable best efforts to avoid or minimize the imposition of Taxes on the sale of Products and payments under this Agreement and to transfer the Products from a jurisdiction that provides a commercially reasonable mechanism for obtaining an exemption from sales and use and any similar Taxes. In the event of a change in law that could reasonably be expected to result in Airline becoming liable for Taxes under the terms of this Agreement, the parties will negotiate in good faith to restructure the terms of this Agreement, including the location from which Delivery of the Products is made, in order to eliminate or minimize such Taxes.

**ARTICLE 7 – WARRANTY AND PRODUCT SUPPORT PLAN**

Applicable warranties are set forth in Exhibit A relating to all Engines or Parts, including Expendable Parts, either purchased by Airline directly from CFM or installed on Airline’s Aircraft as original equipment. Product support activities are set forth in Exhibit B.

**ARTICLE 8 – DELAY**

CFM shall not be liable or in breach of its obligations under this Agreement to the extent performance of such obligations is delayed or prevented, directly or indirectly, by \*\*\*\*\* (each an “\*\*\*\*\* Delay”). The delivery or performance date shall be extended for a period equal to the time lost by reason of delay, including time to overcome the effect of the delay. CFM shall use reasonable efforts to continue performance whenever such causes are removed. In the event an excusable delay continues for a period of \*\*\*\*\* or more beyond the scheduled delivery or performance date, Airline or CFM may, upon \*\*\*\*\* written notice to the other, cancel the part of this Agreement so delayed, and CFM shall return to Airline all payments relative to the canceled part of this Agreement. If delivery or performance is delayed due to an Excusable Delay not caused by Airline, CFM and Airline shall each bear one half of any escalation changes applicable to the period of delay.

If CFM fails to deliver any Engine when scheduled (whether to airframe manufacturer for installation on an Aircraft or directly to Airline) for any reason other than an Excusable Delay, (i) CFM shall pay to Airline with respect to such Engine, as liquidated damages and not as a penalty, \*\*\*\*\* per day from the tenth day after the scheduled delivery month or quarter until the actual date of delivery or, if earlier, the termination by Airline of its order for such Engine, not to exceed \*\*\*\*\*; (ii) the price payable by Airline for such Spare Engine shall not be escalated beyond the scheduled delivery month or quarter and (iii) if such delay is more than \*\*\*\*\* after the scheduled delivery month or quarter, Airline shall have the right to terminate its order for such Engine on \*\*\*\*\* written notice to CFM, in which case CFM shall promptly return to Airline any predelivery payments made by Airline with respect to such Engine. Any amounts CFM pays to Airbus as a result of such late delivery shall be deducted from any amount CFM would be liable for hereunder.

**ARTICLE 9 – PATENTS**

- A. CFM shall indemnify Airline from and against any damages, costs, expenses and liabilities insofar as based on a claim that any Product furnished under this Agreement, without any alteration or further combination, constitutes an infringement of any patent of the United States or France or of any patent of any other country that is signatory to Article 27 of the Convention on International Civil Aviation signed by the United States at Chicago on December 7, 1944, in which Airline is authorized to operate or in which another airline pursuant to lawful interchange, lease or similar arrangement, operates aircraft of Airline.
- B. Airline shall promptly notify CFM in writing and give CFM authority, information and assistance \*\*\*\*\* for the defense of any suit or proceeding. In case such Product is held in such suit or proceeding to constitute infringement and the use of said Product is enjoined, CFM shall, \*\*\*\*\*.
- C. The remedies described in Paragraphs (A) and (B) above do not apply to any Product or Part (1) not purchased by Airline from CFM (except for Products or Parts installed as original equipment on aircraft owned, leased or operated by Airline); (2) that was changed, modified, or not used for its intended purpose; or (3) that was manufactured by CFM to Airline’s unique specifications or directions.

The obligations recited in this Article shall constitute the sole and exclusive liability of CFM for actual or alleged patent infringement.

**ARTICLE 10 – DATA**

- A. All Data is proprietary to and shall remain the property of CFM. All Data is provided to or disclosed to Airline in confidence, and shall neither (1) be used by Airline or be furnished by Airline to any other person, firm or corporation for the design or manufacture or repair of any products, articles, compositions of matter, or processes, nor (2) be permitted out of Airline's possession, or divulged to any other person, firm or corporation, nor (3) be used in the creation, manufacture, development, or derivation of any repairs, modifications, spare parts, designs or configuration changes, or to obtain FAA or any other government or regulatory approval of any of the foregoing. In the event Airline is required to disclose Data by law or court order, Airline shall notify CFM in advance of such disclosure or filing, to the extent reasonably practicable, and shall cooperate fully with CFM in seeking confidential treatment of such Data. Data shall not be used for the maintenance, repair, or assessment of continued airworthiness of any products not supplied or covered under this Agreement. If CFM's written consent is given for reproduction in whole or in part, any existing notice or legend shall appear in any such reproduction. Nothing in this Agreement shall preclude Airline from using such Data for the modification, overhaul, or maintenance work performed by Airline on CFM Products purchased by Airline; except that all repairs or repair processes that are not disclosed in the Engine manuals (including, but not limited to, high technology repairs) will be the subject of a separate license and substantiated repair agreement between CFM and Airline.
- B. CFM warrants that it either owns or will secure the right for Airline to use, as set forth in this Paragraph, software delivered as part of an Engine by CFM to Airline under this Agreement. CFM agrees to provide to Airline, as part of the delivered Engines, a copy of all software, in machine readable (object code) format, necessary solely for the operation of Engines provided under this Agreement. CFM will provide to Airline and Airline agrees to accept and execute all commercially reasonable license agreements, if any, that are required to memorialize such rights to use such software. Airline agrees that it shall have no rights to sublicense, decompile or modify any software provided by CFM without the prior express written consent of the owner of such software. Airline shall be solely responsible for negotiating any licenses necessary to secure for Airline any additional rights in any software.

**ARTICLE 11 – LIMITATION OF LIABILITY**

The liability of CFM to Airline \*\*\*\*\*. **THE WARRANTIES AND GUARANTEES SET FORTH IN EXHIBIT A AND ANY APPLICABLE LETTER AGREEMENTS ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES AND GUARANTEES WHETHER WRITTEN, STATUTORY, ORAL, OR IMPLIED (INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY IMPLIED WARRANTY ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE).**

For the purpose of this Article, the term “CFM” shall be deemed to include CFM, GE, SNECMA, and CFM’s subsidiaries, assigns, subcontractors, suppliers, and the respective directors, officers, employees, and agents of each.

**ARTICLE 12 – GOVERNMENT AUTHORIZATION, EXPORT SHIPMENT**

Airline shall be responsible for obtaining any required licenses or any other required governmental authorization and shall be responsible for complying with all U.S. government licensing and reporting requirements, in each case applicable under U.S. law to the ownership or use of any Product by Airline.

**ARTICLE 13 – PERSONAL DATA PROTECTION**

- A. “Personal Data” is any information relating to an identified or identifiable natural person or to any legal entity if such legal entity is subject to data protection legislation in their country of incorporation (“Data Subject”).
- B. Airline and CFM each agree that any Personal Data obtained from the other Party will be deemed “Data” of the other Party as defined in this Agreement whether or not the Personal Data is publicly available.
- C. Airline and CFM each represent that in providing Personal Data to one another they will comply with all applicable laws and regulations, including but not limited to providing notices to or obtaining consents from the Data Subjects when required.
- D. Steps shall be taken to implement and maintain physical, technical and organizational measures to ensure the security and confidentiality of Personal Data in order to prevent accidental, unauthorized or unlawful access, use, modification, disclosure, loss or destruction of Personal Data. The security measures taken shall be in compliance with applicable data protection laws and shall be adapted to the risks represented by the processing and the nature of the personal data to be collected and/or stored.

**ARTICLE 14 – NOTICES**

Any notices under this Agreement shall become effective upon receipt and shall be in writing and be delivered or sent by mail, courier service, personal service or fax to the respective Parties at the following addresses, which may be changed by written notice:

If to: Republic Airways Holdings Inc.  
8909 Purdue Road, Suite 300  
Indianapolis, Indiana 46268  
Attn: President  
Facsimile Number: 317-484-6060  
Telephone Number: 317-484-6000

If to: CFM International, Inc.  
One Neumann Way, M.D.\_\_\_\_  
Cincinnati, Ohio 45215-1988 USA  
Attn: Customer Support Manager  
Facsimile Number:\_\_\_\_\_  
Telephone Number:\_\_\_\_\_

Notice sent by the U.S. mail, postage prepaid, shall be deemed received within \*\*\*\*\* after deposit.

**ARTICLE 15 – MISCELLANEOUS**

- A. **Assignment of Agreement.** This Agreement may not be assigned, in whole or in part, by either Party without the prior written consent of the other Party; except, that, Airline's consent shall not be required for substitution of any other company jointly owned by GE and SNECMA in place of CFM as the contracting party and the recipient of any or all payments, and/or for the assignment of CFM's rights to receive payments from Airline to CFM's suppliers.
- (1) Notwithstanding anything to the contrary set forth herein, Airline shall have the right to assign any of its rights or obligations under this Agreement to any of its affiliated companies and Airline will not be released from its obligations without consent from CFM. Also, Airline will have the right to assign this Agreement and Airline will be released from its obligations in any sale of substantially all assets, as long as the successor assumes all obligations under this Agreement and have a consolidated net worth no less than Airline's consolidated net worth immediately prior to such assignment and such successor is not (i) a person or company to whom it is illegal for CFM to sell products or services to or is prohibited by regulation or law from doing business with, (ii) an engine manufacturer or service provider or an entity controlled by an engine manufacturer or service provider, or (iii) any person or company that CFM, acting reasonably, and without unreasonable delay, notifies Airline that such person or company is one with which CFM objects to on the basis of compliance policies to doing business with, or is insolvent or is in bankruptcy or is an affiliate of any such persons or companies. Also Airline will have the right to maintain this Agreement under a lease, or financing to a third party operator of the installed Engines or Spare Engines, as long as Airline is financially responsible for all obligations under the definitive agreements and the financial terms are not disclosed to such party.
- (2) Notwithstanding anything to the contrary set forth herein, Airline shall have the right to assign Airline's rights, liabilities and obligations under this Agreement to Frontier Airlines, Inc. ("Frontier") or the buyer referred to in clause (b) below, in which case Airline shall have no further rights, obligations or liabilities under this Agreement if the following conditions are satisfied:
- (a) Any transaction occurs in which Airline ceases to be the beneficial owner of more than 50% of Frontier's outstanding Common Shares, if Frontier executes an assumption agreement reasonably satisfactory to CFM of the obligations of Airline under this Agreement and immediately after giving effect to such transaction, the credit quality of Frontier (or that of Frontier and a new guarantor combined) is the same as or better than that of Frontier and Airline combined immediately prior to the transaction, as measured by reasonable tests that will include unrestricted cash levels and tangible net worth; or

- (b) A transfer occurs of all or substantially all of the assets of Frontier to a single buyer if, the buyer executes an assumption reasonably satisfactory to CFM of the obligations of Airline under this Agreement and immediately after giving effect to such transaction, the credit quality of the buyer (or of the buyer and a new guarantor combined) is the same as or better than that of Frontier and Airline combined immediately prior to the sale, as measured by reasonable tests that will include unrestricted cash levels and tangible net worth.
- (c) To the extent a guarantor is necessary to satisfy the foregoing conditions, such guarantor must also guarantee the obligations and liabilities of Frontier under this Agreement.
- (d) No entity having Control (as defined below) of Frontier, nor the buyer of the assets of Frontier, nor the guarantor is a company that is (1) engaged in the business of leasing of aircraft or spare engines; (2) a person to whom it is illegal for CFM to sell products or services or a party with which CFM is prohibited by applicable law or regulation, including without limitation, the United States Patriot Act, from doing business; (3) an airframe manufacturer or an engine manufacturer, or an entity directly or indirectly controlled by an airframe manufacturer or an engine manufacturer; (4) any person that CFM, acting reasonably and without unreasonable delay, notifies Frontier is a person with which CFM objects to doing business; or (5) insolvent or in bankruptcy or (6) an affiliate of any such persons. (Control means the possession, direct or indirect of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise); and
- (e) There is no event of default or material default and, in any case, there is no termination event or event that, with the giving of notice, the lapse of time, or both, would become a termination event under this Agreement; and
- (f) The assignment referred to in this paragraph (2) will be available on only one occasion.

- B. Applicable Law; Venue. All aspects of this Agreement and the obligations arising hereunder will be governed in accordance with the law of the State of New York, U.S.A.; except, that New York conflict of law rules will not apply if the result would be the application of the laws of another jurisdiction. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.
- C. Entire Agreement; Modification. This Agreement contains the entire and only agreement between the Parties, and it supersedes all pre-existing agreements between such Parties, respecting the subject matter hereof; and any representation, promise or condition in connection therewith not incorporated herein shall not be binding upon either Party. No modification or termination of this Agreement or any of the provisions herein contained shall be binding upon the Party against whom enforcement of such modification or termination is sought, unless it is made in writing and signed on behalf of CFM and Airline by duly authorized executives.

- D. Confidentiality of Information. This Agreement and letter agreements contain information specifically for Airline and CFM, and nothing herein contained shall be divulged by Airline or CFM to any third person, firm or corporation, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld; except (i) that Airline's consent shall not be required for disclosure by CFM of this Agreement and letter agreements, and related information given by Airline to CFM, to an Engine program supplier, joint venture participant, engineering service provider or consultant to CFM to the extent necessary to enable CFM to perform its obligations under this Agreement or letter agreements or to build the Engine so long as such other person agrees to maintain the confidentiality thereof on the same basis as this paragraph D; (ii) to the extent required by Government agencies, by law, or to enforce this Agreement; (iii) to the extent necessary for disclosure to the Parties' respective insurers, accountants, lawyers or other professional advisors who must likewise agree to be bound by the provisions of this paragraph D; and (iv) the Engine Warranties (as defined in Exhibit A) may be disclosed to potential financing parties for Aircraft or Engines. In the event (i) or (iii) occur, suitable restrictive legends limiting further disclosure shall be applied. In the event the Agreement, or other CFM information or data is required to be disclosed or filed by government agencies by law, or by court order, Airline shall notify CFM in advance of such disclosure or filing, to the extent reasonably practicable, and shall cooperate fully with CFM in seeking confidential treatment of sensitive terms of the Agreement or such information and data.
- E. Duration of Agreement. This Agreement shall remain in full force and effect until (i) the occurrence of a material breach of the obligations set forth in Article 10, or (ii) Airline ceases to operate at least one (1) aircraft powered by Products set forth herein. Nothing herein shall affect the rights and obligations and limitations set forth in this Agreement as to Products ordered for delivery and work performed prior to termination of this Agreement.
- F. Survival Of Certain Clauses. The rights and obligations of the Parties under the following Articles and related Exhibits shall survive the expiration, termination, completion or cancellation of this Agreement:
- Payment for Products
  - Taxes and Duties
  - Patents
  - Data
  - Limitation of Liability
  - Governmental Authorization, Export Shipment
  - Miscellaneous
- G. Language. This Agreement, orders, Data, notices, shipping invoices, correspondence and other writings furnished hereunder shall be in the English language.



- H. Severability. The invalidity or un-enforceability of any part of this Agreement, or the invalidity of its application to a specific situation or circumstance, shall not effect the validity of the remainder of this Agreement, or its application to other situations or circumstances. In addition, if a part of this Agreement becomes invalid, the Parties will endeavor in good faith to reach agreement on a replacement provision that will reflect, as nearly as possible, the intent of the original provision.
- I. Waiver. The waiver by any Party of any provision, condition, or requirement of this Agreement, shall not constitute a waiver of any subsequent obligation to comply with such provision, condition, or requirement.
- J. Dispute Resolution. If any dispute arises relating to this Agreement, the Parties will endeavor to resolve the dispute amicably, including by designating senior managers who will meet and use commercially reasonable efforts to resolve any such dispute. If the Parties' senior managers do not resolve the dispute within \*\*\*\*\* of first written request, either party may request that the dispute be settled and finally determined by binding arbitration, in accordance with the Commercial Arbitration Rules of the American Arbitration Association in New York, New York, by one or more arbitrators appointed in accordance with the AAA Rules. The arbitrator(s) will have no authority to award punitive damages, attorney's fees and related costs or any other damages not measured by the prevailing party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of the Agreement and applicable law. The award of the arbitrator(s) will be final, binding and non-appealable, and judgment may be entered thereon in any court of competent jurisdiction. All statements made or materials produced in connection with this dispute resolution process and arbitration are confidential and will not be disclosed to any third party except as required by law or subpoena. The Parties intend that the dispute resolution process set forth in this Article will be their exclusive remedy for any dispute arising under or relating to this Agreement or its subject matter. Either party may at any time, without inconsistency with this Article, seek from a court of competent jurisdiction any equitable, interim, or provisional relief to avoid irreparable harm or injury. This Article will not apply to and will not bar litigation regarding claims related to a party's proprietary or intellectual property rights, nor will this Article be construed to modify or displace the ability of the Parties to effectuate any termination contemplated in this Agreement.
- K. Waiver of Immunity. With respect to any Airline who is incorporated or based outside the United States, to the extent that such Airline or any of its property becomes entitled at any time to any immunity on the grounds of sovereignty or otherwise from any legal action, suit or proceeding of any nature, Airline hereby irrevocably waives the application of such immunity and particularly, the U.S. Foreign Sovereign Immunities Act, 28 U.S.C. 1602, et. seq., insofar as such immunity relates to Airline's rights and obligations in connection with this Agreement.

L. Electronic Transactions.

- (i) CFM may grant Airline access to and use of the Customer Web Center (“CWC”) and/or other CFM Web sites (collectively, “CFM Sites”). Airline agrees that such access and use shall be governed by the applicable CFM Site Terms and Conditions generally applicable to CFM’s customers, provided, however, that in the event of a conflict with the provisions of this Agreement, this Agreement shall govern.
- (ii) CFM may permit Airline to place purchase orders for certain Products on the CFM Sites by various electronic methods (“Electronic POs”). The Parties agree that such Electronic POs a) constitute legally valid, binding agreements; b) have the same force and effect as purchase orders placed in paper format signed by Airline in ink; and c) are subject to the terms and conditions hereof.
- (iii) CFM may permit Airline to access certain technical Data through the CWC, including, but not limited to CFM technical publications under the terms and conditions of this Agreement. Airline shall be responsible for contacting its FAA representative or the relevant local airworthiness authority for guidelines on the use of such electronic technical data.
- (iv) Airline represents and warrants that any employee or representative who places Electronic POs or accesses Data through the CWC is authorized by Airline to do so and has obtained a login name(s) and password(s) through the CFM Site registration process. CFM shall be entitled to rely on the validity of a login name or password unless notified otherwise in writing by Airline.

- M. Termination. Airline may elect, by written notice to CFM, to terminate this Agreement including all Letter Agreements hereto, and the Rate Per Hour Flight Agreement and the Time and Material Agreement, each dated as of the date hereof between Airline and CFM, if: i) Airline or Frontier Airlines (“Frontier”) files a petition under Chapter 7 or 11 of Title 11 of the United States Code to commence a bankruptcy case or ii) a Change of Control (as hereinafter defined) of Airline or Frontier occurs prior to the earlier of a) the date \*\*\*\*\* after signature of this Agreement and b) the date \*\*\*\*\* prior to the first day of the scheduled delivery quarter of the first firm A320 NEO Aircraft (as set forth in Letter Agreement No. 1 hereto). If Airline elects a termination pursuant to the preceding sentence between \*\*\*\*\* , Airline shall pay to CFM \*\*\*\*\* or \*\*\*\*\* if such termination is after \*\*\*\*\* , or \*\*\*\*\* if such termination is after \*\*\*\*\* , as liquidated damages and not as a penalty, and in such case CFM agrees to waive its rights against Airline to additional claims under this Agreement including all Letter Agreements hereto and the Rate Per Hour Flight Agreement and the Time and Material Agreement except (A) customary recovery of credits previously provided by CFM to Airline, and (B) with respect to any unpaid invoices issued to Airline or Frontier prior to such date relating to goods and services provided by CFM. The above stated termination charges do not apply after \*\*\*\*\* and CFM shall be entitled to any remedies set forth in the respective agreements. “Change of Control” shall mean, with respect to Airline or Frontier, a transaction in which Southwest Airlines, Allegiant Travel Company or United Air Lines, Inc. (and/or any of their respective affiliates) becomes the beneficial owner of more than 50% of the outstanding shares normally entitled to vote in the election of directors of such company (such shares being “Common Shares”) or of all or substantially all of the assets of such company.

- N. Counterparts: This Agreement may be signed by the Parties in separate counterparts, and any single counterpart or set of counterparts, when signed and delivered to the other Parties shall together constitute one and the same document and be an original Agreement for all purposes.
- 

**CFM PROPRIETARY INFORMATION**  
(subject to restrictions on cover page)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and the year first above written.

REPUBLIC AIRWAYS HOLDINGS INC.

CFM INTERNATIONAL INC.

By: /s/ Lars-Erik Arnell

By: /s/ John C. Mericle

Typed Name: Lars-Erik Arnell

Typed Name: John C. Mericle

Title: Senior Vice President

Title: Chief Financial Officer

Date: [Undated]

Date: October 25, 2011

---

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on cover page)

**EXHIBIT A**

**ENGINE WARRANTY PLAN**

**SECTION I- WARRANTIES**

**A. New Engine Warranty**

1. CFM warrants each new Engine and Module against Failure for the initial \*\*\*\*\* Engine Flight Hours (“EFH”) as follows:

- a \*\*\*\*\*
- b \*\*\*\*\*
- c \*\*\*\*\*

2. As an alternative to the above allowances, CFM shall upon request of Airline:

a Arrange to have Failed Engines and Modules repaired per the terms of Paragraph 1 above, at a facility designated by CFM.

**B. New Parts Warranty**

In addition to the warranty granted for new Engines and Modules, CFM warrants Parts and Expendable Parts as follows:

- 1. \*\*\*\*\*
- 2. \*\*\*\*\*

**C. Ultimate Life Warranty**

1. CFM warrants Ultimate Life limits on the following Parts:

- a \*\*\*\*\*
- b \*\*\*\*\*
- c \*\*\*\*\*
- d \*\*\*\*\*
- e \*\*\*\*\*
- f \*\*\*\*\*
- g \*\*\*\*\*
- h \*\*\*\*\*
- i \*\*\*\*\*
- j \*\*\*\*\*
- 2. \*\*\*\*\*

**D. Campaign Change Warranty.**

1. A campaign change will be declared by CFM when a new Part or Expendable Part design introduction, Part or Expendable Part modification, Part or Expendable Part inspection, or premature replacement of an Engine or Module is required by a time compliance CFM Service Bulletin implementing an Airworthiness Directive. CFM will grant the following Parts Credit Allowances:

(i) \*\*\*\*\*

(ii) \*\*\*\*\*

2. Labor Allowance – CFM will grant \*\*\*\*\* Labor Allowance for disassembly, reassembly, modification, testing, or Inspection of CFM-supplied Engines, Modules, Parts or Expendable Parts therefor when such action is required to comply with a mandatory time compliance CFM Service Bulletin implementing an Airworthiness Directive. A Labor Allowance will be granted by CFM for other CFM issued Service Bulletins if so specified in such Service Bulletins.

3. Life controlled Parts which are set forth in the Ultimate Life Warranty and which are retired by Ultimate Life limits including FAA and/or Airworthiness Directive, are excluded from Campaign Change Warranty.

**E. Warranty Pass-On**

If requested by Airline and consented to by CFM in writing, which consent will not be unreasonably withheld, CFM will permit assignment of the warranty support for Engines sold by Airline to commercial Airline operators, or to other aircraft operators. Such warranty support will be limited to Engines or Parts which were purchased under this Agreement or to initially installed Engines purchased by Airline from the Aircraft manufacturer and apply to the unexpired portion of the \*\*\*\*\*, and will require such operator(s) to agree in writing to be bound by and comply with all the terms and conditions, including the limitations, applicable to the Engine Warranties.

CFM's consent shall not be required for the assignment by Airline to one or more financing institutions of Airline's rights to the Engine Warranties, each such assignment made in respect to Airline's initial financing of one or more new Aircraft or spare Engine(s), as the case may be. In exercising any rights under such Engine Warranties, such assignee shall be conclusively deemed to have accepted the applicable terms and conditions of this GTA, including the limitations, applicable to the Engine Warranties. The exercise by such assignee of any rights to the Engine Warranties shall not release Airline from any of its duties or obligations to CFM under this GTA except to the extent of actual performance by the assignee. CFM's liability to either or both Airline and its assignee shall not be increased, duplicated or multiplied in any way by reason of such assignment. Airline shall provide the assignee an extracted copy of the terms and conditions of this GTA

(including a copy of this paragraph) applicable to the Engines Warranties. CFM's consent to the assignment under the foregoing terms shall be deemed fulfilled, without further action by the CFM, upon receipt by CFM of Airline's written notice identifying the assignee of the Engine Warranties.

F. Vendor Back-Up Warranty.

1. CFM controls and accessories vendors provide a warranty on their products used on CFM Engines. This warranty applies to controls and accessories sold to CFM for delivery on installed or spare Engines and controls and accessories sold by the vendor to Airline on a direct purchase basis. In the event the controls and accessories suffer a failure during the vendor's warranty period, Airline will submit a claim directly to the vendor in accordance with the terms and conditions of the vendor's warranty.

2. In the event a controls and accessories vendor fails to provide a warranty at least as favorable as the CFM New Engine Warranty (for complete controls and accessories) or New Parts Warranty (for components thereof), or if provided, rejects a proper claim from Airline, CFM will intercede on behalf of Airline to resolve the claim with the vendor. In the event CFM is unable to resolve a proper claim with the vendor, CFM will honor a claim from Airline under the provisions and subject to the limitations of CFM's New Engine or New Parts Warranty, as applicable. Settlements under Vendor Back-Up Warranty will exclude credits for resultant damage to or from controls and accessories procured directly by Airline from vendors.

G. Vendor Interface Warranty.

Should any control or accessory, for which CFM is responsible, develop a problem due to its environment or interface with other controls and accessories or with an Engine, Module or equipment supplied by the aircraft manufacturer, CFM will be responsible for initiating corrective action. If the vendor disclaims warranty responsibility for parts requiring replacement, CFM will apply the provisions of its New Parts Warranty to such part whether it was purchased originally from CFM or directly from the vendor.

H. **THE WARRANTIES SET FORTH HEREIN ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, STATUTORY, ORAL, OR IMPLIED (INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY IMPLIED WARRANTY ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE).**

**SECTION II – GENERAL CONDITIONS**

A. Airline will maintain adequate operational and maintenance records with respect to Engines and Spare Parts and make these available for CFM inspection.

---

**CFM PROPRIETARY INFORMATION**  
(subject to restrictions on cover page)

- B. CFM will deny a claim under any of the Warranty provisions, and the Warranty provisions will not apply if it has been reasonably determined by CFM that:
- (1) such claim resulted from the subject Engine, Module or any Parts thereof:
- Not being properly installed or maintained; or
  - Being operated contrary to applicable CFM recommendations as contained in its Manuals, Bulletins, or other written instructions; or
  - Being repaired or altered in such a way as to impair its safety of operation or efficiency; or
  - Being subjected to misuse, neglect or accident; or
  - Being subjected to Foreign Object Damage; or
  - Being subjected to any other defect or cause (whether sole or contributory) not within the control of CFM; or
  - Not incorporating all service bulletins related to the cause or failure.
- C. \*\*\*\*\* For the purpose of this Section II, the term "CFM" shall be deemed to include CFM, GE, SNECMA, and CFM's subsidiaries, assigns, subcontractors, suppliers, Product co-producers, and the respective directors, officers, employees, and agents of each. If Airline uses non-CFM Parts or non-CFM approved repairs and such parts or repairs cause personal injury, death or property damage to third parties, Airline shall indemnify and hold harmless CFM from all claims and liabilities connected therewith. \*\*\*\*\* These indemnifications shall survive termination of this Agreement.
- D. Airline shall apprise CFM of any Failure within \*\*\*\*\* after the discovery of such Failure. Any Part for which a Parts Credit Allowance is requested by Airline shall be returned to CFM upon specific request by CFM and must be accompanied by sufficient information to identify the Part and the reason for its return. In such event, upon return to CFM, such Part shall become the property of CFM unless CFM directs otherwise. Transportation expenses shall be borne by CFM.
- E. The warranty applicable to a replacement Part provided under the terms of the New Engine Warranty or New Parts Warranty shall be the same as the warranty on the original Part. The unexpired portion of the applicable warranty will apply to Parts repaired under the terms of such warranty.
-



- F. Airline will cooperate with CFM in the development of Engine operating practices, repair procedures, and the like with the objective of improving Engine operating costs.
  - G. If compensation becomes available to Airline under more than one warranty or other Engine program consideration, Airline will not receive duplicate compensation but will receive the compensation most beneficial to Airline under a single warranty or other program consideration.
  - H. Any repair which is performed without the prior authorization of CFM will not be covered by the applicable warranty.
  - I. Transportation to and from repair facilities shall be paid by Airline, except as provided in Section D above.
- 

**CFM PROPRIETARY INFORMATION**  
(subject to restrictions on cover page)

ATTACHMENT I

CFM56 WARRANTY PARTS LIST

ENGINE FLIGHT HOURS

	<u>2000</u>	<u>3000</u>	<u>4000</u>	<u>6000</u>	<u>8000</u>	<u>12000</u>
*****						
*****		*****				
*****						*****
*****		*****				
*****					*****	
*****			*****			
*****			*****			
*****			*****			
*****		*****				
*****			*****			
*****			*****			
*****			*****			
*****			*****			
*****			*****			
*****			*****			
*****			*****			*****
*****			*****			*****
*****			*****			
*****			*****			
*****			*****			
*****			*****			
*****		*****				*****
*****		*****				*****
*****					*****	
*****		*****				
*****		*****				
*****		*****				
*****		*****				
*****			*****			
*****		*****				
*****			*****			
*****			*****			*****
*****			*****			*****

**CFM PROPRIETARY INFORMATION**  
(subject to restrictions on cover page)

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

**EXHIBIT B**

**PRODUCT SUPPORT PLAN**

**SECTION I- SPARE PARTS PROVISIONING**

A. Provisioning Data

In connection with Airline's initial provisioning of Spare Parts, CFM shall furnish Airline with data in accordance with ATA Specification 2000 using a revision mutually agreed to in writing by CFM and Airline.

B. Return Of Parts

Airline shall have the right to return to CFM, at CFM's expense, any new or unused Spare Part which has been shipped in excess of the quantity ordered or which is not the part number ordered or which is in a discrepant condition except for damage in transit.

C. Parts Buy-Back

Within the first \*\*\*\*\* after delivery of the first Aircraft to Airline, CFM will agree (i) to repurchase at the invoiced price, any initially provisioned Spare Parts purchased from CFM that CFM recommended that Airline purchase, in the event Airline finds such Spare Parts to be surplus to Airline's needs; or (ii) to exchange with Airline the equivalent value thereof in other Spare Parts. Such Spare Parts must be new and unused, in original CFM packaging, and shall meet CFM inspection requirements. Spare Parts that become surplus to Airline's needs by reason of Airline's decision to upgrade or dispose of Products are excluded from this provision. Airline will deliver such Spare Parts DDP (Incoterms 2010, whereby Airline acts as "Seller" and CFM as "Buyer"), to CFM's facility in the United States, and CFM shall reimburse Airline the reasonable shipping costs incurred for the returned Spare Parts.

D. Parts of Modified Design

1. CFM shall have the right to make modifications to design or changes in the Spare Parts sold to Airline hereunder.
2. CFM will from time to time inform Airline in accordance with the means set forth in ATA Specification 2000, when such Spare Parts of modified design become available for shipment hereunder.
3. Spare Parts of the modified design will be supplied unless Airline advises CFM in writing of its contrary desire within \*\*\*\*\* of the issuance of the Service Bulletin specifying the change to the modified Spare Parts. In such event, CFM shall agree to provide to Airline a continued supply of Spare Parts of the pre-modified design at a rate of delivery and price to be agreed upon by CFM and Airline, acting on a commercially reasonable basis.

E. Spare Parts Availability

1. CFM will ship reasonable quantities (defined as \*\*\*\*\* normal usage) of Spare Parts which are included in CFM's Spare Parts Catalog within a \*\*\*\*\* lead time following receipt of a purchase order from Airline.

Spare Parts and other Products for which lead time has not been quoted will be shipped as quoted by CFM.

2. CFM will maintain a stock of Spare Parts to cover Airline's emergency needs. For purposes of this Paragraph, emergency is understood by CFM and Airline to mean the occurrence of any one of the following conditions:

- AOG - Aircraft on Ground
- Critical - Imminent AOG or Work Stoppage
- Expedite - Less than Normal Lead Time

3. Airline will order Spare Parts according to lead-time but should Airline's Spare Parts requirements arise as a result of an emergency, Airline can draw such spare Parts from CFM's stock. A 24-hour Customer Response Center is available to Airline for this purpose. If an emergency does exist, CFM will use its best efforts to ship required Spare Part(s) within the time period set forth below following receipt of an acceptable purchase order from Airline:

- AOG - \*\*\*\*\*
- Critical - \*\*\*\*\*
- Expedite - \*\*\*\*\*

4. Airline shall provide CFM with Spare Parts provisioning forecasts, updated at least quarterly, specifying projected requirements to cover at least the following \*\*\*\*\* period. Airline agrees to promptly notify CFM in the event the Airline will not achieve such projected requirements. If Airline does not supply such forecast provisioning then CFM may modify the Spare Part lead-time currently defined in the Spare Parts Catalog.

**SECTION II – TECHNICAL PUBLICATIONS AND DATA**

CFM will furnish, at no additional charge, technical manuals, including revisions thereof, to Airline. Technical manuals shall be furnished by CFM to Airline in mutually agreed upon quantities. All technical manuals provided by CFM shall be in the English language and in accordance with mutually agreed upon provisions of the ATA Specification.

**SECTION III – TECHNICAL TRAINING**

A. Introduction

CFM shall make technical training available to Airline, at CFM’s designated facilities in the United States. Details on scope, quantity, materials, and planning beyond those set forth below shall be as mutually agreed.

B. Scope

The training furnished under this Agreement shall be as follows:

- Product – as previously defined in this Agreement.
- \*\*\*\*\*
- Courses – detailed in CFM training catalog.

\* Student-Days = the number of students multiplied by the number of class days

The Customer Support Manager, in conjunction with appropriate CFM Training representatives, will be available to conduct a review session with Airline to schedule required training. To assure training availability, such review shall be conducted \*\*\*\*\* prior to the delivery date of the first Aircraft.

C. Training Location

Unless arranged otherwise with CFM concurrence, training shall be provided by CFM in English at one or more of the CFM designated facilities in the U.S. identified in the training catalog.

If an alternate site is desired, CFM will furnish a quotation with following minimum conditions that must be met in order to deliver “equivalent” training at the alternate site.

1. Airline will be responsible for \*\*\*\*\*.
2. Airline will \*\*\*\*\*.
3. Airline will \*\*\*\*\*.

D. Airline Responsibility

- During engine maintenance training at any of the CFM designated facilities, Airline shall be responsible for \*\*\*\*\*  
\*\*\*\*\*.

E. Training on Vendor-Furnished Products

As an integral part of CFM maintenance training, CFM also provides the following \*\*\*\*\*

• \*\*\*\*\*

If Airline requires additional maintenance training on any vendor-furnished products, Airline shall schedule such training directly with the vendor.

**SECTION IV – CUSTOMER SUPPORT AND SERVICE**

A. Customer Support Manager

CFM shall assign to Airline \*\*\*\*\* , a Customer Support Manager located at CFM’s factory to provide and coordinate appropriate liaison between the Airline and CFM’s factory personnel.

B. Field Support

CFM shall make available to Airline on an as-required basis, \*\*\*\*\* , field service representation at Airline’s facility. CFM will provide the level of representation required to ensure that CFM is able to expeditiously and accurately deliver data that is required to resolve technical issues.

CFM will also assist with the introduction of new aircraft/Engines into Airline’s fleet, resolution of unscheduled maintenance actions, product scrap approval, and rapid communication between Airline’s maintenance base and CFM’s factory personnel. Throughout the operation of these Engines, the Customer Support Center (“CSC”) and the Customer Web Center (“CWC”) will augment support at no additional charge to Airline.

**SECTION V – ENGINEERING SUPPORT**

CFM shall make factory based engineering support available, \*\*\*\*\* , to Airline, for typical powerplant issues.

**SECTION VI – PERFORMANCE TREND MONITORING**

CFM will also provide \*\*\*\*\*.

**SECTION VII – GENERAL CONDITIONS – PRODUCT SUPPORT PLAN**

- A. All support provided by CFM above, is provided to Airline exclusively for the maintenance and overhaul by Airline of Airline’s Products provided that such Products are operated in the original Engine configuration, or in a modified Engine configuration which does not, directly or indirectly, affect such Products or in an Engine configuration that has been approved by CFM. The support provided herein may not be utilized for any other purpose, or assigned

or otherwise transferred to any third party, without the written consent of CFM, which consent may be exercised by CFM in its sole discretion. Technical support for shops offering engine maintenance and overhaul services to third party customers is available from CFM directly.

- B. Airline will maintain adequate operational and maintenance records with respect to Engines and Spare Parts and make these available for CFM inspection.
- C. This Product Support Plan is subject to the provisions the Article titled "Limitation of Liability" of the Agreement to which this Exhibit B is attached.
- D. Airline will cooperate with CFM in the development of Engine operating practices, repair procedures, and the like with the objective of improving Engine operating costs.
- E. Except as provided in the Warranty Pass-On provisions in Section I, Paragraph E of Exhibit A of the Agreement to which this Exhibit B is attached, this Product Support Plan applies only to the original purchaser of the Engine except that installed Engines supplied to Airline through the aircraft manufacturer shall be considered as original Airline purchases covered by this Product Support Plan.
- F. Airline hereby agrees that Engines will be enrolled in CFM's TRUEngine™ program, \*\*\*\*\*, and will be eligible for unique TRUEngine benefits, under terms set forth in a separate TRUEngine Letter Agreement as may be further agreed by the Parties.
- The TRUEngine program identifies an engine that the Airline has declared as having been maintained per CFM recommendations as defined in the documents specified in TRUEngine Letter Agreement.
  - The TRUEngine program is granted on an individual engine basis (ESN).
  - Upon the occurrence of shop-level maintenance, Airline is required to submit updated engine maintenance documentation per terms of TRUEngine Letter Agreement to verify continued engine qualification in the TRUEngine program.



**EXHIBIT C**

**PAYMENT TERMS**

**SECTION I**

- A. Airline shall make payment in United States Dollars and in immediately available funds. Payment will be effective upon receipt thereof.
- For Spare Engines and Modules:
    - \*\*\*\*\* prior to a scheduled delivery date, CFM shall render to Airline an invoice for \*\*\*\*\* of the base price (unescalated) which Airline shall pay within \*\*\*\*\* of the date of the invoice; and
    - Payment of the balance, including amount for price escalation to the month of scheduled delivery, if any, shall be made at \*\*\*\*\*.
    - Solely for administrative purposes (including shipping, export and taxation requirements), Airline shall have the right to place, and CFM shall have the right to require, a purchase order reflecting the Airline commitment to purchase a Spare Engine or Module as contained in the applicable Letter Agreement. For avoidance of doubt, placement of such purchase order shall not affect the payment obligation of Airline specified above, or the shipment obligation of CFM as set forth in the applicable Letter Agreement.
  - For special tools and test equipment, payment of the selling price shall be made \*\*\*\*\*.
  - For Spare Parts including Expendable Parts, payment shall be made at time of delivery.
- B. All payments (including payment details) hereunder shall be transmitted electronically to CFM's bank account in the U.S. as notified by CFM on its invoices.
- C. If delivery hereunder is delayed by Airline, payment shall be made based on the delivery schedule set forth in the applicable Letter Agreement.
- D. CFM may establish different payment terms in the event Airline consistently fails to make payment according to the terms set forth above.
- E. In the event that the Airline has a bona fide dispute regarding any part or amount contained within an invoice, Airline shall within \*\*\*\*\* of receipt of

the invoice give written notice to CFM of that portion of the invoice in dispute, with their substantiated reasons, together with any supporting documentation. CFM and Airline shall use their respective best endeavours and allocate sufficient resources to settle any part of an invoice disputed by Customer within \*\*\*\*\* or as soon as possible thereafter. Should the Parties fail to reach resolution of any disputed invoice within such period, the disputed invoice shall be resolved by designating senior managers to resolve the dispute in accordance with Article 15.J. On resolution of the dispute CFM shall credit Airline or Airline shall be pay to CFM, as applicable, the disputed portion of the invoice within \*\*\*\*\*.

Airline shall be required to pay the undisputed portion of any invoice in accordance with the payment terms set forth above. Provided that Airline complies with these requirements, no late payment charges, as set forth in paragraph F below, shall be levied on the disputed amount, for the time that such amount is disputed by the Parties.

- F. If Airline fails to make any of the foregoing payments when due, Airline will also pay to CFM, without prejudice to any other rights available to CFM under this Agreement, interest on any late payment, calculated from the payment due date to the date of actual remittance. Interest will be computed at \*\*\*\*\* , but in no event will the rate of interest be greater than the highest rate then permitted under applicable law.

**EXHIBIT D**

**STANDARD DIAGNOSTICS SERVICES**

**1) DIAGNOSTICS SERVICE ELEMENTS**

- A) Diagnostics Services. CFM shall provide the following services (hereinafter “Services”) to Airline in support of the Engines with no charge to the Airline:
- 1) Base Service Elements.
    - a) \*\*\*\*\*
    - b) \*\*\*\*\*
    - c) \*\*\*\*\*
    - d) \*\*\*\*\*.
  - 2) CFM will identify a Service integration team leader to provide initial program set-up, and provide technical support necessary to assist the Airline in meeting Airline obligations specified in Article 2.
  - 3) As a part of the above Services, CFM shall review only the data and messages delivered by Airline in accordance with Section 2 needed to perform the Services.
  - 4) CFM and Airline agree that any information provided to Airline by CFM for use in trending, performance analysis, troubleshooting, and managing operations are advisory only.

**2) AIRLINE’S RESPONSIBILITY UNDER THE DIAGNOSTICS PROGRAM**

- A) Airline (or Airline’s operator by delegation of this responsibility) shall:
- 1) Provide CFM all information and records requested by CFM that are reasonably necessary for CFM to establish and provide the Service (\*\*\*\*\*). To the extent that such information and records are not owned by Airline, Airline represents and warrants that it has full authorization to disclose such information and records to CFM and that CFM has the right to use such information and records for fulfilling CFM’s obligations under this Exhibit D.
  - 2) Make available to CFM data used in the monitoring and diagnostics of Engines eligible for coverage. Airline will authorize Airline’s air-to-ground service provider to forward the data directly to the CFM SITA/ARINC address ILNGE7X. If air-to-ground equipment is not available, CFM will work with the Airline to establish means such that the data is provided with minimal manual intervention.

- 3) Access the Service via the CFM Extranet. A web browser, an internet service provider and a userid/password (supplied by CFM) is required. Such access shall be subject to the then-current CFM Extranet Terms and Condition generally applicable to CFM's customers as provided on the CFM Extranet site.
  - 4) It remains the sole responsibility of Airline to conclusively identify and resolve Aircraft and Engine faults or adverse trends and make all maintenance decisions affecting Airline's Aircraft. CFM and Airline agree that this allocation of responsibility is reflected in the price of the Service.
- B) Airline acknowledges that the Services performed hereunder may be conducted by CFM affiliates outside of the U.S., and that there is no prohibition on CFM's export of Airline data for such purposes.

**3) WARRANTY**

- A) CFM warrants to Airline that technical information and/or data furnished pursuant to the Diagnostics Services shall \*\*\*\*\*. If any technical information and/or data furnished by CFM hereunder does not meet this requirement and Airline so notifies CFM within the time of performance hereunder, \*\*\*\*\*. The above limited warranty does not extend to data received but not reviewed by CFM.
- B) It is understood that any information provided to Airline by CFM for use in trending, performance analysis, troubleshooting, and managing operations is advisory only. Information contained in or generated by the Service represents an estimate based upon generally available fleet data or variable data furnished by Airline.
- C) **THE FOREGOING DIAGNOSTICS SERVICE WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL, EXPRESSED, IMPLIED OR STATUTORY (INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE.)**

**4) ASSIGNMENT**

Airline shall be permitted with CFM's consent (not to be unreasonably withheld) to authorize a third party service provider to have access to CFM's Diagnostics Service application on CFM's web-based system for the sole purpose of managing the use of the Diagnostics system with regard to Airline's Engines on behalf of Airline, provided that, Airline and the third party service provider execute a Notice of Authorization

and Agreement in a form to be provided by CFM upon Airline's request, providing (1) written notice to CFM of such authorization, and (2) the third party service provider's agreement in writing to accept the terms and conditions of this Agreement as if the third party service provider was the Airline hereunder. System access by a third party service provider pursuant to such authorization shall be limited to the features of entering new flight data, entering engine changes, and creating trend plots of performance parameters. Furthermore, data available for plotting shall be limited to the typical engine health monitoring parameters (exhaust gas temperature, fuel flow, core speed, fan and core vibrations and oil temperature and pressure). In no event shall such third parties have access to other features of the system, including without limitation, real-time viewing, root-cause analysis, customized reporting or alarm configurations. In no event shall any such authorization by Airline and agreement by the third party service provider increase, duplicate or expand CFM's obligations, liability or any available remedies hereunder.

**5) CONFIDENTIALITY**

Unless the Parties otherwise agree in writing, all information furnished by Airline to CFM pursuant to this Exhibit D shall be held in confidence by CFM and may not be disclosed or used for any other purpose by CFM, except to the extent required by law or legal process.

**LETTER AGREEMENT NO. 1**

Republic Airways Holdings Inc.  
Attention: Lars-Erik Arnell

WHEREAS, CFM International, Inc. (hereinafter referred to as “CFM”), and Republic Airways Holdings, Inc., a corporation organized under the laws of the State of Delaware, (hereinafter referred to as “Republic”) (CFM and Republic being hereinafter collectively referred to as the “Parties”) have entered into General Terms Agreement CFM-1 1-2576101711 dated October 17, 2011 (hereinafter referred to as “CFM GTA”); and

WHEREAS, the Parties hereby desire to enter into this Letter Agreement No. 1 to reflect (i) the purchase by Republic of \*\*\*\*\* new firm LEAP-1A24 powered A319NEO aircraft, \*\*\*\*\* new firm LEAP-1A26 powered A320NEO aircraft (together including any other A320 family NEO aircraft into which any such aircraft may be converted, the “Firm Aircraft”) and \*\*\*\*\* firm LEAP-1A24 Spare Engines and \*\*\*\*\* firm LEAP-1A26 Spare Engines (together the twelve (12) engines referred to as the “Firm Spare Engines”) and (ii) Republic’s right to purchase up to \*\*\*\*\* additional purchase right aircraft and \*\*\*\*\* additional purchase right aircraft powered by LEAP-X Engines (the “Purchase Right Aircraft” and, together with the Firm Aircraft, the “Aircraft”) and up to \*\*\*\*\* conditional LEAP-X Spare Engines (the “Conditional Spare Engines” and, together with the Firm Spare Engines, the “Spare Engines”, and the Spare Engines, together with the engines installed on original delivery to Republic of the Aircraft, the “Engines”).

NOW THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree as follows:

1. Republic shall, subject to the terms and conditions of the Airbus Purchase Agreement, purchase and take delivery of the Firm Aircraft from Airbus per the delivery schedule in Attachment A, which delivery schedule is subject to change pursuant to the Purchase Agreement between Republic and Airbus relating to the Firm Aircraft (the “Airbus Purchase Agreement”) (as so changed, if applicable, the “Aircraft Delivery Period”). If Republic agrees with Airbus to purchase any Purchase Right Aircraft (including the related Engines), it will give CFM prompt written notice thereof setting forth the number of Purchase Right Aircraft to be purchased and respective delivery months or quarters, in which case the Delivery Period shall be extended \*\*\*\*\* after the last delivery month or quarter of the Purchase Right Aircraft.
2. Republic shall purchase and take delivery of a minimum of \*\*\*\*\* Firm Spare Engines from CFM according to the delivery schedule set forth in Attachment A. If the delivery schedule for the Firm Aircraft is changed, upon request of Republic and the consent of CFM, (such consent shall not be unreasonably withheld), the delivery schedule for the

Firm Spare Engines will be correspondingly changed (as so changed, if applicable, the "Spares Delivery Period" and, together with the Aircraft Delivery Period, the "Delivery Period"). If Republic agrees with Airbus to purchase all of the Purchase Right Aircraft, Republic shall purchase and take delivery of a minimum of the \*\*\*\*\* Conditional Spare Engines from CFM.

3. The Engines purchased by Republic shall be subject to the terms of the CFM GTA. If any provision of this Letter Agreement is inconsistent with any provision of the CFM GTA, the terms of this Letter Agreement shall govern.

In consideration of the above, CFM agrees to the following:

A. Special Allowances and Installed Engine Base Prices

Installed Engine shipset list price charged by CFM to Airbus for the Aircraft is \*\*\*\*\* for CFM LEAP-X1A24, \*\*\*\*\*for CFM LEAPX1A26 \*\*\*\*\* for CFM LEAPX1A32. Republic has confirmed these prices with Airbus. CFM shall not change these prices without the written consent of Republic. Escalation for installed Engines is per the CPI index per Attachment D attached hereto. CFM agrees to an annual cumulative cap up to the related delivery date of \*\*\*\*\*%, and a \*\*\*\*\* annual escalation above \*\*\*\*\*% for both installed Engines and Spare Engines. It is understood that the escalation provisions will have a \*\*\*\*\*% annual cumulative floor. This cap will also apply to the allowances set forth in paragraphs A(i) and A(ii) below. CFM agrees to remove the "F" factor from the escalation formula as noted in Attachment D for installed Engines, Spare Engines, and allowances set forth in paragraphs A(i) and A(ii) below.

All financial remedies under the Special Guarantees set forth in paragraph C below are expressed in January 2010 US Dollars and are subject to escalation up to the first Aircraft delivery per Attachment D and subject to the above escalation cap applied to the installed and Spare Engines.

CFM agrees to provide the following allowances to Republic subject to the conditions set forth in Attachment B hereto:

- (i) Aircraft Allowance . For each of the Aircraft delivered to Republic on or before December 31, 2025, as may be mutually adjusted, CFM will provide Republic at the time of such delivery, a per Aircraft allowance for each of the A319 model Aircraft delivered to Republic in the amount of \*\*\*\*\* , for each of the A320 model Aircraft delivered to Republic, a per aircraft allowance in the amount of \*\*\*\*\* and for each of the A321 model Aircraft delivered to Republic, a per aircraft allowance in the amount of \*\*\*\*\*.

Such allowances are stated in January 2010 US Dollars (CPI=186.92) and shall be subject to adjustment to the date of delivery of each shipset of

Engines to Airbus in accordance with the escalation formula set forth in Attachment D. If requested in writing by Republic at least \*\*\*\*\* prior to scheduled Aircraft delivery date, CFM will by the time of delivery of such Aircraft pay in cash the amount of the Aircraft Allowance directly to Airbus. Republic shall continue to advise CFM of any delivery date changes. If CFM actually pays the Aircraft Allowance to Airbus on the delivery date as most recently notified by Republic and the actual delivery date is delayed more than \*\*\*\*\* from the date CFM provides such allowance, Republic will pay to CFM interest on such amount, calculated from the date of payment to Airbus to but excluding the date of actual Aircraft delivery or return of such payment to CFM. Interest will be computed at \*\*\*\*\*. Such payment to Airbus may be offset against any amounts due and owing CFM.

At delivery by Airbus to Republic of an Aircraft, CFM shall pay to Republic (if any) the excess of (i) the net Engine price charged by Airbus for the installed CFM LEAP-X1A Engines over (ii) the shipset list price minus the foregoing allowance, each as escalated in accordance with this Letter Agreement.

- (ii) Equipment Credit Allowance. CFM agrees to provide Republic an Equipment credit allowance for each of the Aircraft delivered to Republic on or before \*\*\*\*\*, as may be mutually adjusted, in the amount of \*\*\*\*\* to be used toward the purchase of Spare Engines, issued at the time of such delivery.

Such allowance is stated in \*\*\*\*\* and is subject to escalation to the date of delivery of each shipset of engines to Airbus in accordance with the escalation formula set forth in Attachment D.

- (iii) Form of Allowances. Unless otherwise set forth above, the allowances provided to Republic hereunder shall be \*\*\*\*\*.

B. Price Protection.

Base prices for CFM-LEAPX Spare Engines delivered through \*\*\*\*\* in support of the Aircraft, shall be as set forth in Attachment C hereto, which prices shall be subject to escalation in accordance with the escalation formula set forth in Attachment D hereto and subject to the cap referred to in Section A of this Letter Agreement.

C. Special Guarantees.

CFM agrees to provide the following special guarantees to Republic in support of the Aircraft described in this Letter Agreement. These special guarantees are subject to (I) the Limitation of Liability provisions set forth in the GTA, (ii) the



General Conditions set forth in Section VII of Exhibit B to the GTA, and (iii) the Basis and Conditions for Special Guarantees set forth in Attachment E hereto. Terms that are capitalized but not otherwise defined herein shall have the meaning ascribed to them in Section I of Exhibit B to the GTA. If an Engine covered by any Special Guarantee delineated below, exhibits performance that is worse than the guaranteed performance value contained in such Special Guarantee, and such Engine has been retrofitted to incorporate non-CFM life limited, flow path, or fuel delivery parts, or non-CFM engine controls, it shall be the responsibility of Republic to demonstrate that such part(s) has not contributed to the performance deterioration for that Engine. In the event Republic has not made such demonstration to the reasonable satisfaction of CFM, such Engine will be removed from the event calculation used to determine total fleetwide performance under the applicable Special Guarantee. Unless otherwise specifically indicated all of the special guarantees set forth below shall be effective for a period of \*\*\*\*\* commencing upon the entry into revenue service of the first (1st) Aircraft (the “**Guarantee Period**”). These special guarantees are exclusively offered and administered by CFM.

(i) Fuel Burn Guarantee

CFM guarantees that the fuel burn for LEAP-X1A Engines powered Aircraft will be at least \*\*\*\*\*% lower than the Airbus guarantee for the identical assumptions used in the MKE-TPA market as of June 17, 2011. The guarantee will be based on a fuel burn measurement provided by Airbus in connection with the delivery of each Aircraft consistent with the Airbus guarantee for individual aircraft and annual fleet calculations. This guarantee will be valid for fuel burn shortfall that is driven by Engine performance. If CFM provides an Engine that is at least \*\*\*\*\*% better in weighted Specific Fuel Consumption (“SFC”) than the current (June 21, 2011) weighted SFC quote used for the Airbus block fuel calculation, then this guarantee will not apply. If CFM fails to meet this guarantee, CFM will provide credit against purchases of parts and services annually in the amount equal to the shortfall against the guarantee using the average annual fuel price and operating statistics of Republic’s Airbus fleet utilized in connection with the Airbus guarantee. The calculation for credits will take into account the time from entry into service until the first shop visit. In no event shall CFM’s liability for failure to meet this guarantee exceed US \*\*\*\*\* per Aircraft. This guarantee will apply until each Engines first shop visit.

(ii) Performance Restoration Guarantee

CFM guarantees that the cumulative fleet average cruise fuel consumption deterioration will not exceed an average of \*\*\*\*\*% due solely to Engine deterioration. This guarantee will be measured \*\*\*\*\* after delivery of the 1st Aircraft and at the end of the Guarantee Period. If the actual fleet average Engine cruise fuel consumption increase due to Engine deterioration exceeds the

guarantee, CFM will provide Republic a credit against purchases of parts and/or services from CFM in the amount equal to the value of the excess fuel consumed for that portion of the Guarantee Period during which the guarantee is exceeded. The method for calculating this guarantee is set forth in Attachment G.

(iii) Delay Rate Guarantee

CFM guarantees that, for the Guarantee Period, Republic's cumulative Engine- caused revenue flight Delay rate (for delays in excess of \*\*\*\*\* and less than or equal to \*\*\*\*\*) will not exceed \*\*\*\*\* events per \*\*\*\*\*. This guarantee is measured \*\*\*\*\* after delivery of the 1st Aircraft on a cumulative basis. If at the end of the Guarantee Period the guaranteed rate, for delays in excess of \*\*\*\*\* and less than or equal to \*\*\*\*\* is exceeded, CFM will provide Republic a credit against future purchases from CFM in the amount of \*\*\*\*\* for each qualifying Engine-caused Delay in excess of the guaranteed rate. Engine Caused Delays are defined in Attachment F hereto.

(iv) Cancellation Rate Guarantee

CFM guarantees that, for the Guarantee Period, Republic's cumulative Engine-caused Cancellation rate for revenue flights and Engine-caused Delay rate in excess of \*\*\*\*\* will not exceed \*\*\*\*\* combined events per 1,000 scheduled Aircraft departures. This guarantee is measured \*\*\*\*\* after delivery of the 1st Aircraft on a cumulative basis. If at the end of Guarantee Period the guaranteed rate for Cancellation and Delay in excess of \*\*\*\*\* is exceeded, CFM will provide Republic a credit against future purchase from CFM in the amount of \*\*\*\*\* for each qualifying Engine-caused Cancellations/Delays greater than \*\*\*\*\* in excess of the guaranteed rate. Engine Caused Cancellations are defined in Attachment F hereto.

(v) In-Flight Shutdown ("IFSD") Guarantee

Republic's cumulative Engine-caused IFSD rate will not exceed \*\*\*\*\* EFH. For purposes of this guarantee, an Engine-caused IFSD is defined as (i) when an Engine Part experiences a Failure or malfunctions resulting in an Engine-caused shutdown during flight or (ii) subject to verification of compliance with the Flight Crew Operating Manual, when the flight crew elects to shut off fuel to the Engine during flight solely due to an Engine Part Failure or malfunction. This guarantee is measured \*\*\*\*\* after delivery of the 1st Aircraft on a cumulative basis. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Republic a credit against purchases from CFM in the amount of \*\*\*\*\* for each IFSD in excess of the guaranteed rate.

(vi) Remote Site Removal Guarantee

Republic's cumulative Engine-caused Remote Site Removal rate will not exceed \*\*\*\*\* per \*\*\*\*\*. This guarantee is measured \*\*\*\*\* after delivery of the 1st Aircraft on a cumulative basis. For purposes of this guarantee, "Remote Site Removal" is defined as an Engine-caused Failure requiring Engine removal from the Aircraft at any location except Airline's main base(s) or where any Spare Engine is available from Airline. If at the end of the Guarantee Period the guaranteed rate is exceeded, CFM will provide Republic a credit against purchases from CFM in the amount of \*\*\*\*\* for each Remote Site Removal in excess of the guaranteed rate.

(vii) Extended Ultimate Life Guarantee

CFM guarantees Ultimate life limits on Parts for which a FAA and/or an EASA imposed Ultimate Life Limitation is published. This guarantee is measured \*\*\*\*\* after delivery of the 1st Aircraft on a cumulative basis.

CFM will grant a pro rata Parts Credit Allowance decreasing from \*\*\*\*\* to \*\*\*\*\* at the Flight Cycles identified in the table below (for all life limited parts within each identified Module). Credit will be granted only when such Parts are permanently removed from service by a FAA and/or and EASA imposed Ultimate Life Limitation of less than the table Flight Cycles. In no event shall CFM incur duplicative liability to Airline for the same occurrence or event under this guarantee and the Ultimate Life Warranty set forth in Exhibit A of the GTA

\*\*\*\*\*

(viii) Foreign Object Damage ("FOD") Free Core Guarantee

CFM guarantees that, during the first \*\*\*\*\* of operation, Republic will experience no Engine removals from the Aircraft due solely to FOD to the Engine's Core.

For the purposes of this guarantee, FOD shall mean damage to any portion of the Engine caused by impact with or ingestion of an outside object including, but not limited to, small birds, hail or sand. "Core" shall mean High Pressure Compressor, Low Pressure Compressor, Combustor and High Pressure Turbine.

FOD events caused by negligence are not covered under this guarantee.

If during the Guarantee Period the guarantee is not met, CFM will provide Republic a credit against purchases from CFM in the amount of \*\*\*\*\* for each such qualifying event. Settlement of all claims under this guarantee shall take place as soon as possible (and in any event no later than \*\*\*\*\*) after submittal of a valid claim by Republic.

(ix) Fuel and Carbon Guarantee

Based on: (1) Customer's Current Fleet (which is defined in the Fuel Services Agreement between Customer and GE Aviation Fuel and Carbon Solutions, Inc.), and (2) a minimum fuel price of \*\*\*\*\* USD per gallon, CFM International, Inc. ("CFM") guarantees that during the \*\*\*\*\* period following the implementation of the reasonable fuel saving recommendations by GE Aviation FCS (the "**Guarantee Period**"). Republic will save a minimum of \*\*\*\*\* (2011 USD, not subject to any annual adjustments) in fuel costs (the "**Guaranteed Amount**") (this "**Fuel Savings Guarantee**"). The Guaranteed Amount is net of any payments made by Republic to GE Aviation FCS. CFM's agreement to provide the Fuel Savings Guarantee is based upon Republic's: (1) execution of a Fuel Services Agreement with GE Aviation FCS (the "Agreement") and (2) implementation of reasonable fuel saving recommendations that result from the services provided to Republic by GE Aviation FCS under such Agreement.

If Republic does not save at least the Guaranteed Amount in fuel costs over the Guarantee Period, then CFM will pay Republic the difference between the Guaranteed Amount and the amount of savings actually realized as calculated in accordance with the Agreement. The payment will be in the form of a credit that can be used for services and parts provided by CFM. Such credit shall be made available to Republic after the end of the Guarantee Period to Republic's account. The payment by CFM under this Fuel Savings Guarantee shall in no event exceed the Guaranteed Amount and shall be Republic's sole remedy for CFM's failure to meet this Fuel Savings Guarantee.

In the event that Republic: (1) does not execute the Agreement or (2) does not implement all reasonable fuel saving recommendations that result from the Fuel Services throughout the duration of the Guarantee Period, this Fuel Savings Guarantee will be null and void and CFM shall be under no obligation to provide any payment of cash or credits under this Fuel Savings Guarantee whatsoever.

This Fuel Savings Guarantee is exclusively offered and administered by CFM and may not be assigned without the prior written consent of CFM. In the event of termination of the Agreement due to breach by GE Aviation FCS, this Fuel Savings Guarantee shall survive.

D. Assignment Rights

1. Notwithstanding anything to the contrary set forth in the CFM GTA, Republic shall have the right to assign this Letter Agreement to any of its affiliated companies and Republic will not be released from its obligations without consent from CFM. Also, Republic will have the right to assign this Letter Agreement and Republic will be released from its obligations in any sale of substantially all assets, as long as the successor

assumes all obligations under this Letter Agreement and have a consolidated net worth no less than Republic's consolidated net worth immediately prior to such assignment and such successor is not (i) a person or company to whom it is illegal for CFM to sell products or services to or is prohibited by regulation or law from doing business with, (ii) an engine manufacturer or service provider or an entity controlled by an engine manufacturer or service provider, or (iii) any person or company that CFM, acting reasonably, and without unreasonable delay, notifies Republic that such person or company is one with which CFM objects to on the basis of compliance policies to doing business with, or is insolvent or is in bankruptcy or is an affiliate of any such persons or companies. Also Republic will have the right to maintain this Letter Agreement under a lease, or financing to a third party operator of the installed Engines or Spare Engines, as long as Republic is financially responsible for all obligations under the definitive agreements and the financial terms are not disclosed to such party.

(2) Republic shall have the right to assign Republic's rights, liabilities and obligations under this Letter Agreement to Frontier Airlines, Inc. ("Frontier"), in which case Republic shall have no further rights, obligations or liabilities under this Letter Agreement if the following conditions are satisfied:

(a) Any transaction occurs in which Republic ceases to be the beneficial owner of more than 50% of Frontier's outstanding Common Shares, if Frontier executes an assumption agreement reasonably satisfactory to CFM of the obligations of Republic under this Agreement and immediately after giving effect to such transaction, the credit quality of Frontier (or that of Frontier and a new guarantor combined) is the same as or better than that of Frontier and Republic combined immediately prior to the transaction, as measured by reasonable tests that will include unrestricted cash levels and tangible net worth; or

(b) A transfer occurs of all or substantially all of the assets of Frontier to a single buyer if, the buyer executes an assumption reasonably satisfactory to CFM of the obligations of Republic under this Letter Agreement and immediately after giving effect to such transaction, the credit quality of the buyer (or of the buyer and a new guarantor combined) is the same as or better than that of Frontier and Republic combined immediately prior to the sale, as measured by reasonable tests that will include unrestricted cash levels and tangible net worth.

(c) To the extent a guarantor is necessary to satisfy the foregoing conditions, such guarantor must also guarantee the obligations and liabilities of Frontier under this Letter Agreement.

(d) No entity having Control (as defined below) of Frontier, nor the buyer of the assets of Frontier, nor the guarantor is a company that is  
(1) engaged in the business of leasing of aircraft or spare engines; (2) a person to whom it is illegal for CFM to sell products or services or a party with which CFM is prohibited by applicable law or regulation, including without limitation, the United States Patriot Act, from doing business;  
(3) an airframe manufacturer or an engine manufacturer, or an entity directly or indirectly controlled by an airframe

manufacturer or an engine manufacturer; (4) any person that CFM, acting reasonably and without unreasonable delay, notifies Frontier is a person with which CFM objects to doing business; or (5) insolvent or in bankruptcy or (6) an affiliate of any such persons .(Control means the possession, direct or indirect of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise); and

(e) There is no event of default or material default and, in any case, there is no termination event or event that, with the giving of notice, the lapse of time, or both, would become a termination event under the GTA or this Letter Agreement; and

(f) The assignment referred to in this paragraph (2) will be available on only one occasion.

E. Waiver

CFM hereby waives all rights to damages, cancellation charges or similar compensation arising from the cancellation by Frontier of orders to purchase aircraft under the A318/A319 Purchase Agreement dated as of March 10, 2000, between Airbus and Frontier and any related cancellation of orders for installed or spare engines to be provided by CFM. Such waiver is contingent upon Republic executing this Letter Agreement.

F. Termination

This Letter Agreement shall terminate if the CFM GTA is terminated pursuant to Section 15.M of the GTA.

G. Additional Benefits

(i) CF34-8E-10E Aircelle Credits. CFM guarantees that Aircelle will grant Republic a reduction in the price of the spares for the CF34-8E thrust reverser Get Well/Get Better Program (SB50 and SB55) from current price of \*\*\*\*\* to \*\*\*\*\* per thrust reverser half (or C-Duct) plus remaining credits to be used to offset additional Get Well/Get Better Program costs up to a total credit amount of \*\*\*\*\*. Credits may be applied on a per event basis up to a \*\*\*\*\*% discount for any Aircelle services or parts. It is understood that these total credits and discounts will not exceed \*\*\*\*\*.

(ii) CFM56-5B ESN 575831 Credit. CFM agrees to provide a total credit in the amount of \*\*\*\*\* to be applied to the overhaul by CFM of CF34 engine ESN 575831 and the net cost for such overhaul will not exceed \*\*\*\*\*. CFM will confirm that GECAS will release a total of no less than \*\*\*\*\* from the engine reserve under the lease covering such engine and Republic will pay no more than

\*\*\*\*\* in connection with such overhaul. Such credit shall be issued at the time of the T&M invoice.

(iii) ClearCore Engine Wash Credit. To enhance Republic's capability to perform Engine water wash and increase fuel savings, CFM agrees to provide credits for Republic which will enable Republic to purchase one ClearCore water wash system at \*\*\*\*\* to Republic upon delivery of the ClearCore water wash system.

(iv) Thrust Upgrades. Promptly after execution of this Letter Agreement, CFM agrees to provide Republic rating plugs and nameplates at \*\*\*\*\* to upgrade two CFM56-5B8 engines to CFM56-5B5 or CFM56-5B6. Republic shall return the nameplates and rating plugs to CFM in no event later than March 2015 and such engines shall thereupon revert back to CFM56-5B8 rating. CFM agrees to provide a \*\*\*\*\*% credit to Republic to an upgrade one CFM56-5B6 or CFM56-5B5 engine to CFM56-5B4 rating.

Please indicate your agreement with the foregoing by signing two (2) duplicate originals as provided below.

Very truly yours,

**Republic Airways Holdings Inc**

**CFM International, Inc**

By: /s/ Lars-Erik Arnell

By: /s/ John C. Mericle

Typed Name: Lars-Erik Arnell

Typed Name: John C. Mericle

Title: Senior Vice President

Title: Chief Financial Officer

Date: [Undated]

Date: October 26, 2011



ATTACHMENT A

\*\*\*\*\*

**ATTACHMENT B**

**CONDITIONS FOR SPECIAL ALLOWANCES/DELAY/CANCELLATION**

**1. Allowance Contingency**

The equipment credit allowances as defined in Article A(ii), (excluding the aircraft allowances applicable to Engines installed on aircraft) are contingent upon Republic placing an order and taking delivery of Aircraft and Spare Engines per the quantity and delivery schedule set forth in the Letter Agreement and Attachment A.

**2. Allowance Not Paid**

Allowances described herein for future deliveries of Aircraft and Spare Engines will become unearned and will not be paid if Republic's purchase order with the aircraft manufacturer is terminated, canceled or revoked, or for any reason delivery of the Aircraft will be prevented or delayed beyond \*\*\*\*\* after the "Delivery Period" as defined in the Letter Agreement ("Delivery Period").

**3. Termination of Special Allowances**

Republic agrees that all of the Special Allowances set forth herein shall expire \*\*\*\*\* after delivery of last scheduled Aircraft as set forth in the Letter Agreement (the "Expiration Date").

For the avoidance of doubt, it is understood that CFM shall have no further obligation beyond the Expiration Date to provide any of such Special Allowances, which were not provided to Republic, through no fault of CFM.

**4. Adjustment of Allowances**

The equipment credit allowances as defined in Article A(ii),(excluding the aircraft allowances applicable to Engines installed on aircraft) are contingent upon Republic agreeing to take delivery and accepting delivery during the Delivery Period of the minimum number of Engines as set forth below opposite the correct description of Republic's order from Airbus (the "Minimum Number of Engines"):

<u>Airbus Order</u> *****	_____ Aircraft _____ *****	_____ Spare Engines _____ *****	_____ Minimum Number of Engines _____ *****
------------------------------	-------------------------------	------------------------------------	--

If Republic has canceled or otherwise failed to accept delivery of one or more of the required Minimum Number of Engines within the Delivery Period, the equipment credit allowances as defined in Article A(ii), (excluding the aircraft allowances applicable to Engines installed on aircraft) will be adjusted as follows:

\*\*\*\*\*

Adjustment of allowances in accordance with the above formula may be made by CFM prospectively to take into account Aircraft or Spare Engine delays and/or cancellations. In any case, Republic agrees to promptly reimburse CFM for any allowance overpayments determined to have been made at the application of the adjustment formula set forth above \*\*\*\*\*. Unless otherwise agreed by CFM, no allowance shall be paid on Aircraft or Spare Engines not accepted within the Delivery Period and such Aircraft shall not be counted for purposes of the adjustment formula set forth above.

5. **Assignability of Allowance**

Any allowance described herein is exclusively for the benefit of Republic and is not assignable without CFM's written consent, except as otherwise expressly provided in the Letter Agreement.

6. **Set Off for Outstanding Balance**

CFM shall be entitled, with \*\*\*\*\* prior written notice, to set off any outstanding obligation and amounts that are due and owing from Republic to CFM (and not subject to a good faith dispute) for goods or services (whether or not in connection with this Letter Agreement and/or GTA), against any amount payable by CFM to Republic in connection with this Letter Agreement and/or GTA.

7. **Cancellation of Installed or Spare Engines**

Republic recognizes that harm or damage will be sustained by CFM if Republic places an order for Spare Engine(s) or for Aircraft equipped with installed Engines and subsequently cancels such order or otherwise fails to accept delivery of the Engines or Aircraft when duly tendered. Within \*\*\*\*\* of any such cancellation or failure to accept delivery occurs, Republic shall remit to CFM a cancellation charge equal to \*\*\*\*\* per Spare Engine or installed Engine subject to such cancellation or failure to accept delivery (subject to escalation per Attachment D and the cap referred to in Section A of the Letter Agreement).

CFM shall retain any progress payments or other deposits made to CFM for any such Engine. Such progress payments will be applied to the minimum cancellation charge for such Engine. Progress payments held by CFM in respect of any such Engine which are in excess of such amounts will be refunded to Republic, provided Republic is not then in arrears on other amounts owed to CFM.

8. **Delay Charge for Installed or Spare Engines**

In the event Republic delays the scheduled delivery date of a Spare Engine, or causes the delay of the scheduled delivery date of an installed Engine, for which CFM has received a purchase order from the aircraft manufacturer or Republic, as appropriate, for a period, or cumulative period, of more than \*\*\*\*\*, such delay shall be considered a cancellation and the applicable provisions hereof regarding the effect of cancellation shall apply.

**9. Limitation Regarding Cancellation or Delay**

The provisions of Sections 7 and 8 shall not apply (i) in the case of any installed Engine if Republic provides to CFM (i) a written statement from Airbus stating that the reason for the cancellation or delay is "Excusable Delay", "Total Loss" or "Inexcusable Delay" (as defined in the Airbus Purchase Agreement) and (ii) a written statement from Airbus that such cancellation or delay was not caused by acts or failure to act of Airline or (ii) in the case of any installed Engine or Spare Engine if the reason for the cancellation or delay is "Excuseable Delay" (as defined in the CFM GTA) or failure of CFM to perform its material obligations under this Letter Agreement or the CFM GTA.

**10. Aircraft Not Operated for Minimum Period**

If, within the first \*\*\*\*\* following delivery of each Aircraft for which a special allowance, of any nature, was provided by CFM pursuant to this Agreement (the "Minimum Period"), Republic sells, transfers, trades, exchanges, leases, subleases or otherwise fails to own and operate such Aircraft, the special allowances earned and/or paid on such Aircraft will be proportionately reduced. Republic will reimburse CFM an amount equal to the proportionate share of the special allowances earned and/or paid with respect to such Aircraft, (based on the percentage of the Minimum Period the Aircraft was actually owned and operated by Republic), with interest on such amount as provided below. The allowance reimbursement is due no later than \*\*\*\*\* from the time Republic ceases to own and operate such Aircraft. Interest will be calculated at the Prime Rate, from the time of initial allowance payment on such Aircraft until the time of full reimbursement.

**ATTACHMENT C**  
**BASE PRICES FOR CFM LEAPX SPARE ENGINES**  
**Prices Applicable to Deliveries through December 31, 2025**

	<u>Item</u>	<u>Base Price</u>
1	CFM-LEAPX1A24	*****
2	CFM-LEAPX1A26	*****
3	CFM-LEAPX1A32	*****

- A. Base prices are effective for basic Spare Engines delivered to Republic by CFM on or before \*\*\*\*\* and such base price is subject to escalation in accordance with Attachment D.
- B. The selling price of CFM-LEAPX basic Spare Engines delivered after \*\*\*\*\* above shall be the base price then in effect, which base price shall be subject to adjustment for escalation in accordance with CFM's then-current escalation provisions.

ATTACHMENT D

ESCALATION FORMULA

CFM-LEAP-X1A  
Spare Engines & Major Modules  
\*\*\*\*\*

I. The base price for Products purchased hereunder shall be adjusted pursuant to the provisions of this Exhibit. Except as expressly provided in the Attachment D, CFM shall be prohibited from making changes in these escalation provisions without the consent of Republic for Engines delivered through \*\*\*\*\*.

II. For the purpose of this adjustment:

A. Base price shall be the price(s) set forth in the applicable Letter Agreement.

B. The Composite Price Index (CPI) shall be calculated, to the second decimal place, using the following formula:

\*\*\*\*\*

***** MONTH OF SCHEDULED ENGINE DELIVERY *****	***** MONTHS TO BE UTILIZED IN DETERMINING THE THREE MONTH ARITHMETIC AVERAGE *****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****

C. Each CPI shall be determined to the second decimal place. Calculation shall be to the third decimal digit and if the third decimal digit is five or more, the second decimal digit shall be raised to the next higher figure. If the third decimal digit is less than five, the second decimal figure shall remain as calculated.

D. The Base Composite Index (\*\*\*\*\* ) shall be the CPI determined assuming a base period in January 2010.

III. Base prices shall be adjusted in accordance with the following formula [Please provide examples]:

- IV. The invoice price shall be the final price and will not be subject to further adjustments in the indices. In no event shall the invoice price be lower than the base price.
- V. The ratio \*\*\*\*\* shall be calculated to the fourth decimal digit. If the fourth decimal digit is five or more, the third decimal digit shall be raised to the next higher figure, and if the fourth decimal digit is less than five, the third decimal figure shall remain as calculated. If the calculation of this ratio results in a number less than 1.000, the ratio will be adjusted to 1.000. The resulting three digit decimal shall be used to calculate \*\*\*\*\*.
- VI. Values to be utilized in the event of unavailability. If at the time of delivery of Product, CFM is unable to determine the adjusted price because the applicable values to be used to determine the \*\*\*\*\* have not been released by the Bureau of Labor Statistics, then:
- a) The Price Adjustment, to be used at the time of delivery of the Product, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available \*\*\*\*\* prior to scheduled Product delivery month will be used to determine the \*\*\*\*\* values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment. If no value has been released for an applicable month, the provisions set forth in Paragraph b, below, will apply. If prior to delivery of a Product, the U.S. Department of Labor changes the base year for determination of the \*\*\*\*\* values as defined above, such rebase values will be incorporated in the Price Adjustment calculation.
  - b) If prior to delivery of a Product, U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the \*\*\*\*\* values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Price Adjustment, CFM will, prior to delivery of any such Product, select a substitute for such values from data published by the Bureau of Labor Statistics or other U.S. government entity or, if none is available, other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revisions of the formula will be made as required to reflect any substitute values. However, if within \*\*\*\*\* from delivery of the Product, the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Product Price Adjustment, such values will be used to determine any increase or decrease in the Product Price Adjustment from that determined at the time of delivery of such Product.
  - c) In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the base price of any affected Product to reflect an allowance for increase or decrease in labor compensation and material costs occurring since February of the base price year which is consistent with the applicable provisions of this Price Escalation formula.

d) For the calculation herein, the values released by the Bureau of Labor Statistics and available to CFM at the end of the month prior to scheduled Product delivery month will be used to determine the \*\*\*\*\* values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Product Price Adjustment for the Product invoice at the time of delivery. The values will be considered final and no Product Price Adjustment will be made after Product delivery for any subsequent changes in published index values.

Note: Any rounding of a number, with respect to escalation of the Product Price, will be accomplished as follows: If the first digit of the portion to be dropped from the number is five or greater, the preceding digit will be raised to the next higher number.



ATTACHMENT E

BASIS AND CONDITIONS FOR SPECIAL GUARANTEES

**A. General Conditions**

The Guarantees offered in this Letter Agreement have been developed specifically for Republic's new installed and Spare Engines. The General Conditions described in Section VII of Exhibit B of the General Terms Agreement between CFM and Republic apply to the guarantees and such guarantees are offered to Republic contingent upon:

1. Republic accepting delivery of a minimum of \*\*\*\*\* Engine powered A320NEO family Aircraft in the "Delivery Period" as defined in this Letter Agreement;
2. Republic procuring and maintaining the CFM recommended number of Spare Engines
3. Republic's Engines being identified and maintained separately from other operators' engines at the repair agency;
4. Republic operating Aircraft \*\*\*\*\*. A change in Aircraft or Engine quantity, Aircraft or Engine model, Aircraft delivery schedule from that described in this Letter Agreement, or flight operations resulting in more severe operating conditions than described above will require adjustment of the guaranteed values to reflect such different conditions, using CFM's operational severity criteria;
5. Republic and CFM agreement upon the Engine restoration workscope necessary during each shop visit. Engine operation and maintenance will be performed in accordance with CFM manuals, bulletins, or other written instructions;
6. Available on-wing maintenance and performance restoration procedures, including CFM recommendations for Engine water wash at intervals no greater than every \*\*\*\*\* (or as otherwise mutually agreed between Republic and CFM), being used to avoid unnecessary shop visits; and
7. Service bulletins agreed to between Republic and CFM being incorporated in a timely manner.

**ATTACHMENT E**

**BASIS AND CONDITIONS FOR SPECIAL GUARANTEES**

(continued)

**B. Exclusions**

The guarantees shall not apply (i) to events that are due to negligence, acts of god, accidents, improper operation and/or improper maintenance or (ii) if the Engines are employed in power-back aircraft operation (iii) to non Engine-caused events.

Costs associated with shop visits for convenience or lease return conditions shall be excluded from the guarantees.

Costs associated with life limited Parts retirement, taxes, transportation or any other fees are excluded. Parts shall be considered Scrapped if they bear a scrap tag duly countersigned by a CFM representative.

**C. Administration**

The guarantees are not assignable without the written consent of CFM, except as expressly provided in the Letter Agreement.

If compensation becomes available to Republic under more than one specific guarantee, airframer guarantee, warranty or other engine program consideration, Republic will not receive duplicate compensation but will receive the compensation most beneficial to Republic under a single guarantee, warranty or other program consideration. Unless otherwise stated, the guarantee compensation will be in the form of credits to be used by Republic against the purchase from CFM of Spare Engines, spare Parts, and/or Engine services.

**ATTACHMENT F**

**DELAY AND CANCELLATION DEFINITIONS FOR GUARANTEE**

**Delay**

An Engine-caused delay of an Aircraft occurs when the malfunctioning of an Engine or Part thereof, the checking of same, or necessary corrective action causes the final Aircraft departure to be delayed more than a specified time (\*\*\*\*\*) after the programmed departure time in any of the following instances:

- An originating flight departs later than the scheduled departure time.
- A through service or turnaround flight remains on the ground longer than the allowable ground time.
- The aircraft is released late from maintenance.

**NOTE:**

A cancellation supersedes a delay (i.e., a flight which is canceled after having been delayed is considered to be a cancellation only—not a delay and a cancellation). \*\*\*\*\*)

**Cancellation**

Elimination or termination of a scheduled trip because of a known or reasonably suspected malfunction and/or defect in an Engine or Part thereof.

**NOTE:**

\*\*\*\*\*)

**ATTACHMENT G**

**PERFORMANCE RETENTION GUARANTEE CALCULATION METHOD**

Fleet average base point for the Engine fuel consumption guarantee shall be an average of the first \*\*\*\*\* of revenue services operations of each Engine covered by the guarantee. For a valid base, the standard deviation for each Engine of the calculated cruise fuel flow deltas must not exceed \*\*\*\*\*%.

Performance Retention (cruise fuel consumption deterioration) is determined quarterly by comparing the cumulative fleet average of the quarterly data points with the base point. The standard deviation for each Engine of the calculated cruise fuel flow deltas must not exceed \*\*\*\*\*%.

The period covered by the guarantee starts from the first revenue flight of the first Aircraft.

Republic shall provide to CFM on a quarterly basis copies of any form of performance trending chosen by Airline.

Cruise data reported quarterly must include the following:

Aircraft Number; Engine Serial Number (ESN); Date; Flight Number; Engine Position; Altitude; Mach Number; Total Air Temperature (TAT); and the following at Cruise Point: N<sub>1</sub> (Fan Speed); EGT; N<sub>2</sub> (Core Speed); Fuel Flow; and Bleed Configuration.

If the deterioration of the cumulative fleet average cruise fuel flow at N<sub>1</sub> exceeds the guarantee or if the deterioration trend suggests that the guarantee might be exceeded, then the following actions may be initiated:

- a. CFM Flight Audits.
- b. Test cell confirmation runs on specific Engines. The altitude guarantee will be translated to sea level conditions plus nominal installation loss for comparison purposes.

If, as a result of incorporation of service bulletins (other than a mandatory campaign change) or other Engine modifications, the initially established relationship of Engine fuel flow, thrust and fan speed (N<sub>1</sub>) is altered, the measured, calibrated fuel consumption shall be suitably corrected to give effect to this change.

Republic is to maintain records of total fuel on-loaded to each Aircraft each month and monthly cost thereof (price per gallon) during the period of this guarantee in substantiation of any claim hereunder.

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.20(c)

Amendment No. 1 to  
**LETTER AGREEMENT NO. 1**  
**TO GTA No. CFM-1 1-2576101711**

WHEREAS, CFM International, Inc. (hereinafter individually referred to as "CFM"), and Frontier Airlines, Inc. (hereinafter individually referred to as "Airline") (CFM and Airline being hereinafter collectively referred to as the "Parties") have entered into General Terms Agreement No. CFM-1 1-2576101711 dated October 17, 2011 (hereinafter referred to as "CFM-GTA");

WHEREAS, the Parties have entered into Letter Agreement No. 1 to the CFM-GTA, dated October 26, 2011 ("Letter Agreement No. 1"); and

WHEREAS, the Parties desire to amend Letter Agreement No. 1 as set forth below.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree that the following provisions of Letter Agreement No. 1 shall be amended as follows:

1. Article 5 of Attachment B is amended to read as follows:

"5. Assignability of Allowance

Any allowance described herein is exclusively for the benefit of Airline and is not assignable without CFM's written consent; provided that Airline may assign such allowance, together with its other rights under this Letter Agreement on the terms described in clause (i) of Paragraph A of the Agreement.

CFM agrees that in the event Airline seeks financing for payment of predelivery payments ("PDP Financing") for the Aircraft, CFM will consent to the assignment to such Lender of \*\*\*\*\* of the Aircraft Allowance per A. (i) above for Aircraft in this Letter Agreement.

CFM agrees that in the event Airline enters into a lease agreement with a lessor for any of the Aircraft that include Engines and such Engines are enrolled in a long term CFM rate per Flight Hour engine maintenance program ("RPFH agreement") between Airline and CFM, CFM will act in good faith to reach a mutually acceptable tri-partite agreement among CFM, Airline and the lessor whereby the Engine warranties, all dollar amounts collected by CFM for the Engines in accordance with the RPFH agreement and Airline's other benefits under the RPFH Agreement will be fully assignable to the lessor (and subsequent operators, if any) in the event Airline defaults under the lease agreement and lessor takes possession of the Aircraft."

2. Miscellaneous

Except as set forth herein, the terms and conditions set forth in Letter Agreement 1 remain unchanged. The obligations set forth in this Amendment are in addition to the obligations set forth in the GTA and Letter Agreement No. 1. In the event of inconsistency between the terms of this Amendment and the terms of the GTA and Letter Agreement No. 1, the terms of this Amendment shall take precedence.

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

3. Counterparts:

This Agreement may be signed by the Parties in separate counterparts, and any single counterpart or set of counterparts, when signed and delivered to the other Parties shall together constitute one and the same document and be an original Agreement for all purposes.

[Remainder of Page Intentionally Left Blank]

**CFM PROPRIETARY INFORMATION**

(subject to restrictions on first page)

Please indicate your agreement with the foregoing by signing two (2) duplicate originals as provided below.

Very truly yours,

**Frontier Airlines, Inc.**

**CFM International, Inc.**

By: /s/ Holly L. Nelson  
Typed Name: Holly L. Nelson  
Title: Chief Accounting Officer & Treasurer  
Date: December 23, 2014

By: /s/ Michael P. Munz  
Typed Name: Michael P. Munz  
Title: GM - N. America Sales  
Date: December 23, 2014

**CFM PROPRIETARY INFORMATION**  
(subject to restrictions on first page)

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.21**

[LOGO] Lufthansa Technik

FRONTIER  
Airlines

**Purchase Terms Agreement  
(Material-Single Event)**

**Between**

**FRONTIER AIRLINES, Inc.  
7001 Tower Road  
Denver, CO 80249  
USA  
(hereinafter referred to as "FRONTIER")**

**and**

**LUFTHANSA TECHNIK AG  
Weg beim Jäger 193  
22335 Hamburg  
Germany  
(hereinafter referred to as "LHT")**



CONTENTS**Section I: General**

	<u>Page</u>
1. DEFINITIONS AND ABBREVIATIONS	4
2. SALE AND PURCHASE OF ITEMS	5
3. QUALITY DEMANDS	6
4. UNAPPROVED PARTS	8
5. EXAMINATION OF ITEMS	8
6. DELIVERY	11
7. DELIVERY DATE	12
8. INTENTIONALLY LEFT BLANK	12

**Section II: Commercial**

9. PRICING	13
10. CUSTOMS	13
11. INVOICING AND PAYMENT	13

**Section III: Legal**

12. TITLE TO ITEMS	15
13. WARRANTIES	15
14. LIABILITY AND INDEMNIFICATION	16
15. INSURANCE	17
16. INTELLECTUAL PROPERTY RIGHTS	18
17. FORCE MAJEURE	18
18. CONFIDENTIALITY	19
19. NOTICES AND COMMUNICATION	19
20. MISCELLANEOUS	20
21. CONDITIONS PRECEDENT	24

**Attachment A: Items List****Attachment B: Items List without quantity****Attachment C: Procedures for warranty cases**

This Agreement is made on the date of the signatures of both Parties between:

(1) **FRONTIER AIRLINES, Inc.** of 7001 Tower Road, CO 80249, Denver, USA (hereinafter referred to as “**FRONTIER**”);

and

(2) **LUFTHANSA TECHNIK AG** of Weg beim Jäger 193, 22335 Hamburg, Germany (hereinafter referred to as “**LHT**”).

**PREAMBLE**

Whereas

(A) FRONTIER wishes to sell the Purchased Items to LHT, and LHT wishes to buy the Purchased Items from FRONTIER, as more particularly described herein;

(B) Pursuant to a Basic Agreement on Technical Services on components for A320 aircraft, to be entered into on or before the date hereof between FRONTIER and LHT with respect to, *inter alia*, certain aircraft components, including, without limitation, the Purchased Items, LHT has agreed to provide certain maintenance, repair and overhaul services (the “**Service Agreement**”) with respect to such components, including the Purchased Items; and

(C) FRONTIER and LHT have agreed that the due execution of this Agreement is a condition precedent to the effectiveness of the Service Agreement (but only to the extent that the Service Agreement relates to the services for the A319, A320 and A321 (A320 family) aircraft.

It is agreed as follows:

**SECTION I: GENERAL****1. DEFINITIONS AND ABBREVIATIONS**

In this Agreement, the following definitions apply:

Agreement	This Agreement including any side letters, attachments, exhibits and annexes hereto including all amendments and supplements to this Agreement as are agreed in writing between the Parties
ATA 300	Specification for packaging of airlines supplies. Published by the Air Transport Association
Aviation Authority	The competent body responsible for the safety regulation of Civil Aviation in any relevant country
Business Day	A Day on which banks are open for regular business in Hamburg/Germany and Denver/USA
Certificate of Release to Service, or CRS	The Certificate of Release to Service confirms on behalf of the Aviation Authority approved maintenance / production organization that, unless otherwise specified, the listed actions have been carried out in conformity with the Quality Manual by personnel with appropriate authorizations and in accordance with approved regulations. It also confirms that the aircraft component has been released to service with respect to the work carried out
Components Maintenance Manual, or CMM	The Components Maintenance Manual issued by the respective manufacturer
Day	Calendar day
Defect/s	Any abnormal or unusual condition of an Item whether or not this could eventually result in a failure of that Item
Delivery /To Deliver	As defined in 6
EASA	European Aviation Safety Agency
FAA	Federal Aviation Administration of the United States of America
FAR	Federal Aviation Regulation as in force in the United States of America
INCOTERMS	Regulations of the International Chamber of Commerce for freight forwarding, including transportation insurance, as published by the International Chamber of Commerce as "Incoterms 2010"

Item	Any level of hardware assembly (i.e. system, subsystem, module, accessory, component, unit, part, etc.) specified in Attachment "A" and any such further items as the Parties may specify from time to time by mutual agreement in writing, such items to be sold and Delivered to LHT by FRONTIER in accordance with this Agreement
OEM	Original Equipment Manufacturer, being the original manufacturer of an Item, Part or component
Part	One, two or more pieces joined together which are not normally subject to disassembly without destruction of designed use
Party / Parties	FRONTIER or LHT/FRONTIER and LHT, collectively
Part Number or P/N	Official and unequivocal designation of a Part
Purchased Items	As defined in Article [2] ("Sale and Purchase of Items")
Purchase Order / PO	Any purchase order issued by LHT to FRONTIER under Article [2] ("Sale and Purchase of Items") of this Agreement
Service Agreement	The Agreement for Technical Service between FRONTIER and LHT with regards to A320 and its attachments
Service Bulletin or SB	Any service bulletin as that term is commonly understood in the aviation industry
Unscheduled Removal	A removal of a Item which is not in accordance with the maintenance schedule in the relevant official documentation of the manufacturer of such Item
Value-added Taxes / VAT	Any value added tax on any goods and services, any sales, use, transfer, turnover and documentary taxes (and any similar taxes), customs duties, imposition or levy of a like nature imposed by any foreign, federal, state, local or other taxing authority

## 2. SALE AND PURCHASE OF ITEMS

- 2.1 FRONTIER hereby agrees to supply and sell upon LHTs request a number of Items to LHT to be determined as specified in Attachment A.
- 2.2 In order to determine which Items shall be sold, LHT shall, before this Agreement has become effective, inspect the stock of Items at FRONTIERs facilities according to Article [5] ("Examination of Items").

- 2.3 The Items that LHT shall purchase in accordance with this Agreement are hereinafter referred to as "Purchased Items". All Purchased Items shall be free and clear of all and any third party rights, including, but not limited to, liens, encumbrances, pledges and other charges.
- 2.4 LHT shall for administrative reasons issue Purchase Orders for the items listed in Attachment A. In case of any contradictions between the Purchase Order and this Agreement, this Agreement shall prevail.

**3. QUALITY DEMANDS**

**3.1 FRONTIER'S Quality Management System**

- 3.1.1 FRONTIER shall maintain at all locations a quality management system in accordance with the EN 9100; AS 9100 or equivalent quality management system such as FAR Part 121.
- 3.1.2 FRONTIER shall provide to LHT the Quality Manual. Substantial changes to such document shall be submitted promptly to LHT to the following address:
  - Lufthansa Technik AG
  - Dept. Quality Management
  - HAM TQ/E
  - Weg beim Jäger 193
  - 22335 Hamburg
  - Germany

**3.2 Audits**

- 3.2.1 Upon written notification by LHT, LHT's representatives shall have access to FRONTIER's facilities at any time in order to carry out an audit of compliance with the applicable standards and procedures. FRONTIER shall make best efforts to provide such access to its suppliers and subcontractor's facilities by \*\*\*\*\* previous written notice given from LHT to FRONTIER. Such audits must be made on business days and hours.
- 3.2.2 In case of apparent non-compliance of FRONTIER or its suppliers or subcontractors with applicable standards and procedures, LHT shall notify FRONTIER of any such non-compliance and set time limits for the rectification of them. FRONTIER shall make and/or shall cause its suppliers and subcontractors to make any and all necessary corrections and shall inform LHT promptly of any actions FRONTIER, its suppliers and subcontractors plan to carry out and of any completed rectifications.

- 3.2.3 For the avoidance of doubt any audit, other inspection or knowledge of LHT shall not relieve FRONTIER from its obligations under this Article [3] (“**Quality Demands**”) or any other obligations arising out of this Agreement.
- 3.2.4 In addition to any other rights and remedies provided by this Agreement or by law, LHT shall be entitled to terminate this Agreement and or to withdraw from any Purchase Order with immediate effect if FRONTIER fails to fulfill the above Rectifications within the time limits specified in the course of or as a consequence of any audit.

### 3.3 Certification / Approvals

- 3.3.1 FRONTIER guarantees that all Items sold and delivered hereunder are in serviceable condition, conform to the applicable airworthiness requirements and the aircraft manufacturer specifications. Product source and certification must be established and documented and made available to LHT upon or prior Delivery.
- 3.3.2 Deliveries of new Items shall in any case be accompanied, clearly indicated to the respective item, by an entirely completed CRS substantially in accordance with the following requirements:
- EASA Form one or
  - FAA 8130-3 (FAA 8130-4 for engines) or
  - TCCA 24-0078 or
  - Certificate of conformance accepted by the aviation authority in the manufacturer’s country (not for EASA states, USA or Canada) or
  - Manufacturer’s certificate of conformance (only with acceptance by LHT) and
  - Supplied as originals of the manufacturer
- 3.3.3 Maintained Items marked with “Transport” in Attachment A shall be accompanied by all operational records and a combined CRS (Dual Release) in accordance with the following requirements:
- A Certificate of Release to Service (CRS) valid for EASA/FAA customers, issued by a maintenance organization holding both an EASA Part-145 Approval and a FAA 14 CFR Part 145/TCCA CAR 573 Certificate, certified:
- on an EASA Form 1 including a CFR Part 43 Return to Service statement when the organization is located in an EASA country;
  - on a FAA Form 8130-3 including an EASA Part-145.A.50 Release to Service statement when the organization is located in the USA;
  - on a TCCA Form 24-0078 including an EASA Part-145.A.50 Release to Service statement when the organization is located in Canada
- 3.3.4 If Items are provided without or with a wrong certificate or other applicable documentation/ information according this Agreement is not delivered, LHT may reject such Item or use reasonable commercial efforts to recertify those Items but shall have no obligation to do so.\*\*\*\*\*

**4. UNAPPROVED PARTS**

As soon as an “unapproved parts notification” is issued and such notification is applicable to Items delivered by FRONTIER to LHT, FRONTIER shall inform LHT in writing about such notification and the items concerned.

**5. EXAMINATION OF ITEMS**

- 5.1 In order to examine quantity and quality of the Items and to determine afterwards which Items shall be the Purchased Items, LHT shall inspect the stock of Items to be provided by FRONTIER at FRONTIER’s facilities within \*\*\*\*\* upon signature of both Parties of this Agreement. Scheduled are three waves starting after signature.
- 5.2 FRONTIER shall provide to LHT any information and documentation reasonably requested by LHT and shall grant LHT full and complete access to FRONTIER’s premises immediately after signature of this Agreement to perform the examination. In addition FRONTIER shall provide space and office infrastructure at offices and spaces of FRONTIER as requested by LHT for the time of the examination. FRONTIER shall provide unlimited internet access to enable LHT unrestricted access to LHT systems. LHT shall be responsible for the appropriate hardware. For the purpose of examining the Items LHT shall bear all costs and expenses associated with the examination.
- 5.3 FRONTIER ensures to provide own staff to hand the Items to be inspected over to LHT personnel. After examination FRONTIER shall physically identify (e.g. label) all Purchased Items as LHT owned.
- 5.4 FRONTIER, when possible, shall provide immediately before and during examination the following data on all serial numbers of Items that shall be inspected:

	Parameters	Format	Number of digits	Remarks
Part Information	ATA Chapter	Integer	2	
	MFRPN	string	tbd	Manufacturer Part Number
	MFR	string	tbd	Manufacturer
	Unit Price	Float	tbd	unit Price acc to PTA
	S/N	string	tbd	Serial Number
	Description	string	tbd	Part description
	Aircraft Type	string	tbd	A330, B737 etc.
	Location	string	tbd	Station (if on stock)
	Manufacturer Date	date	8	
	TSN	FH/CYC/DAYS	6/6/6	Data since new
Component Monitoring	TSO	FH/CYC/DAYS	6/6/6	Data since last overhauled
	TSF	FH/CYC/DAYS	6/6/6	Data since last bench check
	TST	FH/CYC/DAYS	6/6/6	Data since last shop visit
	Last Task	string & date (dd.mm.yyyy)	tbd/10	Task performed and date
	EFF Date/FH/FC	FH/CYC/Days	6/6/6	Effectivity date (counters at download date)
warranty	warranty limit	FH / CYC/DAYS	6/6/6	
	Delivery A/C or Purchase order	string	tbd	If delivery A/C, than Tail-Sign, else PO no.
	Delivery date of A/C or date of Purchase Order	date	tbd	
	Supplier	String	tbd	

- 5.5 For all Part numbers sold under this Agreement FRONTIER will provide the relevant Export Control Classification Number (ECCN).
- 5.6 In case the quantity for any Item is differing from the quantity of Items as per Attachment A the following shall apply:
- Fewer quantities: The quantity identified below the quantity as per Attachment A shall be generally assessed with the agreed pricing and this amount shall be deducted from the total net purchase price payable to FRONTIER. In case the quantity missing is deemed to be necessary by LHT and FRONTIER to support FRONTIER, then LHT shall either require FRONTIER within \*\*\*\*\* after examination of the affected Item to purchase the agreed quantities and provide them to LHT at the conditions provided in Attachment A or buy the missing quantities itself and invoice FRONTIER the difference between the price in Attachment A and the price LHT paid. LHT will inform FRONTIER about the price of the missing quantity in case that LHT shall purchase the missing part.
- Larger quantities: LHT shall have the right to accept and purchase those Items being provided above the agreed quantity as per the conditions of Attachment A or B.
- 5.7 To the extent that upon examination Items are not in FRONTIER's or LHT's possession such Items shall be treated as not delivered. Article [5.6] shall apply.
- 5.8 Scrap material mutually identified during the examination process shall be handled as not delivered. In this case Article [5.6] shall apply. This includes Life Limited Parts with a remaining life of less than \*\*\*\*\* of the total life.
- 5.9 Life Limited Parts (LLP) shall be accompanied by a back to birth documentation providing at least following information:
- Accumulated flight hours, cycles, calendar periods since beginning of operation
  - History of installations/ removals in terms of applicable aircraft information (aircraft type, serial number, aircraft registration number, date of installation/removal)
  - Detailed record of all modifications, repairs and/or other maintenance
  - Flight hours, cycles, calendar periods since last maximum maintenance (e.g. overhaul)



If the documentation is not available and FRONTIER cannot provide the documentation with reasonable effort the Items shall be handled as being not delivered and shall remain FRONTIERs property. In this case Article [5.6] shall apply.

- 5.10 For safety critical Items (SCI), which includes LLP's and Items which are subject to airworthiness limitations and/or a major Items, such as but not limited to undercarriages or flight controls, among other required information according this Agreement, detailed records of all modifications and repairs shall be provided.

The CRS for SCI's should specify in particular:

- Date of the last maintenance and name and address of the applicable MRO provider
  - If the Item is unused, date of manufacture and name + address of manufacturer with a cross reference to any original documentation which should be included with the form
  - A list of all airworthiness directives, repairs and modifications which have to be incorporated. If no airworthiness directives or repairs or modifications are applicable according statement should be provided
  - Detail of life used for service life limited parts being any combination of fatigue, overhaul or storage life
  - For any aircraft component having its own maintenance history record, reference to the particular maintenance history record as long as the record contains the details that would otherwise be required on the CRS. The maintenance history record and acceptance test report or statement, if applicable, should be attached to the CRS
  - A clear statement of the airworthiness limitation should be endorsed on the CRS and all applicable information, such as accumulated flight hours, cycles and Days, to ensure the continuing airworthiness prior to installation by determining the next scheduled maintenance
  - For shelf life limited parts the CRS shall include the manufacturing date, the expiry date of the shelf life and the shelf life itself
- 5.11 In case of interchangeability of Items, FRONTIER shall provide proof of interchangeability acc. approved data (IPC, EB, SB) in addition to the necessary certification as described in Article [3.3] ("Certification"). LHT may refuse proof of interchangeability with reasonable explanation. In this case Article [5.6] shall apply.
- 5.12 To the extent that during examination period potential deviations of an Item from the requirements according this Agreement cannot be clarified and not fully be eliminated and/or applicable documentation and/or information is not delivered such Items shall be treated as not delivered. Article [5.6] shall apply accordingly.

5.13 If any Purchased Item is not in compliance with one or more requirements provided for in this Agreement or FRONTIER cannot provide the necessary documentation upon Delivery, notwithstanding any other rights LHT may have, LHT shall not have to make any purchase price payment to FRONTIER or shall be entitled to return the Purchased Item and claim reimbursement of any payment that has already been made with respect to those Items.

**6. DELIVERY**

6.1 Delivery of the Purchased Items indicated as homebase material "HB" according Article [6] shall be deemed to occur upon LHT's goods receipt at Frontiers facilities in Denver, Phoenix and Kansas City, USA ("Delivery"). FRONTIER shall bear all cost for storage of Purchased Items after Delivery.

6.2 For all Items delivered in accordance with this Agreement, FRONTIER agrees that it is the U.S. Principal Party in Interest (USPPI) and agrees to comply with all export control requirements, including export classification, licensing, and clearance responsibilities applicable to the USPPI in U.S. export transactions. In addition, for all Items delivered in accordance with this Agreement, FRONTIER agrees that LHT is the Foreign Principal Party in Interest (FPPI), and FRONTIER is authorized to act and agrees to act as LHT's true and lawful agent for purposes of preparing and filing any Electronic Export Information in accordance with the export control laws and regulations of the United States.

6.3 Delivery of the Purchased Items indicated with "TRANSPORT" in the Attachment A shall be delivered from FRONTIER in accordance with the *INCOTERM* "FCA" (Free Carrier) to FRONTIER's facilities in Denver, Phoenix or Kansas City, USA.

6.4 FRONTIER shall pack all Purchased Items according to all applicable regulations. Any special regulations for the shipment of the Purchased Items shall be observed by FRONTIER.

6.5 \*\*\*\*\*

6.6 For the avoidance of doubt, unless otherwise agreed between FRONTIER and LHT in a separate agreement, LHT shall be entitled to unconditionally remove all Purchased Items from FRONTIER's premises after Delivery.

**7. DELIVERY DATE**

- 7.1 FRONTIER hereby unconditionally undertakes to Deliver the Items within the relevant agreed upon Lead Time in respect of each individual Item. The Delivery Time is measured in Days from the date of receipt of the Purchase Order by FRONTIER until the Delivery of the Item to LHT ("**Delivery Date**")
- 7.2 If LHT requests an earlier Delivery date on a Purchase Order, FRONTIER shall use its best efforts to comply with LHT's request and Deliver the Items within the requested time frame.

**8. INTENTIONALLY LEFT BLANK**

**SECTION II: COMMERCIAL**

**9. PRICING**

- 9.1 The prices for all Items are listed in Attachment "A". The prices in Attachment A and B have been calculated according to best knowledge and conscience and represent fair market prices.
- 9.2 All prices are inclusive of any VAT.
- 9.3 The total volume of Purchased Items will not exceed \*\*\*\*\*.

**10. CUSTOMS**

\*\*\*\*\* shall be responsible for all custom related issues. \*\*\*\*\*

**11. INVOICING AND PAYMENT**

- 11.1 The Parties agree that the respective purchase price for the Purchased Items shall be due and fulfilled through the issuance of an invoice in an amount corresponding to \*\*\*\*\* for the Purchased Items.  
  
Following Delivery of the Purchased Items in accordance with Article 6 and receipt of the respective invoice from FRONTIER as set out in this Article 11 LHT shall complete payments to Frontier within \*\*\*\*\* upon conclusion of Delivery of Purchased Items as they are Delivered to LHT and invoiced by FRONTIER.
- 11.2 For all payments to be made as applicable, by LHT in accordance with this Agreement FRONTIER shall issue an invoice to LHT. All invoices in connection with this Agreement shall be raised as collective invoices. All invoices shall be issued duly in advance including all required supporting documents and shall be submitted via fax to +49-40-5070-8222 or shall be sent to the following address:

Lufthansa Technik AG  
Invoice Control  
HAM TB 2  
Weg beim Jäger 193  
22335  
HamburgGermany

- 11.3 In case any invoices are sent to an address different from the address specified in Article [11.2] above, the sums under such invoice shall not become due or payable until such invoice has been received by LHT at the specified address. LHT accepts no liability for non-payment or late payment of any invoice sent to an address other than the address specified in Article 11.2 above.

- 11.4 All payments or credits, as applicable, in accordance with this Agreement shall be made net. FRONTIER and LHT agree that invoicing, payment or crediting shall not be effected via IATA-Clearing House.
- 11.5 LHT shall only pay the undisputed amount of an invoice. FRONTIER and LHT shall negotiate in good faith to resolve any disputes regarding any disputed part of any invoice.
- 11.6 If LHT disputes any amount of an invoice such amount nevertheless will remain due and LHT will pay the undisputed amount of the invoice. For any disputed invoice, LHT and Frontier will negotiate in good faith to resolve the disputed part of the invoice within reasonable time.
- 11.7 If Frontier and LHT determine that an invoice needs to be adjusted, Frontier will credit the disputed part of the original invoice and submit a new invoice for the corrected amount respectively. LHT will pay such corrected invoice within either
- \*\*\*\*\* after the corrected invoice is received by LHT or
  - within the payment term as per Article 11.1
- above, whichever occurs later. Any dispute must be made in writing, stating the date and number of the concerned invoice and the reason for LHT's objection.
- 11.8 All payments shall be effected to FRONTIER by wire transfer to the following bank account of FRONTIER and made in US Dollar: \*\*\*\*\*
- Bank of America  
SwiftCode: \*\*\*\*\*  
Chips number: \*\*\*\*\*  
Routing number: \*\*\*\*\*  
Account#: \*\*\*\*\*  
Frontier Airlines

**SECTION III: LEGAL**

**12. TITLE TO ITEMS**

Title to the Items shall pass to LHT upon Delivery.

**13. WARRANTIES**

13.1 Warranty

FRONTIER warrants that each item purchased under this Agreement at Delivery shall.

- (a) \*\*\*\*\*
- (b) \*\*\*\*\*
- (c) \*\*\*\*\*
- (d) \*\*\*\*\*
- (e) \*\*\*\*\*
- (f) \*\*\*\*\*

13.2 Intentionally left blank

13.3 Warranty Assignment

FRONTIER shall assign to LHT the benefit of all assignable warranties or guarantees related to the Purchased Items. In this case FRONTIER shall make available and assist LHT to acquire all information and documents necessary to claim existing warranty rights or guarantees.

13.4 Breach of Warranty

- 13.4.1 The rights and remedies of LHT provided for in this Article [13.4] (“Breach of Warranty”) are exclusive as far as the warranty cases are concerned. Any other rights and remedies provided for in this Agreement, such as but not limited to Article [14] (“Liability and Indemnification”) and by law shall remain unaffected.
- 13.4.2 The rights and remedies provided for in this Article [13.4] (“Breach of Warranty”) shall apply regardless of negligence or wilful misconduct.
- 13.4.3 A warranty claim must be raised by LHT within \*\*\*\*\* after the Defect has or could have become reasonably apparent and FRONTIER must be provided with the defective part for inspection and repair within an additional \*\*\*\*\* after the warranty claim has been raised.  
\*\*\*\*\*

- 13.4.4 FRONTIER shall \*\*\*\*\* at the request of LHT furnish LHT with a replacement Item or promptly perform all rectification necessary to make such Item free from any Defect.
- 13.4.5 LHT shall arrange \*\*\*\*\* for transportation of the non-conforming Item from the location where the respective Item is located to the location where the rectification shall be made.
- 13.4.6 FRONTIER shall (re)Deliver a replacement to the place requested by LHT within \*\*\*\*\*.
- 13.4.7 LHT may assign the warranty or guarantee as granted in this Agreement in whole or in part to any of its customers. Frontier will assist LHT with the administration of related warranty claims raised by third parties against LHT.

13.5 Third Party Rights

- 13.5.1 FRONTIER explicitly guarantees that any Purchased Items Delivered under this Agreement and the use by LHT and/or its customers thereof does not infringe any rights of third parties.
- 13.5.2 In case any third party alleges that the Purchased Items Delivered hereunder or the use thereof infringe their rights, FRONTIER at LHT's discretion shall immediately
  - (a) procure for LHT and its customers the right to use such Purchased Items,
  - (b) replace such Purchased Items with Equivalent non-infringing Purchased Items
- 13.5.3 "Equivalent" for the purpose of this Article [13.5] especially means that the Purchased Items comply in all respects with the requirements of this Agreement and are two ways interchangeable in fit, form and function with the Purchased Items originally Delivered, are at least of the same modification status and condition as the Purchased Items originally Delivered and have a dash number equal or higher than the dash number of the Purchased Items originally Delivered.
- 13.5.4 In addition FRONTIER shall be liable towards LHT for all damages and shall indemnify and hold harmless LHT from and against any claims resulting from any infringement.

**14. Liability and Indemnification**

- 14.1 \*\*\*\*\*

- 14.2 \*\*\*\*\*
- 14.3 \*\*\*\*\*
- 14.4 \*\*\*\*\*
- 14.5 \*\*\*\*\*

**15. INSURANCE**

- 15.1 For a minimum period of \*\*\*\*\* after signing of this Agreement FRONTIER shall effect and maintain insurance of the following coverage and provisions, and shall provide LHT with a certificate of insurance evidencing such coverage:
- 15.2 \*\*\*\*\*
- 15.3 Such insurance shall be primary and non-contributory with respect to any other applicable insurance earned by LHT for the benefit of LHT.  
\*\*\*\*\*
- 15.4 \*\*\*\*\*
- 15.5 The above insurances shall contain a \*\*\*\*\* written notice of cancellation \*\*\*\*\*, and in case such notice is given, it shall be provided to LHT as well as to any other party for whom it is relevant.
- 15.6 During the term and in respect of Products Liability and for a minimum period of \*\*\*\*\* after the termination or expiration of this Agreement LHT will effect and maintain and will provide FRONTIER with a certificate of insurance evidencing the following insurances:  
\_ \*\*\*\*\*  
\_ \*\*\*\*\*
- 15.7 FRONTIER, its directors, officers, employees, agents and Subcontractors will be named as additional insureds with regard to the insurance named in Article 15.6 above in case LHT is liable according to this agreement and such insurance will be primary and non-contributory to any insurances carried by FRONTIER and will contain a severability of interest clause.
- 15.8 All of the insurances will provide in favor of \*\*\*\*\*
  - (i) \*\*\*\*\*
  - (ii) \*\*\*\*\*



**16. INTELLECTUAL PROPERTY RIGHTS**

- 16.1 FRONTIER explicitly guarantees that any Items Delivered under this Agreement and the use by LHT and/or its customers thereof does not infringe any intellectual property rights of third parties.
- 16.2 In case any third party alleges that any Items Delivered and any products, equipment, documentation and data and services provided and/or supplied under this Agreement and the use by LHT and/or its customers thereof infringe its rights, FRONTIER at LHT's discretion shall immediately (a) procure for LHT and its customers the right to use such Items, (b) replace such Items with Equivalent non-infringing Items, or (c) modify such Items so they become non-infringing but Equivalent.
- 16.3 "Equivalent" for the purpose of this Article [16] ("Intellectual Property Rights") especially means that the Items comply in all respects with the requirements of this Agreement and are two ways interchangeable in fit, form and function with the Items originally Delivered, are at least of the same modification status and condition as the Items originally Delivered and have a dash number equal or higher than the dash number of the items originally Delivered.
- 16.4 In addition FRONTIER shall be liable towards LHT for all damages and shall indemnify and hold harmless LHT from and against any claims resulting from any infringement.
- 16.5 In addition to the above, in case of any alleged infringement LHT shall be entitled to withdraw from this Agreement or any Purchase Order concerned.
- 16.6 LHT may exercise any rights and remedies for infringement of any third party right stipulated in this Article [16] ("Intellectual Property Rights") as long as any third party may allege any such infringement.

**17. FORCE MAJEURE**

- 17.1 Neither Party shall be under any obligation to perform this Agreement or be liable for any delay or any other Breach if and to the extent that such delay or any other Breach is due to reasons beyond such Party's reasonable control \*\*\*\*\* ("Force Majeure").
- 17.2 In case of Force Majeure the Party affected by such Force Majeure shall immediately inform the other Party in writing about the commencement of such Force Majeure, and when such Force Majeure has ended the relevant Party shall give written notice to the other Party of its termination.
- 17.3 In case of delay or any other Breach caused by Force Majeure FRONTIER shall use its best effort to minimize the impact of such Breach.

- 17.4 If FRONTIER is unable to perform its obligations under this Agreement due to Force Majeure LHT may, after a reasonable time has expired since the onset of Force Majeure, withdraw from this Agreement by giving written notice to FRONTIER.

**18. CONFIDENTIALITY**

- 18.1 The Parties shall treat as strictly confidential for the term of \*\*\*\*\* after signing of this Agreement, including the document itself as well as individual provisions contained herein. In particular each Party shall treat as strictly confidential the contents of the negotiations leading up to this Agreement. Neither Party shall disclose this Agreement or the contents of the negotiations leading up to this Agreement to any employee, third party or other person except where such disclosure is necessary in order to fulfill the obligations under this Agreement and except that LHT may disclose this Agreement and the contents of the negotiations leading up to this Agreement to a company directly or indirectly controlled by Deutsche Lufthansa Aktiengesellschaft.
- 18.2 FRONTIER shall treat as strictly confidential for the term of \*\*\*\*\* after signing of this Agreement any information received in connection with this Agreement, including, but not limited to any business, technical and strategic data disclosed by LHT, their customers or Subcontractors at any time for any reason—comprising any and all such information in oral or visual form, and shall use such information solely for the performance hereunder. FRONTIER’s obligations of confidentiality as stipulated for in this Article shall include all necessary measures of IT (information technology) data protection.
- 18.3 The disclosure of any documents, data and other information to FRONTIER in connection with this Agreement shall not be construed as a grant or transfer of any rights, in particular but not limited to intellectual and industrial property rights such as patents or copyrights nor a permission to use such documentation, data or other information except for the purposes required by this Agreement.

**19. NOTICES AND COMMUNICATION**

- 19.1 Unless otherwise stipulated in Article [19.2] below or elsewhere in this Agreement, all communication required under this Agreement shall be addressed to LHT as follows:

LUFTHANSA TECHNICK AG  
Dept. HAM TN/S  
Corporate Purchasing  
Weg beim Jäger 193  
22335  
Germany

to FRONTIER as follows:  
FRONTIER AIRLINES, INC.  
General Counsel  
7001 Tower Road  
Denver, CO 80249, USA

- 19.2 Neither Party may claim that the other Party has received any message or correspondence if addresses other than those specified in accordance with this Article [19] (“Notices and Communications”) have been used unless it had been actually received by the right person.
- 19.3 Messages including any orders sent by e-mail or other electronic means shall be deemed received only when the message has been accessed by the receiving Party. The burden of proof for the receipt and time of receipt of such messages shall be with the Party sending the message.
- 19.4 All communication between the Parties shall be in English and all documentation shall be made available to the other Party in English. In case any other language is used or any document including this Agreement is translated into any other language it shall be for convenience only. The version in English shall be legally binding.

## 20. MISCELLANEOUS

### 20.1 Law

This Agreement and any dispute shall be governed by and construed in accordance with the laws of the State of New York, U.S.A. without regard to its conflicts of laws principles.

### 20.2 Dispute Resolution / Arbitration

- 20.2.1 Any dispute between the Parties with respect to the interpretation of any provision of this Agreement or with respect to the performance of either Party shall be resolved as specified in this Article 20.2.
- 20.2.2 Prior to commencing arbitration, the Parties may, if they so agree, seek the opinion of the relevant manufacturer in relation to the Services under dispute with a view to settling the dispute in good faith. In addition, each Party shall appoint a designated representative whose task it will be to meet for the purpose of endeavouring to resolve such dispute. The designated representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding. These procedures shall not prejudice either Party’s right to commence arbitration at any time as per Article 20.2.3.
- 20.2.3 Any dispute between the Parties out of or in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with the

Rules. The place of arbitration shall be New York, New York, U.S.A. The language of the arbitration shall be English. All proceedings in the arbitration shall be scheduled and conducted so that the arbitral tribunal may render the award as expeditiously as possible.

- 20.2.4 The award shall be final and binding. No Party shall seek recourse to a court of law or other authorities to appeal or otherwise set aside the award. The award shall be in writing and in English, and shall specify the factual and legal basis for the award. The award may be enforced in any court having jurisdiction. The arbitrator shall award to the prevailing Party its costs, including reasonable attorneys' fees and costs, to the degree of such prevailing Party's success.
- 20.2.5 The Parties consent to the exclusive jurisdiction of the United States District Court for the Southern District of New York in any action, suit or proceeding with respect to the enforcement of the arbitration agreement, this Article 20.2, and to the non-exclusive jurisdiction of that court with respect to the enforcement of any award thereunder.
- 20.2.6 Nothing in this Agreement shall prevent any Party, before an arbitration has commenced pursuant to this Article 20.2, from seeking interim or injunctive relief.
- 20.2.7 The Parties agree to keep any arbitration confidential, and shall not disclose to any person the existence of the arbitration, any document submitted or exchanged in connection with it, any oral submissions or testimony, any transcripts, or any award, unless such disclosure is required by law.
- 20.2.8 The Parties agree that this Agreement and the resulting obligations and relationships are commercial and that the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the InterAmerican Convention on International Commercial Arbitration of 1975 apply to this Agreement and to any order or arbitral award resulting from any arbitration conducted in accordance with this Agreement.
- 20.2.9 Frontier hereby appoints Corporation Services Company: 80 State Street, Albany, NY 12207 (Phone 1-866-403-5272) as its agent for service of process in New York in any dispute; provided, however, that the agent may be replaced by another agent in New York upon thirty (30) Days' written notice. Service of process on the designated agent at the designated address shall be deemed, for all purposes, to be due and effective service, and service shall be deemed completed whether or not forwarded to or received by the respective Party. Any correspondence sent to a Party's agent for service of process shall also be copied to the Party directly pursuant to Article 19.1; provided, however, that the failure to copy any Party directly shall not affect the effectiveness of any service of process.

LHT hereby appoints Lufthansa Technik Component Services, 3102 Commerce Parkway, Miramar, FL 33025 as its agent for service of process in any dispute; provided, however, that the agent may be replaced by another agent upon thirty (30) Days' written notice. Service of process on the designated agent at the designated address shall be deemed, for all purposes, to be due and effective service, and service shall be deemed completed whether or not forwarded to or received by the respective Party. Any correspondence sent to a Party's agent for service of process shall also be copied to the Party directly pursuant to Article 14.4; provided, however, that the failure to copy any Party directly shall not affect the effectiveness of any service of process.

### 20.3 Assignment

- 20.3.1 FRONTIER may not assign any of its rights and/or obligations under this Agreement or part thereof without the prior written consent of LHT. FRONTIER agrees that LHT may assign any of its rights and/or obligations under this Agreement in total or in part to a company directly or indirectly controlled by Deutsche Lufthansa Aktiengesellschaft.
- 20.3.2 FRONTIER shall be informed by LHT about such assignment in due time.

### 20.4 Alteration

- 20.4.1 This Agreement shall not be varied in terms or amended except by an instrument in writing explicitly named an amendment to this Agreement and signed by duly authorized representatives of the Parties.
- 20.4.2 Verbal agreements reached during the negotiations or during the period of this Agreement shall not be binding upon either Party unless and until mutually confirmed in writing.

### 20.5 Order of Precedence

In the event a provision in an attachment, exhibit, annex to this Agreement or letter agreement relating to this Agreement deviates from any provision of this Agreement, such attachment, exhibit, annex or letter agreement shall prevail only if it explicitly refers to the Article and provision it intends to deviate from. In all other cases the provisions of this Agreement shall prevail.

### 20.6 Exclusion of General Terms and Conditions

LHT and FRONTIER acknowledge that pursuant to current practices, standard quotation forms, purchase orders and other forms (including terms and conditions contained in catalogues) are often utilised, which forms contain terms and conditions intended to be applicable to a purchase and sale between a buyer and a vendor. LHT and FRONTIER agree that, except as expressly provided in this Agreement, no such terms and conditions as appear on such standard forms or catalogues shall become part of this Agreement, despite the fact that such forms may be utilised by representatives of one or both Parties or accepted by the other without objection. It is the specific intent of the Parties that this Agreement shall prevail over any such form and that no modification of this Agreement shall be effective unless made in strict compliance with Article [20.4] ("Alteration") and Article [20.5] ("Order of Precedence").

20.7 Waiver and Severability

- 20.7.1 Failure by either Party to enforce any of the provisions of this Agreement shall not be construed as a waiver of such provisions.
- 20.7.2 If any of the provisions of this Agreement are held unlawful or otherwise ineffective by any court of competent jurisdiction, the remainder of this Agreement shall remain in full force and the unlawful or otherwise ineffective provision shall be substituted by a new provision mutually agreed upon by LHT and FRONTIER reflecting the intent of the provision so substituted.

20.8 Notification of Changes

Any changes or alterations, including change of address, company name, organization, approval etc. shall be immediately notified in writing to the addressee stipulated in Article [19] (“Notices and Communication”).

In case any of the Parties changes its address, it shall inform the other Party with \*\*\*\*\* prior written notice before such change is effective so in case any notice or . communication made to the Party who has changed its domicile without advising the other Party as agreed in this clause, shall be deemed as legally effectuated

20.9 Interpretation

The list of contents, section names and headings are for ease of reference only and shall not be taken into account in construing this Agreement.

20.10 Export Clause

The Parties hereby acknowledge that the shipment, transfer or Delivery of any Item under this Agreement may be subject to export laws and regulations of the European Union, Germany and the United States (hereinafter referred to as “Export Control Regulations”), including compliance requirements set forth under the U.S. Export Administration Regulations (EAR), 15 CFR Parts 730-774, International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120-130, and U.S. economic sanctions regulations (OFAC regulations), 31 CFR Parts 500-598).

Each Party further acknowledges its respective obligation to comply fully with applicable Export Control Regulations in connection with the performance of this Agreement. As part of such obligation, FRONTIER agrees to ensure that any shipment, transfer or Delivery of any Item to LHT under this Agreement is in full compliance with applicable Export Regulations.

In furtherance of its compliance obligations, FRONTIER agrees to provide to LHT prior to performing such Services, Material supply or Part installation or prior to making any shipment, transfer or delivery of any Item to LHT under this Agreement the correct export classification of such Material, Part or Item e.g., the classification under the "Ausfuhrliste" of the German Federal Office of Economics and Export Control (BAFA), the relevant category in the United States Munitions List USML or the Export Control Classification Number ECCN under the EAR and to provide to LHT all necessary information related thereto and shall otherwise provide to LHT any reasonable assistance requested by LHT to ensure full compliance with applicable Export Control Regulations. As part of such assistance, FRONTIER shall inform LHT if the Services rendered, the Material supplied or any Part installed and/or any shipment, transfer or delivery of an Item under this Agreement will require an export license or other authorization under applicable Export Control Regulations, as well as any document that LHT must complete or submit in connection with obtaining such export license or authorization.

In addition, FRONTIER agrees that, whenever any shipment, transfer or Delivery of an Item under this Agreement requires an export license or other authorization under applicable Export Regulations, it will obtain such license or authorization at no cost to LHT and in a manner that permits Delivery of the Item within the Lead Time set forth under this Agreement.

#### 20.11 Form of Agreement

Two originals of this Agreement shall be signed and executed by the Parties. One original shall remain with each Party. Each page of each original of the Agreement (including any attachments, exhibits, side-letters etc.) shall be initialled by each Party. Each of the two originals shall constitute an original of this Agreement, but together the counterparts shall constitute one document.

#### 20.12 Environmental and Labour Standards

Frontier shall abide by the internationally recognised environmental standards as well as the basic labour standards of the International Labour Organisation as set forth in Art. 2 of the ILO-Declaration dated 18th June 1998 ("Fundamental Principles and Rights at Work").

### 21. CONDITIONS PRECEDENT

This Agreement shall only become effective upon the execution and effectiveness of that certain Services Agreement by and between the Parties hereto.

In case of termination of the Services Agreement LHT may return all of the Purchased Items or parts thereof and FRONTIER shall return any payment made by LHT.

SIGNATURES

IN WITNESS THEREOF LHT and FRONTIER have caused this Agreement to be executed as of the day and year written below.

**For and on behalf of  
Lufthansa Technik AG:**

Name Jörg Asbrand  
Title Vice President Corporate Purchasing  
Town, Date: \_\_\_\_\_  
Signature: /s/ Jörg Asbrand

[Authorized Signatory]  
Director Aircraft Component Services  
\_\_\_\_\_  
/s/ [Authorized Signatory]

**For and on behalf of  
FRONTIER AIRLINE, INC.:**

Name James G. Dempsey  
Title Chief Financial Officer  
Town, Date: Denver, Colorado  
Signature: /s/ James G. Dempsey

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Attachment A: Items List

No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****









No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****
*****	*****	*****	*****	*****	*****		*****	*****	*****

No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****

No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****





No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****

No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****



No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****

No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****







No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****





No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****



No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****



No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****



No	Part Number	MFR	PN Description	Qty	Date of FFT Purchase	Warr Expiration Date	Purchase Price	HBS	TRANSPORT
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****
*****	*****	*****	*****	*****			*****	*****	*****

Part Number means the original Part Number as stated herein or any superseding Part Number, which is required from FRONTIER to comply with this Agreement.







\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.22(a)

Hosted Services Agreement

FINAL

**CONFIDENTIAL**

**FRONTIER AIRLINES — JUNE 2014**

**NAVITAIRE HOSTED SERVICES AGREEMENT**

**Table of Contents**

<b>1. Definitions</b>	<b>2</b>
<b>2. Scope of Services</b>	<b>9</b>
<b>3. NAVITAIRE Obligations</b>	<b>10</b>
<b>4. Customer Obligations</b>	<b>10</b>
<b>5. Term and Termination</b>	<b>18</b>
<b>6. Price and Payment</b>	<b>20</b>
<b>7. License, Title, Modifications, and Covenants</b>	<b>23</b>
<b>8. Indemnification</b>	<b>29</b>
<b>9. Confidential Information</b>	<b>31</b>
<b>10. Disclaimers and Limitations</b>	<b>33</b>
<b>11. Publicity</b>	<b>35</b>
<b>12. Relationship of the Parties</b>	<b>36</b>
<b>13. No Assignment</b>	<b>36</b>
<b>14. Force Majeure</b>	<b>36</b>
<b>15. Notices</b>	<b>37</b>
<b>16. Waiver</b>	<b>38</b>
<b>17. General</b>	<b>38</b>

**NAVITAIRE HOSTED SERVICES AGREEMENT**

This Hosted Services Agreement (the "**Agreement**") is made between Navitaire LLC, a Delaware limited liability company ("**NAVITAIRE**") and Frontier Airlines, Inc., a Colorado corporation, ("**Customer**"), and shall be effective as of June 20, 2014 ("**Effective Date**").

**Recitals**

- A. Accenture LLP is a global management consulting, technology services and outsourcing company.
- B. NAVITAIRE, wholly owned by Accenture LLP, is an airline technology services company, which provides various services such as hosted reservation and revenue management services to airline companies worldwide.
- C. The parties desire that NAVITAIRE provide to Customer Hosted Services (as defined in Section 1), and Customer desires to purchase such Hosted Services on the terms contained in this Agreement.

NOW, THEREFORE, the parties agree as follows:

**1. Definitions**

As used herein, the following terms shall have the meanings accorded them in this Section 1. In the event of any conflict between a definition set forth in this Section 1 and in any one contained in an Exhibit to this Agreement, the definition contained within such Exhibit shall control.

- 1.1 Affiliate** of a party means any entity, whether incorporated or not, that is controlled by, controls, or is under common control with such party. "Control" means the ability, whether directly or indirectly, to direct the affairs of another by means of ownership, contract or otherwise.
- 1.2 API(s)** means Application Program Interface(s) contained within the Hosted Services System and used to facilitate communications between external systems of Customer or Customer API Agents and the Hosted Services System.
- 1.3 Business Critical Services** means the services required to be restored first in the event of a Disaster and comprise the components listed in the Disaster Recovery Services descriptions in Section 5 of Exhibits A and F, as applicable.
- 1.4 Confidential Information** has the meaning set forth in Section 9.1 hereof.
- 1.5 Configurable Template** means any of the templates comprising from time to time a part of the Hosted Services System and designed to permit Customer to configure the presentation and interfaces of the Hosted Services through the use of API(s) made available by NAVITAIRE as a part of Hosted Services for such purpose.

- 1.6 Contract Year** means each twelve (12) month period commencing at the Target Date listed for Hosted Reservation Services in Exhibit A, as such Target Date may be modified pursuant to Section 1.6 of Schedule K to this Agreement. If Hosted Reservation Services are not in scope of the Agreement, the Target Date in the applicable exhibit is used to determine the Contract Year.
- 1.7 Critical Business Data** means the data required to be restored first in the event of a Disaster, detailed in the Disaster Recovery Services chart included in Section 5, New Skies by NAVITAIRE Functionality Included in Hosted Reservation Services, in Exhibit A.
- 1.8 Current Release** means the latest generally available release of the NAVITAIRE software that NAVITAIRE makes commercially available to its hosted services customers and as represented by the second number in the release description (*e.g.*, where Release 4.1 is the current release, with Release 4.0 being the current release “minus one”).
- 1.9 Customer Agent** means employees of Customer, and contractors, service providers, and agents of Customer that are not competitors of NAVITAIRE.
- 1.10 Customer API Agent** means, referral entities, resellers and sales channel partners of Customer, including Code Share Operating Carriers and Code Share Marketing Carriers that communicate with the Hosted Services System via API.
- 1.11 Customer Authorized Support Contact(s)** has the meaning set forth in Exhibit D.
- 1.12 Custom Enhancement Request** means a request by Customer for an Enhancement made pursuant to Support Center Support or a Work Order.
- 1.13 Customer Account Liaison** has the meaning set forth in Exhibit D.
- 1.14 Customer Data** means the data entered into the Hosted Services System by Customer, a Customer Agent authorized to use the Hosted Services System in accordance with this Agreement, or a customer of Customer.
- 1.15 Customer Personal Data** means data which is owned or controlled by Customer, which NAVITAIRE has access to and/or otherwise processes for the purpose and during the provision of the Services, and which names or identifies a natural person including, without limitation: (a) data that is explicitly defined as a regulated category of data under data protection laws applicable to Customer; (b) non-public personal data, such as national identification number, passport

number, social security number, driver’s license number; (c) health or medical information, such as insurance information, medical prognosis, diagnosis information or genetic information; (d) financial information, such as a policy number, credit card number and/or bank account number; and/or (e) sensitive personal data, such as race, religion, marital status, disability, or sexuality.

- 1.16 **Customer Responsibilities** means the obligations of Customer set forth in this Agreement including any Exhibits and any functions or responsibilities not specifically described in this Agreement which are inherent to and necessarily required to be performed by Customer as part of such obligations.
- 1.17 **Customer Website** means the customized portal provided by Customer for passengers to use for booking transactions via the Internet.
- 1.18 **Deliverables** mean Materials that are originated and prepared for Customer by the Service Provider (either independently or in concert with Customer or third parties) and delivered to Customer during the course of the NPS Services under this Agreement, within the scope of a Work Order, as described in the Work Order form included in Exhibit L of this Agreement.
- 1.19 **Disaster** means an unplanned production data center outage of twenty-four (24) hours or sufficient duration to cause severe loss or impairment of all of the following areas: (i) ticket sales, (ii) airport check-in, (iii) boarding, and (iv) functionalities utilized by the callcenter whereupon a Disaster may be declared, and the redeployment of resources to a recovery data center (“DR Site”) to reinstate service may be triggered. A Disaster may be caused by disruptive events including but not limited to Force Majeure Events (as defined in Section 14.2 of the Agreement).
- 1.20 **Disaster Recovery (DR)** means the process of rebuilding and restoring sustained operations of the Hosted Services System environment capabilities after a Disaster, in an alternate data center facility, and hand over of recovered services to Customer for Customer testing and resumption of Customer business functions.
- 1.21 **Disaster Recovery Services** means the Disaster Recovery services provided hereunder and in accordance with the specifications set out at Exhibit A, which includes a backup system at an alternate location to be made available in case of a Disaster. Such services shall include but not be limited to the following:
  - Provides an alternate data center site Disaster Recovery solution;
  - \*\*\*\*\*
  - \*\*\*\*\*
  - \*\*\*\*\*



- \*\*\*\*\*
- \*\*\*\*\*

- 1.22 **Emergency** has the meaning set forth in Section 5 of Exhibits A, B, F, and G.
- 1.23 **Enhancement** means new functionality or modifications to existing functionality within the Hosted Services System, but does not include System Error fixes.
- 1.24 **Hosted Reservation Services** means the services described in Exhibit A; provided that if Hosted Reservation Services are not designated as being contracted for in Section 2, Exhibit A shall be blank or not appended and this Agreement shall not cover such type of services.
- 1.25 **Hosted Revenue Accounting Services** means the services described in Exhibit G; provided that if Hosted Revenue Accounting Services are not designated as being contracted for in Section 2, Exhibit G shall be blank or not appended and this Agreement shall not cover such type of services.
- 1.26 **Hosted Revenue Management Services** means the services described in Exhibit B; provided that if Hosted Revenue Management Services are not designated as being contracted for in Section 2, Exhibit B shall be blank or not appended and this Agreement shall not cover such type of services.
- 1.27 **Hosted Services** means Hosted Reservation Services and/or Hosted Revenue Management Services and/or Hosted Web Services and/or Hosted Revenue Accounting Services as designated in Section 2 of this Agreement. Hosted Services are provided by NAVITAIRE and its Affiliates.
- 1.28 **Hosted Services System** means with respect to Hosted Reservation Services, Hosted Revenue Management Services, Hosted Web Services, and/or Hosted Revenue Accounting Services, the hardware and software used by NAVITAIRE as part of the Services as well as in each case any user documentation associated therewith (including Configurable Templates and any associated API(s)).
- 1.29 **Hosted Web Services** means the services described in Exhibit F; provided that if Hosted Web Services are not designated as being contracted for in Section 2, Exhibit F shall be blank or not appended and this Agreement shall not cover such type of services.
- 1.30 **Incident (INC)** means a Customer reported Hosted Services trouble report and description logged and submitted through the INC schema in NAVITAIRE's Internet based customer support tool (Remedy).

- 1.31 Internal Business Purpose** means use of the Hosted Services or Hosted Services System solely to support the internal organization of Customer in pursuit of ordinary and customary internal transportation-related business operations, and without limiting the foregoing not for any purpose restricted by Section 7 hereof.
- 1.32 Interrupted Service** means a complete system availability outage of any of the following systems: (i) check-in system comprised of both SkyPort and GoNow, or (ii) the Hosted Reservation Services, or (iii) Hosted Web Services Systems, due to the following:
- NAVITAIRE controlled primary circuit network line being down;
  - NAVITAIRE controlled server or router being down; or
  - System Error which causes the system to be completely unavailable.
- 1.33 Invoicing Currency** means the currency that NAVITAIRE uses in preparation of monthly Customer invoices. The Invoicing Currency for this Agreement is USD.
- 1.34 Maintenance Release** means modification(s) or change(s) to the Hosted Services System for System Error fixes or minor Enhancements. As of the Effective Date of the Agreement, the maintenance release number is represented by the 3rd number in the release description (*e.g.*, Release 4.1.1 represents the 1st maintenance release of the 4th Major Release and 1st Minor Release of New Skies), but such numbering is subject to change at NAVITAIRE's discretion.
- 1.35 Major Release** means material modification(s) or change(s) to the Hosted Services System (a) architecture or database, or (b) that adds new module(s) or series of functionalities to the Hosted Services System. As of the Effective Date of the Agreement, the major release number is represented by the 1st number in the release description (*e.g.*, Release 4.0.1 represents the 4th major release of New Skies), but such numbering is subject to change at NAVITAIRE's discretion.
- 1.36 Mark** has the meaning set forth in Section 4.11 hereof and in Exhibit E.
- 1.37 Materials** mean work product and other materials, including without limitation, reports, documents, templates, studies, software programs in both source code and object code, specifications, business methods, tools, methodologies, processes, techniques, solution construction aids, analytical frameworks, algorithms, know-how, processes, products, documentation, abstracts and summaries thereof.
- 1.38 Minor Release** means modification(s) or change(s) to the Hosted Services System for System Error fixes, error corrections, and modifications for new versions of the supported operating systems which are generally provided by NAVITAIRE to customers who are eligible to receive Support Services;

provided, however, that a Minor Release does not include new or separate product offerings, Major Releases, or any modules or systems that NAVITAIRE markets as new or distinct products, whether or not such products are intended as successor products to the Hosted Services System. As of the Effective Date of the Agreement, the minor release number is represented by the 2nd number in the release description (e.g., Release 4.1 represents the 1st minor release of the 4th Major Release of New Skies), but such numbering is subject to change at NAVITAIRE's discretion.

- 1.39 NAVITAIRE Account Manager** means the NAVITAIRE Commercial Account Manager and/or other NAVITAIRE representatives as designated in Customer's copy of the NAVITAIRE Procedures Manual, provided by the NAVITAIRE Support Center.
- 1.40 NAVITAIRE Property** has the meaning set forth in Section 7.2 hereof.
- 1.41 NPS** means Navitaire Professional Services, a division of Navitaire LLC that specializes in providing custom solutions to NAVITAIRE customers.
- 1.42 Passing Website Efficiency Grade** means the grade assigned to the Customer Website meeting the parameter below which is derived from the Performance Score and Maximum Page Size as measured by using a mutually-agreed and objective, third party tool; *provided that* if the parties cannot agree to a mutually-agreed and objective, third party tool, then the parties shall use the YSlow tool and rule set, created by Yahoo! and available via a free download at [yslow.org](http://yslow.org), to measure Customer's website and obtain the Performance Score and Maximum Page Size. The parties may agree to use an alternate tool in the future by executing a written amendment modifying this definition. Passing Website Efficiency Grade is comprised of:
- 1) \*\*\*\*\*
  - 2) \*\*\*\*\*
- The list of YSlow rules applied to Customer's website is provided in the NAVITAIRE Procedures Manual, available on NAVITAIRE's Customer Care web site.
- In the event that YSlow: 1) is no longer available at no cost to NAVITAIRE; 2) no longer measures the Maximum Page Size; or 3) does not provide a Performance Score as contemplated above; NAVITAIRE and Customer mutually agree to evaluate a potential replacement tool or modifications to this definition.
- 1.43 Passive/Informational Segment** means a Segment on the host PNR for informational notice of flights on other airlines, which does not directly affect the host's flight inventory.

- 1.44 **Peak Usage** means usage of the Hosted Reservation Services or Hosted Web Services that is no greater than either of the following:
- (i) \*\*\*\*\*
  - (ii) \*\*\*\*\*
- 1.45 **PNR** means a Passenger Name Record, being an individual electronic record with a unique record locator number, which may contain one or more passenger names, but does not necessarily contain active or inactive booked Segments.
- 1.46 **Production Version** means, at any given time, the version of the Hosted Services System then utilized to provide the Hosted Services to Customer in a live, production environment.
- 1.47 **Professional Services** means the services performed for Customer by Navitaire LLC, as the Service Provider, pursuant to the terms of Exhibit L and a mutually agreed, written Work Order based upon the Work Order form included in Exhibit L.
- 1.48 **Recovery Point Objective (RPO)** means the maximum amount of data loss measured in time, for the Critical Business Data.
- 1.49 **Recovery Time Objective (RTO)** means the time as set out herein for the invocation of the Disaster Recovery process and the handover of the sustainably recovered Business Critical Services to Customer for testing.
- 1.50 **Segment or Host Segment** means a nonstop individual booked flight segment or passive/informational segment.
- 1.51 **Services** means any services NAVITAIRE provides or is obligated to provide pursuant to this Agreement or any Work Order, including without limitation the Hosted Services, Implementation Services, Support Services and Professional Services.
- 1.52 **Service Fees** means the fees payable by Customer as specified in Section 1.1 of Exhibit K.
- 1.53 **Service Levels** means the service levels determined in accordance with Exhibit A, Section 7.
- 1.54 **Service Level Credit** means an amount to be credited to an invoice in accordance with Section 8.5.3 of Exhibit A.
- 1.55 **Service Provider** means the entity described in the Professional Services definition.

- 1.56 **Strategic Business Review** means the process whereby NAVITAIRE gathers information on Customer’s desired use of the Hosted Services and outlines functional capabilities of the Hosted Services System.
- 1.57 **Support Center** or **NAVITAIRE Support Center** means the NAVITAIRE facility that accepts phone and Internet based customer support tool service requests related to Hosted Services.
- 1.58 **Support Center Support** means the Services described in Section 2 “Scope of Services” of Exhibit J.
- 1.59 **Support Fees** means fees payable by Customer for applicable NAVITAIRE Support Center Support as specified in Exhibit K.
- 1.60 **Support Services** means the portion of the Services to be provided without additional fees other than the fees identified in Section 1.1 of Exhibit K which consists of: (a) the correction of System Errors, as described in Section 2.1 of Exhibit J; and (b) Support Hours as described in Section 4 of Exhibit J.
- 1.61 **Target Date** means the completion date for Implementation Services for each of the defined Hosted Services as outlined in Section 3 of Exhibits A, B, F, and G unless the Target Date has been changed as outlined in Exhibit K. In the event that Customer utilizes the Hosted Services for live production use before the Target Date, the Target Date will be deemed to be the first date of production use of such Hosted Services. The specific Target Date for each of the Services is located in Section 3.9.1 of Exhibits A, B, and G, and Exhibit F, Section 3.7.1.
- 1.62 **Term** means the duration of the Agreement.

2. **Scope of Services**

For purposes of this Agreement, Hosted Services include (as designated by ‘X’) the following:

<u>‘X’ or ‘N/A’</u>	<u>Hosted Services</u>
*****	*****
*****	*****
*****	*****
*****	*****

In addition, the parties may further agree that Navitaire LLC will provide Professional Services pursuant to Exhibit L the parties agree and execute a written Work Order in a form similar to the example contained within Exhibit L.

Unless expressly identified as being hosted by NAVITAIRE in the table above, Customer shall be responsible for managing any hosted environments required to support any NAVITAIRE or third party products. If functionality is not specifically listed in these exhibits or is documented as excluded as a Hosted Service, then Customer is responsible for hosting such functionality.

### 3. NAVITAIRE Obligations

NAVITAIRE shall perform the Hosted Services in accordance with this Agreement. NAVITAIRE may utilize subcontractors to perform its obligations under this Agreement; \*\*\*\*\* .

### 4. Customer Obligations

- 4.1 General Obligations.** Customer shall comply with the Customer Responsibilities. Customer acknowledges that NAVITAIRE's performance is dependent in part on Customer's timely and effective performance of the Customer Responsibilities. NAVITAIRE will be excused from failures to perform its obligations under this Agreement including meeting the Service Levels, to the extent that Customer or Customer Agents fail to timely and adequately perform the Customer Responsibilities and such failure is the cause of NAVITAIRE's failure to perform.
- 4.2 Access and Cooperation.** Customer will provide NAVITAIRE with access to and use of its data, internal resources, and facilities, and shall otherwise cooperate with NAVITAIRE each as reasonably required by NAVITAIRE, in connection with the implementation and provision of Hosted Services. Customer gives permission to NAVITAIRE to transmit data to third parties as contemplated by this Agreement, which may include confidential information of Customer and/or Customer Personal Data (by way of example, but without limitation, such information may include payment card data sent to third party payment card processors, or passenger data sent to relevant government authorities for security purposes).
- 4.3 Customer Website Efficiency and Peak Usage.** The parties acknowledge that the design of the Hosted Services System is predicated upon certain assumptions including, without limitation, the following: (i) the Customer Website will maintain a Passing Website Efficiency Grade; and (ii) Customer's usage of the Hosted Reservation Services and/or Hosted Web Services will not exceed Peak Usage.

Customer agrees that during the Term of this Agreement the Customer Website shall maintain a Passing Website Efficiency Grade as defined herein. In the event the Customer Website does not maintain a Passing Website Efficiency Grade for any period of time during the Term of this Agreement, then during such time period any minutes during which Hosted Reservation Services and/or Hosted Web Services is unavailable shall not be counted as Interrupted Service Minutes for purposes of calculating whether NAVITAIRE has met the Minimum System Availability Target under this Agreement. In the event the parties enter into a Work Order for NAVITAIRE to perform Professional Services to do the initial development of the Customer Website and such Work Order provides for NAVITAIRE to control all of the development efforts, the parties hereby agree that such Work Order shall specify that Customer Website as delivered by NAVITAIRE shall be capable of earning a Passing Website Efficiency Grade.

Customer agrees to provide NAVITAIRE, on a confidential basis and according to a NAVITAIRE pre-defined process, at least \*\*\*\*\* advance written notice of any marketing initiatives, acquisitions, alliances, schedule changes, changes to the Customer Website, or promotions that may result in Customer's usage of the Hosted Reservation and/or Hosted Web Services to exceed Peak Usage or otherwise adversely impact the Hosted Reservation and/or Hosted Web Services System performance. Examples of this include, without limitation, free ticket/\$0 fare promotions, new hub announcements, significant additional aircraft purchases, etc. If Customer desires an increase in infrastructure of the Hosted Services System to support a larger Peak Usage, Customer will provide NAVITAIRE with detailed requirements and NAVITAIRE will endeavor to provide Customer with the estimated fees and timeline when such additional infrastructure capacity could be made available to Customer. Any increase in the Peak Usage shall only take effect upon the implementation date as documented in a mutually agreed written amendment.

In the event usage of the Hosted Reservation and/or Hosted Web Services exceed Peak Usage for any period of time during the Term of this Agreement, any minutes during which Hosted Reservation Services and/or Hosted Web Services is unavailable shall not be counted as Interrupted Service Minutes for purposes of calculating System Availability under this Agreement.

- 4.4 Notice of Additional Data Storage Requirements.** During the Term of this Agreement NAVITAIRE agrees to provide Customer with completed travel historical data storage capacity equal to \*\*\*\*\* of historical PNR level booking activity detail available in the On-Line Transaction Processing (“**OLTP**”) database and accessible from the Hosted System interfaces, along with an additional \*\*\*\*\* of read-only historical PNR data available in the archive database and accessible from SkySpeed. If Customer desires additional data storage in excess of the \*\*\*\*\* available, Extended PNR Archiving may be contracted for via a written amendment to this Agreement.

- 4.5 Annual Segment Forecast Update.** Customer agrees to provide NAVITAIRE each May with projected annual Segment volume forecast for the following year. NAVITAIRE will use Customer's Segment forecast for business planning purposes for providing Hosted Services.
- 4.6 Customer Contacts.** Customer initially designates the person set forth in Exhibit D, Section 2 as the Customer Account Liaison, being the primary authorized contact for account management, project funding, performance, payment, and other commercial issues with respect to the Hosted Services. Customer further initially designates the person(s) set forth in Exhibit D, Section 6 as the Customer Authorized Support Contact(s), being the primary authorized contact(s) to utilize the telephone support and Internet technical support system. Customer will ensure that all Customer Authorized Support Contact(s) will have received adequate training on the Hosted Services. Customer may change their designated Customer Account Liaison or Customer Authorized Support Contact(s) by written notice to NAVITAIRE.
- 4.7 Customer Costs. \*\*\*\*\***
- 4.8 Exclusive Use by Customer.** Hosted Services and Hosted Services System of NAVITAIRE are for the sole and exclusive use of Customer and exclude any Affiliates of Customer. Customer may not allow any third party to access or use the Hosted Services or Hosted Services System of NAVITAIRE without the prior written consent of NAVITAIRE. Notwithstanding the foregoing, Customer may, however, (i) permit Customer Agents to access the Hosted Services or Hosted Services System for the benefit of Customer's Internal Business Purpose; provided that Customer remains responsible for such access as if such access was made by Customer and each such Customer Agent is bound by and agrees to comply with the confidentiality terms no less restrictive than those contained in Section 9 and the terms contained in Section 7.3.2 and 7.4 hereof; and (ii) permit Customer API Agents to communicate with the Hosted Services System via API provided that each such Customer API Agent has executed a written NDA with NAVITAIRE prior to such communication. For purposes of reference, Section 7 contains further terms and conditions regarding Customer's use of the Hosted Services System.
- 4.9 Training.** Except for any initial training provided by NAVITAIRE as described in Exhibits A, B, F, and G, Customer will be responsible for training its employees and third party contractors in the use of Hosted Services including, but not limited to, use of any new functions or Enhancements.
- 4.10 Telecommunications and Equipment.** Unless otherwise specified in Exhibits A, B, F, or G, Customer shall be responsible for all telecommunication circuits used by Customer in connection with the transmission of data between the Hosted Services System and Customer's site(s). Customer shall provide, install, and operate compatible hardware and communications equipment, which meets



NAVITAIRE required specifications as listed in Section 6 of Exhibits A, F, and G, necessary for connecting to the Hosted Services System. Customer is required to have Internet access and Internet electronic mail capability in order to communicate with NAVITAIRE support. Customer agrees to order all required circuits it is responsible for within \*\*\*\*\* of execution of this Agreement. In the event that the Target Date is greater than \*\*\*\*\* following the Effective Date of this Agreement, Customer may order all required circuits at a later date but no less than \*\*\*\*\* prior to the Target Date. The data circuits must be of capacity sufficient to accommodate all Hosted Services and meet any defined Service Levels. All Customer connections to the NAVITAIRE network must be a \*\*\*\*\* . Included in the standard pricing are \*\*\*\*\* rack units of network rack space in the NAVITAIRE data center for Customer network hardware. All Customer network devices must include \*\*\*\*\* . All Customer devices housed in the NAVITAIRE data center require \*\*\*\*\* . NAVITAIRE will provide \*\*\*\*\* console connections to Customer in the standard pricing for this remote access and maintenance. Additional rates will apply if Customer requires more console connections or rack space.

**4.11 Acknowledgment.** Customer agrees to include the Powered by NAVITAIRE® Mark (the “Mark”) on the Customer Website under the terms and conditions set forth in Exhibit E of this Agreement including specifically the booking pages of the Customer Website; any other content on the Customer Website shall be determined by Customer in its sole discretion.

**4.12 Post Implementation Upgrade Release Management.**

**4.12.1 Major Releases.** Customer agrees to implement any Major Release issued during the Term by the later of:

**4.12.1.1** (A) with respect to the first Major Release following the Major Release implemented upon the Target Date, \*\*\*\*\* , and (B) with respect to any subsequent Major Release issued during the Term, \*\*\*\*\* the date on which NAVITAIRE first offers to implement such Major Release among its customers generally, during either such period NAVITAIRE (a) may continue to issue Current Releases intended to be used in conjunction with the prior Major Release included in the Production Version, (b) shall continue to issue Maintenance Releases as needed to correct System Errors which would otherwise materially compromise the functionality of the Production Version and for which no work around exists, and (c) shall have no obligation to provide Enhancements for the prior Major Release included in the Production Version; and

- 4.12.1.2** The date on which NAVITAIRE ceases to provide support to customers receiving hosted services based on such prior Major Release.
- 4.12.2** **Minor Releases.** Customer agrees to use Hosted Services that are provided through the Current Release or the Current Release “minus one.” If at any time Customer would otherwise be using software based on the Current Release “minus two,” the parties shall work together to determine the most viable release for Customer to implement, which may be the Current Release or the Current Release “minus one.” NAVITAIRE agrees to make available and provide Support Center Support in respect to the Current Release or the Current Release “minus one,” provided, however, that (a) NAVITAIRE reserves the right to require Customer to utilize the then most current Maintenance Release designed for use in conjunction with the Current Release as necessary for NAVITAIRE to meet its obligations under the Agreement or to avoid infringement of a third party intellectual property right and (b) NAVITAIRE shall not be required to provide correction for System Errors in the Current Version “minus one” if the correction for the System Error is being developed in the Current Version unless: (i) the parties mutually agree that such System Error materially compromises Customer’s business and no work around exists to address such System Error or (ii) in the event of an Emergency caused by a System Error for which no work around exists. Further, NAVITAIRE shall not be required to provide Enhancements in the Current Version “minus one”. For purposes of this Section 4.12.1, only Minor Releases designed for use in connection with the Major Release included in the Production Environment shall be taken into account (*i.e.*, Customer shall have no obligation to adopt any Minor Release not designed for use in connection with the Major Release on which the Production Version is then based, if Customer is in compliance with Section 4.12.1).
- 4.12.3** **Implementation Fees and Other Matters.** NAVITAIRE intends that each Major Release shall be supported for a minimum of \*\*\*\*\* from the time that NAVITAIRE makes such Major Release available to customers eligible to receive Support Services. Releases shall be provided by NAVITAIRE to Customer for the fees defined in Section 1.1 of Exhibit K of this Agreement; however add-on functionality introduced in the release may be offered at an additional charge above the fees described in Exhibit K of this Agreement as further described in Section 6.4. Customer will be responsible, on a time and materials basis, for all costs associated with implementing an upgrade release including, but not limited to: project management; training; technical support; system integration services; business process analysis; and any required data transformation. In the event that there is a release which contains solely a correction for an Emergency System Error (“Hot Patch”), Customer shall not be invoiced for the implementation of such Hot Patch. It is anticipated that the project

scope for Maintenance Releases shall be in the range of \*\*\*\*\* . Upgrade release requests will be initiated using the standard NAVITAIRE Work Order process.

- 4.13 Services in Support of Government or other Regulatory Requirements.** Customer, and not NAVITAIRE, is responsible for: (a) any screening of passengers in connection with any government program, including but not limited to watchlist, do-not-fly list, designated person list or other list, and for any transaction for which passenger screening is required; (b) complying with applicable laws and regulations and requests and/or directions from relevant government authorities regarding such programs and/or lists as NAVITAIRE's responsibilities are limited to collecting, storing, and transmitting the Customer Data in accordance with this Agreement, and NAVITAIRE shall have no responsibility for any failure or inaccuracy regarding passenger screening unless caused by a failure of NAVITAIRE to provide the Services as required herein; (c) complying with any certification requirements of relevant government authorities applicable to Customer or Customer Agents; and (d) confirming the agreed functionality of the Hosted Reservation Services meet their business needs with respect to such government or other regulatory requirements. In the event Customer wishes NAVITAIRE to implement a change to the Services as a result of such requests and/or directions, Customer is responsible for determining the specific requirements of such potential changes and any such changes shall be subject to the Enhancement process, *provided that* in the event other customers of NAVITAIRE request the identical or a substantially similar change that would be addressed via the same release, NAVITAIRE shall charge Customer a proportional amount for such Enhancement determined by dividing the overall development fee for the Enhancement by the number of NAVITAIRE customers that intend to use the Enhancement upon release of such Enhancement; NAVITAIRE shall use reasonable efforts to confirm which of the impacted NAVITAIRE customers intend use the Enhancement upon its release prior to invoicing the development fee to Customer.

- 4.14 Third Party Connections.** The following terms are applicable to any Hosted Services functionality that requires a third party connection (for example, but without limitation, CRS/GDS connectivity):
- 4.14.1** NAVITAIRE's responsibility is limited to providing functionality that facilitates a technical connection between Customer's Hosted Services and the applicable third party.
- 4.14.2** NAVITAIRE is facilitating the connection with the third party at the direction of Customer. For a connection with either SITA or ARINC, both SITA and ARINC require an agreement between NAVITAIRE and SITA or ARINC as the technical connection with the SITA or ARINC network is with NAVITAIRE. For the avoidance of doubt, notwithstanding any such agreement between NAVITAIRE and SITA or ARINC, the terms of this Section 4.14 shall apply.
- 4.14.3** NAVITAIRE is not subcontracting any of its obligations to such third parties.
- 4.14.4** NAVITAIRE has no responsibility for the performance of/fulfillment by such third party, including, without limitation, the use and treatment of any customer data by such third party and for any failure of the technical connection not under NAVITAIRE's control and shall have no liability in connection with such performance or non-performance of such third party.
- 4.14.5** NAVITAIRE assumes that any data transmitted by such third parties to NAVITAIRE that NAVITAIRE is to process under this Agreement is accurate and meets Customer's business requirements. Except as expressly set forth in this Agreement, NAVITAIRE is not responsible for performing any validation or quality control activities with respect to such data.
- 4.14.6** With respect to third parties other than SITA or ARINC, Customer is responsible for:
- entering into a separate agreement directly with such third party; and
  - ensuring the third party performs as required by Customer; and
  - payment of any fees associated with such third party performance; and

- ensuring third party cooperates with NAVITAIRE as necessary for NAVITAIRE to perform its Services.
- 4.14.7** With respect to SITA and ARINC connections (other than for Services in support of Customer's requirements to enable Customer to comply with government or other regulatory requirements), Customer is responsible for:
- entering into a separate agreement directly with SITA and/or ARINC (except where a direct connection to the GDS is provided in accordance with Section 6 of Exhibit A); and
  - ensuring SITA and/or ARINC performs as required by Customer; and
  - payment of any fees associated with SITA and/or ARINC performance; and
  - ensuring SITA and/or ARINC cooperates with NAVITAIRE as necessary for NAVITAIRE to perform its Services.
- 4.14.8** With respect to SITA and ARINC connections for Services in support of Customer's requirements to enable Customer to comply with government or other regulatory requirements, Customer is responsible for:
- entering into a separate agreement directly with SITA and/or ARINC to the extent Customer wishes to have terms and conditions in place regarding the provision of services by SITA and/or ARINC; and
  - ensuring SITA and/or ARINC perform as required by Customer; and
  - payment of any fees associated with SITA and/or ARINC performance.
- 4.14.9** Customer is further responsible for providing routers or other hardware or software as needed for these connections.
- 4.15** **Secure Files.** Throughout the Term, any Customer Personal Data and Customer Confidential Information stored by NAVITAIRE shall be \*\*\*\*\*, as reasonably directed or approved by Customer.

## 5. Term and Termination

**5.1 Term.** Unless otherwise terminated earlier under this Agreement, this Agreement shall commence on the Effective Date and continue for a period of ten (10) years following the first day of the month immediately following the Target Date for the Hosted Reservation Services, with the exception that the term for the Hosted Reservation Services – Disaster Recovery shall commence on the Effective Date and continue until the earlier of: (i) three (3) years following the first day of the month immediately following the Target Date for the Hosted Reservation Services, or (ii) until such time as the parties agree to implement a new disaster recovery solution.

### 5.2 Termination for Cause

**5.2.1** This Agreement may be terminated as follows: (a) subject to Section 5.2.2, by a party upon written notice to the other party in the event of material breach of the terms hereof by the other party which is not cured within \*\*\*\*\* of written notice thereof; (b) by NAVITAIRE upon written notice to Customer, if Customer fails to pay any amount due hereunder within \*\*\*\*\* of the due date, NAVITAIRE provides written notice of such failure to Customer, and within \*\*\*\*\* of delivery of such written notice such amount remains unpaid; (c) by a party if the other party becomes, or is party as debtor to a proceeding in which it is alleged to be, bankrupt, insolvent or unable to pay its debts when due and such proceeding is not dismissed within \*\*\*\*\* from its filing, or if it ceases to operate in the normal course of business, has a receiver appointed, or makes an assignment for the benefit of its creditors; or (d) as contemplated by Section 8.1. NAVITAIRE will, upon Customer's request and on a time and materials basis, provide Customer with duplicates of Customer's data for contracted Hosted Services, which will be provided in accordance with Section 5.3.4.

**5.2.2** NAVITAIRE shall be excused from performance if its failure to perform its obligations hereunder is due to Customer's failure to perform Customer's Responsibilities, including without limitation, problems caused by Customer software and associated data, or by Customer hardware other than that recommended by NAVITAIRE in Section 6 of Exhibits A, B, F, and G herein or other equipment failures for hardware or other equipment not maintained by NAVITAIRE).

**5.2.3** If Customer terminates due to material breach by NAVITAIRE, NAVITAIRE will, upon Customer's request, provide Customer with Customer's data for contracted Hosted Services, which will be provided in accordance with Section 5.3.4. Customer shall inform NAVITAIRE of the date for which Customer desires the termination to be effective, such termination date shall in no case be greater than \*\*\*\*\* from the date of

the written notice, provided that in no case shall NAVITAIRE provide Services beyond \*\*\*\*\* from the Target Date. NAVITAIRE shall continue to provide the Hosted Services for the applicable Service Fees, as defined in Section 1.1 of Exhibit K, until the termination effective date. In addition, the parties may mutually agree to additional services reasonably requested by Customer for Customer to transition to an alternate hosted solution (“**Transition Assistance**”) by entering into a Work Order for NAVITAIRE to perform the Transition Assistance, and such Work Order shall specify the Transition Assistance scope and commercial arrangement.

5.2.4

\*\*\*\*\*

*****	*****
*****	*****
*****	*****
*****	*****

\*\*\*\*\* NAVITAIRE will, upon Customer’s request and on a time and materials basis, provide Customer with duplicates of Customer’s data for contracted Hosted Services, which will be provided by NAVITAIRE in accordance with Section 5.3.4.

5.3

**Additional Termination Rights.**

5.3.1

Customer may terminate this Agreement upon written notice to NAVITAIRE as contemplated by Exhibit A, Section 7.5.3 and in such event, NAVITAIRE will, upon Customer’s request and without cost or expense to Customer, provide Customer with all Customer Data for contracted Hosted Services, which will be provided in a NAVITAIRE-defined data extract format and delivered via electronic media.

5.3.2

Customer may terminate this Agreement in the event the Hosted Services are not all available within \*\*\*\*\* of the Target Date (“**Late Target Date**”) due predominantly to the fault of NAVITAIRE provided Customer provides NAVITAIRE written notice of such termination within \*\*\*\*\* of the Late Target Date and pays to NAVITAIRE the remaining balance of the Implementation Fee (as set forth in Section 1.5 of Exhibit K).

- 5.3.3 Following the \*\*\*\*\* of the live production use of the Hosted Reservation Services and for a period of \*\*\*\*\* thereafter, Customer shall have the right to terminate this Agreement upon \*\*\*\*\* written notice to NAVITAIRE if either of the following have occurred:
- a) In the \*\*\*\*\* prior to the \*\*\*\*\* , customers representing more than \*\*\*\*\* of the then current NAVITAIRE Hosted Reservation Services customers migrate to competitor solutions excluding customers that are merged or acquired by other airlines and excluding those airlines who have already served NAVITAIRE a notice of termination at the Effective Date of this Agreement; or
  - b) If NAVITAIRE has \*\*\*\*\* new reservations customer signings in \*\*\*\*\* .

5.3.4 NAVITAIRE will, upon Customer's request and on a time and materials basis, provide Customer with all Customer Data for contracted Hosted Services, which will be provided in a NAVITAIRE-defined data extract format and delivered via electronic media.

5.4 **Survival.** No termination hereof shall release Customer from its obligation to pay NAVITAIRE in full for all Hosted Services performed by NAVITAIRE up to the date of termination, nor shall it affect any other rights or obligations hereunder which expressly or by reasonable implication are intended to survive termination.

## 6. Price and Payment

6.1 **Service Fees.** In consideration for the provision of Hosted Services and Support Services by NAVITAIRE as set forth in this Agreement, Customer will pay NAVITAIRE the Service Fees as set forth in Section 1.1 of Exhibit K. Customer will pay for all other Services as applicable, as set forth elsewhere in this Agreement.

6.2 \*\*\*\*\*

- a) \*\*\*\*\*
- b) \*\*\*\*\*

6.3 **Payment Terms.** All payments made under this Agreement shall be made in the Invoicing Currency either: (a) by electronic funds transfer, prepaid, to the bank account designated on the invoice; or (b) by check drawn on a United States bank and delivered to the address indicated on the invoice. Except where otherwise specifically set forth in this Agreement, all payments under this Agreement are due within \*\*\*\*\* from the date of receipt by Customer of the applicable invoice, provided that where invoices are provided via email, the date that the invoice is



sent shall be deemed the date of receipt of invoice provided no undelivered or error message is received by NAVITAIRE. As stated in Exhibit K, minimum recurring Service Fees will be invoiced in advance at the beginning of each month for the Service Fees for the monthly minimum Segment guarantees listed in the monthly recurring Service Fees for the Hosted Services to be rendered for that month. Following the actual service month, NAVITAIRE will reconcile actual Customer transactions, and invoice Customer for any remaining balance. (By way of example, NAVITAIRE will invoice Customer on \*\*\*\*\* for the Service Fees for the monthly minimum Segment guarantees for services to be performed from \*\*\*\*\* through \*\*\*\*\* . On \*\*\*\*\* , NAVITAIRE will reconcile using Customer's actual transaction activity for \*\*\*\*\* and invoice Customer for any transaction fees exceeding the previously invoiced minimum Service Fees.) Any amounts not paid when due will bear interest at the lesser of: \*\*\*\*\*.

#### 6.4 Fee Adjustment

- 6.4.1 Service Fees.** The Service Fees identified in Section 1.1 of Exhibit K are all subject to the adjustments as set out in this Section 6.4.1 (the “**Adjustable Amounts**”). The Adjustable Amounts shall be adjusted annually on \*\*\*\*\* of each \*\*\*\*\* commencing \*\*\*\*\* and each \*\*\*\*\* thereafter (the “**Adjustment Date**”) to account for inflation. On the Adjustment Date, if the U.S. Bureau of Labor Statistics Employment Cost Index for Compensation/Civilian Workers/White Collar/Professional and related Occupations (Not Seasonally Adjusted) as published by the Bureau of Labor Statistics of the Department of Labor (the “**ECI**”), (the “**Current Index**”), increases from the ECI applicable \*\*\*\*\* prior thereto (the “**Base Index**”), then effective as of such Adjustment Date, the Adjustable Amounts, as previously adjusted, will be increased by the percentage that the Current Index increased from the Base Index not to exceed \*\*\*\*\* . In such event, NAVITAIRE will provide to Customer a recalculation of the Adjustable Amounts. If the U.S. Bureau of Labor Statistics stops publishing the ECI or substantially changes the content of the ECI, the parties will substitute another comparable measure published by a mutually agreeable source. During the Term as stated in Section 5.1 hereof, NAVITAIRE will not otherwise increase such fees.
- 6.4.2** NAVITAIRE reserves the right to offer new functionality within a Major Release which new functionality may include additional significant Enhancements (“**New Functionality**”) and to charge a recurring service fee for the use of New Functionality; provided that it offers Customer the opportunity to utilize such Major Release without using such New Functionality, or if the Major Release may not be implemented and used without utilizing the New Functionality, then Customer shall be provided such Major Release at no additional charge above the Service Fees described and agreed upon in Section 1.1 of Exhibit K subject to

implementation of such Major Release as further described in Section 4.12. In the event that Customer accepts a significant Enhancement which will incur additional Service Fees, such fees will be communicated to Customer in advance, in writing, and upon Customer's written acceptance, will be added to the applicable Service Fees. For the avoidance of doubt, Customer may also procure additional commercially available modules to the Hosted Services at NAVITAIRE's standard fees for such modules via written amendment to this Agreement.

- 6.4.3 Support Fees.** The Support Fees identified in Exhibit K are all subject to the adjustments as set out in this Section 6.4.3 (the "**Adjustable Amounts**"). The Adjustable Amounts shall be adjusted annually on \*\*\*\*\* of each year commencing \*\*\*\*\* and each \*\*\*\*\* thereafter (the "**Adjustment Date**") to account for inflation. During the term, if the U.S. Bureau of Labor Statistics Employment Cost Index for Compensation/Civilian Workers/White Collar/Professional and related Occupations (Not Seasonally Adjusted) as published by the Bureau of Labor Statistics of the Department of Labor (the "**ECI**"), (the "**Current Index**"), increases from the ECI applicable \*\*\*\*\* prior thereto (the "**Base Index**"), then effective as of such Adjustment Date, the Adjustable Amounts, as previously adjusted, will be increased by the percentage that the Current Index increased from the Base Index not to exceed \*\*\*\*\* . In such event, NAVITAIRE will provide to Customer a recalculation of the Adjustable Amounts. If the U.S. Bureau of Labor Statistics stops publishing the ECI or substantially changes the content of the ECI, the Parties will substitute another comparable measure published by a mutually agreeable source.
- 6.4.4 Notice.** NAVITAIRE shall give Customer not less than \*\*\*\*\* prior written notice of any increase in the Service Fees or Support Fees.
- 6.5 Failure to Pay.** If Customer fails to pay any sum within \*\*\*\*\* of the date due, NAVITAIRE may provide written reminder notice of such failure to Customer. If, within \*\*\*\*\* of delivery of such written notice such sum remains unpaid, NAVITAIRE may, without breach of this Agreement, discontinue performing under this Agreement until all due but unpaid payments are received.
- 6.6 Taxes.** \*\*\*\*\* Each Party shall provide and make available to the other Party any resale, exemption, multiple points of use certificates, treaty certification and other exemption information reasonably requested by the other Party. If Customer shall pay any tax incurred in connection with this Agreement, Customer agrees to remit to NAVITAIRE within \*\*\*\*\* of issue, tax documents which support the payment of such taxes. \*\*\*\*\* Notwithstanding the foregoing, each party shall be responsible for taxes based on its own net income, employment taxes of its own employees, and for taxes on any property it owns or leases.

6.7 \*\*\*\*\*

## 7. License, Title, Modifications, and Covenants

7.1 **License.** Throughout the Term, NAVITAIRE will grant such access to Customer, Customer Agents and its and their authorized users (e.g., online customers and potential customers of Customer and Customer Agents) to the Hosted Services System in accordance with and subject to this Agreement. NAVITAIRE hereby grants Customer a non-exclusive, non-transferable, worldwide license to use the Hosted Services System and the APIs during the Term of this Agreement solely for the purposes of obtaining Hosted Services in accordance herewith including a right for Customer to permit Customer Agents and customers of Customer to use the Hosted Services System in accordance with and subject to this Agreement.

All Hosted Services will be provided by remote telecommunications from NAVITAIRE's place of business, to or through computers or servers owned or managed by or on behalf of Customer, Customer Agents or its and their authorized users, and Customer will not obtain possession of any tangible personal property as a result of the Hosted Services, such as electronic storage media unless expressly agreed in a Work Order or pursuant to an amendment to this Agreement.

Subject to the terms and conditions of this Agreement, including without limitation, Section 9, Customer hereby grants to NAVITAIRE a limited, revocable, non-transferable, royalty-free license, without right to sub-license to reproduce, translate, encode, publish, use, and distribute Customer Data for the sole purpose of providing, and only to the extent necessary to provide, the Services to Customer.

If and to the extent that Customer's receipt of the Hosted Services requires NAVITAIRE to use certain trademarks, service marks, trade dress, logos, trade names, social media accounts (\*\*\*\*\* and other similar accounts), URL domain names and corporate names of Customer or its licensors, together with all translations, adaptations, derivations, and combinations thereof (collectively, "**Customer Marks**") and with respect to the use of the Customer Mark identified in Section 11 in accordance with such Section, Customer hereby grants to NAVITAIRE a limited, non-exclusive, nontransferable, revocable, royalty-free license, with no right to sublicense, to use Customer Marks solely for the limited purposes of the performance of this Agreement, including, without limitation, as contemplated by Section 11. NAVITAIRE's license to use such Customer Marks is further conditioned upon NAVITAIRE's compliance with all Customer guidelines, policies, rules and procedures or other instructions provided to NAVITAIRE by Customer relating to such Customer Marks ("**Customer Mark Guidelines**"). Customer reserves the right to add to, change, or discontinue the use of any Customer Marks, on a selective or general basis, at any time. NAVITAIRE hereby acknowledges and agrees that all rights, title and interest in

and to Customer Marks are and shall remain the exclusive property of Customer and that any use thereof and goodwill associated therewith shall inure solely to the benefit of the Customer and its licensors. NAVITAIRE agrees that it will not register, adopt or use any confusingly similar trade names, trademarks or insignia in any jurisdiction. Except to the extent authorized in Section 11, NAVITAIRE shall not combine any other mark, logo or trade name with any of Customer Marks without the prior written approval of Customer. Without limiting Customer's rights and remedies, in the event that Customer notifies NAVITAIRE of any incorrect usage of such Customer Marks, NAVITAIRE shall immediately correct such usage as directed by Customer. NAVITAIRE shall provide to Customer a mock-up or other demonstration showing how each Customer Mark will be used and/or displayed by NAVITAIRE and Customer must approve such use in advance. Upon expiration or termination of this Agreement, the permission to use Customer Marks granted hereunder will immediately terminate and NAVITAIRE agrees to immediately cease its use of all Customer Marks. Without limiting the foregoing, NAVITAIRE acknowledges and agrees that, as between the parties, Customer owns all right, title, and interest in and to Customer Data, including all Intellectual Property Rights therein, irrespective of whether such Customer Data is stored via the Services, on the Hosted Services System or in any database created using the Hosted Services. If NAVITAIRE is deemed to have any ownership interest in Customer Data, including any and all derivative works, enhancements, or other modifications thereto (other than the formatting of how such Customer Data is entered, stored and/or displayed in or by the Hosted Services), then NAVITAIRE shall assign, and hereby does assign, irrevocably and royalty-free, all of such ownership interest or other rights exclusively to Customer or its designee. NAVITAIRE shall, at Customer's reasonable request and expense, complete, execute, and deliver any and all documents necessary to effect or perfect such assignments. Nothing in this Agreement constitutes the grant of a general license to any Customer Marks. All rights in and to Customer Marks and Customer Data not expressly granted herein are reserved, no implied licenses are granted to NAVITAIRE by the terms of this Agreement, and no license rights with respect to any Customer Marks or Customer Data shall be created by implication or estoppel.

- 7.2 **Title.** Subject to Sections 7.1 and 7.3 of this Agreement, NAVITAIRE hereby retains all of its right, title, and interest in and to the Hosted Services System, and copyrights, patents, trademarks, service marks, design rights (whether registered or unregistered), trade secrets, know-how, expertise, and all other similar proprietary rights ("**Intellectual Property Rights**") and all rights associated therewith irrespective of whether developed by NAVITAIRE individually or NAVITAIRE and Customer jointly, but in all cases excluding Customer Data, Customer Marks, and any of Customer's or its service providers' intellectual property developed independent of this Agreement (the "**NAVITAIRE Property**"), which shall include without limitation, (a) the source code of

software included in the NAVITAIRE Property, where applicable; and (b) all modifications, extensions, upgrades, and derivative works of the NAVITAIRE Property. In confirmation of NAVITAIRE's right, title and interest in the NAVITAIRE Property as set forth in the preceding sentence of this Section 7.2, Customer hereby assigns to NAVITAIRE all of its right, title and interest in and to the NAVITAIRE Property, subject to any license rights granted to Customer in accordance with this Agreement.

### 7.3 Modifications.

**7.3.1 By NAVITAIRE.** Without prejudice to Section 6.4 of this Agreement or any other provision of this Agreement, and subject to Section 4.12, NAVITAIRE may upgrade, modify and replace the Hosted Services System or any part thereof at any time during the Term of this Agreement, provided that:

- a) NAVITAIRE notifies Customer at least \*\*\*\*\* prior to implementation of any upgrades or replacements of the Hosted Services System which are likely to materially alter the delivery of Hosted Services;
- b) all upgrades and replacements which might reasonably be expected to materially alter the delivery or receipt of Hosted Services are scheduled for implementation as reasonably required by NAVITAIRE; and
- c) with introduction of any upgrades or replacements, NAVITAIRE maintains the comparable level of services.

Nothing in this Section 7.3.1: (i) releases NAVITAIRE from providing Hosted Services under the terms and conditions of this Agreement; or (ii) obligates NAVITAIRE to upgrade or replace the Hosted Services System at any time. NAVITAIRE shall make available and provide Support Center Support to Customer with respect to the Current Release, or the Current Release "minus one" of NAVITAIRE software included in the Hosted Services System.

**7.3.2 By Customer.** Customer shall not reverse engineer, disassemble, decompile, unlock, copy, alter, modify, change, create derivatives of or in any other way reproduce or use any of the software code, programs, or components of the Hosted Services System, provided that:

- a) Customer, Customer Agents and Customer API Agents may use the API(s) provided by NAVITAIRE from time to time for their intended purpose as a part of the Hosted Services, such as to configure the Configurable Templates for use as a part of such Services; and

- b) Without prejudice to the rights of Customer in and to Customer Data, its and its licensors' and service providers' trademarks and services, Customer shall have no right following termination of this Agreement to use the Configurable Templates or any configurations thereof, or any API(s) or source code provided by NAVITAIRE, or any modifications, changes or derivatives thereof created, in any such case whether created by or for Customer or otherwise, all of which are hereby assigned by Customer to NAVITAIRE as contemplated by Section 7.2 hereof.

**7.4 Customer Covenants. Customer hereby covenants and agrees that:**

- a) the NAVITAIRE Property may be used by NAVITAIRE and its Affiliated companies to facilitate delivery of similar services to other customers; and
- b) Customer shall not access or use any API(s) embedded in the Hosted Services System except as authorized by NAVITAIRE and in connection with the Hosted Services; and
- c) without limiting the provisions set forth in Section 4.8 or elsewhere within this Section 7 of this Agreement, nothing in this Agreement grants any person other than Customer, Customer Agents and its and their authorized users to obtain access to Hosted Services or use the Hosted Services System absent a written agreement signed by NAVITAIRE; and
- d) NAVITAIRE has enabled features in its Hosted Services to allow Customers and third parties to access the Hosted Services and to modify certain NAVITAIRE products and applications, using software products and applications not developed by NAVITAIRE and procured by Customer and other third parties from vendors other than NAVITAIRE. Should there be a failure of such software product or application, or should such software product or application cause NAVITAIRE provided Hosted Services to fail or to be adversely impacted, NAVITAIRE shall, at its sole discretion, disable the offending software product or application, and deny access to NAVITAIRE Hosted Services, through the use of such offending software product, application, or applicable channel or IP address. NAVITAIRE shall notify Customer upon taking such action and shall cooperate with Customer with respect to determining if Customer or a third party has cured the offending software product or application such that it would be eligible to access the Hosted Services again using such software product or application. Software products and applications or modification to software products or applications not developed by

NAVITAIRE that fail or cause NAVITAIRE Hosted Services to fail shall also suspend any Service Levels in this Agreement or other commitments previously agreed between the parties; and

- e) Customer is responsible for the input of Customer Data into the Hosted Services System and for establishing and/or configuring the business rules in the Hosted Services System, except as expressly stated in this Agreement or a Work Order; and
- f) Customer is responsible for its use of the Hosted Services and for ensuring that Hosted Services with the agreed functionality meet Customer's business requirements; and
- g) To the extent any product description details interconnectivity between products, Customer acknowledges that such interconnectivity is only available where all such products referenced are procured by Customer under the Agreement.
- h) Customer will not knowingly introduce software viruses into any portion of the Hosted Services System.

**7.5 Mutual Representations.** Each party represents to the other party that as of the Effective Date of this Agreement:

- a) it has the requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by this Agreement; and
- b) the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement shall not constitute a material default under any material contract by which it or any of its material assets are bound, or an event that would, with notice of lapse of time or both, constitute such a default.

**7.6** \*\*\*\*\*

**7.7 SSAE 16 Audits.** Commencing in \*\*\*\*\* and during the Term, and subject to Customer's request by no later than \*\*\*\*\* for the annual report dated \*\*\*\*\* and the payment by Customer of the applicable fee as set forth on Exhibit K, NAVITAIRE shall, at least \*\*\*\*\* each \*\*\*\*\* at no greater than a \*\*\*\*\* interval from the previous audit (such interval, the "**Audit Period**"), obtain a SOC 2 Type 2 audit, report, attestation, and opinion (or a mutually-agreed equivalent audit, report, attestation, and opinion) from an independent, certified public accounting firm of good reputation that evaluates the design and operating effectiveness of controls over NAVITAIRE's sites, facilities, systems (including the Hosting Services System, infrastructure, software, people, procedures, and data), and Hosted Services components through or from which the Hosted

Services are provided, (collectively, “NAVITAIRE Systems”) throughout the entirety of the Audit Period (or such portion thereof as is included in the Term) and relating to all Trust Services Principles and Criteria (as defined by the AICPA). Further, commencing in \*\*\*\*\* and during the Term, and subject to Customer’s request by no later than \*\*\*\*\* for the annual report dated \*\*\*\*\* and the payment by Customer of the applicable fee as set forth on Exhibit K, NAVITAIRE shall obtain for any Audit Period during the Term, a SOC 1, Type 2 audit, audit, report, attestation, and opinion (or a mutually-agreed equivalent audit, report, attestation, and opinion) from an independent, certified public accounting firm of good reputation (any SOC 1 or SOC 2 obtained hereunder, an “**Audit**”). \*\*\*\*\*. Without limiting the foregoing, each Audit Report must include a description of any changes made to NAVITAIRE Systems during the Audit Period (or such portion thereof as is included in the Term), as well as assessments and attestations from NAVITAIRE, with respect to the effectiveness of the controls prior to and after the implementation of any such change.

7.8 \*\*\*\*\*

7.9 **Compliance With Laws.**

7.9.1 Notwithstanding any other provision of this Agreement to the contrary other than Section 7.9.2 below, each party will retain responsibility for its compliance with all applicable laws and regulations relating to its respective business and facilities and the provision of services to third parties. In performing their respective obligations under this Agreement, neither party will be required to undertake any activity that would violate any applicable laws or regulations.

7.9.2 Notwithstanding any other provision of this Agreement to the contrary:

- a) Each party shall retain responsibility for its compliance with all applicable export control laws and economic sanctions programs relating to its respective business, facilities, and the provision of services to third parties; and
- b) Neither party shall be required by the terms of this Agreement to be directly or indirectly involved in the provision of goods, software, Deliverables, work, services and/or technical data that may be prohibited by applicable export control or economic sanctions programs.

Applicable export control or economic sanctions programs may include U.S. export control laws such as the Export Administration Regulations and the International Traffic in Arms Regulations, and U.S. economic



sanctions programs that are or may be maintained by the U.S. Government, including sanctions currently imposed against Belarus, Burma (Myanmar), Cuba, Iran, Iraq, Ivory Coast, Liberia, North Korea, Sudan, Syria and Zimbabwe, as well as Specially Designated Nationals and Blocked Persons programs. NAVITAIRE and Customer will comply with U.S. export control and U.S. economic sanctions laws with respect to the export or re-export of U.S. origin goods, software, services and/or technical data, or the direct product thereof.

The parties understand and agree that this Agreement shall not require NAVITAIRE to provide or support services involving Cuba, Iran, Myanmar (Burma), Sudan, Syria, North Korea, or other sanctioned countries, Specially Designated Nationals, and/or Blocked Persons, either directly or indirectly, including through the use of subcontractors.

Prior to providing NAVITAIRE with any goods, software, Deliverables, work, services and/or technical data subject to export controls controlled at a level other than EAR99/AT, Customer shall provide written notice to NAVITAIRE specifying the nature of the controls and any relevant export control classification numbers. NAVITAIRE may decline to receive goods, software, services and/or technical data subject to export controls at a level other than EAR99/AT. Customer shall take steps to ensure that where NAVITAIRE is required to provide any entity/third party with any goods, software, Deliverables, work, services and/or technical data arising from or under the performance of this Agreement, Customer shall take steps to ensure that any such provision of goods, software, Deliverables, work, services and/or technical data to such entity is not subject to restrictions or prohibitions under applicable export control or economic sanctions programs.

NAVITAIRE shall have the right, at its sole discretion, to refrain from being directly or indirectly involved in the provision of goods, software, Deliverables, work, services and/or technical data that may be prohibited by applicable export control laws or economic sanctions programs, without liability to Customer.

## **8. Indemnification**

### **8.1 Rights of Customer to Indemnification.**

**8.1.1** NAVITAIRE shall defend Customer, its Affiliates, directors, officers, and employees (“**Customer Indemnitees**”) from any third party claim that any product, service, information, materials or other item provided by NAVITAIRE under this Agreement, including, without limitation, the Hosted Services, infringes any third party patent existing as of the date of the delivery of the Hosted Services and/or Deliverables giving rise to the third party claim, copyright or trademark, and indemnify such Customer

Indemnitees for any damages finally awarded to, or settlement amounts agreed with, the third party in relation to such claim; provided that, however, NAVITAIRE shall have no defense or indemnity obligation under Section 8.1 to the extent any such infringement results from: (i) the use of any software or services provided by NAVITAIRE in combination, operation or use with software or hardware not provided by NAVITAIRE, except that NAVITAIRE's defense and indemnification obligations under this Section 8 shall apply to any claim of infringement where NAVITAIRE specifically recommended in this Agreement or a Work Order the software or hardware all as a combination; (ii) the use of any Hosted Services System as modified by Customer; or (iii) use of a version of the software included in the Hosted Services System without having implemented all of the updates within a reasonable period after such updates were provided by NAVITAIRE; provided that NAVITAIRE has offered to implement such versions of the software without additional fees or charges, NAVITAIRE has provided express written notice to Customer that such updates are intended to address an alleged infringement, and Customer has failed within 30 days after receipt of such notice to authorize NAVITAIRE to implement such version of the software.

**8.1.2** NAVITAIRE shall defend, indemnify, and hold harmless Customer Indemnitees, from and against any and all damages finally awarded to, or settlement amounts agreed with, a third party arising from a claim, action or demand by such third party against a Customer Indemnitee, whether based in whole or in part in contract, tort, negligence, statute or otherwise, to the extent that such claim, action or demand arises from the death of or bodily injury to any person or loss of or damage to real or tangible personal property to the extent directly caused by the negligence or Willful Misconduct of NAVITAIRE, its personnel, agents, or Affiliates during the course of the Services under this Agreement. As used in this Agreement, "Willful Misconduct" means an action undertaken by a party with the malicious intent to cause harm to the other party.

**8.2** **Right of NAVITAIRE to Indemnification.** Customer shall defend NAVITAIRE, its Affiliates, directors, officers and employees ("NAVITAIRE Indemnitees") from and against any and all damages finally awarded to, or settlement amounts agreed with, a third party arising from a claim, action or demand by such third party against a NAVITAIRE Indemnitee, whether based in whole or in part in contract, tort, negligence, statute or otherwise, to the extent that such claim, action or demand arises from: (a) a claim that any Customer Mark, when used by NAVITAIRE (i) solely as necessary to provide the Hosted Services or as authorized in Section 11, (ii) in the form provided and manner

approved by Customer, and (iii) as otherwise authorized by this Agreement infringes or misappropriates any third party trademark or other intellectual property, privacy or proprietary right; and/or (b) the death of or bodily injury to any person or loss of or damage to real or tangible personal property to the extent directly caused by the negligence or Willful Misconduct of Customer, its personnel, agents, or Affiliates during the course of receiving the Services under this Agreement.

- 8.3 Corrective Actions.** Without limiting the foregoing indemnification obligations, if any product, service, information, material or other item of the indemnifying party is, or in the indemnifying party's opinion is likely to be held to be, an infringing material, then the indemnifying party may, at its option: (i) procure the right to continue using it; (ii) replace it with a non-infringing equivalent; (iii) modify it to make it non-infringing; or (iv) if none of the foregoing can be accomplished in a commercially reasonable manner, and after not less than \*\*\*\*\* prior notice to the indemnified party, cease using, and require the indemnified party to cease using such item, provided, however, if in the reasonable judgment of either party, such cessation renders it impractical to continue the contractual relationship contemplated hereby, either party may notify the other during such \*\*\*\*\* period that it intends to terminate this Agreement immediately. The foregoing remedies constitute the indemnified party's sole and exclusive remedies and the indemnifying party's entire liability with respect to infringement.
- 8.4 Notice and Control of Action.** The party seeking indemnification in respect of any actual or potential claim or demand shall notify the other party within \*\*\*\*\* after it receives written documents relating to such claim. The indemnifying party shall have no obligation to indemnify the other party to the extent such other party fails to give the notice within the specified period set forth in the preceding sentence and such failure materially prejudices the indemnifying party. The indemnifying party shall have the right, at its sole cost, expense, and liability, to appoint counsel of its choice and to litigate, defend, settle or otherwise attempt to resolve any such claim, provided that the indemnified party shall have the right to consent to any settlement, which consent will not be unreasonably withheld, conditioned or delayed; provided that it shall not be unreasonable for any party to withhold consent to any settlement requiring it or others to agree to admission of wrongdoing or to make payment for which it does not reasonably anticipate to recover in full pursuant to the indemnification hereunder. Upon request, the indemnified party will provide reasonable assistance to the indemnifying party to defend or settle such claim, at the indemnifying party's expense. The indemnified party shall have the right to participate in the defense and settlement negotiations of such claim through its own counsel at its own expense.

## 9. Confidential Information

- 9.1 Notification.** During the Term of this Agreement, either party may receive or have access to technical information, as well as information about product plans

and strategies, promotions, customers, and related non-technical business information that the disclosing party considers to be confidential and which is either (a) marked or identified as confidential at the time of disclosure; provided that the Hosted Services System shall in any event be dealt with as confidential information of NAVITAIRE, or (b) is known to the receiving party, or should be known to a reasonable person given the facts and circumstances of the disclosure, as being treated as confidential or proprietary by the disclosing party (with respect to a party its “**Confidential Information**”).

Notwithstanding the foregoing, the term “**Confidential Information**” shall not include Customer Personal Data, which is separately defined and addressed in Section 9.5 below, and the terms of this Agreement generally applicable to Confidential Information shall not be deemed to apply to include Customer Personal Data.

- 9.2 Use and Protection of Information.** Confidential Information may be used by the receiving party only in furtherance of the transactions contemplated by this Agreement. Subject to Section 4.8, the Confidential Information may be disclosed to and used only by those employees, agents, subcontractors, service providers and advisors of the receiving party who have a need to know such information for purposes related to this Agreement, including with respect to advising with regards to legal or accounting aspects arising out of or resulting from such party entering into and performing under this Agreement, provided that such agents, subcontractors, service providers and advisors are bound by confidentiality obligations minimally as restrictive as those provided under this Section 9. The receiving party and its agents, subcontractors, service providers and advisors shall protect the Confidential Information of the disclosing party by using the same degree of care (but not less than a reasonable degree of care) to prevent the unauthorized use, dissemination, or publication of such Confidential Information as the receiving party uses to protect its own confidential information of a like nature and value. The receiving party’s, as well as its agents’, subcontractors’, service providers’ and advisors’, obligation under this Section shall be for a period of \*\*\*\*\* after the date of disclosure or \*\*\*\*\* from the end of the Agreement term, whichever is greater; provided that the obligation of Customer to refrain from using the Hosted Services System after the termination or expiration of this Agreement shall continue indefinitely.
- 9.3 Exclusions.** Nothing in this Agreement shall prohibit or limit either party’s use of information (other than Customer Personal Data) which it can demonstrate by written evidence was: (a) previously known to it without obligation of

confidence; (b) independently developed by it; (c) acquired by it from a third party which is not, to its knowledge, under an obligation of confidence with respect to such information; or (d) which is or becomes publicly available through no breach of this Agreement.

**9.4 Subpoena.** In the event a receiving party or its agents and subcontractors receives a subpoena or other validly issued administrative or judicial process requesting Confidential Information of the other party, the receiving party shall provide prompt notice to the other of such subpoena or other process in order for the disclosing party to have the time and sufficient opportunity to quash such subpoena or otherwise protect the Confidential Information. The receiving party, its agents and subcontractors, as the case may be, shall thereafter be entitled to comply with such subpoena or process solely to the extent required by law. If a party or its agents and subcontractors is served with a subpoena or other validly issued administrative or judicial process in relationship to the matters contemplated hereby and arising from a proceeding in which the other party is a defendant and the served party, its agents and subcontractors, is not, such other party shall pay all the reasonable out-of-pocket expenses of the served party, its agents and subcontractors, associated with such subpoena or other administrative or judicial process.

**9.5 Privacy of Information.** NAVITAIRE shall protect Customer Personal Data during performance of the Services in accordance with laws to which NAVITAIRE is subject as a service provider or data processor and any specific written instructions or protocols that are agreed in writing by the parties as may be reasonably needed in order to support Customer's compliance with laws to which It is subject.

In the event that NAVITAIRE will process Customer Personal Data of EU origin (as those terms are defined by EU Data Protection Directive 95/46/EC), then NAVITAIRE and Customer shall execute the standard contractual clauses for transfers to Processors located in third countries authorized by EU Commission Decision 85/2010 ("EU Model Clauses"). In addition to the foregoing, throughout the Term, NAVITAIRE shall, and shall cause each of its subcontractors that have access to Customer Personal Data to, comply with the Data Protection Procedures Schedule attached hereto as Exhibit I.

## 10. Disclaimers and Limitations

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT:

**10.1** NOTHING IN THIS SECTION OR THIS AGREEMENT SHALL LIMIT A PARTY'S EXPRESS OBLIGATIONS TO INDEMNIFY AND DEFEND OTHERS WITH RESPECT TO INFRINGEMENT CLAIMS, NOR SHALL

ANYTHING IN THIS SECTION OR THIS AGREEMENT LIMIT A PARTY'S LIABILITY FOR ITS FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. WILLFUL MISCONDUCT HAS THE MEANING SET FORTH IN SECTION 8.1.2 AND "GROSS NEGLIGENCE" MEANS A DEGREE OF NEGLIGENCE WHICH SHOWS INDIFFERENCE TO OTHERS AND CONSTITUTES AN UTTER DISREGARD OF THE SAFETY OR PROPERTY OF ANOTHER.

**10.2** SUBJECT TO SECTION 10.1 AND EXHIBIT L, SECTION 1.2 (AS APPLICABLE), THE AGGREGATE LIABILITY OF NAVITAIRE UNDER OR IN CONNECTION WITH THIS AGREEMENT AND THE PROVISION OF HOSTED SERVICES TO CUSTOMER, REGARDLESS OF THE FORM OF ACTION GIVING RISE TO SUCH LIABILITY (WHETHER IN CONTRACT, TORT, OR OTHERWISE), SHALL NOT EXCEED THE AGGREGATE AMOUNT OF FEES PAID OR OWING BY CUSTOMER FOR SERVICES DURING THE \*\*\*\*\* PRECEDING THE MOST RECENT EVENT GIVING RISE TO THE CLAIM (OR IF SUCH EVENT OCCURS IN THE FIRST \*\*\*\*\* OF THE TERM, THE ESTIMATED AMOUNTS TO BE PAID IN THE FIRST \*\*\*\*\* OF THE TERM); \*\*\*\*\* .

**10.3** \*\*\*\*\*

**10.4** EXCEPT AS EXPRESSLY PROVIDED HEREIN, EACH PARTY HEREBY DISCLAIMS AND EXCLUDES ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT OF THIRD PARTY RIGHTS BASED ON THE USE OR POSSESSION OF ANY PRODUCT, SERVICE OR RELATED MATERIALS PROVIDED UNDER THIS AGREEMENT BY OR ON BEHALF OF ONE PARTY TO THE OTHER; AND

**10.5** WITH THE EXCEPTION OF A PARTY'S LIABILITY FOR ITS FRAUD, \*\*\*\*\* OR WILLFUL MISCONDUCT, NEITHER PARTY SHALL BE LIABLE FOR ANY EXEMPLARY, SPECIAL, PUNITIVE, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, SUCH KINDS OF LOSS OR EXPENSES ARISING FROM BUSINESS INTERRUPTION, LOST BUSINESS, LOST PROFITS, OR LOST SAVINGS) EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, EXEMPLARY, SPECIAL, PUNITIVE, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, (INCLUDING LOST PROFITS) PAYABLE TO THIRD PARTIES WILL, WHERE COVERED BY A PARTY'S INDEMNITY OBLIGATIONS SHALL BE DEEMED DIRECT DAMAGES AS BETWEEN CUSTOMER AND NAVITAIRE AND NOT BE SUBJECT TO THE DAMAGES CAP SET FORTH IN SECTIONS 10.2 AND 10.3 ABOVE;

- 10.6** WITH THE EXCEPTION OF THIRD PARTIES EXPRESSLY ENTITLED TO INDEMNIFICATION UNDER THIS AGREEMENT, AND THEN SOLELY TO THE EXTENT OF SUCH INDEMNIFICATION, THIS AGREEMENT IS NOT INTENDED FOR THE BENEFIT OF ANY THIRD PARTY AND NO THIRD PARTY SHALL BE ENTITLED TO ASSERT RIGHTS HEREUNDER.
- 10.7** WITH THE EXCEPTION OF THE PROVISION SET FORTH IN SECTION 8.1, NAVITAIRE SHALL NOT BE LIABLE FOR ANY CLAIMS OF THIRD PARTIES FOR USE OF THE SERVICES BY OR ON BEHALF OF CUSTOMER OR CUSTOMER AGENTS AND CUSTOMER SHALL DEFEND NAVITAIRE FROM, AND INDEMNIFY AND HOLD NAVITAIRE HARMLESS AGAINST, ALL SUCH CLAIMS.
- 10.8** NAVITAIRE INTERRUPTED SERVICE WILL NOT INCLUDE DOWNTIME DUE TO DENIAL OF SERVICE (“**DOS**”) ATTACKS ON CUSTOMER WEB SITES, PROVIDED THAT NAVITAIRE HAS TAKEN COMMERCIALY REASONABLE EFFORTS TO MONITOR AND MITIGATE AGAINST SUCH DOS ATTACKS.
- 10.9** EACH PARTY HAS A DUTY TO MITIGATE THE DAMAGES THAT WOULD OTHERWISE BE RECOVERABLE FROM THE OTHER PARTY PURSUANT TO THIS AGREEMENT, BY TAKING APPROPRIATE AND COMMERCIALY REASONABLE ACTIONS TO REDUCE OR LIMIT THE AMOUNT OF SUCH DAMAGES OR AMOUNTS.
- 10.10** THE FOREGOING STATES THE ENTIRE LIABILITY OF THE PARTIES WITH REGARD TO THIS AGREEMENT AND THE PROVISION AND USE OF HOSTED SERVICES HEREUNDER. THE LIMITATIONS OF LIABILITY CONTAINED IN THIS SECTION 10 ARE A FUNDAMENTAL PART OF THE BASIS OF THE PARTIES’ BARGAIN HEREUNDER, AND NEITHER PARTY WOULD ENTER INTO THIS AGREEMENT ABSENT SUCH LIMITATIONS.

## **11. Publicity**

Except as required pursuant to Section 4.11, all advertising, press releases, public announcements and public disclosures by either party relating to this Agreement which includes: (a) the other party’s name, trade names, trademarks, logos, service marks or trade dress (collectively, “**Name**”); or (b) language from which the connection of such Name may be inferred or implied, will be coordinated with and subject to approval by both parties prior to release; provided, however, that (i) either party may indicate to third parties that NAVITAIRE is providing services to Customer, (ii) Customer grants to

NAVITAIRE, during the Term of this Agreement, a limited, non-exclusive, non-transferable, revocable, royalty-free license, with no right to sublicense right to use, in accordance with and subject to Section 7.1, Customer's name, logo or other Customer Mark approved in advance by Customer within an airline "tailfin" shape to indicate that Customer is a customer of NAVITAIRE, and (iii) NAVITAIRE may use Customer as a reference.

## 12. Relationship of the Parties

The relationship of the parties under this Agreement is and at all times shall remain that of independent contractors. Nothing in this Agreement or the attached Exhibits shall be construed to create a joint venture, partnership, franchise, employment or agency relationship between the parties to this Agreement, and accordingly, neither party shall represent itself as having, nor does either party have, the right, power, or authority to bind or otherwise create any obligation or duty, express or implied, on behalf of the other party in any manner whatsoever.

## 13. No Assignment

Neither party to this Agreement shall have the right to assign this Agreement or any right or obligation hereunder, whether by operation of law or otherwise, without the prior written consent of the other party, provided that (i) NAVITAIRE may assign or delegate obligations therein to any of its Affiliates and/or to any entity that acquires all or substantially all of the assets of NAVITAIRE or to successor in a merger or acquisition of NAVITAIRE; \*\*\*\*\*.

## 14. Force Majeure

- 14.1** Each Party will be excused from performance under this Agreement (other than obligations to make payments that have become due and payable pursuant to this Agreement) for any period and to the extent that it is prevented from performing any obligations pursuant to this Agreement, in whole or in part, as a result of a Force Majeure Event. If either Party is prevented from, or delayed in performing any of its obligations under this Agreement by a Force Majeure Event, it will promptly notify the other Party by telephone (to be confirmed in writing within five days of the inception of the delay) of the occurrence of a Force Majeure Event and describe, in reasonable detail, the circumstances constituting the Force Majeure Event and of the obligations, the performance of which are thereby delayed or prevented. Such Party will continue to use commercially reasonable efforts to recommence performance whenever and whatever extent possible without delay.
- 14.2** A "Force Majeure Event" will mean the occurrence of an event or circumstance beyond the reasonable control of a Party, and will include, without limitation: \*\*\*\*\*; but the foregoing shall only be included as a Force Majeure Event if such party so affected promptly exercises commercially reasonable efforts to overcome or cure such act or condition as soon as possible to the extent it is within its power to effect such cure.



**14.3** In the event that NAVITAIRE is unable to perform due to a Force Majeure Event and Customer does not achieve the Monthly Minimum Segment Guarantee (as defined in Section 1.1.1(a) of Exhibit K) in any month in which such Force Majeure Event prevented performance, NAVITAIRE will upon the conclusion of each such month provide Customer with a credit on NAVITAIRE’s invoice for the following month in an amount equal to portion of the prior month in which the Force Majeure event prevented NAVITAIRE from performing multiplied by the amount of the recurring Service Fees payable by Customer with respect to such \*\*\*\*\* based on the Minimum Segment Guarantees for such \*\*\*\*\* . For example, if the Force Majeure Event lasts for \*\*\*\*\* in a single \*\*\*\*\* , Customer shall receive a credit on the next month’s invoice for \*\*\*\*\* of the minimum recurring Service Fees for the prior month (*i.e.*, the month in which the Force Majeure Event had its impact) calculated in accordance with Section 1.1.1 of Exhibit K (*e.g.*, Hosted Reservation Services – New Skies bundle, Hosted Web Services, Corporate Website Hosting, Hosted Revenue Accounting Services, Loyalty, and GoNow (Agent and Kiosk)).

**15. Notices**

All notices and communications that are permitted or required under this Agreement shall be in writing and shall be sent to the address of the parties as set forth immediately below, or such other address as the representative of each party may designate by notice given in accordance with this Section. Any such notice may be delivered by hand or by overnight courier, and shall be deemed to have been delivered upon receipt.

As of the date of this Agreement, the addresses of the parties are as follows:

	<u>CUSTOMER</u>	<u>NAVITAIRE</u>
	Chief Accounting Officer	
Attention:	With a copy to the Attention of Chief Information Officer	Controller
Address:	Frontier Airlines, Inc. 7001 Tower Rd Denver CO 80249 USA	333 South 7th Street, Suite 1700 Minneapolis, MN 55402 U.S.A.

*With a required copy to the Attention:* Chief Information Officer  
Address: Frontier Airlines, Inc. 7001 Tower  
Rd Denver CO 80249 USA

Notwithstanding the foregoing, the following shall be sufficient notice by a party to meet any obligations under this Agreement or to preserve any rights by a party related thereto: communications to or from the NAVITAIRE Support Center relating to any Interrupted Service, Emergency or other System Error as contemplated by this Agreement.

#### 16. Waiver

Neither party's failure to exercise any of its rights under this Agreement shall constitute or be deemed to constitute a waiver or forfeiture of such rights.

#### 17. General

**17.1 Entire Agreement, Amendments, and Work Orders.** This Agreement and its Exhibits constitute the entire agreement between NAVITAIRE and Customer, and supersede any prior or contemporaneous communications, representations, or agreements between the parties, whether oral or written, regarding the subject matter of this Agreement. The terms and conditions of this Agreement may not be changed except by an amendment signed by an authorized representative of each party. Professional Services and Deliverables will be requested in a Work Order, in a form similar to the example attached as Exhibit L, and shall be executed by an authorized representative of Customer and Service Provider.

**17.2 Headings and Counterparts.** The headings in this Agreement are for the convenience of the parties only and are in no way intended to define or limit the scope or interpretation of the Agreement or any provision hereof. This Agreement may be executed in two or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one agreement binding on the parties, notwithstanding that both parties are not signatories to the original or the same counterpart.

**17.3 Applicable Law and Jurisdiction.** This Agreement is made under and shall be construed in accordance with the laws of the State of New York without giving effect to that jurisdiction's choice of law rules. For the sole and exclusive purpose of seeking injunctive relief in accordance with Section 17.5 below, both parties hereby consent and submit to the sole and exclusive jurisdiction of the

federal courts of the Southern District of New York, in all questions and controversies arising out of this Agreement, and agree that such court is the most appropriate and convenient court to settle any dispute, and accordingly waive the right to argue to the contrary.

- 17.4 Severability.** If any term or provision of this Agreement is held to be illegal or unenforceable, the validity or enforceability of the remainder of this Agreement shall not be affected.
- 17.5 Dispute Resolution.** Any dispute between the parties with respect to interpretation of any provision of this Agreement or with respect to performance by NAVITAIRE or Customer shall be resolved as specified in this Section 17.5.
- 17.5.1** Upon the request of either party, each party will appoint a designated representative whose task it will be to meet for the purpose of endeavoring to resolve such dispute. The designated representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
- 17.5.2** If the designated representatives do not resolve the dispute within \*\*\*\*\* after the request to appoint a designated representative is delivered to a party, then the dispute shall escalate to the Vice President, Customer Operations of NAVITAIRE and the Chief Financial Officer of Customer, for their review and resolution within the next \*\*\*\*\* . During such time and in the event the amount subject to dispute is greater than \*\*\*\*\* , the amount subject to dispute shall be placed in a mutually agreed escrow account and held there pending resolution of the dispute. All other applicable fees not affected by the dispute are due as specified within this Agreement.
- 17.5.3** If the dispute is not resolved by the parties under Section 17.5.1 or 17.5.2 hereof, the parties may initiate formal proceedings. With the sole exception of an action seeking only injunctive relief for a breach hereof, any controversy or claim arising out of or relating to this Agreement, or the making, performance or interpretation thereof, including without limitation alleged fraudulent inducement thereof, shall be settled by binding arbitration in New York, New York by one arbitrator in accordance with the Rules of Commercial Arbitration of the American Arbitration Association. Judgment upon any arbitration award may be entered in any court having jurisdiction thereof.
- 17.5.4** The parties hereby agree that if any dispute or controversy proceeds to arbitration, the arbitrator appointed pursuant to Section 17.5 shall award the prevailing party its costs, including reasonable attorneys' fees and costs, to the degree of such prevailing party's success.

**17.5.5** The parties agree to continue performing their respective obligations under this Agreement while the dispute is being resolved; provided, however, if the dispute is regarding nonpayment by Customer, NAVITAIRE shall not be required to continue performance of its obligations unless Customer continues to pay all disputed amounts to NAVITAIRE or to an escrow account structured by agreement of the parties.

**17.6 Third Party Procurement.** NAVITAIRE has a number of relationships with third party vendors for products and services made available to users of the NAVITAIRE suite. NAVITAIRE utilizes these third party vendors in order to provide a comprehensive offering for the benefit of the customer base. In some cases, NAVITAIRE may receive compensation from these third party vendors.

**17.7 Insurance.** NAVITAIRE, at its expense, will maintain in full force and effect the following types and limits of insurance:

**17.7.1\*\*\*\*\***

**17.7.2\*\*\*\*\***

**17.8 Exhibits.** The Exhibits attached and listed below are part of this Agreement:

- Exhibit A: Hosted Reservation Services – New Skies®
- Exhibit B: (INTENTIONALLY OMITTED)
- Exhibit C: NAVITAIRE Contacts
- Exhibit D: Customer Contacts
- Exhibit E: Powered by NAVITAIRE® Mark
- Exhibit F: Hosted Web Services — dotREZ — Internet Reservation Framework
- Exhibit G: Hosted Revenue Accounting Services — SkyLedger®
- Exhibit H: (INTENTIONALLY OMITTED)
- Exhibit I: Data Protection Procedures
- Exhibit J: NAVITAIRE Support Center

- Exhibit K: Price and Payment
- Exhibit L: Work Order Terms and Form

**Exhibits; Order of Precedence.** Any conflicts, inconsistencies or ambiguities between this Agreement and any Exhibit or other attachment hereto shall be governed by this Agreement unless the Exhibit or other attachment, making specific reference to a provision of this Agreement, provides otherwise.

*[Signatures on following page.]*

IN WITNESS WHEREOF, NAVITAIRE and Customer, each acting with proper authority, have caused this Agreement to be executed as of the date set forth below.

Signed for and on behalf of:

Signed for and on behalf of:

**Frontier Airlines, Inc.**

**NAVITAIRE LLC**

Signature: /s/ David N. Siegel

Signature: /s/ [Authorized Signatory]

Printed Name: David N. Siegel

Printed Name: [Authorized Signatory]

Title: President & CEO

Title: [Authorized Signatory]

Date: June 24, 2014

Date: [Undated]

\* Upon execution of this Agreement:

- 1) Email a copy of the signature page to:  
\*\*\*\*\*

- 2) Mail two (2) hard copies of the entire Agreement to:  
NAVITAIRE LLC  
\*\*\*\*\*  
6322 South 3000 East Suite 100  
Salt Lake City UT 84121

**EXHIBIT A****HOSTED RESERVATION SERVICES – NEW SKIES®****1. Definitions**

As used in and for purposes of this Exhibit, the following terms shall be defined as set forth in this Exhibit. In the event that there exists any conflict between a definition set forth in this Exhibit and in any definition contained within Section 1 of the Hosted Services Agreement (the “Agreement”), the definition set forth in this Exhibit shall control.

**1.1 Ancillary Component** means a product or service other than Customer-originating flights sold by Customer using the Hosted Reservation Services. Examples include: an insurance policy purchase, a car hire/rental, a hotel reservation/purchase, an add-on activity such as a 1-hour helicopter tour, souvenir t-shirt, etc. For clarification purposes, Ancillary Components (i) are usually non-flight products or services but can also include flights not provided by Customer, but sold through the Travel Commerce functionality; and (ii) exclude any Segment under this Agreement.

**1.2 Authorization Services** has the meaning set forth in Section 7.4.1 hereof.

**1.3 Availability Request** means a request for a fare regardless of booking channel, including but not limited to API, Direct, CRS/GDS, and Web, and is comprised of Standard Availability Calls and Low Fare Availability Calls defined as follows:

- a) **Standard Availability Calls** which are searches for fares and are calculated as \*\*\*\*\* Journey per day searched regardless of booking channel. A search, as requested by the passenger, can be for a single specific date or for a multi-date window. For purposes of illustration, a request for flights from \*\*\*\*\* to \*\*\*\*\* on \*\*\*\*\* would be \*\*\*\*\* Availability Request whereas a request for flights from \*\*\*\*\* to \*\*\*\*\* on \*\*\*\*\* and \*\*\*\*\* would be \*\*\*\*\* Availability Requests.

A round trip or multi-city search to request fares is computed as \*\*\*\*\* look for each day searched, for each Journey searched. For purposes of illustration, \*\*\*\*\* request for a multi-city circle trip \*\*\*\*\* is calculated as \*\*\*\*\* Availability Requests (*i.e.*, \*\*\*\*\* multiplied by \*\*\*\*\* Journeys for the multi-city circle trip). For additional purposes of illustration, \*\*\*\*\* request for a round trip \*\*\*\*\* is calculated as \*\*\*\*\* Availability Requests.

Technical request types that are defined as Standard Availability Calls are GetAvailability, GetTripAvailability, GetUpgradeAvailability, or similarly functioned future calls.



- b) **Low Fare Availability Calls** which are searches for fares using Low Fare Finder (as further described in Section 6 below), which return the lowest fare for each day in a series of sequential dates, based upon the Customer configured number of days to search, and are calculated as \*\*\*\*\* Availability Request for each set of sequential dates requested, regardless of booking channel. For purposes of illustration, regardless of the Customer configured number of days to search in the Low Fare Finder, for each outbound city-pair/Journey and/or return city-pair/Journey the low fare search in all cases is \*\*\*\*\* Availability Request for each requested city-pair/Journey. For additional clarification, \*\*\*\*\* request for a round trip \*\*\*\*\* for a \*\*\*\*\* search is calculated as \*\*\*\*\* Availability Request.

Low Fare Availability Calls, when utilized in a multi-city Journey, will be calculated as \*\*\*\*\* Availability Request for each passenger requested multi-city Journey. For purposes of illustration, \*\*\*\*\* request for a multi-city Journey \*\*\*\*\* for a \*\*\*\*\* search is calculated as \*\*\*\*\* Availability Request.

Technical call types that are defined as Low Fare Availability Calls are GetLowFareAvailability, GetLowFareTripAvailability, or similarly-functioned future calls.

- 1.4 Change Assistance List (CAL)** is a list of passenger changes that occurred since the initial PAL or previous CAL was generated.
- 1.5 Codeshare, Marketing or Codeshare Marketing Carrier** means when Customer markets and sells a flight under its own host airline code and the flight is operated by another airline. A codeshare marketing partner is an airline participating in a codeshare as the Codeshare Marketing Carrier.
- 1.6 Codeshare, Operating or Codeshare Operating Carrier** means when another airline markets and sells a flight under its own host airline code and the flight is operated by Customer. A codeshare operating partner is an airline participating in a codeshare as the Codeshare Operating Carrier.
- 1.7 Codeshare PNR** means a Passenger Name Record, being an individual electronic record with a unique record locator number, containing \*\*\*\*\* or \*\*\*\*\* passenger names and booked Segments which contains at least one Segment booked via NAVITAIRE's free-sale codeshare functionality.
- 1.8 Common Use Airport** means an airport whose technology infrastructure including network, hardware, and software is managed by a third party company or organization. Typically common use providers manage a large number of airport infrastructures with a common platform and protocol. SITA CUTE and ARINC MUSE are examples of the larger common use platforms.

- 1.9 Confirmed Status** means when a reservation has been: (a) systematically acknowledged and accepted in the Hosted Reservation System by issuing a record locator or PNR number; and (b) the PNR has achieved a confirmed state in the Hosted Reservation System via either: (i) application of full or partial payment to the PNR; or (ii) application of an alternative mechanism such that payment for the PNR has been otherwise fulfilled.
- 1.10 Content Provider** means a provider of Ancillary Components sold in a Super PNR or Non-Flight Related Fee Record.
- 1.11 CRS/GDS/ARS PNR** means a Passenger Name Record, being an individual electronic record with a unique record locator number, containing \*\*\*\*\* or \*\*\*\*\* passenger names and booked Segments which contains at least one Segment booked via a CRS/GDS/ARS using Type B/Teletype Connectivity, or via a CRS/GDS using Type A/EDIFACT Booking Connectivity, or via Web Services/API Connectivity. A CRS/GDS/ARS source is based on unique user code and user type.
- 1.12 Electronic Ticket (E-Ticket)** means the document stored in electronic form, used in lieu of a paper document to be exchanged for the use of transportation and/or related services involving a single carrier.
- 1.13 Electronic Ticketing (E-Ticketing)** means the method used to document in electronic form, the sale of transportation and/or related services for a single carrier in lieu of the issuance of a paper document.
- 1.14 Electronic Ticketing Interchange and Database Provider** means the third party provider that Customer has contracted with to process, exchange and store Customer E-Ticket records.
- 1.15 Electronic Ticketing Services Agreement (ETSA)** means the agreement Customer enters into with the Electronic Ticketing Interchange and Database Provider for Electronic Ticketing services.
- 1.16 Executive Review Meeting** means a formal meeting attended by Customer, NAVITAIRE and any related third party required, in response to non-compliance to the specified service level measures.
- 1.17 Executive Sponsors** has the meanings set forth in Exhibits C and D.
- 1.18 Interline Electronic Ticket (Interline E-Ticket)** means the document stored in electronic form, used in lieu of a paper document, to be exchanged for the use of transportation and/or related services involving more than one carrier.
- 1.19 Interrupted Service Minutes** means, with respect to a given Reporting Period, the total number of minutes during which the Hosted Services experience Interrupted Service as defined in the Agreement, excluding Planned Downtime Minutes. This time is tracked by the minute, rounded up to the nearest minute per incident.

- 1.20 Interrupted Service Report** has the meaning set forth in Section 7.3.2 hereof.
- 1.21 Journey** means the true origination and destination city pair in a one way request. For example, Flight 100 originates in LAX with a stop in SLC on the way to BOS, where it connects to Flight 200 departing from BOS and arriving in JFK. A request for LAX-JFK on one (1) day, which happens to include both Flight 100 and Flight 200 as the connecting pair, would be one Journey.
- 1.22 Look to Booked Segment Ratio** means the numeric result of the number of Availability Requests divided by the number of booked Segments where the Segment resides in a PNR that has reached a Confirmed Status.
- 1.23 Low Fare Availability Days** means the aggregate number of dates searched in a Low Fare Availability Call, calculated as \*\*\*\*\* Low Fare Availability Day per Journey per day within the search parameter configured by Customer. The search parameter provides the range for the number of days on each side of the passenger's selected date for the Low Fare Finder to query for fares. For purposes of illustration, where the Low Fare Finder is configured by Customer with a search parameter of \*\*\*\*\* , when the passenger has selected a one-way city pair, the value is calculated as \*\*\*\*\* Low Fare Availability Days (\*\*\*\*\* for the requested booking date and \*\*\*\*\* Low Fare Availability Day for each of the \*\*\*\*\* on either side of the requested booking date). For additional clarification, \*\*\*\*\* request for a round trip \*\*\*\*\* if the search parameter is \*\*\*\*\* , is calculated as \*\*\*\*\*Low Fare Availability Days.
- 1.24 Low Fare Availability Average Days per Call** means the result of dividing the total number of Customer's Low Fare Availability Days in the calendar month by total number of Customer's Low Fare Availability Calls in such calendar month.
- 1.25 Maximum Availability Requests Allowed** means, with respect to any month, the greater of: (a) the numeric result of multiplying the Monthly Minimum Segment Guarantee (determined in accordance with Section 1.1.1 of Exhibit K) by the Look to Booked Segment Ratio; or (b) the numeric result of multiplying the actual booked Segments for the month by the Look to Booked Segment Ratio.
- 1.26 Minimum System Availability Target** has the meaning set forth in Section 7.2.1 hereof.
- 1.27 Monthly Performance Report** has the meaning set forth in Section 7.3.2 hereof.
- 1.28 MQSeries** is a popular system for messaging across multiple platforms including Microsoft Windows, Linux, IBM mainframe and midrange, UNIX, and others. It allows independent applications on distributed systems to communicate with each other.

- 1.29 Negotiated Allotment or NegoAllotment** means allocation of a Customer's seats to tour operators, cruise lines, or other non-affiliate third party entity through negotiated contracts.
- 1.30 Non-Flight Related Fee Record** means any data record materially referring to an Ancillary Component that is stored along with its corresponding fee in a PNR rather than as an Ancillary Component.
- 1.31 Passenger Assistance List (PAL)** is a list of Passengers with Reduced Mobility (PRM) for a particular flight and board point.
- 1.32 Passengers with Reduced Mobility (PRM)** are defined by IATA as disabled persons and persons with reduced mobility traveling by air within the European Community.
- 1.33 Planned Downtime** has the meaning set forth in Section 8.2.1(c) hereof.
- 1.34 Planned Downtime Minutes** means, with respect to a given Reporting Period, the total number of minutes in a Reporting Period during which Hosted Reservation Services are unavailable due to: (a) an act or omission of Customer with respect to matters described in Section 7.1 of this Exhibit; (b) an event of Force Majeure; or (c) a planned, scheduled, and approved event including Hosted Services System maintenance during which a particular service, upgrade or Hosted Services System routine requires Planned Downtime as defined in Section 8.2.1(c) hereof. Customer may request the event be rescheduled, providing there is reasonable cause for such a delay. This notification must be made to NAVITAIRE at least \*\*\*\*\* in advance of the scheduled event. Planned Downtime Minutes will be tracked by the minute, rounded up to the nearest minute per incident.
- 1.35 Reporting Period** will be a calendar month. The NAVITAIRE Account Manager will measure monthly calculations simultaneous to account reviews.
- 1.36 Reporting Period Minutes** means, with respect to a given Reporting Period, the total number of minutes during such Reporting Period.
- 1.37 Super PNR** means a passenger name record that includes one or more Ancillary Components. For the avoidance of doubt, a Super PNR includes any Ancillary Component regardless of booking source.
- 1.38 Utilized Availability Requests** means the numeric total result of the count of executed Standard Availability Calls and Low Fare Availability Calls.

## 2. Scope of Services

NAVITAIRE will provide certain services and support functions during the Term of this Agreement related to the Hosted Reservation Services and related applicable products. Of the available Hosted Reservation Services, Customer has selected the products and/or services outlined in Exhibit K.

### 3. Implementation Services

- 3.1 Data Center Implementation Services.** NAVITAIRE will configure, install, activate, and test the necessary data center hardware and software for providing the Hosted Reservation Services to Customer. Unless otherwise specified, this service does not include communication circuits, wireless data services, or any remote communication devices, including routers or network hardware. Client personal computers, workstations, or other Customer devices connected to the Hosted Services System are the responsibility of Customer and must meet the minimum specifications as required by NAVITAIRE. NAVITAIRE shall notify Customer of such minimum specifications in order for Customer to procure and implement the same on or before the Target Date.
- 3.2 Virtual Private Network (VPN) Connectivity.** If Customer desires to use a virtual private network (VPN) for connectivity to Hosted Reservation Services, NAVITAIRE will evaluate such a request to determine the viability of the use of a VPN connection for either a primary or back-up data circuit. After review, NAVITAIRE will advise Customer if the request is approved and the additional costs that will apply.
- 3.3 Network Configuration and Design Services.** NAVITAIRE will supply recommended technical diagrams and will advise Customer on required network hardware requirements, for client portion of application as necessary. Customer shall have internal or third party network expertise available for the installation and configuration of their required network.
- 3.4 System integration Services.** During the implementation of Hosted Reservation Services and before production use of such services, NAVITAIRE will assist in the assessment of the compatibility of third party hardware and software with the Hosted Services System. Customer shall be responsible for the cost of modifying or replacing any third party systems including hardware and software. For future integration services, NAVITAIRE will, upon request, provide an estimate using the rates as outlined in Exhibit K; however, any services will be provided pursuant to a Work Order.
- 3.5 Strategic Business Review.** NAVITAIRE will conduct a Strategic Business Review to gather information on Customer's desired use of the Hosted Reservation Services and outline functional capabilities of the Hosted Services System. During the Strategic Business Review, NAVITAIRE will work with Customer to create a project plan and project schedule, including NAVITAIRE and Customer responsibilities, designed to achieve successful completion of the Implementation Services on or before the Target Date.
- 3.6 Customer Site Installation Services.** NAVITAIRE will assist Customer with the installation and testing of the required telecommunications connection between the NAVITAIRE data center and the designated Customer facility. Customer shall be responsible for the cost of troubleshooting or connecting Customer's internal network. Additional technical support for on-site assistance after the initial conversion to production use of the Hosted Reservation Services shall be quoted on a project basis at the request of Customer using the rates as outlined in Exhibit K.

- 3.7 Initial Training Services.** NAVITAIRE will supply the following training at mutually agreed times and Customer agrees to participate in such training for the Hosted Reservation Services:
- 3.7.1 Core Reservation System Training:** Up to a maximum of \*\*\*\*\* which may be attended by up to \*\*\*\*\* at the NAVITAIRE office located in Salt Lake City, Utah or up to \*\*\*\*\* at the NAVITAIRE office located in Manila, Philippines. An additional \*\*\*\*\* training will be required if GDS, Codeshare, and/or Interline functionality is implemented. If the training is not held at a NAVITAIRE facility, NAVITAIRE requires that \*\*\*\*\* trainers be on-site at the alternate location and additional fees will apply. Also, if training is not held at a NAVITAIRE facility, \*\*\*\*\*. All training will be conducted in English. Topics will include use of SkySpeed, Airport Check-in, Irregular Operations, Flight Scheduling and Fare Maintenance, and Reservations and Supervisory Features. Customer must complete basic computer familiarization and Windows training for all trainees before the initial training.
- 3.7.2 Web Services Training:** Up to \*\*\*\*\* which may be attended by up to \*\*\*\*\* of Customer's technical employees at the NAVITAIRE offices in Salt Lake City, Utah. The course includes time for hands-on development.
- Please note that the Web Services Training has been designed with the assumption that the developer(s) performing the carrier customization has a base level understanding of the Microsoft ASP.NET technology and knowledge of C# (C-sharp), XML, XSLT, HTML, and CSS. If additional assistance is required for this base understanding or additional development support after the course, the NAVITAIRE Professional Services organization can be engaged via a work order.*
- 3.7.3 Data Store Products Training:** Up to \*\*\*\*\* of technical training which may be attended by up to \*\*\*\*\* Customer technical employees at Customer's location. At least \*\*\*\*\* NAVITAIRE trainer will provide the trainings requested on-site at Customer's location. The course covers the data model, performance tuning, use of the Data Warehouse, replication, and how to avoid impacting the replication process. Classroom requirements for the on-site Data Store training are located in the Data Store course syllabus.
- 3.7.4 GoNow Agent Training:** Up to a maximum of \*\*\*\*\* which may be attended by up to \*\*\*\*\* Customer employees at the NAVITAIRE offices located in Salt Lake City, Utah.

- 3.7.5 **Travel Commerce Training:** Up to a maximum of \*\*\*\*\* which may be attended by up to \*\*\*\*\* Customer employees at the NAVITAIRE offices located in Salt Lake City, Utah.
- 3.7.6 **Loyalty Training:** Up to a maximum of \*\*\*\*\* which may be attended by up to \*\*\*\*\* Customer employees at the NAVITAIRE offices located in Salt Lake City, Utah.
- 3.7.7 **Launch Support:** Up to \*\*\*\*\* with up to \*\*\*\*\* NAVITAIRE employees on-site with Customer, leading up to and through the cutover to the production use of the Hosted Reservation Services.
- 3.7.8 **Manuals:** Customer will be provided an electronic copy of the user reference manuals in Adobe Acrobat (PDF) format for download via the NAVITAIRE Customer care web site available at <https://customers.navitaire.com> or by CD. Technical specification and technical reference manuals are for internal NAVITAIRE use only, unless otherwise specified in this Agreement or by other arrangement. All materials provided by NAVITAIRE are in the English language unless otherwise specified within this Agreement.
- 3.7.9 Customer's Travel Costs: \*\*\*\*\*.
- 3.8 **Project Reporting.** During the course of Implementation Services, the NAVITAIRE Project Manager will provide Customer with:
- (a) Weekly Project Plan Update and Status Report; (b) Weekly Updated Issues/Resolution List; and (c) Executive Summary.
- a) **Weekly Project Plan Update and Status Report.** Weekly status reports will be transmitted to Customer on a weekly basis during the provision of Implementation Services. This report will include updated status on the implementation process and an updated project plan. A list of the following week's tasks and goals will be included in the report.
- b) **Weekly Updated Issues/Resolution List.** Weekly updated issues/ resolution lists will be forwarded to Customer on the same schedule as the Weekly Project Plan Update and Status Report. The Issues/Resolution List will include specific additional items discovered in the project analysis, or critical issues that deserve heightened priority apart from the project plan. The Issues/Resolution List will include the task, the responsible party, date, open/close status, priority, and date of closed task. Every issue will be given a priority relative to a mutually agreed priority with Customer. Priorities will be ranked 1-5, 1 being most critical. Below is a description of each priority:
- **Priority 1 – Urgent.** All issues included in this priority are deemed critical and will be given priority attention. These issues may affect a milestone or dependency related to the completion of conversion services. Issues in this category are critical to resolve prior to other project dependencies and milestones being completed.

- **Priority 2 – High.** Issues included in this priority may affect the Target Date and require resolution prior to the completion of conversion services and require resolution prior to the completion of conversion services.
  - **Priority 3 – Medium.** Issues included in this priority are not required prior to completion of conversion services, but must be finished prior to the end of Implementation Services.
  - **Priority 4 – Low.** These items are not critical to either the completion of conversion services or Implementation Services but require monitoring for subsequent follow up or entry into NAVITAIRE's Internet based customer support tool.
  - **Priority 5 – Excluded.** These items are deemed excluded and are either unnecessary or may be addressed in a business process change or work-around.
- c) **Executive Summary.** An Executive Summary will be provided to both the NAVITAIRE and Customer Executive Sponsors upon reaching critical milestones. These milestones will be established mutually with Customer as the final project plan has been established.

### 3.9 Implementation Services Time Frame

- 3.9.1** During the course of planning discussions related to this Agreement, NAVITAIRE acknowledges the Target Date as requested by Customer for completion of applicable portions of the Implementation Services. The Target Date for completion of the Implementation Services is no later than \*\*\*\*\*. NAVITAIRE and Customer will detail dates and dependencies of the project plan, as summarized in the table in Section 3.9.2 below, in order to confirm the Target Date achievability.
- 3.9.2** Upon receipt of the Implementation Fees due at signing and subject to Section 4.1 of the Agreement, NAVITAIRE agrees to perform the Implementation Services within the time frame preceding the Target Date. NAVITAIRE further agrees to initiate, mutually with Customer, project-scope-analysis and project-planning communication to establish the final schedule for Implementation Services consistent with the Target Date.



The following table outlines the key milestone activities that will be discussed during the Strategic Business Review:

<u>Key Milestones and Supporting Tasks</u>	<u>Primary Responsibility</u>		<u>Duration to Complete</u>	<u>Milestone Dependency</u>
	<u>Navitaire</u>	<u>Customer</u>		
*****	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
*****	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
*****	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
*****	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
*****	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
*****	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
*****	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
	*****	*****	*****	*****
*****	*****	*****	*****	*****

**3.9.3** Customer understands that the Target Date is subject to change upon mutual agreement of the parties; as such date is dependent on, among other matters, certain third party agreements/activities on behalf of both Customer and NAVITAIRE. These third party agreements/activities may include, but are not limited to, the following:

- Airport facility use agreements.
- All telecommunications and data circuits.
- Credit card settlement and authorization agreements.
- Centralized Reservation System/Global Distribution System/Airline Reservation System (CRS/GDS/ARS) agreements and host provider(s) certification process.
- Content Provider agreements and certification process.
- Data conversion systems.
- Bilateral agreements for marketing codeshare terms with other airline partners.
- Codeshare marketing partner host provider certification process.
- IATA carrier code assignment.

Customer will immediately establish a primary technical Project Manager contact that will be assigned to interact with the Project Manager appointed by NAVITAIRE. Failure to appoint this individual will jeopardize the delivery of Implementation Services by NAVITAIRE.

**3.9.4** Upon 'Go Live', Customer is expected to fully open functionality to the public. If Customer requests a two phase launch (*e.g.*, initial "soft launch" for limited release), Customer must recognize that the appropriate NAVITAIRE resources may not be available for appropriate on-site or data center support for a second launch. Additional implementation fees will apply for any two phase launch scheme.

**3.9.5** Upon completion of the Implementation Services as described in this Exhibit A, Section 3, NAVITAIRE will provide written notification to the Customer Account Liaison named in Exhibit D, Section 2.

### **3.10 Data Conversion**

**3.10.1 Conversion Services.** If Customer has been using a third party reservation system, Customer will be responsible for converting existing reservations data into the required Hosted Reservation Services format. Hosted Reservation Services file format requirements and specifications are available to Customer upon request.

**3.10.2 Data Conversion Assistance.** If Customer desires assistance with data conversion services from a third party reservation system, NAVITAIRE will review this request, and if accommodated, such assistance will be provided pursuant to a Work Order.

**3.11 Reservations History Capture for Third Party Revenue Management Systems**

If Customer is not yet using a revenue management system, or is using a third party revenue management system, additional fees will apply to capture reservations booking history data from Hosted Reservation Services. Applicable charges are outlined in Exhibit K.

**4. Data Circuits**

**4.1 Primary and Backup Data Circuits.** Customer shall be responsible for all telecommunication circuits used by Customer in connection with the transmission of data between the Hosted Services System and Customer's site(s), as stated in Section 4.10 of the Agreement.

**4.2 Facility Locations.** The facility locations provided for in this Agreement are as follows:

- The NAVITAIRE Hosted Reservation data center will be located in Minneapolis, Minnesota.
- Customer's primary facility will be located in Denver, CO.

**5. New Skies by NAVITAIRE Functionality Included in Hosted Reservation Services**

The following tables itemize the base and optional functionality and features available as of the Effective Date of this Agreement. The actual optional functionality to be provided under this Agreement is as identified in Exhibit K. This functionality list may be modified or expanded in the future based upon new releases, provided that no material functionality will be eliminated unless mutually agreed with Customer and NAVITAIRE.

**Hosted Reservation Services – New Skies****Base Functionality****SkySpeed – Call Center Reservation System****General Features – SkySpeed**

- Graphical reservations screens
- Fee entry and payment collection
- On-demand itinerary print capability
- Auto-queue capability.
- Role-based user security

**General Features – Availability and Fare Look-up**

- Search for travel components (flight, train, bus, ferry, etc.) and fare availability according to multiple search criteria.
- Display travel components (flight, train, bus, ferry, etc.) and fare results, including Real-time pricing and availability
- Interactive calendar
- Graphical display of price by passenger type, fees and taxes, multiple currencies, fare rules, manifest and SSR availability Multiple-airport cities (MAC) functionality.

**General Features – SkySpeed Booking Module**

- Book, change, divide, and cancel reservations.
- Book unlimited number of passengers per PNR as defined by role
- Reserve unlimited number of travel Segments per passenger, per PNR
- Book multiple flight connections.
- Book non-revenue and revenue standby passengers
- Override fares dependent on user security settings.
- Assign multiple Special Service Request (SSR) codes to individual passengers based on availability.
- Add individual passenger identification documents.
- Optional seat map display showing actual seat availability
- Optional pre-assigned seating.
- Associate seat fees with pre-assigned seats
- Dynamic seating legend to display seat properties.
- Store multiple addresses and phone numbers on a single booking.
- Auto-populate name and address from stored phone numbers
- Issue itinerary at the airport or station, or by mail, fax, email or XML feed to the desired system
- Multiple language support for itinerary printing.
- Carrier defined mandatory comments.
- Ability to create Agent and carrier defined Freeform, Manifest, and Itinerary comments.
- Display of Real-time travel status Information (*e.g.*, FLIFO).
- Move passengers to new travel components.
- Apply promotion codes to bookings.
- Use vouchers as payment on bookings.
- Apply discount codes for selected passenger(s) on a booking.
- Apply penalty fees at the PNR and passenger level.
- Auto-assign seats at the passenger and booking level, with Intelligent Seating for optimal seat selection,
- Quick search options to retrieve PNRs.
- View available and expired fares within a date range.
- Direct refunds to spoilage fees so they are not refunded to passengers.
- Directional fares
- Place traffic restrictions on flight routes according to IATA standards.
- Support for Change of Gauge on equipment (aircraft, train, bus, and ferry).
- Support for payment by installments.



**General Features – Customer Management**

- Manage customer profiles, including personal information, travel preferences and booking information.
- Support for system-generated and third-party Customer IDs

**General Features – Travel Agent Support**

- Support for travel agency, corporate and third-party profiles.
- Automatic entry of travel agency, corporate or third-party organization ID upon agent login.
- Private fares and fare discounts based on organization.
- PNR retrieval using CRS, GDS and third-party record locators.
- Support for parent/child relationships within travel agencies.

**General Features – Airline Specific PNR Preferences**

- Configure which fields are required, optional and disabled for passenger information, contact information, payment information and customer profile information.
- Automatically place bookings on hold for declined credit cards (configurable).
- Configure validation for phone number format.
- Auto-populate city and state based on postal code (US & Canadian postal codes).
- Configure default booking values for country, language, culture and nationality.

**General Features – Agent and Airline Support Tools**

- Create and manage system agents.
- Apply role-based permissions to agents and agent groups.
- Password-protected login for individual agents.
- Temporary supervisory login to perform secure functions.
- Configurable logoff time value for inactive sessions.
- Scratch pad for call-specific notes.
- Customizable reference system to maintain and manage carrier policy and procedure information.
- Online help documentation.
- Password-protected queue access.

**dotREZ – Internet Reservation Framework****General Features – dotREZ – Internet Reservation Framework**

The dotREZ internet reservation framework consists of a platform and toolkit to facilitate Customer's construction of internet booking components which interface with the Hosted Reservation Services.

dotREZ Configurable Templates are made available to Customer to use as a reference when customizing and branding Customer's internet portal.

The specific building components which can be used by Customer to build Customer's internet reservation platform consist of the following, by category.

**Booking Functionality**

- Book, change and cancel reservations for trip types of one-way, round-trip or open jaw travel, which may comprise multi-leg or multi-segment travel components.
- Assign multiple Special Service Request (SSR) codes to passengers, based on Customer's configuration of the SSR and its associated fees and availability of the SSR at the time of passenger's booking.
- Display selected travel components and fares prior to purchase.
- Display confirmed or held bookings, including booking details.

**Pricing/Promotions Functionality**

- Display single or multiple fares per travel component.
- Display "Discounted Web" and "Regular Price" comparisons ("Strikethrough Pricing").
- Display summary and detailed price quotes, including fee and tax breakdown.
- Online redemption of promotion code discounts and vouchers.
- Support utilization of promotional fares/discounts activated within SkyFare.

**Passenger/Contact Functionality**

- Assign passenger type based upon passenger title.
- Support entry of Passenger and contact information, using configurable drop down lists, input boxes, and required fields.

Exhibit A - 57

**Availability Functionality**

- Support multiple-airport cities (MAC).
- Display product class or class of service.
- Utilize passenger information stored in the Hosted Services System to generate route-aware origin and destination lists.
- Support availability for either single day or date ranges.
- Search by lowest fare in market for a number of days out using Low Fare Finder.

**Payment Functionality**

- Interface with SkyPay to facilitate credit card validation and authorization by Customer's third party providers).

**Travel Agency Functionality**

- Support discounts, promotions, commissions, and registration for travel agencies and corporations.
- Support ability for unregistered/unrecognized agencies to book prior to carrier validation.
- Support individualized logins for agents within a travel agency/corporation
- Display travel agency/corporate ID and contact information on bookings.

**Seat Functionality**

- Display customizable, graphical seat map.
- Support dynamic, unique seat map with seat properties for each travel component.
- Support seat selection from: 1) system-assigned based on passenger preferences and Intelligent Seating algorithms; or 2) seat map.
- Assign seat fees and SSR fees.

**Technical Functions**

- Ability to customize graphics and HTML display elements ("look and feel") in the presentation layer
- .NET ASP.Net MVC Framework supports Ajax, XML/JSON interfaces
- Utilizes data as set up by Customer in Utilities:
  - Market data (origin and destination airport codes, currency codes and time zone settings
  - Lists and codes for aircraft types and credit cards,
  - Contact information lists (for example, states/provinces, and countries),
  - Itinerary distribution options (for example, email, fax, print),
  - Local time settings by city.
- Support for localization (multiple languages) through customization libraries.
- Ability to retrieve and view traveled bookings for registered members.
- Ability to validate form elements using JavaScript.
- Allows for optional secure SSL encryption, no encryption, or both (generally compliant with secure SSL encryption).
- Ability to link to external pages, such as third-party payment providers and loyalty programs.

**Limitations and Exclusions**

- dotREZ requires the use of web session locking, per NAVITAIRE and Microsoft® recommendations and practices
- dotREZ posting by NAVITAIRE is not included within the scope of Hosted Reservation Services. If Customer wishes NAVITAIRE to host dotREZ, Customer shall procure Hosted Web Services and NAVITAIRE shall host dotREZ in accordance with and subject to the Service Levels set forth in this Agreement.
- Strikethrough Pricing is not compatible with All Inclusive Pricing.
- The functionality is limited to a set of tools that Customer may use to create a custom function (e.g., Customer Website).
- Customer, and not NAVITAIRE, is responsible for the operation/performance of such custom function and such custom function is not considered as part of the Services for purposes of this Agreement.
- In the event the parties enter into a Work Order for NAVITAIRE to perform Professional Services to do the initial development and / or additional modifications for the Customer Website, the parties hereby agree that such Work Order shall specify the scope for the development of the custom functions. Unless NAVITAIRE and Customer agree in a separate Work Order issued pursuant to Exhibit L, NAVITAIRE shall have no responsibility to assist Customer in the development of any custom functions.



**SkySchedule – Scheduling Application****General Features – SkySchedule**

- Create and maintain schedules.
- Re-accommodate passengers to other travel components – flight, train, bus, ferry, etc.
- View PNR(s) and passengers affected by a schedule change.
- Create non-stop travel components.
- Create direct and/or connecting, multiple-leg travel components.
- Maintain routing mileage table for reporting.
- Maintain and compare multiple schedules.
- Change travel time, flight/train number, status, equipment type, and cabin/car configuration.
- Automatically update cabin/car configuration based on Authorized Unit (AU) changes.
- Maintain automated or user-defined schedule change queuing.
- Create and modify preliminary schedules offline prior to activation.
- Display detailed inventory and change history.
- Configure availability display for Real-time travel component modifications.
- Print schedules.
- Maintain carrier-specific cities or airport/station codes in the airport/station table.
- Generate schedules in industry-standard formats.
- Import and export SSIM files.
- Maintain standby priority of a re-accommodated passenger.
- Create a preliminary schedule for comparison of active schedule.
- Flag certain travel components and indicate whether they are for general use or not.
- Dynamic seating legend to display system and custom seat properties.
- Create circle travel components.
- Support for travel segments crossing the International Date Line.

**General Features – Fare and Inventory Management – SkyFare/SkyManager**

- Support for multiple currencies.
- Set the booking default currency based on origin city.
- Create and maintain fare rules.
- Apply advance purchase requirement.
- One-way, return (round-trip), and open jaw fares.
- Apply seasonality criteria to fares.
- Specify minimum number of passengers required.
- Specify day-of-week stay over requirement.
- Specify minimum/maximum stay requirement.
- Specify combinability rules.
- Specify directional fares.
- Specify travel date and sales date restrictions.
- Specify valid passenger discount types.
- Organization-specific fares.
- Fare branding to bundle distinct services with a recognized product name.
- Combine base fare, sales taxes, and travel fees for end user display (excludes GDS).
- Maintain discrete fare classes (unaffected by standard nesting rules).
- Create and modify fares using file import/export.
- Apply global fare changes.
- Differentiate between CRS/GDS and internal AU application.
- Support for revenue management interface files.
- Define fare classes and fare access by user role.
- Role- and fare-based hold settings.

- Validate standby fare classes.

- Greats and maintain SkySpeed and dotREZ fare rule files for passenger advice.
- Create and maintain fee types, descriptions, amounts, and currencies
- Negative fees.
- Refunds.
- Implement availability status (AVS) RECAP and/or RESYNC either automatically or manually Manage AU(s) at a leg and route level.
- Run a pending batch of fares manually, on demand.
- Negotiated space functionality for third parties, such as tour operators.

### **SkyPay – Payment Processing and Settlement**

#### **General Features – SkyPay – Payment Processing and Settlement**

- Create and maintain payment types.
- Enter multiple payments on an individual PNR.
- Allow PNR(s) to be ended with partial payment, based on role.
- Allow PNR(s) to be ended with a negative balance.
- Authorize credit cards manually; with processor approval.
- Restrict refunds by payment type and/or user group.
- Reverse a previously-entered payment.
- Support credit card processing as outlined in Section 0 of Exhibit A of this Agreement
- Select bank direct payments via SkySpeed and dotREZ. (Settlement is dependent on Bank file )
- Require AVS and CVV for payment verification purposes via dotREZ and/or SkySpeed (AVS is not supported in all regions.)
- Support the configuration and storage of data related to installment payments.

### **SkyPort Airport Check-in System**

#### **General Features – SkyPort – Airport Check-in System**

- Check in one or more passengers on the same PNR at the same time.
- Board one or more passengers on the same PNR at the same time.
- Issue boarding passes and bag tags for standby passengers.
- Display travel segment data and remarks.
- Open, close, and lock travel segments (flight, train, bus, ferry, etc.).
- Create and modify PNR(s) in Real-time.
- Associate or disassociate passengers with customer credit files.
- Display passenger lists, such as confirmed, standby, connecting, no-show, same PNR, etc.
- Display list of travel segments according to numerical order of flight/train/bus/ferry.
- Make changes to passenger information directly on the PNR.
- Change the priority code of standby passengers.
- Print passenger manifests.
- Print passenger receipts/itineraries to peripheral boarding pass printers. (Supported printers may be found under Customer Responsibilities; Equipment Specifications).
- Display passenger ticket numbers on boarding passes.
- Scan boarding passes to print bag tags.
- Automatic generation and printing of bag tags.
- Pre-assigned seating.
- Assign seats or change seat assignments.
- Hold or block seats.
- Dynamic seating legend to display seat properties.
- Support for multiple equipment configurations.
- Assign or remove SSR codes.
- Display multiple SSR codes assigned to a passenger.
- Add SSR fees after Check-in.
- Assign a voucher to a passenger.



- Input and retrieve Flight Following information.
- Re-accommodate passengers for irregular operations (IROP).
- Maintain checked and boarded status on international flights during an irregular operation (IROP).
- Create ad hoc connections between cities and markets where connections are not routinely created (IROP).
- Allow or restrict agents from checking in selected passengers.
- Allow or restrict the ability for agents to log in to a location other than the assigned default location.
- Display historical manifests, including checked and no-show passenger details.
- Report gender count and weight categories for passenger-driven weight-and-balance calculation.
- Support for station add/collects.
- Support for cash-out sales by agent.
- Support for agent login security, Display daily station-specific note pages for company updates.
- Customizable reference system for carrier policies and procedures.
- Online help system.
- Agent reports, Flight Following, Irregular Operations (IROP), and message generation (internal and Teletype).
- Display inventory.
- Cancel or suspend inventory.
- Support for ARINC/MUSE and SITA/CUTE (certification required).
- Allow or prevent agents from viewing or editing passengers who are on Lock or Warning queues.
- Specify the amount of time allowed to open or close travel segments after departure.
- Prompt for AU updates during equipment swap.
- Generate outbound BSM messages.
- Accept and process MVT messages for travel segment information updates.
- Support the configuration and storage of data related to installment payments.
- Transmit APIS data to government authorities via EDIFACT messaging. (NAVITAIRE APIS solution has been certified by customers with U.S. and Canadian customs authority. APIS requirements from other countries may require additional development and testing.)
- Address in country/CBP – APIS enhancements. (NAVITAIRE APIS solution has been certified by customers with U.S. and Canadian customs authority. APIS requirements from other countries may require additional development and testing.)
- Includes the NAVITAIRE Terminal Emulator, which is required to access SkyPort.

### **New Skies Reports – Reporting System**

#### **General Features – New Skies Reports**

- Run reports “on-demand” on the NAVITAIRE Reporting platform.
- Reports may be exported in various data formats, including CSV (Comma Delimited), XML, and PDF. (Microsoft Excel can open and import CSV and XML file formats.)
- Detail reports that generate output based on a user-specified time frame can produce at least one full day of detail data.
- Summary reports that generate output based on a user-specified time frame can produce up to one month of summary data.
- Option to request NAVITAIRE report development at an additional charge.
- Report files generated by the New Skies Reports subscription functionality will be retained for up to fourteen (14) days from the date they are generated.

#### **General Features – Standard Reports**

The following is an alphabetical list by function, which contains a description of the standard reports available as a part of the Hosted Reservation Services. These reports may be added to, deleted, modified, changed, eliminated or substituted for at the discretion of NAVITAIRE at any time. The reports are viewed online via a browser interface.

**Accounting General**

- AG Payments – Displays information about activity within a travel agency during a specified period of time.
- Agency List – Displays information about the travel agency, corporate or Air Travel Organizer’s License (ATOL) accounts that have been entered for your carrier.
- Agency List Summary – Displays a summary view of the agencies associated with your carrier.
- Availability Information – Displays flight availability information, including lid, capacity, seats sold.
- Bank Reconciliation – Reconciles bank transactions.
- Bookings By Agent Detail – Provides detailed information on bookings made by individual booking agents.
- Cancellation After Travel Date – Displays passenger and fare information about cancelled booking segments.
- Checked Baggage – Displays baggage information for flights.
- Checked In Passengers By Fare Class – Displays the total number of passengers by fare class who were checked-in.
- Commissions Incurred – Provides commissions information for each of the travel agency that generates bookings for your carrier.
- Credit File Commissions – Displays commission information on travel agency bookings.
- Credit Shell File – Displays credit shell/file activity and balances.
- Credit Shell File Expired – Lists expired credit files and credit shells.
- Customer ID By Flight – Displays the customer IDs associated with passengers booked on a selected flight.
- Daily Agency Charges – Displays the number of charges and activity performed by each agency during a specified day
- Enplanement Deplanement – Displays either enplanements or deplanements by airport.
- Fare Overrides – Displays fare override information by agent.
- Fees And Discounts – Displays passenger-level service fees, SSR fees, seat fees, and penalty fees.
- Fees And Discounts By Date – Displays fees that were manually added to the booking.
- Fees And Discounts By Location And Agent – Displays fees that were manually added to the booking by location and by agent.
- Fees And Discounts By Location And Fee Type – Displays fees that were manually added to the booking by location and by fee type.
- Gender Count By Fare Class – Lists and breaks down passenger information by fare class.
- Generic Tax History – Displays information about the selected tax.
- Net Sales – Summarizes net sales figures.
- No Shows – Displays the names, PNRs, flight dates, and flight numbers for no-show passengers.
- Payment Detail – Displays information about payments made.
- Payment Detail Consolidation – Displays information about payments made and is further organized by booking source.
- Payment Receipts – Displays information about all payments made on the payment approval date.
- Payment Receipts Restricted – Displays information about all payments made on a specified date
- Payments By Batch Code – Displays information on the batch codes used to make payments on bookings.
- PNR Out of Balance – Queries for reservations that have a credit and/or balance due.
- Refunds – Displays refunds made by specific departments.
- Sales Exceptions – Displays the information on PNRs when the balance of the PNR and the payments made differ.
- Seat Assignments By Agent – Provide the total number of seat assignments made by specific agents.
- Segment Activity By City Pair – Displays information on confirmed and/or unconfirmed booking amounts and passenger totals by city pairs.
- Segment Activity By Flight Date – Displays information on segment activity by flight date.
- Segment Activity Detail – Displays information on segment activity for a specific date or date range.

- Segments By Agent – Shows the number of segments that were created or cancelled during the period and the charges associated with those segments made by individual agents.
- Unapproved Payments – Displays all payments, by payment type that have not been approved
- US Security Fees – Provides information required by the TSA.

**Accounting – Travel Agency Specific**

- Account Charges – Displays charges to agency accounts.
- AG Payments – Displays information about activity within a travel agency during a specified period of time.
- Agency List – Displays information about the travel agency, corporate or Air Travel Organizer's License (ATOL) accounts that have been entered for your carrier.
- Agency List Summary – Displays a summary view of the agencies associated with your carrier.
- Commissions Incurred – Provides commissions information for each of the travel agency that generates bookings for your carrier.
- Daily Agency Charges – Displays the number of charges and activity performed by each agency during a specified day.
- Travel Agency Aging – Determines the outstanding and/or unused amounts for an agency as of the report date
- Travel Agency Payments – Displays information on payments made by an agency.

**Add-on Services**

- Ancillary Services Detail – Generates detailed information on car rentals, insurance, and hotels.
- Ancillary Services Summary – Generates summary information on car rentals, insurance, and hotels.
- Car Rental – Displays information on car hire auxiliary services.
- Insurance – Tracks the amount of revenue generated by passengers purchasing insurance.

**Booking**

- Bookings by Agent – Displays total bookings created by an agent.
- Bookings By Agent Detail – Provides detailed information on bookings made by individual booking agents.
- Bookings By Agent Detail Restricted – Provides detailed information on bookings made by individual booking agents restricted by the agent's location and domain.
- Bookings By Agent Restricted – Provides detailed information on bookings made by individual booking agents restricted by the agent's location.
- Bookings By Fare Class with Equipment – Displays passenger/segment booking and fare totals by fare class.
- Bookings By Agent Restricted – Provides detailed information on bookings made by individual booking agents restricted by the agent's location.
- Bookings By Fare Class with Equipment – Displays passenger/segment booking and fare totals by fare class.
- Bookings By Market – Displays passenger totals, booking amounts, and average fares for individual markets
- Bookings By Origin – Displays segment booking information (total segments and fare amounts by currency) for each originating city.
- Bookings By Schedule – Monitors bookings for a specified origin/destination (city pair) on a specific date.
- Bookings By Source – Provides a count of active (not cancelled) booking Segments and Journeys by booking source or channel.
- Booking Statistics – Determine flown and unflown revenue by booking source.
- Bookings By Time – Displays booking information in hourly increments.
- Days Out Bookings – Displays information about segment bookings made on a specific date, the number of segments sold in future dates following the selected booking date, and the actual travel date when these bookings were made.
- Duplicate Bookings – Lists different PNRs for the same flight and date that contain identical passenger names

- E-Ticket On Demand – Displays information on the dates E-Tickets were issued for billing purposes.
- Group Bookings Out of Balance – displays information on group reservations that have a credit and/or balance due – Net Booking Transactions – determines revenue from confirmed bookings by booking source using the date created.
- Transaction By Channel – Provides booking, segment, and availability call transaction counts that are used to generate monthly invoices for billing.

**Codeshare**

- IATCI Reporting – Provides Inter Airline Through Check-in (IATCI) data to carriers expanding their existing code share partnerships with other airlines.

**Department of Transportation (DOT)**

- DOT Non Stop Market – Displays non-stop market information required by the U.S. Department of Transportation.
- DOT On-Fight Market – Displays passenger totals for flown flights required by the U.S. Department of Transportation.

**Inventory**

- Cancelled Inventory With Passengers – Provides the number of passengers who may need to be re-accommodated to another flight due to a cancellation.
- Flight Capacity Lid – Displays information on seat capacity (or lid) and availability.
- Flight Schedule – Displays scheduled departure cities and times for flights
- Inventory Capacity – Lists capacity, lid, net seats sold, and seats sold today for flights
- Load Factor Search – Displays load factor information.
- Seat Property Match – Displays counts of how many passengers requested seat assignments and how many got the seats they actually requested.
- Seating Exceptions – Designed to identify PNRs with particularly low match rates on desired properties.
- Seats Sold By Cabin – Displays the number of seats sold, and fare amounts, by cabin.
- Seats Sold By Fare Class – Displays the number of seats sold in each fare class.

**Management Performance**

- City Pair Load Factor – Provides information about the productivity of flights servicing different city pairs.
- Flight-Specific Load Factor – Displays flight specific load factor information.
- Revenue By Flight – Displays revenue by average seat mile/kilometer for each date and for individual flights.

**Marketing**

- Promo Codes By Booking Date – Displays information on PNRs with promotion codes by booking date.
- Promo Codes By City Pair – Displays information on promotion codes by city pairs.

**Operations**

- Availability Information – Displays flight availability information, including lid, capacity, seats sold and GDS triggers for selected flights on selected dates.
- Checked Baggage – Displays baggage information for flights.
- Checked In Passengers By Fare Class – Displays the total number of passengers by fare class who were checked-in.
- Flight Line – Displays passenger counts for a specific flight on a specified date.
- Flight Load – Displays passenger totals for flights.
- Flight Manifest – Displays passenger information for selected flights.
- Flight Schedule – Displays scheduled departure cities and times for flights.



- Flight-Specific Load Factor – Displays load factor information.
- Gender Count By Fare Class – Breaks down passenger information by fare class.
- IROP And Moved Passengers – Lists all PNR's that have been moved by IROP.
- Lock List – Allows you to print all data associated with a name on the watch list.
- Lock List History – Allows you to print all data associated with activity on the lock list including those who have been moved on as well as cleared from the list.
- Manifest With Connection Information – Lists connection information for booked passengers
- Selectee Report – Lists the number of passengers that have been identified for additional security screening.
- SSR Flight Information – Provides a list of passengers with SSRs on a flight by flight basis and the SSR counts by flight.
- SSRs By Agent – Lists and subtotals SSR code assignments by the Agent ID that assigned them.
- SSRs By Flight – Allows you to generate SSR statistics for inbound, outbound, thru, connection or all flight types
- Watch List – Allows you to print all data for a single Watch ID, a range of Watch IDs, or all Watch IDs.

**Payment**

- Payment Detail – Displays information about payments made.
- Payment Detail Consolidation – displays information about payments made. Information may be further organized by booking source, transaction type, department, and agent.
- Payment Receipts – Displays information about all payments made on the payment approval date.
- Payment Receipts Restricted – Displays information about all payments made by payment type, agent, location and department.
- Payments By Batch Code – Displays information on the batch codes used to make payments.
- Payment Summary – Displays information on what location and department received the payment, the payment method, and how much of the payment was collected.
- Unapproved Payments – Displays all payments, by payment type, that have not been approved.

**PNR Diagnostics**

- Bookings By Agent Detail – Provides detailed information on bookings made by individual booking agents.
- Duplicate Bookings – Lists different PNRs for the same flight and date that contain identical passenger names
- PNR Activity – Displays transaction activity performed on individual PNRs.
- PNR Out of Balance – Allows you to query for reservations that have a credit and/or balance due
- PNRs On Queue – Displays information about all PNRs that are currently awaiting processing in one or more queues including subqueues.

**Revenue**

- City Pair Load Factor – Provides an extensive array of information about the productivity of flights servicing different city pairs.
- Eamed Unearned Revenue – Allows you to view information on earned (flown) revenue, unearned (no-show unflown) revenue, or both earned and unearned revenue.
- Earned Unearned Revenue Detail – Provides details in addition to those generated in the Earned Unearned Revenue Report.
- Enplanement Deplanement – Displays either enplanements or deplanements by airport.
- Revenue By Fare Class – Displays earned revenue by fare class.
- Revenue By Flight – Displays revenue by average seat mile/kilometer for each date and for individual flights.
- Revenue By Market – Displays base and gross revenue information by market.

### **Flight Information Control and Display (FLIFO)**

#### **General Features – Flight Information Control and Display (FLIFO)**

- Input and update departure and arrival information for travel segments.
- Accept and transmit industry MVT messages via Type B/Teletype with applicable Operational Message Add-on Suite.

### **Agency Billing and Commissions**

#### **General Features – Agency Billing and Commissions**

- Create, maintain and retrieve travel agency commissions, charges and payments data.
- Set up to individual commission rates based on distribution channel for each agency.
- Create an invoice line of credit for travel agencies and corporations.
- Access the ODS to extract agency billing and commission data.
- Calculate commissions at the booking date.
- Include the journey details in the Agency Billing and Commission Extract.
- Use the add-on commission field to specify and additional percent to represent GST.
- Recall commissions based upon agency.
- Invoice multiple agencies for one booking.
- Create multiple commission records, as long as an agency is tied to each activity.

### **SkyManager – Configuration and Management Utility**

#### **General Features – SkyManager Management Console**

- Graphical interface for management of system settings, carrier, and user configurations.
- Configure security roles and login requirements for agents, including individual permissions for a variety of tasks such as creating and modifying reservations, access to various system components, seat assignments, overbooking, discounts, promotion codes, fees, moves, passenger types, fare quotes, etc.
- Configure passenger discount codes.
- Configure vouchers.
- Maintain various codes, such as country codes, currency code, and delay codes.
- Support for currency conversion rate imports.
- Configure daily and Real-time company notes.
- Manage IATA and carrier-specific SSR codes.
- Configure taxes and various fees – such as travel fees, SSR fees, payment fees, seat fees, spoilage fees, etc.
- Set fee amounts based on channel.
- Apply or exempt penalty fees based on organization, role, and fare class.
- Exempt stations from certain taxes and fees (such as rural airports where PFC does not apply).
- Configure variable taxes for fees.
- Configure passenger discount types.
- Configure queues and queue events.
- Set restriction levels on individual queue categories.
- Password-protect queues.
- Manage inventory for fares and SSRs.
- Synchronize inventory between multiple systems.
- Configure variable credit expiration criteria for credit types.
- Configure payment validation and authorization restrictions.
- Manage Web Service permissions at the method (function) level. (System Master only.)
- Enable users to search by the lowest fare in a market for a number of days out. (Premium Service.)
- Define a declined payment “hold period” based on booking channel.

#### **General Features – Message Interface (Type B/Teletype)**

- Support for the following Type B/Teletype messages:
  - Baggage Service Messages – BSM

- Operation System Messages – PXA, PXB, MVT
- AIRIMP Messages (*accept and reply*)

**General Features – Security**

- Configure whether the credit card number used as booking payment is concealed or displayed.
- Create & manage a table of restricted credit cards.
- Manage Security Watch List functionality. (Optional)
- Create & manage government or carrier watch list for reservation/passenger matching, queuing, and Check-in lock.
- Require a unique customer ID for each passenger booked on a reservation. (Optional)
- Automate updates to the U.S. Securities Watch List through a scheduled job.

**PNR Archiving****General Features – PNR Archiving**

- Moves PNR data from production to the archive fifteen (15) months after the last flight segment in the PNR is marked as flown or no-show and the booking is in balance.
- Retains PNR data in the archive for eighty-one (81) months, for a total of ninety-six (96) months of data retention.
- Archived data is viewable only through SkySpeed.
- Comments can be added to an individual archived PNR through SkySpeed.

**Note:** If Extended PNR Archiving is not selected by Customer, PNR data will be purged ninety-six (96) months after the last travel segment in a PNR has been marked as traveled (*e.g.*, flown) or no-show.

**Limitations and Exclusions**

- PNR Archiving does not include schedules, SkyPort, or any other non-PNR data.
- Changes to archived data are prohibited except for the ability to add a comment through SkySpeed, as noted above.
- While bookings in the archive database appear exactly as they appeared in SkySpeed prior to being archived, including the full history, the archive database does not contain version history records which enable “as-of” reporting.
- Reporting on archived data includes the following reports:
  - Archive Booking; and
  - Archive Flight Manifest.
- Data Store access does not include access to the PNR Archive database.

**Hosted Reservation Services – New Skies****Add-On Functionality****CRS/GDS/ARS Type B/Teletype Connectivity****General Features – CRS/GDS/ARS Type B/Teletype Connectivity**

- Support for IATA/AIRIMP standard free-sale distribution using Teletype (Type B) formatting with host carrier receiving inbound sales from CRS/GDS/ARS, or host carrier making outbound sales from Call Center or Website on targeted ARS interline partners.
- Support for IATA/AIRIMP Type B/Teletype message processing. The product has been certified with the following third party CRS/GDS/ARS providers: Abacus; Amadeus: Apollo, Axess; Galileo; Sabre; and Worldspan/Travelport, all of which support the IATA AIRIMP Type B/Teletype message format.
- Host-to-host direct connectivity to exchange messages with Amadeus, Apollo, Galileo, SABRE and Worldspan/Travelport.
- Guarantee inbound reservation sales with automated credit card approval/settlement through SkyPay.
- Confirm inbound CRS/GDS/ARS bookings with SSR ticket number form of payment notification, which includes the following IATA E-Ticket TKNE support:
  - Generate post-departure E-Ticket ‘Lifted/Boarded’ status updates to an Electronic Ticketing Interchange and Database Provider using standard teletype ETL (E-Ticket List) messages,

- Transmit E-Ticket number data generated by the NAVITAIRE system via standard teletype automated SSR TKNE to host outbound interline carriers.
- Accept and store E-Ticket number data transmitted via standard teletype automated SSR TKNE, issued by and validated on another airline that is not hosted in the NAVITAIRE system.
- Accept and store E-Ticket number data transmitted via standard teletype automated SSR TKNE, Issued by a GDS subscriber and validated on another carrier that is not hosted in the NAVITAIRE system.
- Accept and store E-Ticket number data transmitted via standard teletype automated SSR TKNE, issued by a GDS subscriber and validated on the host carrier's accounting code,
- Store E-Ticket numbers in the NAVITAIRE system at the passenger and segment level.
- **Note:** Customer is responsible for negotiating and maintaining the appropriate agreements with an Electronic Ticketing Interchange and Database Provider as well as bi-lateral Interline E-Ticketing agreements with other carriers.
- Auto-cancel or hold bookings when payment is not received inbound in the established timeframe, and to send notification to the CRS/GDS/travel agency.
- Notify CRS/GDS/travel agency of Automatic Schedule Changes (ASC).
- Capture and validate IATA/ARC Terminal IDs, non-registered agency, or third-party account in Organizations.
- Support Automated Inventory (AVS) LC, LA, and LR messages to and from CRS/GDS/ARS customers.
- Process and reply to initial booking requests, change and cancel requests, and other update requests including DVD (divide number in party) and CHNT (change name) messages.
- Calculate price and reply to CRS/GDS/ARS travel agency/carrier with the "amount due" for the external booking request.
- View inbound Teletype communications with the CRS/GDS/ARS travel agencies within the PNR history.
- View and process rejected Teletype messages.
- Maintain travel agency and third-party Organization accounts.
- Set last seat availability or inventory open/close trigger levels for CRS/GDS/ARS bookings.
- Configure CRS/GDS/ARS booking configurations to allow or disallow: hold time, promotion codes, and agency payment automatic confirmation.
- Specify which classes of service may be sold by the CRS/GDS/ARS.
- Auto-debit agency credit account for PNR booked or use agency credit when an appropriate SSR or OSI message is received.
- Automatically create credits for cancellation requests via booking configuration.
- Support a set of IATA/ARIMP Special Service Requests (SSR/OSI) including seat requests.
- Settle via Agency, Billing and Commission module functionality (optional).
- Support for industry-standard group name formats and SSR GRPS for group requests originated by a CRS/GDS/ARS. Group names must include at least three (3) characters, including slashes and spaces. For example: 10IP/, 10IP/TOUR, 10IPTOUR, 101/P, 10IPA.
- Selectively allow holds for CRS/GDS/ARS bookings based on any combination of User Group, Fare Class, Agency ID, flight (Segment) number, flight (Segment) range, origin, or destination.
- Apply payment to group bookings, including the ability to accept group deposits (*i.e.*, partial payments) using AG credit accounts. Consolidators to apply payment to exiting, on hold PNRs transferred to the consolidator by a sub-agency without making the process visible to the sub-agency.

**Note:** Customer is responsible for negotiating and maintaining the appropriate agreements and any costs associated with the other host providers) for this connectivity (typically full availability participation) and for travel agency settlement.

**General Features – Instant Pay™ (requires Type B/Teletype Booking Connectivity, as applicable, with partner(s))**

- Accept and process passenger or agency credit card for booking confirmation.
- Auto-debit travel agency credit account for booking confirmation or debit agency credit when applicable SSR message is received.
- Payment amount notification returned to travel agent via participating CRS/GDS.

**Note:** Customer is responsible for negotiating and maintaining the appropriate agreements and any costs associated with the other host provider(s) for this connectivity.

**GoNow – Agent****General Features – GoNow – Agent**

- Agent login security and permission settings.
- Integration with NAVITAIRE Terminal Emulator (NAVTE) to support SkyPort functions.
- Search for and select passengers.
- Display passenger, itinerary, and charge summary for selected passengers.
- Assign or modify seat assignments.
- Collect seat fees.
- Advanced baggage functionality.
- Support for special service requests (SSRs), with or without fees.
- Add service fees to bookings.
- Collect and authorize credit card and pre-paid payments.
- Check-in confirmed and standby passengers for hosted segments.
- Check-in using New Skies IATCI functionality.
- Modify booking information.
- Print and reprint boarding passes and passenger invoices.
- Travel component search and manifest display.
- Board passengers.
- Security document collection and enforcement.
- Receive interactive boarding directives (based on supported New Skies government security connections.)
- Support of New Skies Fly-Ahead functionality.
- Add and view booking comments.
- Display Aircraft Zone Report.
- Support for SITA/CUTE interface. (Customer is responsible for certification.)
- Support for ARINC/MUSE interface. (Customer is responsible for certification.)

**Note:** Functionality is compatible with New Skies by NAVITAIRE™ Release 3.2 and higher.

**Limitations and Exclusions**

- Off-line Check-in functionality.
- Common use support for ARINC, ULTRA, and RESA: Further development is required to interface with hardware peripherals for document printing and receiving inputs from the reader and scanning devices via common use API. Development and certification for these common use providers is not included with the GoNow base offering.

**GoNow – Touch (Kiosk)****General Features – GoNow – Touch (Kiosk)**

- Self-serve Check-in using a touch screen interface software application.
- Support for CUSS hardware device interface framework,
- integrating with the hardware via the CUSS API as referenced in the Common Use Self Service technical Specifications Version 1.0 published by IATA.
- Support for the following hardware devices (not currently certified with any CUSS provider):
  - API-boarding pass printer;
  - Magnetic card swipe;
  - Passport scanner; and
  - Bar code reader.
- Support for multi-language interfaces using translation files provided by Customer.
- Subject to a Custom Enhancement Request, Branding, localization, and customization of GoNow-Touch for business logic and GUI based on Customer's designation, including pages with color themes and branding provided by Customer.

- Retrieve reservation and select up to six (6) passengers for Check-in and service via the following:
  - Credit card magnetic swipe, based on cardholder name stored in track data;
  - Confirmation number, using touch screen keyboard input; and
  - Passenger ID number (*i.e.*, Passenger VIP number), using touch screen keyboard input
- Management of duplicate values resulting from multiple matching passenger names.
- Display error message(s) for passengers who cannot be checked in, including add comment to booking.
- Display and review itinerary details and flight status.
- Select seat(s) from a graphical seat map, restricting configured blocked seats from being assigned.
- Select number of bags.
- Check in selected passenger(s).
- Add customer ID to passenger record,
- Print boarding pass(es).
- Display input track data from CUSS hardware while in test mode.

**Note:** Customer is responsible for negotiating and maintaining the appropriate agreements and any costs associated with the other host provider(s) for this connectivity.

#### **Limitations and Exclusions**

- Customer is responsible for scheduling and costs associated with common use certification, including additional development required to achieve ARINC CUSS certification (*/e.*, CUSS or ARINC required exception and deployment requirements).
- Kiosk hardware support and monitoring is not included.
- NAVITAIRE will provide default GoNow Touch web skins. Customer is responsible for development and testing of any branding, localization, and customization. Customer may engage NAVITAIRE to perform Professional Services via a Work Order to assist Customer with such development and testing, pursuant to the requirements defined in the specific Work Order.

### **Customer Value and Recognition Rules Engine**

#### **General Features – Customer Value and Recognition Rules Engine**

- Configure rules for customer value score.
- Apply rules and score passengers in a PNR.
- Rules based on certain PNR criteria (*e.g.*, program level, fare, ancillary products, class of service, origin/destination).
- Configure display value for passenger score range (*e.g.*, High, Medium, Low).
- Display customer value default score in SkySpeed and SkyPort.
- Use customer value to set priority during operational disruptions (IROP) or schedule changes (reaccommodation).
- Use customer value during seat assignment scheduler service.
- Use customer value to determine FlyAhead (same day confirmed) eligibility for operational involuntary or customer convenience offers.
- Expose scoring service via APIs.

#### **Limitations and Exclusions**

- There is no interface in SkyPort.
- Functionality is not supported in GDS or similar external channels-this is not an industry-based product.

### **API Suites**

#### **General Features – Booking and Voucher API Suite;**

- Obtain inventory and fare availability for travel segments (flight, train, bus, ferry, etc.) in a market.
- Obtain inventory and fare availability for a whole itinerary.
- Price an itinerary including all fares and taxes.
- Display fare rule content.
- Create or cancel bookings for specified travel segments (flight, train, bus, ferry, etc.).
- Obtain SSR availability for specified travel segments (flight, train, bus, ferry, etc.).

- Book or cancel specified SSR(s).
- Retrieve a booking by record locator.
- Provide a list of names.
- Display seat maps for specified travel segments (flight, train, bus, ferry, etc.).
- Assign or unassign seats on specified travel segments (flight, train, bus, ferry, etc.) for one or more passengers.
- Accept schedule changes made to segments in a booking.
- Retrieve bookings by specified search criteria including 3rd party record locators.
- Display booking history and payment information.
- Retrieve stored baggage information by record locator.
- Add, commit, and retrieve accounts and account transactions.
- Manage queues, including add, update, and delete from a booking queue.
- Search by lowest fare in a market for a number of days out. (Premium service in which additional Fees apply.)
- Booking APIs can be used to develop and provide booking applications available on mobile devices.
- Third-party vendor capabilities to create, void, and reinstate vouchers.

#### **General Features – Check-in API Suite**

- Interact with third-party vendors, including kiosk Check-in service providers.
- Retrieve manifest or travel segment information.
- Display seat maps.
- Request or change seat assignments for specified passengers at time of Check-in.
- Confirm Check-in status for specified passengers and generate boarding passes.
- Generate baggage tags for specified passengers.
- Reprint boarding passes for checked-in passengers.
- Security control for Check-in of selected passengers.
- Generate Advance Passenger Information System (APIS) messages. (Premium service in which additional Fees apply.)
- Check-in APIs can be used to develop and provide Check-in services on mobile devices.

#### **Negotiated Allotment (NegoAllotment)**

##### **General Features – Negotiated Allotment (NegoAllotment)\***

- Search and view existing negotiated allotment contract details.
- Create, update, and release allotment space.
- Configure price per seat and fare rule options.
- Restrict sales of allotment inventory to specified distributors.
- Support for all standard reservation functions on allotment bookings.
- Protect and re-accommodate allotment passengers and space.
- User interface to administer contracts.
- Support for integration with a contract management system and processing of name lists through the Allotment API which includes the following:
  - Search and view existing negotiated allotment contract details.
  - Create, update, and release allotment space.
  - Configure price per seat and fare rule options.
  - Add, commit, and retrieve accounts and account transactions.
  - Access to the Negotiated Allotment (NegoAllotment) functionality.
  - Support for tour operator fares using negotiated fares.

\* Inclusion of Apple Vacation bookings will be considered direct (as opposed to external) in the Interface and will not incur additional/overages segment booking fees per Section 1.1.2 of Exhibit K. NegoAllotment bookings from other sources will be subject to additional fees as outlined in Section 1.1.2 of Exhibit K.

#### **Limitations and Exclusions**

- Booking of blocked space via dotREZ and GDS booking channels are not supported.
- Requires Allotment API Suite add-on functionality.



Name lists are not supported; this is handled via the Booking API.

Exhibit A - 71

### Hosted Web Check-in

#### General Features – Hosted Web Check-in;

- Retrieve passenger and travel component information by information such as credit card, record locator, travel component/passenger name, and customer number.
- Display seat maps.
- Request or change seat assignments for specified passengers.
- Confirm Check-in status for specified passengers.
- Generate boarding passes.

### Data Store Products

#### General Features – Data Store

- The Data Store (DS) offers customers read only access to fifteen (15) months of data in the Operational Data Store (ODS) and Data Warehouse (DW) for custom reporting needs.
- Customers cannot create custom objects in or modify the ODS or DW data.
- Standard New Skies reports continue to run against the ODS.
- NAVITAIRE provides the following services for the Data Store:
  - Delivery of data committed to the New Skies database via replication articles, typically within thirty (30) minutes.
  - Transactional Data Integrity where the data committed to the New Skies database are replicated to the DS.
- Supports ten (10) standard user logins.
- Documentation includes the data model, training curriculum, and explanations of the Data Store architecture, replication, and support processes.

Note: Due to the detailed transactional nature of the data store database, this product supports custom reports but is not suited for large, time consuming queries (*e.g.*, table scans to summarize large time frames of detailed data) or data Extraction, Transformation, and Loading (ETL) purposes. If replication to the ODS is delayed due to demanding user queries, NAVITAIRE reserves the right to abort such queries. Operational issues with the Data Store that result from NAVITAIRE's hosting environment or staff will be addressed and corrected by NAVITAIRE. Identification and/or correction of issues resulting from Customer's use of the Data Store are subject to the Support Services allotments set forth in Section 1.3 of Exhibit K. Questions, consulting requests, or other training and informational needs related to the Data Store will be obtained by following the standard Work Order process and contracting with Navitaire Professional Services (NPS). These Professional Services are not provided as part of the Hosted Services under this Agreement.

#### Limitations and Exclusions – Data Store

The Data Store is not equipped to support the following; Reports, extract processes, or applications that have time-critical needs (*e.g.*, government security, airport Check-in, boarding, baggage, or other time-critical operational reports or data feeds) or interactive applications that enable inserting, adding, or updating reservation data. The New Skies Web Service APIs have been designed to support these functions.

**Note:** There are no response time commitments for the Data Store. Service level measurements and/or penalties do not apply for replication delays.

#### General Features – Data Store Workbench

- The Data Store Workbench (DSW) offers customers read only access to the Operational Data Store (ODS) and Data Warehouse (DW) data, as well as read/write access to the Data Store Workbench (DSW) database, for custom reporting, extraction, transformation, and loading.
- Customers can create and store custom objects in the DSW database, located on the same physical server as the ODS and DW, but cannot create custom objects in or modify the ODS or DW data.
- The DSW database size is capped at 50GB.

- Database user privileges are limited to DDL\_ADMIN.
- NAVITAIRE IT staff provides basic database administration services for the DSW database which include standard data backup and recovery support.
- Job scheduling is not permitted on the DSW database server. If implemented, customers will host scheduling services on their servers at their location (e.g., SQL Server Integration Services packages).
- Standard New Skies reports continue to run against the ODS.
- NAVITAIRE provides the following services for the Data Store Workbench:
  - Delivery of data committed to the New Skies database via replication articles, typically within thirty (30) minutes.
  - Transactional Data Integrity where the data committed to the New Skies database are replicated to the OS.
- Supports \*\*\*\*\* and \*\*\*\*\*. Documentation includes the data model, training curriculum, and explanations of the data store architecture, replication, and support processes.

**Note:** This product is designed for light custom reporting and moving reservations data to another database, data warehouse, or other system outside of the New Skies environment for processing. Due to the detailed transactional nature of the data store database, this product does not support heavy data processing tasks. If replication to the ODS is delayed due to demanding user queries, NAVITAIRE reserves the right to abort such queries. Operational issues with the Data Store Workbench that result from NAVITAIRE's hosting environment or staff will be addressed and corrected by NAVITAIRE. Identification and/or correction of issues resulting from Customer's use of the Data Store Workbench are subject to the Support Services allotments set forth in Section 1.3 of Exhibit K. Questions, consulting requests, or other training and informational needs related to the Data Store Workbench will be obtained by following the standard Work Order process and contracting with Navitaire Professional Services (NPS). These Professional Services are not provided as part of the Hosted Services under this Agreement.

#### **Limitations and Exclusions – Data Store Workbench**

The Data Store Workbench is not equipped to support the following: Reports, extract processes, or applications that have time-critical needs (e.g., government security, airport Check-in, boarding, baggage, or other time-critical operational reports or data feeds) or interactive applications that enable inserting, adding, or updating reservation data. The New Skies Web Service APIs have been designed to support these functions.

**Note:** There are no response time commitments for the Data Store Workbench. Service level measurements and/or penalties do not apply for replication delays.

### **Low Fare Finder**

#### **General Features – Low Fare Finder**

- Ability to search for the lowest fares within a specified time frame (up to a 15 day period on either side of a target date and in a user-specific market).
- Search results display the lowest fares in a calendar format within the specific time frame.
- Ability to allow passenger to view all available fares over a range of dates, rather than limiting search to a single departure date and arrival date.

#### **Limitations and Exclusions**

- Service Level targets and/or penalty/rebate calculations do not apply for this product or for any Service Level issues caused by this product,
- Tests have been performed on the functionality to confirm basic operating requirements, but in the event that the Low Fare Finder functionality is determined to have impact on other functions, NAVITAIRE reserves the right to temporarily disable functionality.

**All-Inclusive Pricing**

**General Features – All-Inclusive Pricing**

- Provides Customer with the ability to build base fares and then configure the system to display the all-inclusive price in SkySpeed, dotREZ, and SkyPort.
- Provides Customer with the ability to implement a flexible solution, disclosing unavoidable costs associated with the booking at the time of sale, only when specifically configured to do so,
- Ability to configure by market and by specific user role (“All Markets” setting is available).
  - Displays a combined base fare plus all applicable taxes and travel fees for the passenger.

**Limitations and Exclusions – All-Inclusive Pricing**

- The system will only apply taxes and additional travel fees as set up by Customer.
- Does not communicate an all-inclusive price to CRS/GDS/ARS booking channels.

**Disaster Recovery Services**

**General Features – Disaster Recovery Services**

- **Disaster Recovery Invocation** is structured into three (3) main phases of service re-instatement:
  - **Business Critical Services** are those portions of the Services reinstated subject to the RPO and RTO objectives stated in this Agreement:
  - **Secondary Services** are those portions of the Services reinstated subject to capacity and performance requirements of the Business Critical Services: and
  - **Tertiary Services** are other optional Services reinstated as required and agreed with Customer.

<u>Recovery Phase</u>	<u>Business Critical</u>	<u>Secondary Services</u>
<b>RTO</b>	*****	*****
<b>RPO</b>	*****	N/A
<b>Applications</b>	<p><b>New Skies Client Suite</b></p> <ul style="list-style-type: none"> <li>• SkyPort</li> <li>• SkySpeed</li> <li>• SkyFare</li> <li>• Utilities</li> <li>• SkySchedule</li> <li>• SkyChannel API – Check-in and Booking</li> <li>• API backend for Fare Comparison</li> <li>• GoNow</li> <li>• Type B outbound: GDS Type B outbound Operational messages:                             <ul style="list-style-type: none"> <li>• BSM messages</li> <li>• BTM messages</li> <li>• PNL/ADL/PFS messages</li> <li>• MVT (PXA/PXB) messages</li> <li>• Type B outbound APIS Messages</li> <li>• Type B outbound for Secure Flight and PNR Gov</li> </ul> </li> </ul> <p><b>SkyPay</b></p> <ul style="list-style-type: none"> <li>• Core</li> </ul>	<p><b>SkyPay</b></p> <ul style="list-style-type: none"> <li>• Credit Card Settlement Files</li> </ul>

- **Declaring a Disaster:** The DR Site will be used for Hosted Reservation Services upon declaration of a Disaster as follows: (a) only in the event of a Disaster resulting in a catastrophic failure in the primary data center; and (b) upon approval from NAVITAIRE and Customer Executive sponsors. Upon declaration of a Disaster, NAVITAIRE will send a notification and confirmation of the declaration of Disaster in writing as soon as reasonably practicable (including E-mail) to Customer Executive Sponsors noting the time of the invocation of the failover to the DR site and Customer shall send a confirmation response.

NAVITAIRE shall use reasonable efforts to meet all time limits set for its performance of services under the Agreement and, in the event that NAVITAIRE is unable to perform any service under this Agreement within the time limit that has been set for such performance herein, the Parties may by mutual agreement extend time for the performance of such service.

- **Messaging Services:** In the case of a failover to the DR Site, direct links (e.g., Type A/EDIFACT, API) for distribution and operational messaging will be unavailable. Type B /Teletype messaging will only be available via a third party link (e.g., SITA/ARINC), for which Customer may incur additional message fees. Type B/Teletype inbound traffic can be received from Sabre, Travelport, and Amadeus at the alternative site provided that Customer has initiated with the third party providing the link (e.g., SITA/ARINC) specific connectivity for the inbound traffic to the alternate site (e.g., Navitaire's London data center) and informed NAVITAIRE the specifics for that traffic. SecureFlight/PNRGov/ APP functionality will be available and traffic can be received at the alternate site provided that Customer has initiated with the third party providing the link (e.g., SITA/ARINC) specific connectivity for the traffic to the alternate site (e.g., Navitaire's London data center) and informed NAVITAIRE the specifics for that traffic. Any Customer-specific connections to the primary data center for functions including, but not limited to, GDS custom links, interline, code-share, and E-Ticketing will be unavailable unless Customer has procured alternate connectivity to the DR Site for such Customer-specific connections and informed NAVITAIRE the specifics of those links.
- **DR Site Usage:** Once a declared Disaster triggers a failover to the DR Site, Customer will conduct its operations as to minimize capacity stress on the Hosted Services and the Hosted Services System. Customer will avoid special inventory sales and other high volume activities while hosted on the DR Site.
- **Increased DR Site Capacity:** If the Disaster necessitates a data center replacement for the primary data center, NAVITAIRE will provide the Hosted Services from the DR Site consistent with those at the primary data center immediately prior to the occurrence of such Disaster within a reasonable timeline, dependent on the nature of the Disaster.
- **System Availability Targets:** In the event of failover to the DR Site, System Availability Targets will be suspended until service is restored to the primary data center or full capacity is delivered from the DR Site after a \*\*\*\*\* stabilization period, whichever is sooner.
- **DR Site Connectivity:** Data circuits to the DR Site are the responsibility of Customer and may be in the form of standby, VPN, or dedicated circuits. NAVITAIRE will provide the circuit between the primary data center and the DR Site to perform data synchronization.
- **Testing of the DR site:**
  - Customer is required to undertake an invocation test (a failover and fallback) contemporaneously with the upgrade process to a new release and for initial go live of the New Skies system; Customer's failure or refusal to perform this test will invalidate the RTO and RPO objectives; while Customer and NAVITAIRE may jointly agree to perform additional invocation tests, NAVITAIRE reserves the right to limit the number of invocation test in a calendar year.
  - Scope of testing will include row-count compares and sample PNR reviews between data located at the primary data center and the DR Site. Data integrity testing will include a data validation check via direct login to Customer's database housed at the DR Site. Connectivity sufficient to perform the Data Integrity test will be established using a Customer provisioned WAN connection. Customer is responsible for verifying that routing does not rely on the primary data center.
  - Upon project initiation, Customer and NAVITAIRE shall come together to prepare a Client New Skies Recovery Plan which shall address, among other things, mutually agreed parameters for the invocation test, including processes, definitions, sequence, priority, initial implementation and ongoing DR maintenance testing of the services and other key elements.

## Type B/Teletype Connectivity for Operational Messages

### General Features – Type B/Teletype Connectivity for Operational Messages

#### Outbound Messaging

- Deliver outbound messages to Type B/Teletype addresses.
- Outbound messages adhere to the same formats and data structures outlined in the New Skies Type B/Teletype Messaging Reference Guide.
- Support for the following outbound message types:
  - ADL – Additions and Deletions List
  - BSM – Baggage Service Message
  - MVT – Aircraft Movement message
  - NAM – Lid/Sold custom message
  - PNL – Passenger Name List
  - PXA – Actual Passenger ‘checked-in’ counts
  - PXB – Actual Passenger ‘booked’ counts
  - PAL – Passenger Assistance List
  - CAL – Change Assistance List
- Support for the following for PAL/CAL messages:
  - Meets requirements identified in IATA Document 1708a, Any Passenger Assistance List (PAL) and Change Assistance List (CAL) messages will be forwarded via Type-B Messaging.
  - A PAL list will be generated one time for each designated flight.
  - A CAL list will be generated only if there are changes since the delivery of the flight’s initial PAL list. Multiple CAL lists may be generated, if necessary, due to subsequent changes to passenger information and their reduced mobility qualification status (add, change, delete).
  - PAL and CAL lists are automatically generated and contain the following information:
    - Flight Information
    - Passenger name
    - SSR code (BNLD, DEAF, OPNA, MAAS, WCHC, VVCHR, WCHS)
    - Flight Details
    - One inbound connection
    - One outbound connection
  - If a designated flight has no PRMs on board, a PAL and/or CAL list is still generated. In such cases, a NIL value is provided.

#### Inbound Messaging

- Receive inbound messages to a Type B/Teletype address.
- Process inbound messages received via Type B/Teletype connectivity.
- Inbound messages adhere to the same formats and data structures outlined in the New Skies Type B/Teletype Messaging Reference Guide.
- Support for the following inbound message types:
  - MVT – Aircraft Movement message
  - OPS – Weather/Flight-Release file
  - PFS – Passenger Final Status
  - PXA – Actual Passenger “checked-in” counts
  - PXB – Actual Passenger “booked” counts

**Note:** Customer is responsible for negotiating and maintaining the appropriate agreements and any costs associated with the other host provider(s) for this connectivity.

### Message Facilitation for Advanced Passenger Information System (APIS)

#### General Features – Message Facilitation for Advanced Passenger Information System (APIS)

APIS (Advanced Passenger Information System) is a non-interactive data collection system used by carriers to transmit traveler data to government entities. The Message Facilitation for Advanced Passenger Information System (APIS) facilitates the collection of the data required by Customer with respect to its regulatory requirements. While each government entity has specific data and transport requirements, in general the system provides a mechanism for Customer to:

- Collect Passenger travel document information during the booking process and at Check-in via the following applications:
  - Call center application (SkySpeed)
  - Airport (SkyPort) via passport scanner or manual input
  - API (booking and Check-in)
  - GDS
  - Codeshare
- Format the data for transmission. Transmit APIS data to the network transport provider (*e.g.*, SITA/ARINC as directed by Customer) for the delivery of the data to the respective regulatory entity by the network transport provider.

#### Limitations and Exclusions

- Transmission of crew data is not supported.
- XML message formats are not supported.
- Certification with connectivity provider is to be performed by Customer.
- APIS functionality is only available for flights for which Customer utilizes New Skies Check-in functions. APIS functionality is not available for flights managed via a third party DCS.
- NAVITAIRE will provide Customer with an initial sample format for these messages during implementation. Any applicable fees in connection with any modifications to the message format made whether during implementation or thereafter will be charged to Customer pursuant to a Work Order.

### Message Facilitation for Customs and Border Protection (CBP) PNR Push

#### General Features – Message Facilitation for Customs and Border Protection (CBP) PNR Push

Customs and Border Protection (CBP) PNR Push is a non-interactive data collection system used by carriers to transmit traveler data to the United States government. The Message Facilitation for CBP PNR Push facilitates the collection of the data required by Customer with respect to its regulatory requirements. While each government entity has specific data and transport requirements, in general the system provides a mechanism for Customer to:

- Format PNR data for transmission to US Customs and Border Protection for reservations where one or more Segments are for travel inbound to or outbound from the United States.
- Transmit PNR data upon completion of initial booking, modification to booking, and flight close to the connectivity provider (*e.g.*, SITA/ARINC as directed by Customer) for the delivery of the data to the respective regulatory entity by the connectivity provider.

#### Limitations and Exclusions

- Certification with connectivity provider is to be performed by Customer.
- CBP PNR Push functionality is only available for flights for which Customer utilizes New Skies Check-in functions. CBP PNR Push functionality is not available for flights managed via a third party DCS.
- NAVITAIRE will provide Customer with an initial sample format for these messages during implementation. Any applicable fees in connection with any modifications to the message format made whether during implementation or thereafter will be charged to Customer pursuant to a Work Order.
- Transmission of crew data is not supported.
- XML message formats are not supported.

### Message Facilitation for PNRGOV

#### General Features – Message Facilitation for PNRGOV

PNRGOV is an interactive data collection system used by carriers to transmit traveler data to government entities. The Message Facilitation for PNRGOV facilitates the collection of the data required by Customer with respect to its regulatory requirements. Customer is responsible for providing the specific data, transport and response requirements for each individual government entity. While each government entity has specific requirements in general the system provides a mechanism for Customer to:

- Format passenger (PNR) data for transmission.
- Transmit PNR data to the connectivity provider (*e.g.*, SITA/ARINC as directed by Customer) for the delivery of the data to the respective regulatory entity by the connectivity provider, which may include the following types of information, based upon government specific requirements:
  - Booking Details: PNR (including CRS/GDS locators if available), create date, contact information ,general remarks, travel agent information, reservation history.
  - Payment Details: payment date, type, amount (may include credit card number if required)
  - Passenger Details: full name, passenger travel documents, ticketing information, frequent flyer information
  - Travel Details: flight date(s), itinerary, status, baggage, seats, code share information
- Store confirmation in the PNR if PNRGOV message has been sent.
- In the event that an acknowledgement message is received from the government entity, receive and store transmission date and time of the acknowledgement message in the DCS log, viewable via the DCS MESSAGES tab of the DCS log user interface.
- Configure scheduled message transmit time via the Management Console.
- Initiate ad-hoc messages from SkyPort or the Utilities interface to transmit PNR data.

#### Limitations and Exclusions

- Acknowledgement message data viewable from the DCS MESSAGES tab is only available for the length of time that the EPIC logs are retained.
- XML message formats are not supported.
- NAVITAIRE will provide Customer with an initial sample format for these messages during implementation. Any applicable fees in connection with any modifications to the message format made whether during implementation or thereafter will be charged to Customer pursuant to a Work Order.
- Certification with connectivity provider is to be performed by Customer
- PNRGOV functionality is only available for flights for which Customer utilizes New Skies Check-in functions.
- PNRGOV functionality is not available for flights managed via a third party DCS.
- Transmission of crew data is not supported.

### Message Facilitation for Secure Flight

#### General Features – Message Facilitation for PNRGOV

Secure Flight is an interactive data collection system used by carriers to transmit traveler data to government entities for United States domestic flights, flights to/from the United States and flights that qualify as United States overflights as identified by Customer. The Message Facilitation for Secure Flight facilitates the collection of the data required by Customer with respect to its regulatory requirements. While each government entity has specific data and transport requirements, in general the system provides a mechanism for Customer to:

#### Boarding Pass

- Collect traveler passport data at the time of booking or at the time of Check-in for travel to or from outside the US.
- Format the data for transmission, including passenger redress number and known traveler number if provided by passenger and traveler passport data for international flights.



- Transmit the data during the transmission timeframe (*e.g.*, \*\*\*\*\* prior to departure) to the connectivity provider (*e.g.*, SITA/ARINC) for the delivery of the traveler data to the United States Department of Homeland Security (US-DHS) by the connectivity provider, as directed by Customer.
- Receive US-DHS passenger status response messages and store the passenger status response from the US-DHS with passenger's PNR.
- Display the passenger status response and based upon the US-DHS passenger status response: -
  - Print boarding pass for passengers identified as cleared by US-DHS.
  - Configure selectee data for boarding pass and bag tag for passengers identified as selectees by US-DHS
  - Do not print boarding pass for passengers identified as inhibited by US-DHS.

#### Gate Pass Holder

- Collect gate pass holder data via SkyPort. The gate pass is a document issued within the US to non-travellers, allowing them entry through airport security to a sterile area normally reserved for passengers.
- Format the gate pass holder data for transmission.
- Transmit to the connectivity provider (*e.g.*, SITA/ARINC) for the delivery of the gate pass holder data to the United States Department of Homeland Security (US-DHS) by the connectivity provider, as directed by Customer.
- Display gate pass response message from the US-DHS.
- Generate a gate pass for a cleared response.

#### Unsolicited Messages

- Receive US-DHS unsolicited messages.
- Format acknowledgement response to unsolicited messages.
- Transmit acknowledgement response for unsolicited response to the connectivity provider (*e.g.*, SITA/ARINC as directed by Customer) for the delivery of the acknowledgement response to the United States Department of Homeland Security (US-DHS) by the connectivity provider, as directed by Customer.
- Store updates to passenger status from the US-DHS with passenger's PNR.

#### Flight Close Out

- Format Flight Close Out / On Board message.
- Transmit Flight Close Out / On Board message to the connectivity provider (*e.g.*, SITA/ARINC) for the delivery of the gate pass holder data to the United States Department of Homeland Security (US-DHS) by the connectivity provider, as directed by Customer.

#### Limitations and Exclusions

- Transmission of crew data is not supported.
- XML message formats are not supported.
- Flights which are domestic to domestic outside of the United States are not supported (*e.g.*, ORY to NCE), with the exception of overflights identified by Customer.
- The ability to collect, store, and include passenger redress number and known traveler number is not currently available if the transaction is received by NAVITAIRE via IATCI messaging.
- Certification with connectivity provider is to be performed by Customer.
- Secure Flight functionality is only available for flights for which Customer utilizes New Skies Check-in functions. Secure Flight functionality is not available for flights managed via a third party DCS.
- NAVITAIRE will provide Customer with an initial sample format for these messages during implementation. Any applicable fees in connection with any modifications to the message format made whether during implementation or thereafter will be charged to Customer pursuant to a Work Order.

## Travel Commerce Services

### General Features – Travel Commerce Services

- Search for and book ancillary components in dotREZ or SkySpeed as part of the travel booking process and store the component within the Super PNR.
- Search for and book ancillary components in dotREZ or SkySpeed without travel components and store the component(s) within the Super PNR.
- View the Travel Commerce components in an existing PNR, including Supplier confirmation number and other relevant booking details.
- Add an ancillary component to an existing booking through dotREZ or SkySpeed.
- Cancel an ancillary component booking from SkySpeed or dotREZ.
- Locally host inventory for insurance.
- Configure product availability by supplier and location.
- Include ancillary components in the traveler's itinerary email notification.
- Configure markups within a component's pricing for locally hosted components.
- Store supplier confirmation numbers within the Super PNR.
- Add a markup by supplier.
- Specify cancellation fees by supplier.
- Aggregate available products from multiple Suppliers in a single search result.
- Manage product inventory as a retail item, free-sell, or inventory by day (*i.e.*, block space).
- Query multiple sub-locations within a parent location during a single product search.

### Supplier Connectivity

- Support for direct interfaces to Content Providers via XML API connections. List of available connections is subject to change and will evolve with each product release.
- Additional connections can be requested through the enhancement process or via a NAVITAIRE work order.

### Standard Reports (Travel Commerce specific)

Reports are viewed on-line via a browser interface.

- The following standard reports related to Travel Commerce functionality are available:
  - Ancillary Services Summary – Summary of revenue by provider.
  - Ancillary Services Detail – Transaction level report.
  - Insurance Report – Details by transaction on each policy sold/canceled.
  - Car Rental Report – Details by transaction on each car rental booking or cancellation
  - **Note:** Reports may be added to, deleted, modified, changed, eliminated, or substituted at the discretion of NAVITAIRE at any time.

## Loyalty Services

### General Features – Loyalty Services

- Ability to set up the parameters of Customer's Frequent Traveler Program,
- Ability to upgrade or downgrade a member account.
- Ability to track customer travel by points/miles/credits for flown segments.
- Ability to look up and adjust members' accounts.
- Built-in rules engine for configuring awards and promotions. Each rule has an effective and discontinue date, and includes the ability to define award rules using numerous criteria.
- Ability to test rules in the Rules Engine.
- Supports two options for computing points:
  - Fixed amount (*e.g.*, 1 point for every segment flown); and
  - Percentage amount (*e.g.*, \*\*\*\*\* of the fare as points, or \*\*\*\*\* of the mileage).
- Supports accrual of qualifying (elite) points/ mileage/ credits while accruing redeemable points.
- Supports multi-level programs such as silver/gold/platinum.
- Supports automatic upgrades and downgrades to/from a higher status level.

- Supports expiration of points after a specified time period.
- Customizable on-line account statement.
- Service desk UI for adding missing flight credits, customer service adjustments, researching activity, etc.
- Support--for call center redemptions
- Support for points fares published in SkyFare.
- Support for third-party accruals via batch file of API, including accrual rules engine with different criteria for each partner type.
- Support for retro credit for past flight requests through the call center.
- Supports reverse redemption with the ability to maintain and observe original expiration dates.
- Supports an Error Log with a descriptive reason included in the detail. Ability to sort by field names.
- Reports:
  - Flight Redemption Activity – detail report of host flight redemptions;
  - Redemption Activity – report of redemptions by third-party partners;
  - Host Accrual Activity Summary – summary of all accrual activity;
  - Partner Accrual Activity Summary – summary of all accrual activity, which can be Altered by partner
  - Loyalty Program Member Accrual – report with accrual details by program member;
  - Outstanding Award point balance for use in accounting to track outstanding liability;
  - Adjustment report – report of manual adjustments made to customer accounts; and
  - Recognition Level Log and Summary Reports – includes manual an automatic upgrade details.
- Ability for members to register on-line and manage on-line profile.

**Loyalty Services – New Skies interfaces**

- Real-time interface for boarded passengers for posting points at time of boarding of flight close.
- Integration for market distances and customer levels.
- Integration of member account statement into SkySpeed 360 degree passenger profile view.

**6. Customer Hardware, Software, Connectivity and Network Requirements**

**6.1 Equipment Specifications.** These equipment specifications outline the required, supported hardware and software necessary for the proper function and efficient operation of the Hosted Reservation Services and applicable products. Unless otherwise specified in this Agreement, the equipment and software listed below are the responsibility of Customer. This list may not be all-inclusive, depending on the technical requirements of Customer.

All specifications are subject to change. Customer will be provided with not less than \*\*\*\*\* notice of incremental hardware upgrade requirements.

- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

**6.2 Third Party Software.** Customer is required to purchase directly from third party software providers other related third party software licenses necessary to use the Hosted Reservation Services, including without limitation the following:

- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*

Failure to maintain current versions of such third party hardware and software may result, at NAVITAIRE's option, in the suspension of Support Center Support as described in Exhibit J.

### 6.3 Credit Card Processing

**6.3.1 Authorization and Settlement Services.** Customer will be allowed \*\*\*\*\* with a third party, and \*\*\*\*\* with a third party, any additional connections will be quoted upon request.

#### 6.3.2 Card and Payment Types.

- **Supported Credit Cards:** NAVITAIRE currently supports VISA, American Express, MasterCard, JCB, Diners Club, and Discover Card.
- **Supported Debit Cards:** NAVITAIRE currently supports regional debit cards such as Visa Electron (EL), Visa Delta, Visa Connect, Switch/Solo, Maestro, and Laser.
- **Not Supported:** Debit cards requiring a Personal Identification Number [PIN], ATM cards, or private label credit cards are not supported.
- **ELV:** Ability to use an Elektronisches Lastschriftverfahren (ELV) form of payment through a European payment gateway is supported.
- **UATP:** Ability to use the UATP form of payment is supported through a web service connection via the internet to UATP from SkyPay. Customer may also choose to process UATP payments via their PSP, if supported by their PSP, through NAVITAIRE's standard payment connection to that PSP.

**6.3.3 \*\*\*\*\***

**6.3.4 Data Circuits.** Customer must arrange and pay for necessary circuits for authorization and settlement file transmissions.

**6.3.5 Data Transmission.** By selecting external and/or third party payment related services such as credit card authorization, settlement, 3-D Secure, DCC, etc., Customer authorizes NAVITAIRE to electronically transmit certain Customer data to providers of such services in order to facilitate the provision of payment related services.

**6.3.6 Authorization and Settlement Providers.** Customer shall be responsible for contracting with third party authorization and settlement providers, and NAVITAIRE shall not be responsible for the use, disclosure and treatment of any Customer Personal Data by such third parties. A list of NAVITAIRE supported authorization and settlement providers will be provided to Customer upon request. Should Customer elect to use an authorization or settlement provider not currently supported by NAVITAIRE, such authorization or settlement provider is subject to NAVITAIRE approval and the certification costs, including development, are payable by Customer.

**6.4** CRS/GDS/ARS Agreements and Connection Fees (to Support Optional CRS/GDS/ARS Type B/Teletype, Type A/EDIFACT, and/or Codeshare Connectivity). Customer must negotiate and have in place, no later than \*\*\*\*\* prior to the Target Date, the necessary participating agreements with each of the NAVITAIRE supported Computerized Reservation System/Global Distribution System (CRS/GDS) providers or airline and associated Airline Reservation System (ARS) providers. Implementation, integration, connection and Service Fees as described in Exhibit K and line charges may apply. NAVITAIRE will order and facilitate the installation of all circuits required to process CRS/GDS/ARS bookings, upon written notice from Customer.

**7. Service Levels and Service Level Targets**

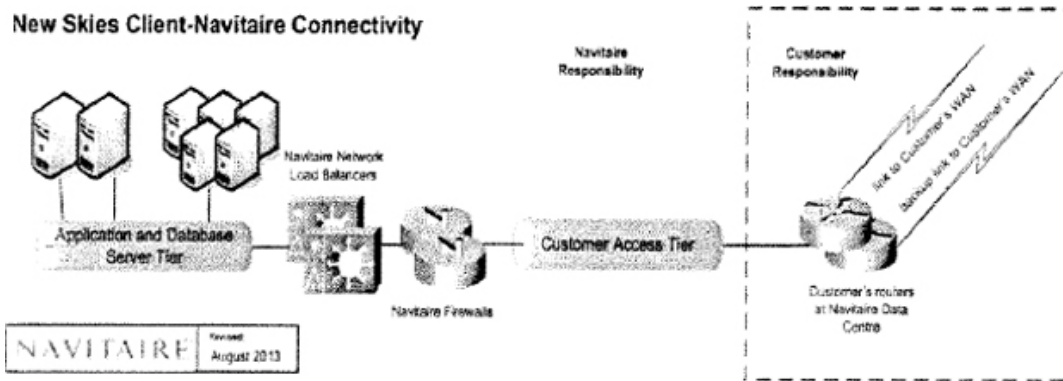
**7.1 Service Level Scope.** The "Service Levels" contained in this Section represent the target service performance for the provision of the Hosted Services. Metrics, measurement, and reporting will create performance assessment measures that apply to operations services in the following three service categories:

- System availability targets.
- Metrics, measurement, and reporting.
- Remedies and corrective action.

7.2 Service Levels

7.2.1 **System Availability.** NAVITAIRE will provide Customer with an overall Minimum System Availability Target of \*\*\*\*\* of all Reporting Period Minutes for the applicable Reporting Period. Interrupted Service Minutes will be measured and used to determine the percentage of monthly Hosted Reservation Services and Hosted Web Services System availability. Actual System Availability for each Reporting Period shall be determined by: \*\*\*\*\*. Interrupted Service due to Customer misuse of the Hosted Reservation Services System or acts or omissions of third parties not under NAVITAIRE’s control will be excluded from Interrupted Service Minutes and may incur Support Fees at the rate specified in Exhibit K, Section 1.3.

- a) **Network Responsibilities.** The diagram below shows those hardware components, network components (excluding the internet), and the software that resides on those components that are owned from a service level perspective by NAVITAIRE and those items that are owned by Customer. Items that are contained within the dotted-line (on the right side of the diagram) are the responsibility of Customer. During the event of an Interrupted Service, NAVITAIRE is responsible for errors that occur involving the hardware components, network components, and the software that reside outside of the dotted-line area.



- b) **Planned Downtime.** Planned Downtime will be used to provide hardware and software maintenance services. Planned Downtime is scheduled at a time that is agreeable for NAVITAIRE and Customer, generally between 12:00 AM and 4:00 AM local time for Customer. NAVITAIRE will notify Customer no later than \*\*\*\*\*prior to the scheduled event if the time is needed for NAVITAIRE for Change Control purposes, with the exception of emergency maintenance, in which case NAVITAIRE will notify Customer as soon as reasonably practicable. Customer may request any Planned Downtime be rescheduled, providing there is reasonable cause for such a delay. This notification must be made to NAVITAIRE at least \*\*\*\*\* in advance of the Planned Downtime.

### 7.3 Service Levels Reporting

**7.3.1 General.** Regular, standardized Service Levels reporting provides a common denominator, which measures and evaluates service performance. This provides a basis on which conclusions can more easily be drawn as to the actual Service Levels achieved. NAVITAIRE will monitor and measure performance of specified Service Levels items and send a Monthly Performance Report to Customer for review and approval. The report will be structured for Customer's internal use and metrics will be generated and distributed on a monthly basis.

#### 7.3.2 Report Information

- **Monthly Performance Report.** NAVITAIRE will submit a Monthly Performance Report by the tenth business day of the subsequent month following the Reporting Period to the Customer Account Liaison. The report will contain the monthly indicator of Service Levels statistics and will be transmitted via email unless otherwise requested by Customer. The report will also summarize all Interrupted Service Reports for the Reporting Period.
- **Interrupted Service Report.** NAVITAIRE will provide an Interrupted Service Report, created by the NAVITAIRE Support Center, following an Interrupted Service event. This report will summarize circumstances, identified cause (if known) and will outline any identified corrective action. Interrupted Service Reports can be tracked by the associated INC number for reference on the Monthly Performance Report.

**7.3.3 Report Follow Up.** If Customer has any questions or objections to the Interrupted Service Report, they will notify their NAVITAIRE Account Manager within \*\*\*\*\* of receiving the report and NAVITAIRE shall respond within \*\*\*\*\* of notification. If the parties cannot agree on the measurements reported, the matter will be escalated to the respective Executive Sponsors, and, if still unresolved, will be escalated as outlined in Section 17.5 of the Agreement (Dispute Resolution).

### 7.4 Review and Correction

**7.4.1 NAVITAIRE Account Manager Review.** In addition to Support Center Support and Emergency services, the NAVITAIRE Account Manager will coordinate a teleconference with the Customer Account Liaison within \*\*\*\*\* of the Interrupted Service to discuss the details of the Interrupted Service and to update Customer on any identified cause or status. The NAVITAIRE Account Manager will close the Interrupted Service Report with the Customer Account Liaison upon final report of identified cause and any outline of corrective action.

**7.4.2 Executive Review.** Upon the request of the NAVITAIRE or Customer Account Liaison, an Executive Sponsor teleconference and a further escalation to the CEO, President, or Managing Director level of each company may be made depending on the severity of the Interrupted Service.

7.5 **Remedies and Corrective Action.** The remedies and corrective action described below will be applied with respect to each Reporting Period, which commences \*\*\*\*\* following completion of Implementation Services.

7.5.1 **Corrective Action.** The NAVITAIRE Account Manager shall monitor corrective action and report to the Executive Sponsors. In the event that the Minimum System Availability Target is not met during the Reporting Period, the NAVITAIRE Account Manager shall initiate corrective action during the subsequent Reporting Period, Subject to Section 7.5.2, NAVITAIRE shall, at its own expense, use commercially reasonable efforts to correct the deficiency in order to meet future Minimum System Availability.

7.5.2 **Failure Notification.** Upon a second failure of NAVITAIRE to meet the Minimum System Availability Target during successive Reporting Periods, the issue shall be escalated to the CEO, President, or Managing Director level of each company. Customer may notify NAVITAIRE, in writing, of the failure to meet the Minimum System Availability Target. Upon receipt of such notice, NAVITAIRE will begin reporting System Availability in weekly Reporting Periods and will communicate to Customer within \*\*\*\*\* and in writing the status of improvement in performance.

7.5.3 \*\*\*\*\*

*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****



\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

**7.6 Notification of Increased Usage and Stabilization Period.** As previously stated in Section 4.3 of the Agreement, Customer agrees to use commercially reasonable efforts to provide NAVITAIRE with the designated advance notice of significant events that may result in Customer's usage of the Hosted Reservation Services to exceed Peak Usage.

Due to the anticipated impact on performance of the Hosted Reservation Services caused by the implementation of the infrastructure to support an increase in Peak Usage (as documented in an amendment as described in Section 4.3 of the Agreement), the first \*\*\*\*\* following such implementation will be a stabilization period to allow the Hosted Reservation Services to stabilize from the influence of the increase in infrastructure. During such stabilization period, NAVITAIRE shall be exempted from its obligations with respect to the Service Levels set forth in this Exhibit A, Section 7, and during such time NAVITAIRE will work with Customer to evaluate the Service Levels. At the conclusion of the Stabilization Period, the Service Levels set forth in this Exhibit A, Section 7, shall remain in effect unless the parties mutually agree on revised Service Levels, via an amendment to the Agreement.

**EXHIBIT B**

**(INTENTIONALLY OMITTED)**

Exhibit B - 88

**EXHIBIT C****NAVITAIRE CONTACTS**

NAVITAIRE agrees to provide contacts for the following areas. Customer should use these contacts as necessary.

**1 NAVITAIRE Support Center**

The following number is to be utilized as described in Exhibits A, B, F, and G:

**Telephone:** (800) 772-3355 toll-free United States

**2 NAVITAIRE Commercial Account Manager**

NAVITAIRE agrees that the following individual is authorized to communicate with Customer on behalf of NAVITAIRE with respect to account management, project funding, contractual performance, and other commercial issues with respect to the Hosted Services:

**Name:** \*\*\*\*\*  
**Title:** \*\*\*\*\*  
**Telephone:** \*\*\*\*\*  
**Email:** \*\*\*\*\*

**3 NAVITAIRE Account Executive Sponsor**

NAVITAIRE agrees that the following Individual is responsible for Executive Sponsorship and for business issue escalation:

**Name:** \*\*\*\*\*  
**Title:** \*\*\*\*\*  
**Telephone:** \*\*\*\*\*  
**Email:** \*\*\*\*\*

**4 NAVITAIRE Financial Contacts**

Customer may contact the NAVITAIRE Finance Department at the following regarding payments, invoices or other financial issues:

**Name:** \*\*\*\*\*  
**Title:** \*\*\*\*\*  
**Telephone:** \*\*\*\*\*  
**Email:** \*\*\*\*\*

**EXHIBIT D****CUSTOMER CONTACTS**

NAVITAIRE agrees to use the following for its initial and primary contacts with Customer:

**1 Customer Emergency Contact**

Customer agrees that the following number is available and will be answered after-hours for NAVITAIRE's use in case of an emergency related to the Hosted Services. Failure for NAVITAIRE to obtain an answer from this Emergency Contact will prevent NAVITAIRE from providing support during an emergency. This may cause the system to be unavailable until such time that a Customer Emergency Contact may be reached.

**Name:** Chief Information Officer, or if not available then contact, Chief Accounting Officer  
**Telephone:** \*\*\*\*\*

**2 Customer Account Liaison**

Customer agrees that the following individual is authorized to communicate with NAVITAIRE and make decisions on behalf of Customer with respect to account management, project funding, performance, payment, and other commercial issues with respect to the Hosted Services:

**Name:** \*\*\*\*\*  
**Title:** \*\*\*\*\*  
**Telephone:** \*\*\*\*\*  
**Email:** \*\*\*\*\*

**3 Customer Executive Sponsor**

Customer agrees that the following individual is responsible for Executive Sponsorship and for Emergency escalation:

**Name:** \*\*\*\*\*  
**Title:** \*\*\*\*\*  
**Telephone:** \*\*\*\*\*  
**Email:** \*\*\*\*\*

**4 Customer Authorized Support Contact**

Customer may designate up to two (2) primary Customer Authorized Support Contacts. The Customer Authorized Support Contact shall be the only person authorized to access the NAVITAIRE telephone and Internet technical support systems, as described in Exhibits A, B, F, and G, on behalf of Customer:

**Name:** \*\*\*\*\*  
**Title:** \*\*\*\*\*  
**Telephone:** \*\*\*\*\*  
**Email:** \*\*\*\*\*  
**Name:** \*\*\*\*\*  
**Title:** \*\*\*\*\*  
**Telephone:** \*\*\*\*\*  
**Email:** \*\*\*\*\*

In addition, Customer may designate up to two (2) individuals that will act as alternates for the Customer Authorized Support Contacts. The designated alternate(s) for the Customer Authorized Support Contact(s) are:

**Name:** \*\*\*\*\*  
**Title:** \*\*\*\*\*  
**Telephone:** \*\*\*\*\*  
**Email:** \*\*\*\*\*  
**Name:** \*\*\*\*\*  
**Title:** \*\*\*\*\*  
**Telephone:** \*\*\*\*\*  
**Email:** \*\*\*\*\*

**5 Customer Financial/Accounts Payable Contact**

Customer agrees that the following individual(s) is (are) the proper accounting contacts to whom all invoices and accounting documents will be delivered. These contacts will see to the timely payment of all invoices for services rendered under this Agreement.

**Name:** \*\*\*\*\*  
**Title:** \*\*\*\*\*  
**Telephone:** \*\*\*\*\*  
**Email:** \*\*\*\*\*  
**Address:** \*\*\*\*\*

**EXHIBIT E****POWERED BY NAVITAIRE® MARK**

The following terms and conditions shall apply to Customer's use of the Powered by NAVITAIRE Mark (the "Mark"), as described in Section 4.11 of the Agreement.

**1 Mandatory Use of the Mark**

In consideration for NAVITAIRE allowing Customer and/or its users to access the Hosted Services System, Customer agrees to and shall acknowledge and credit NAVITAIRE by using the Mark. Such requirements are more specifically outlined in Section 2 herein.

**2 Guidelines for Using the NAVITAIRE Wired Mark**

**2.1 Sizing and Placement Requirements.** Customer is required to use the Mark to credit NAVITAIRE as follows:

- 2.1.1** NAVITAIRE will provide Customer with digital reproductions of the Mark in approved colors (including black and white) and sizing for use by Customer. The Mark may not be redrawn, typeset, altered or visually modified or distorted in any manner unless approved by NAVITAIRE in writing.
- 2.1.2** The Mark may only be used to indicate access to the Hosted Services System, or any publicly available application (*e.g.* web page, kiosk, etc.) which uses the NAVITAIRE Application Program Interfaces (APIs) for booking, Check-in or flight information purposes. Customer may not: (a) display the Mark on packaging, documentation, collateral, or advertising in a manner which suggests that any travel product is a NAVITAIRE product or in a manner which suggests that NAVITAIRE endorses any travel product; or (b) use the Mark as a part of any travel product name.
- 2.1.3** Sizing of the Mark may be no smaller than 115 pixels in width, and the proportions of the Mark may not be altered in any way. NAVITAIRE will provide modified digital marks for applications larger than 115 pixels in width.
- 2.1.4** The Mark must be placed on a contrasting background so that the Mark is clearly visible against its background.
- 2.1.5** The Mark must stand alone. A minimum amount of empty space must be left between the Mark and other objects on the screen. The Mark must appear by itself, with a minimum spacing of 20 pixels between each side of the Mark and other graphics imagery (typography, photography, illustrations, etc.) on the page.

- 2.1.6 Customer shall not combine the Mark with any other feature including, but not limited to, other marks or logos, words, graphics, photos, slogans, numbers, design features, or symbols, such that it creates or gives the impression of a unified, composite mark.
  - 2.1.7 Individual graphic elements of the Mark may not be used as design features on the travel product, travel product packaging, documentation, collateral materials, advertising, or for any purpose other than as permitted herein.
  - 2.1.8 The Mark is an official mark and shall at all times remain the property of NAVITAIRE. The Mark includes graphic elements and accompanying words. The Mark shall always be expressed as an integrated whole.
  - 2.1.9 NAVITAIRE may change the Mark or substitute a different mark at any time; provided, however, that NAVITAIRE provides ninety (90) days prior written notice and, further provided, that such change or substitute Mark do not have substantially different sizing and placement requirements.
- 2.2 **Color Treatment.** Approved Mark colors (Included in the Mark as supplied by NAVITAIRE) are:
- 2.2.1 **Two Color Applications.** The Mark must be used in the colors supplied by NAVITAIRE, which are medium blue for “Powered by NAVITAIRE” and light blue for the ‘swoosh’ below the NAVITAIRE portion of the graphic.
  - 2.2.2 **Black and White Applications.** An all black Mark or an all white Mark may be used if this color scheme is more compatible with Customer’s website branding.
- 2.3 **Location.** The Mark shall appear on all booking and information pages on any publicly available application (e.g. web page, kiosk, etc.) which uses the NAVITAIRE Application Program Interfaces (API(s)) for booking, Check-in, or flight information purposes.
- 2.4 **Quality Control**
- 2.4.1 NAVITAIRE shall be entitled to approve all uses of the Mark prior to the travel product being functionally capable of accessing the Hosted Services System or advertising it as such to ensure compliance with this policy.
  - 2.4.2 Customer shall supply NAVITAIRE with suitable specimens of Customer’s use of the Mark in connection with travel product at the times and in the manner described in this Exhibit E, Section 2, or at any time upon reasonable notice from NAVITAIRE. Customer shall cooperate fully with NAVITAIRE to facilitate periodic review of Customer’s use of the Mark and of Customer’s compliance with the quality standards described in this Exhibit.

- 2.4.3 Customer must correct any deficiencies in the use of the Mark within ten (10) business days after receiving notice from NAVITAIRE.
- 2.4.4 NAVITAIRE reserves the right to terminate Customer's license to use the Mark and, if necessary, take action against any use of the Mark that does not conform to these policies, infringes any NAVITAIRE intellectual property or other right, or violates other applicable law; provided that if NAVITAIRE exercises any such rights, Customer shall thereafter not be under any obligation to use the Mark, whether pursuant to Section 4.11 or otherwise.
- 2.4.5 NAVITAIRE reserves the right to conduct spot checks on the Customer Website to ensure compliance with this policy.

### 3 License Grants and Restrictions

- 3.1 NAVITAIRE thereby grants to Customer a worldwide, non-exclusive, non-transferable, royalty-free, revocable, personal right to use the Mark solely in conjunction with the travel product in the manner described in the guidelines set forth in this Exhibit E, Section 2, and as may otherwise be approved by NAVITAIRE from time to time, subject to the terms and conditions of this Agreement and this Exhibit E.
- 3.2 All rights not expressly granted are reserved by NAVITAIRE. Customer acknowledges that nothing in this Exhibit shall give it any right, title or interest in the Mark or any part thereof, other than the license rights granted herein. Customer may not use or reproduce the Mark in any manner whatsoever other than as described in this Exhibit E, Section 3.
- 3.3 Customer agrees that it will not at any time dispute or contest: (a) the validity of the Mark or any registrations of the Mark, whether now existing or hereafter obtained; (b) the exclusive ownership by NAVITAIRE, its successors or assigns, of the Mark or of any registrations of the Mark, whether now existing or hereafter obtained; or (c) the exclusive ownership by NAVITAIRE of the present and future goodwill of the business pertaining to the Mark.

### 4 No Further Conveyances

Except as permitted in accordance with an assignment of this Agreement pursuant to Section 13 of the Agreement, Customer shall not assign, transfer or sublicense any right granted in this Exhibit E in any manner without the prior written consent of NAVITAIRE.



**5 No Endorsement**

- 5.1 Customer may not use the Mark in any way as an endorsement or sponsorship of the travel product by NAVITAIRE; provided that any use as required pursuant to Section 4.11 shall not be deemed a breach of the foregoing covenant.
- 5.2 Customer shall not use the Mark in any manner that disparages NAVITAIRE or its products or services, or infringes any NAVITAIRE intellectual property or other rights.

**6 Termination**

- 6.1 NAVITAIRE reserves the right, at its sole discretion, to terminate Customer's license to use the Mark at any time; provided that if NAVITAIRE exercises such right, Customer shall thereafter not be under any obligation to use the Mark, whether pursuant to Section 4.11 or otherwise.
- 6.2 Customer may terminate its use of the Mark by: (a) terminating the Agreement as permitted therein; and (b) terminating Customer and/or Users access to the Hosted Services System.
- 6.3 Upon termination of the Agreement, any and all rights and or privileges to use the Mark shall expire and use of the Mark shall be discontinued.

**7 The Mark**

[LOGO]

Note: The Mark above is depicted for print clarity. The required minimum size of 115 pixels in width is smaller than the above depiction.

**EXHIBIT F****HOSTED WEB SERVICES – dotREZ – INTERNET RESERVATION FRAMEWORK****1 Definitions**

As used in and for purposes of this Exhibit, the following terms shall be defined as set forth in this Exhibit. In the event that there exists any conflict between a definition set forth in this Exhibit and in any definition contained within Section 1 of the Hosted Services Agreement (the "Agreement"), the definition set forth in this Exhibit shall control.

- 1.1 Corporate Website Content** means the web pages and content created by Customer to promote their corporate site, along with all other pages and processes that are independent of the dotREZ booking processes.
- 1.2 Server** means the physical web server.

**2 Scope of Services**

NAVITAIRE will provide certain services and support functions during the Term of the Agreement to support the dotREZ – Internet Reservation Framework included in the Hosted Web Services and related applicable products. Of the available Hosted Web Services, Customer has selected the products and/or services outlined in Exhibit K.

**3 Implementation Services**

- 3.1 Data Center Implementation Services.** NAVITAIRE will configure, install, activate, and test the necessary data center hardware and software for providing the Hosted Web Services to Customer. Unless otherwise specified, these services do not include communication circuits, wireless data services, or any remote communication devices, including routers or network hardware. Client personal computers, workstations, or other Customer devices connected to the Hosted Services System are the responsibility of Customer and must meet the minimum specifications as required by NAVITAIRE. NAVITAIRE shall notify Customer of such minimum specifications in order for Customer to procure and implement the same in a timely fashion consistent with any planned implementation changes or cutover to the Hosted Services System.
- 3.2 Network Configuration and Design Services.** NAVITAIRE will supply recommended technical diagrams and will advise Customer on required network hardware requirements for client portion of application, as necessary. Customer shall have internal or third party network expertise available for the installation and configuration of their required network.

- 3.3 System Integration Services.** During the implementation of Hosted Web Services and before production use of such services, NAVITAIRE will assist in the assessment of the compatibility of third party hardware and software with the Hosted Services System. Customer shall be responsible for the cost of modifying or replacing any third party systems including hardware and software that are not part of the Services. Future integration services may be included pursuant to a Work Order using the rates outlined in Exhibit K (as modified by Section 6.4 of the Agreement).
- 3.4 Strategic Business Review.** NAVITAIRE will conduct a Strategic Business Review to gather information on Customer's desired use of the Hosted Web Services and outline capabilities of the Hosted Services System. During the Strategic Business Review, NAVITAIRE will work with Customer to conduct an onsite business process review that will create a project plan and project schedule, including NAVITAIRE and Customer responsibilities, in order to achieve successful completion of the Implementation Services on or before the Target Date.
- 3.5 Hosted Web Services Installation.** The Hosted Web Services installation process will include:
- Set up of physical environments
  - Import/load of Customer provided web content
  - Technical and functional testing
  - Customer Website efficiency review
  - Conversion plan
- These elements will be incorporated into the project plan with input from Customer.
- 3.6 Project Reporting.** During the course of Implementation Services, the NAVITAIRE Hosted Web Services Project Manager will coordinate status reporting with the NAVITAIRE Reservation Services Project Manager. Following completion of installation of the Hosted Web Services, the NAVITAIRE Hosted Web Services Project Manager will provide Customer with status on the remaining Implementation Services for Hosted Web Services as follows: (a) Weekly Project Plan Update and Status Report; (b) Weekly Updated Issues/Resolution List; and (c) Executive Summary.
- a) Weekly Reports.** Weekly status reports will be transmitted to Customer on a weekly basis during the provision of Implementation Services. Each report will include an updated status on the implementation process and an updated project plan. A list of the following week's tasks and goals will be included in each report.

- b) **Weekly Updated Issues/Resolution List.** Weekly updated issues/resolution lists will be forwarded to Customer on the same schedule as the Weekly Project Plan Update and Status Report. The Issues/Resolution List will include specific additional items discovered in the project analysis, or critical issues that deserve heightened priority apart from the project plan. The Issues/Resolution List will include the task, the responsible party, date, open/close status, priority, and date of closed task. Every issue will be given a priority relative to a mutually agreed priority with Customer. Priorities will be ranked 1-5, 1 being most critical. Below is a description of each priority:
- **Priority 1 – Urgent.** All issues included in this priority are deemed critical and will be given priority attention. These issues may affect a milestone or dependency related to the completion of conversion services. Issues in this category are critical to resolve prior to other project dependencies and milestones being completed.
  - **Priority 2 – High.** Issues included in this priority may affect the Target Date and require resolution prior to the completion of conversion services.
  - **Priority 3 – Medium.** Issues included in this priority are not required prior to completion of conversion services, but must be finished prior to the end of Implementation Services.
  - **Priority 4 – Low.** These items are not critical to either the completion of conversion services or Implementation Services but require monitoring for subsequent follow up or entry into NAVITAIRE's Internet based customer support tool.
  - **Priority 5 – Excluded.** These items are deemed excluded and are either unnecessary or may be addressed in a business process change or work-around.
- c) **Executive Summary.** An Executive Summary will be provided to both the NAVITAIRE and Customer Executive Sponsors upon reaching critical milestones. These milestones will be established mutually with Customer as the final project plan has been established.

### 3.7 Implementation Services Time Frame

- 3.7.1 During the course of planning discussions related to this Agreement, NAVITAIRE acknowledges the Target Date for completion of the Implementation Services is \*\*\*\*\*. NAVITAIRE and Customer will detail dates and dependencies of the project plan, as summarized in the table in Exhibit A, Section 3.9.2, in order to confirm the Target Date achievability.

- 3.7.2 Upon receipt of the Implementation Fees due at signing and subject to Section 4.1 of the Agreement, NAVITAIRE agrees to perform the required Implementation Services within the time frame preceding the Target Date. NAVITAIRE further agrees to initiate, mutually with Customer, project-scope-analysis and project-planning communication to establish the final schedule for Implementation Services.
- 3.7.3 Customer understands that the Target Date may be subject to change upon mutual agreement of the parties; as such date is dependent on, among other matters, certain third party agreements/activities on behalf of both Customer and NAVITAIRE. These third party agreements/activities may include, but are not limited to, the following:
- All telecommunications and data circuits.
  - Web domains and certificates.
  - Web content creation and maintenance.

Customer shall immediately establish a primary technical Project Manager contact that will be assigned to interact with the Project Manager appointed by NAVITAIRE. Failure to appoint this individual will jeopardize the delivery of Implementation Services by NAVITAIRE.

- 3.7.4 Upon completion of the Implementation Services as described in this Exhibit, NAVITAIRE will provide written notification to the Customer Account Liaison named in Exhibit D, Section 2.

### 3.8 Data Import and Content Services

3.8.1 **Data Import Services.** NAVITAIRE will provide tools to Customer for web content download processing. NAVITAIRE will work with Customer to define the appropriate security access to such tools and notification procedures for changes requiring a web server restart.

3.8.2 **Data Content Services.** Customer is responsible for all web page content and navigation configuration. Customer is responsible for all web page enhancements required for the hosted web server application provider and version.

## 4 Operations Environment Services

- 4.1 **Primary and Backup Data Circuits.** Customer shall be responsible for all telecommunication used by Customer in connection with the transmission of data between the Hosted Services System and Customer's site(s), as stated in Section 4.14 of this Agreement. It is anticipated that Customer will use the same primary and back-up data circuits to transmit data for the Hosted Web Services as those used to support the delivery of the Hosted Reservation Services. Customer shall be responsible to ensure that the data circuits are capable of handling the

additional data volume required for the Hosted Web Services. If Customer wishes to use any alternative arrangement to the Hosted Reservation Services data circuits, Customer must submit this request to NAVITAIRE for approval.

**4.2 Security.** NAVITAIRE will provide Customer with specific user accounts and passwords for access to web content files. Customer is responsible for distribution of these accounts/passwords for the use of data content downloads and migrations.

**4.3 Facility Locations.** The facility locations provided for in this Agreement are as follows:

- NAVITAIRE's Hosted Web Services data center will be located in Minneapolis, Minnesota.
- Customer's primary facility will be located in Denver.

## 5 Hosted Web Services Features

The table below itemizes the base functionality and features of the Hosted Web Services available as of the Effective Date of the Agreement.

### Hosted Web Services – dotREZ – Internet Reservation Framework

#### Base Functionality

### Hosted Web Services – dotREZ – Internet Reservation Framework

#### General Features – Hosted Web Services

Redundant web environment

- Redundant communication lines between web hosting environment and the Hosted Reservation Services. (This specifically excludes Customer's Internet circuits.)
- Redundant web servers.
- Redundant firewalls
- Redundant routers
- Redundant load balancers
- Mirrored hard drives
- Dual NICs
- Redundant power supplies
- Redundant fans
- Scalable hardware for the support of incremental capacity gains
- Data migration support tools for delivery of web content changes
- Test server for the support of web page testing and deployment

For purposes of clarity, Hosted Web Services include performing email relay to a Customer exchange server only

**Security Features**

- Real time system log monitoring
- Patch tool management
- Vulnerability remediation
- Data Integrity checks
- Intrusion detection and prevention
- Virus protection

**System Monitoring Features****Network monitoring**

- Device uptime, availability, load
- LAN/WAN latency, utilization, availability

**Server monitoring**

- Uptime, Availability, Load
- Disk space and memory utilization
- Processes and services running on machines

**Monthly reporting**

- Server device statistics
- Network device statistics
- LAN/WAN line statistics

For purposes of clarity, if Customer would like to gather web statistics (number of visitors, visitors by country, etc.), Customer will need to purchase a tool that is compatible with the Hosted Web Services web server platform to gain access to such reporting information.

**Hosted Web Services – dotREZ – Internet Reservation Framework****Add-On Functionality****Hosted Web Services – Disaster Recovery Services****General Features – Hosted Web Services – Disaster Recovery Services**

In the event of a Disaster, at reasonable request from Customer and at Customer's expense, NAVITAIRE shall seek to provide the core functionality of Hosted Web Services as soon as possible following Customer's request. Customer acknowledges that the Disaster Recovery Services described in Exhibit A do not apply to the Hosted Web Services for dotREZ under this Exhibit F.

**Hosted Web Services – Corporate Website Hosting****General Features – Hosted Web Services – Corporate Website Hosting**

- Corporate Website Hosting includes all General Features, Security Features, and System Monitoring Features listed under the Hosted Web Services – dotREZ Internet Reservation Framework section above. In addition, the Corporate Website Hosting environment includes a back end SQL server database.
- Customer's Corporate Website Content utilizes dynamically generated HTML and is not limited to static HTML.

The scope of Corporate Website Hosting is limited to uptime and availability of the ASP.Net web servers supporting the Corporate Website Content, and the SQL Server database; scope does not include support for any of the functionality coded by Customer within the Corporate Website Content.

**6 Customer Hardware, Software, Connectivity and Network Requirements**

- 6.1 Circuits.** Customer is responsible for all data circuits and Internet connectivity not housed within the NAVITAIRE data center.

- 6.2 Third Party Software and Services.** Customer is required to purchase directly from third party providers other related third party software licenses and services necessary to support the Hosted Web Services environment, including, but not limited to, secure certificates.
- 6.3 Web Domain(s).** Customer is required to register or have the right to use the Customer's designated web domain names for web content access and delivery.



**EXHIBIT G****HOSTED REVENUE ACCOUNTING SERVICES – SKYLEDGER®****1 Definitions**

In the event that there exists any conflict between a definition set forth in this Exhibit and in any definition contained within Section 1 of the Agreement, the definition set forth in this Exhibit shall control.

- 1.1 Customer Revenue Accounting Contact** means either the Customer Account Liaison or Customer Authorized Support Contact set forth in Exhibit D, Sections 2 and 4.
- 1.2 Executive Sponsors** has the meanings set forth in Exhibits C and D.

**2 Scope of Services**

NAVITAIRE will provide certain services and support functions during the Term of this Agreement related to the Hosted Revenue Accounting Services and related applicable products. Of the available Hosted Revenue Accounting Services, Customer has selected the products and/or services outlined in Exhibit K. The Hosted Services System infrastructure capacity will be established and configured for Customer's operations based on flight Segment volume estimates provided by Customer.

Customer will be responsible for transferring data from the Hosted Revenue Accounting Services to Customer's general ledger. Such functionality is specifically excluded from NAVITAIRE's Hosted Revenue Accounting Services.

**3 Implementation Services**

- 3.1 Data Center Implementation Services.** NAVITAIRE will configure, install, activate, and test the necessary data center hardware and software for providing the Hosted Revenue Accounting Services to Customer. Unless otherwise specified, these services do not include communication circuits, wireless data services, or any remote communication devices, including routers or network hardware. Client personal computers, workstations, or other Customer devices connected to the Hosted Services System are the responsibility of Customer and must meet the minimum specifications as required by NAVITAIRE. NAVITAIRE shall notify Customer of such minimum specifications in a timely manner in order for Customer to procure and implement the same prior to the Target Date.
- 3.2 Virtual Private Network (VPN) Connectivity.** If Customer desires to use a virtual Private network (VPN) for connectivity to Hosted Revenue Accounting Services, NAVITAIRE will evaluate such a request to determine the viability of the use of a VPN connection for either a primary or back-up data circuit. After review, NAVITAIRE will advise Customer if the request is approved and the additional costs that will apply.

**3.3 Network Configuration and Design Services.** NAVITAIRE will supply recommended technical diagrams and will advise Customer on required network hardware requirements for client portion of application, as necessary. Customer shall have internal or third party network expertise available for the installation and configuration of their required network.

**3.4 System Integration Services.** As Customer uses the NAVITAIRE Hosted Reservation Services, NAVITAIRE will integrate daily reservations activity XML extract files from NAVITAIRE Hosted Reservation Services into the Hosted Revenue Accounting Services.

During the implementation of the Hosted Revenue Accounting Services and before production use of such services, NAVITAIRE will assist in the assessment of the transfer of the general ledger output file from the Hosted Revenue Accounting Services application. Customer shall be responsible for the cost of modifying or replacing any third party systems including hardware and software that are not part of the Services. For future integration services, NAVITAIRE will, upon request, provide an estimate using the rates outlined in Exhibit K (as modified by Section 6.4 of the Agreement); however, any services will be provided pursuant to a Work Order.

**3.5 Strategic Business Review**

**3.5.1** NAVITAIRE will conduct a Strategic Business Review to gather information on Customer's desired use of the Hosted Revenue Accounting Services and outline functional capabilities of the Hosted Services System. During the Strategic Business Review, NAVITAIRE will work with Customer to create a project plan and project schedule, including NAVITAIRE and Customer responsibilities, in order to achieve successful completion of the Implementation Services on or before the Target Date.

**3.5.2** The Hosted Revenue Accounting Services installation process will include:

- Set up of physical and database environments
- Data import services
- Initialization of the Hosted Revenue Accounting Services software
- Import/load of reference data
- Technical and functional testing

- User Training with New Skies test data
- Conversion plan for open PNR liability data
- Load all open liability reservation data for Hosted Revenue Accounting Services
- Complete \*\*\*\*\* accounting close

These elements will be incorporated into the project plan with input from Customer.

**3.6 Customer Site Services.** NAVITAIRE will assist Customer with the testing of the required telecommunications connection between the NAVITAIRE data center and the designated Customer facility. \*\*\*\*\* Additional technical support for on-site assistance after the initial conversion for production use of the Hosted Revenue Accounting Services shall be quoted on a project basis at the request of Customer using the rates as outlined in Exhibit K, Section 1.3.

**3.7 Initial Training Services.** NAVITAIRE will supply the following training and Customer agrees to participate in such training for the Hosted Revenue Accounting Services:

**3.7.1 System Training:** Up to a maximum of \*\*\*\*\* which may be attended by up to a maximum of \*\*\*\*\* Customer employees at the NAVITAIRE corporate offices located in Minneapolis, Minnesota. \*\*\*\*\* All training will be conducted in English.

Topics will include the definition of the expected daily and month-end activities required to support the Hosted Revenue Accounting Services and user and administrative features and functions. Customer must complete basic computer familiarization and Windows training for all trainees prior to the initial training. As Customer is contracting to use the NAVITAIRE Hosted Reservation Services, and the Hosted Revenue Accounting Services uses the data extracts from this system, trainees must also have completed a basic course on the features and functions of the Hosted Reservation Services.

Customer will be provided an electronic copy of the manual in Adobe Acrobat (PDF) format for download via the NAVITAIRE web site. Technical specification and technical reference manuals are for internal NAVITAIRE use only, unless otherwise specified in this Agreement or by other arrangement. All materials provided by NAVITAIRE are in the English language unless otherwise specified within this Agreement.

**3.8 \*\*\*\*\***

**3.8.1 Project Reporting.** During the course of Implementation Services, the NAVITAIRE Hosted Revenue Accounting Services Project Manager will coordinate status reporting with the NAVITAIRE Hosted Reservation Services Project Manager. Following completion of installation of the Hosted Reservation Services, the NAVITAIRE Hosted Revenue Accounting Services Project Manager will provide Customer with status on the remaining Implementation Services for Hosted Revenue Accounting Services as follows; (a) Weekly Project Plan Update and Status Report; (b) Weekly Updated Issues/Resolution List; and (c) Executive Summary.

- a) Weekly Project Plan Update and Status Report.** Weekly status reports will be transmitted to Customer on a weekly basis during the provision of Implementation Services. This report will include updated status on the process and an updated project plan. A list of the following week's tasks and goals will be included in the report.
- b) Weekly Updated Issues/Resolution List.** Weekly updated issues/resolution lists will be forwarded to Customer on the same schedule as the Weekly Project Plan Update and Status Report. The Issues/Resolution List will include specific additional items discovered in the project analysis, or critical issues that deserve heightened priority apart from the project plan. The Issues/ Resolution List will include the task, the responsible party, date, open/close status, priority, and date of closed task. Every issue will be given a priority relative to a mutually agreed priority with Customer. Priorities will be ranked 1-5, 1 being most critical. Below is a description of each priority;
- **Priority 1 – Urgent.** All issues included in this priority are deemed critical and will be given priority attention. These issues may affect a milestone or dependency related to the completion of conversion services. Issues in this category are critical to resolve prior to other project dependencies and milestones being completed.
  - **Priority 2 – High.** Issues included in this priority may affect the Target Date and require resolution prior to the completion of conversion services.
  - **Priority 3 – Medium.** Issues included in this priority are not required prior to completion of conversion services, but must be finished prior to the end of Implementation Services.

- **Priority 4 – Low.** These items are not critical to either the completion of conversion services or Implementation Services but require monitoring for subsequent follow up or entry into NAVITAIRE’s Internet based customer support tool.
  - **Priority 5 – Excluded.** These items are deemed excluded and are either unnecessary or may be addressed in a business process change or work-around.
- c) **Executive Summary.** An Executive Summary will be provided to both the NAVITAIRE and Customer Executive Sponsors upon reaching critical milestones. These milestones will be established mutually with Customer as the final project plan has been established.

**3.9 Implementation Services Time Frame**

**3.9.1** Upon receipt of the Implementation Fees due at signing and subject to Section 4.1 of the Agreement, NAVITAIRE agrees to perform the required Implementation Services within the time frame preceding the Target Date. NAVITAIRE further agrees to initiate, mutually with Customer, project-scope-analysis and project-planning communication to establish the final schedule for Implementation Services consistent with the Target Date. The project timeline and Target Date for Implementation Services of Hosted Revenue Accounting Services is \*\*\*\*\*, provided first monthly close shall follow the first month’s processing of Hosted Reservation Services.

<u>Key Milestones &amp; Supporting Tasks</u>	<u>Primary Responsibility</u>		<u>Duration to Complete</u>	<u>Milestone Dependency</u>
	<u>Navitaire</u>	<u>Customer</u>		
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****
* *****	*****	*****	*****	*****



- 3.9.5** If Customer is implementing Hosted Reservation Services concurrently with the Hosted Revenue Accounting Services implementation, the NAVITAIRE Revenue Accounting project lead will communicate and coordinate with the primary Hosted Reservation Services project manager during the Hosted Reservation Services implementation effort. After Hosted Reservation Services conversion, the NAVITAIRE Revenue Accounting project lead will communicate status with the Customer Project Manager.
- 3.9.6** Upon completion of the Implementation Services as described in this Exhibit G, Section 3, NAVITAIRE will provide written notification to the Customer Revenue Accounting Contact or Customer Account Liaison named in Exhibit D of this Agreement.

#### **4 Data Circuits**

- 4.1 Primary and Backup Data Circuits.** Customer shall be responsible for all telecommunication circuits used by Customer in connection with the transmission of data between the Hosted Services System and Customer's site(s), as stated in Section 4.14 of this Agreement. It is anticipated that Customer will use the same primary and back-up data circuits to transmit data for the Hosted Revenue Accounting Services as those used to support the delivery of the Hosted Reservation Services. Customer shall be responsible to ensure that the data circuits are capable of handling the additional data volume required for the Hosted Revenue Accounting Services. If Customer wishes to use any alternative arrangement to the Hosted Reservation Services data circuits, Customer must submit this request to NAVITAIRE for approval.
- 4.2 Facility Locations.** The facility locations provided for in this Agreement are as follows:
- The NAVITAIRE Hosted Revenue Accounting Services data center will be located in Minneapolis, Minnesota.
  - Customer's primary facility will be located in Denver.

#### **5 Hosted Revenue Accounting Services Functionality**

The table below itemizes the base and optional functionality and features in available as of the Effective Date of the Agreement. The actual optional functionality to be provided under this Agreement is as identified in Exhibit K. This list may be expanded or modified in the future based upon new releases.

##### **Hosted Revenue Accounting Services – SkyLedger**

###### **Base Functionality**

###### **General Features – SkyLedger**

- Captures financial events for NAVITAIRE reservation activity and relates the activity to the relevant financial accounting period,

- Maintains a historical PNR, Voucher, and Credit Shell database with a separate version whenever a financial change occurs.
- Provides periodic financial reporting with accounting period integrity.
- Provides a financial audit trail for financial activity related to the life of each PNR.
- Provides a financial audit trail for each accounting entry down to the specific transaction event detail.
- Provides data retention for PNR(s), Vouchers, Credit Shells, and accounting details,
- Includes a web based report creation tool which enables the user to create and view a set of reports.
- Provides the ability to map accounting events to airline specified general ledger accounts for reporting or electronically interfacing to the airline's general ledger system.
- Provides financial detail in the airline's designated "host" accounting currency without loss of the sales currency in the reporting data.
- Provides the ability to re-map transactions and automatically reprocess those affected by the mapping changes.
- Provides a pre-defined set of reports for critical accounting events with the flexibility of these reports being available in text, PDF, or Excel.
- Provides simple proration of fare over each leg within a given through segment.
- Provides flexibility to map account numbers to specific transactional data elements, e.g. aircraft type, tax code, or country code.

### **Standard Reports**

#### **Accounting Reports**

- Account Center Balance Report. Displays account/center balances for each of the carrier's accounts.
- Journal Entry Detail Report. Displays account/center balances grouped by Journal Entry.
- Activity Balance Report. Summarizes daily postings by account event/account type.
- Account Mappings Report. Displays all relevant information related to an account mapping for a user-specified company code, effective period, account event and account type.
- Suspense Report. Displays account items that are currently in suspense.

#### **Revenue Reports**

- Revenue by Distance. Displays base and gross revenue by seat mile/kilometer on a specific date or within a specified date range for flights between two cities.
- Revenue by Fare Class. Displays revenue by fare class on a specific date or within a specified date range.
- Revenue by Flight. Displays revenue by average seat mile/kilometer for individual flights.
- City Pair Load Factor. Displays passenger totals, load factor, ASM, Revenue, RPM, yield, RASM, and other data by city pair as well as by individual flights serving each city pair.
- Earned/Unearned Revenue. Displays information on earned and unearned revenue for flights between a designated city pair including analysis by booking date and equipment type.
- Route Profitability Report. Displays a summary of revenue and costs by route. Costs must be entered through the Expenses User Interface before the report can be used.

#### **Business Reports**

- Credit Shell/Voucher Expiration. Lists expired credit flies, credit shells and vouchers for a specified time period.
- Fees and Discounts. Displays fees and discounts, by currency and type, entered into the system.
- Tax History. Displays information for selected tax payments.
- Payment Report. Displays information about payments made against a PNR grouped by date, agent or type based on parameters specified.
- Flight Reconciliation Report. Displays Flight Statistics and what has been received and accounted for within SkyLedger.
- Unearned Revenue Liability Report. This report displays unearned revenue, earned revenue, no-show revenue, expired revenue, and unearned revenue liability at an accounting period level. This report will provide the user with exposure to their unearned revenue liability (items sold, but not flown).
- Delta Report. Displays all transactions for which the total debit and credit amount do not balance for the account specified by the user



**Operational Reports**

- Extract Load Errors Report. Displays all transactions that could not be successfully loaded to the historical database.
- Reconciliation Report. Daily report that is used to ensure all transactions listed on the historical database are also posted to the accounting detail database with the appropriate amounts. Only discrepancies between the historical and accounting database are displayed.

**Modules and Interfaces****Modules**

- PNR Load. Accept PNR XML from the NAVITAIRE reservation system and validate file, load to Temporary Database for further processing by Version History module,
- Voucher Load. Accept Voucher XML from the NAVITAIRE reservation system and validate file, load to Temporary Database for further processing by Version History module.
- Credit Shell Load. Accept Credit Shell XML from the NAVITAIRE reservation system and validate file, load to Temporary Database for further processing by Version History module.
- Flight Following Load. Accept Flight Following XML from the NAVITAIRE reservation system and validate file, load to Temporary Database for further processing by Version History module.
- PNR Version History. Version incoming PNR and insert a control row to trigger action by the accounting generator.
- Voucher Version History. Version incoming Voucher and insert a control row to trigger action by the accounting generator.
- Credit Shell Version History. Version incoming Credit Shell and insert a control row to trigger action by the accounting generator.
- Flight Following Version History. Version incoming Flight and insert a control row to trigger action by the accounting generator.
- Accounting Generator. Generate accounting transactions based on prior versions of PNR, Voucher and Credit Shell comparing differences to determine what financial events have changed.
- Account Mapping. Assign an account period, company code, journal entry, debit/ credit account/ center to a specific accounting transaction.
- Remap Request. Identify and process the transactions that must be reversed and remapped as a result of modifications to the account mapping table.
- Re-conversion Request. Identify and process the transactions that must be reversed and reposted as a result of modifications to the currency conversion rate table.
- Account Reversal. Update the accounting detail table to reverse all accounting related to the transaction key provided.
- Transaction Reconciliation. Ensure the accounting database is in sync with the historical transaction database.
- Monthly Close Processing. Perform a variety of actions related to the close of an accounting period.
- Simple Proration. Retrieve air miles for each leg within a given through segment and divide the fare among the constituent legs. Alternatively the square root of air miles can be used to divide the fare among the constituent legs.
- Expiration. Generate accounting to relieve liability related to unused transactions (PNR(s), Credit Shells, and Vouchers) following a user-specified expiration period.
- Purge. Delete fully-used, closed transactions from the historical and accounting databases following a user-specified retention period.
- General Ledger Creation. Extract all accounting records in local and/or host currency on a daily or monthly basis to be fed via XML interface into Customer's General Ledger system.
- Agency Billing and Commission Load. Accept Agency Billing and Commission file from the NAVITAIRE reservation system, validate file, and load to database (optional).

**Interface Files**

SkyLedger is populated by the XML extract files provided by the NAVITAIRE Reservation System. The main output of the SkyLedger system will be the general ledger feed, which supplies the data that can be interfaced into Customer's financial system. Please note that each of the interface files listed below has a standard file specification and all files accepted or created by the SkyLedger system must be formatted in accordance with these file specifications.

**Inputs**

- PNR Booking Data Extract from the NAVITAIRE Reservation System with PNR/Passenger information such as booking, flown, or payments.
- Credit Shell XML. Daily XML Extract from the NAVITAIRE Reservation System with Credit Shell information such as creation of, usage.
- Voucher XML. Daily XML Extract from the NAVITAIRE Reservation System with Voucher information such as creation of, usage.
- Flight Following XML. Daily XML Extract from the NAVITAIRE Reservation System with flight information such as origin, destination, or passenger counts.
- Agency Data XML. XML extract from the NAVITAIRE Reservation System with agent and contact information. This information is used to allow mapping by department and location for certain accounting events.

**Outputs**

- Standard General Ledger Feed. The NAVITAIRE standard general ledger feed, which provides SkyLedger data to Customer's general ledger system to update the journal entry/account balances, is included at no extra cost to Customer.

**User Interfaces**

SkyLedger provides a user interface for: a) viewing and managing accounts, b) viewing journals and account mappings to allow customization accounts, and c) viewing journal entries to track how transactions are applied to those specific accounts. The following six user interfaces will be included in SkyLedger:

- Accounts. The accounts user interface will be used to insert, update, and delete entries from the SkyLedger account table, center table, and company account center table. These tables in turn are used to validate entries to the SkyLedger account mapping table.
- Journal Maintenance. The journal maintenance user interface will be used to insert, update, and delete entries on the SkyLedger journal entry table. This table in turn will be used to validate entries to the SkyLedger account mapping table.
- Journal Approval. The journal approval user interface will be used to approve the debit/credit balance for each journal entry. Please note that this interface is intended to be used in conjunction with the SkyLedger journal entry detail report. Quality Assurance and management approval of a journal entry is required before data related to this journal entry may be bridged to the user via the automated monthly G/L feed (where the carrier has requested user-approval of the journal entry balance).
- Mappings. The mappings user interface will be used to insert, update, and delete entries from the SkyLedger account mapping table. This table in turn will be used to assign a debit account/center and credit account/center to accounting transactions based upon the type of accounting event (account event/account code) and the specific characteristics of the transaction (mapping fields). The account mapping table also enables individual accounting transactions to be classified under the proper company code and journal entry.
- Currency Maintenance. This user interface will allow the user to enter the exchange rate from each currency to the host currency at the company level with an effective date for each exchange rate.
- Service Types. This user interface will allow the carrier to identify each service type and specify whether or not the revenue related to that service will be earned at the time of booking or the time of flight.

**Revenue Accounting System Data Storage and Access**

- Online access for historical revenue accounting system data up to \*\*\*\*\* and \*\*\*\*\* from current date.
- Access to historical revenue accounting system data more than \*\*\*\*\* prior to the current date is the responsibility of Customer.
- Accounting generated for interline activity is retained for up to \*\*\*\*\* from the current date.

**Note:** It is Customer's responsibility to store and provide access to any required detailed revenue accounting system data more than thirteen (13) months old and to aggregated revenue accounting data.

**Standard General Ledger Extract**

- Provides a daily or monthly extract file containing account postings data.
- Allows Customer to upload the data into their financial system.

**Month End Close Process**

- User initiated process which is executed by NAVITAIRE operations staff.
- Provides automated closure of each accounting period.

**6 Customer Hardware, Software, Connectivity and Network Requirements**

**6.1 Equipment Specifications.** The equipment specifications below outline the required, supported hardware and software necessary for the proper function and efficient operation of the Hosted Revenue Accounting Services and applicable products. Unless otherwise specified in this Section, the equipment and software listed below are the responsibility of Customer.

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

**6.1.1 Data Circuits.** \*\*\*\*\* NAVITAIRE may act as Customer's agent to order and facilitate installation of these circuits upon written request by Customer.

**EXHIBIT H**

**(INTENTIONALLY OMITTED)**

Exhibit H - 114

**EXHIBIT I**  
**DATA PROTECTION PROCEDURES**  
**(PROCEDURES FOR THE PROTECTION**  
**OF**  
**CUSTOMER PERSONAL DATA)**

These Data Protection Procedures (“Procedures”) set forth the security protocols that Customer and NAVITAIRE will follow with respect to maintaining the security and privacy of Customer Personal Data in connection with the Agreement.

**1 General**

In the event of a conflict or inconsistency between the terms of these Procedures with the terms of the Agreement, the terms of the Procedures shall govern. Capitalized terms used herein, but not defined shall have the meanings ascribed to them in the Agreement.

**2 Security Policy**

NAVITAIRE will maintain globally applicable policies, standards, and procedures intended to protect NAVITAIRE and Customer Data. Such policies include, but are not limited to:

- System Security
- Security of Information and Acceptable Use of Systems
- Confidentiality
- Data Privacy
- Data Management

NAVITAIRE will provide summaries of these policies upon Customer’s request.

**3 Global Access**

NAVITAIRE may access the Customer Personal Data from anywhere within NAVITAIRE/Accenture’s Global Delivery Network, unless otherwise mutually agreed by the Parties.

**4 Organizing Information Security**

**4.1 Accountability**

The following executives from Customer and NAVITAIRE shall be responsible for confirming the implementation of and ongoing compliance with these Procedures. Any notices under these Procedures or the Agreement regarding the

Customer Personal Data obligations of each party should be as follows: communications regarding the day-to-day obligations should be communicated in writing via E-mail or other written notice to each of the Data Protection Executives and communications regarding any changes to the terms of these Procedures (including any Attachments) or the terms of each party’s Customer Personal Data obligations under the Agreement should be directed as required under the notice provisions of the Agreement with copies provided to the Data Protection Executives.

- Customer Data Protection Executive: \*\*\*\*\*
- NAVITAIRE Data Protection Executive: \*\*\*\*\*

The Data Protection Executives intend to jointly review these Procedures at a minimum on an annual basis to identify if any changes are necessary. Each party will promptly notify the other party of any suggested changes to the application of agreed upon Procedures or other general concerns about potential gaps in the information security environment.

Any material changes to these Procedures must go through the amendment process as set forth in the Agreement.

4.2 Controls

		<u>Responsible Parties</u>	
		<u>NAVITAIRE</u>	<u>Customer</u>
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****
*****	*****	*****	*****

Control

Responsible Parties  
NAVITAIRE      Customer

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

Control

Responsible Parties  
NAVITAIRE      Customer

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*



Control

<u>Responsible Parties</u>	
<u>NAVITAIRE</u>	<u>Customer</u>
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****

]

**EXHIBIT J****NAVITAIRE Support Center****1 Definitions**

As used in and for purposes of this Exhibit, the following terms shall be defined as set forth in this Exhibit. In the event that there exists any conflict between a definition set forth in this Exhibit and in any definition contained within Section 1 of the Hosted Services Agreement, the definition set forth in this Exhibit shall control.

- 1.1 Custom Enhancement Request** means a request by Customer to modify the Hosted Services System used by NAVITAIRE to provide the Hosted Services but shall not include any reporting of a System Error.
- 1.2 Emergency** means:
- **With respect to Hosted Reservation Services**, an aircraft incident experienced by Customer, an Interrupted Service, a systemic problem or error causing a material loss or corruption of production PNR data, or as otherwise described in the table in Section 2.1 of this exhibit;
  - **With respect to Hosted Web Services**, an Interrupted Service event which prevents the delivery of Customer web pages due to NAVITAIRE controlled infrastructure being inaccessible; or
  - **With respect to Hosted Revenue Accounting Services**, an event which prevents the delivery of the daily Postings Report or the general ledger output file on the last day of the accounting period.
- 1.3 System Error** means when functionality identified in this Agreement or described in the NAVITAIRE product user documentation is currently not working in Customer's account in all material respects consistent with the manner that it is described in such documentation pertaining to the release Customer is reporting the error against. No failure of any reconfiguration by Customer of a Configurable Template shall be deemed to be or can create a System Error.

**2 Scope of Services**

NAVITAIRE will provide Customer with (a) English-speaking assistance from the NAVITAIRE Support Center via telephone or an Internet based customer support tool (English version only), and (b) the ability to report Incidents (INC). A customized version of the NAVITAIRE Support Center Procedures Manual will be provided to Customer.

The NAVITAIRE Support Center may be contacted for assistance in the following areas:

**2.1 System Errors**

Customer may report a System Error by calling the NAVITAIRE Support Center at the number provided in Section 1 of Exhibit C of the Agreement \*\*\*\*\* or by logging it via the Internet based customer support tool (English version only). Time spent by the NAVITAIRE Support Center during the reporting of the System Error is not billable to Customer. Time spent by NAVITAIRE personnel in the resolution of such System Error (including any development efforts to modify software for such resolution into the Production Version) will not be billable to Customer except in the event that the final determination of root cause of a System Error is identified as being due to events caused by third parties or Customer misuse of the Hosted Services System, in which case all time spent by NAVITAIRE personnel in the resolution of such System Error will incur Support Fees at the rate specified in Exhibit K, Section 1.3.

When Customer reports a System Error, it will be assigned an urgency by the NAVITAIRE Support Center based on: (i) whether it constitutes an Emergency as provided in the definition by product type within this Exhibit, or (ii) other classification as determined in good faith by NAVITAIRE using the following guidelines:

<u>Impact Analysis</u>	<u>Degree of Degradation of Business Functionality</u>				
	<u>No loss of business function</u>	<u>Partial loss of business function. Work-around exists.</u>	<u>Partial loss of business function. No work-around exists.</u>	<u>Complete loss of business function. Work-around exists.</u>	<u>Complete loss of business function. No work-around exists.</u>
Immediate impact is major affecting many and/or critical users of the affected business functionality.	Low	Medium	High	High	Emergency for Hosted Reservation, Web and Check-in Services only
Immediate impact is moderate affecting only a few and/or non-critical users of the affected business functionality.	Low	Low	Medium	High	High
Immediate impact is marginal affecting only a few or no users or non-critical users of the affected business functionality.	Low	Low	Medium	Medium	Medium

An example of an “Emergency” System Error might include:

- Hosted Services are totally unavailable due to a NAVITAIRE controlled communication line.
- Hosted Web Services are totally unavailable due to NAVITAIRE controlled web server.
- Customer did not receive the daily Postings Report

An example of a “High” System Error might include:

- Cannot change any airline schedules through Schedule Manager.
- Cannot load new fares through Fare Manager.
- Unable to generate confirmation itineraries for Internet customers.
- Hosted Web Services migration tools unavailable for web content uploads.
- Settlement files are delayed by one day in being sent to the settlement bank.
- Reporting Services are not displaying data accurately.

An example of a “Medium” System Error might include:

- Slow system response for specific tasks.

#### **2.1.1 Emergency System Error Response**

Customer should call the NAVITAIRE Support Center to report an Emergency in English, in lieu of use of the Internet based support tool. If all representatives are busy with other calls, a message may be left in English on the voicemail response system, which will page an appropriate contact. A representative of NAVITAIRE will return Customer’s call within \*\*\*\*\* with an acknowledgement and initial response to Customer. In the event that NAVITAIRE determines that a System Error reported by Customer is not an Emergency, it shall be handled in accordance with Section 2.1.2 below.

Customer is required to provide NAVITAIRE with an after-hours emergency contact number in Exhibit D. Customer will answer calls to its after-hours emergency contact line by, or promptly respond to messages received via such number from, the NAVITAIRE support representative.

NAVITAIRE response targets for Emergency System Errors are provided in the table below, NAVITAIRE’s resolution targets are included in the NAVITAIRE Policy and Procedure Manual, available on the NAVITAIRE Customer Care website.

**Customer Communication**

Acknowledgement and Initial Response

**Response Targets (Emergency System Errors)**

\*\*\*\*\*

Updates

\*\*\*\*\*

Provided the Emergency is due to a complete outage of the Hosted Reservation Services and / or Hosted Web Services, during subsequent updates NAVITAIRE will advise Customer regarding the status of the error or problem and the anticipated period to resolution to the extent known. During normal business hours, both the NAVITAIRE Account Manager and Customer Account Liaison will be notified and briefed on the situation, with a further escalation to the Executive Sponsors for any system outage exceeding \*\*\*\*\*. The Executive Sponsors will determine whether further escalation to the CEO, President, or Managing Director level of each company is necessary.

**2.1.2 Non-Emergency System Error Response**

When reporting a System Error, Customer must refer to the documentation that matches the release of software they are running. If Customer wants a feature that is not currently included in their software release, but the feature is included in a later software release, Customer must upgrade their software to that release to be able to take advantage of the new features and functionality.

Non-Emergency System Errors shall be acknowledged and routed \*\*\*\*\*, excluding NAVITAIRE holidays (Christmas Eve, Christmas Day, and New Year’s Day), as provided in the targets shown in the table below. NAVITAIRE’s resolution targets are provided in the NAVITAIRE Policy and Procedure Manual, available on the NAVITAIRE Customer Care web site.

**Customer Communication**

Acknowledgement and Initial Routing

**Response Targets (Non-Emergency System Errors)**

<u>High</u>	<u>Medium</u>	<u>Low</u>
*****	*****	*****

Updates

Customer will receive electronic notification whenever data is needed or the incident is resolved, status is changed, or notes are updated.

**2.1.3 Test Account System Error Response**

System Errors detected during testing in Customer’s test environment should be logged through the Internet based support tool with a reference to the test account version. Notwithstanding anything contained in this Section 2.1, NAVITAIRE will respond to System Errors for the test environment within \*\*\*\*\*.

**2.2 Support Service Requests**

Customer may utilize the Internet based support tool to contact the NAVITAIRE Support Center electronically for the standard support service requests or questions.

The NAVITAIRE Support Center shall assign urgency (high, medium, low) to each support service request in its sole discretion. These services are subject to the Support Fees as described in Exhibit K, Section 1.3, and are undertaken at the sole discretion of NAVITAIRE. All efforts required for such support service requests are payable by Customer.

NAVITAIRE response targets for High, Medium, and Low standard support service requests are provided in the table below.

	INC Severity Classification and Response Targets		
	High	Medium	Low
<u>Customer Communication</u>			
Acknowledgement and Initial Routing	*****	*****	*****
Updates	Customer will receive electronic notification whenever data is needed or the incident is resolved, status is changed, or notes are updated.		

**2.3 Other Service Requests**

Customer may utilize the Internet based support tool to contact the NAVITAIRE Support Center electronically for the following types of other service requests:

- Professional Services
  - Consulting
  - Training
- Implementation of add-on functionality
- Upgrades

These services are subject to the Support Fees and/or Other Fees as described in Exhibit K, Section 1.3 and/or 1.4, and are undertaken at the sole discretion of NAVITAIRE. All efforts required to for such service requests are payable by Customer. If the request is deemed by NAVITAIRE or Customer to require a Work Order, estimated fees and time schedule will be prepared and Customer will then decide whether to authorize the work to be performed by NAVITAIRE.

## 2.4 Custom Enhancement Requests

**2.4.1 Custom Enhancement Process.** Customer may utilize the Internet based support tool to contact the NAVITAIRE Support Center electronically to submit a Custom Enhancement Request. Such requests can be in response to:

- a)** Mandates controlled by external third parties including governments, governing industry bodies such as International Air Transport Association [IATA], Société Internationale de Télécommunications Aéronautiques [SITA], or airport authorities. Examples include:
  - Taxes, fees, security issues, immigration.
  - Airport technology issues that impact airlines such as bag tag, Common Use Terminal Emulator (CUTE), or CUBE.
- b)** Customer requests that are initiated through a direct request, user conference, or through Customer's NAVITAIRE Account Manager. Examples include:
  - Competitive advantage.
  - Improved passenger services.
  - Specific client requirements.
  - Improved business management.
- c)** Internal requests that are initiated through the sales cycle, Technology, Development, or NAVITAIRE line of business. Examples include:
  - Cost reduction initiatives.
  - Product obsolescence.
  - Corporate business plan objective.

All efforts required to develop, implement, document, and/or train on Custom Enhancement Requests are payable by Customer. These services are subject to the Support and/or Other Fees as described in Exhibit K, Section 1.3 and/or 1.4 and are undertaken at the sole discretion of NAVITAIRE. If the request is to be undertaken by NAVITAIRE, estimated fees and time schedule will be prepared and Customer will then decide whether to authorize the work to be performed by NAVITAIRE via an update to the corresponding INC or by entering into a Work Order.

Custom Enhancement Requests will be assigned an urgency according to the criteria in the table below. If there is a disagreement as to the relative priority of the Custom Enhancement Request, it will be resolved between the NAVITAIRE Account Manager and the Customer Account Liaison. If this cannot be resolved at this level, it will be escalated to the respective Executive Sponsors for determination.

<u>Urgency</u>	<u>Description</u>
<b>Very High (Critical)</b>	<p>A requirement from a business critical third party or other outside influence such as an airline buyout, purchase of another airline, a new government regulation, or a requirement that cannot be completed in a manual nature without severe negative impact. Such requests are Critical only if a third party controls the requirement, it is non-discretionary to the customer, and the third party places an immediate time constraint on the customer.</p> <p><b>Note:</b> Documentation from the governing entity, which clearly states the nature of the requirement, the time frame allowed for implementation, and the penalties for non-compliance may be required. Due to the nature of a Critical request, NAVITAIRE expects to receive no more than ***** such requests per year. Every attempt will be made to meet the established regulatory deadline communicated in these instances; however should the deadline be compromised NAVITAIRE will communicate specific issues that may make this deadline unattainable with an estimate of when it can be completed.</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• Adding Security Watch – a government or industry requirement that would inflict severe financial penalties if not met and demanded a quick implementation.</li> <li>• Adding the EURO as a form of currency – a specific governmental requirement that was dictated to the customers and demanded a quick implementation.</li> </ul>
<b>High</b>	<p>A requirement from a business critical third party or outside influence such as an airline buyout, purchase of another airline, a new government regulation, or a requirement that cannot be completed in a manual nature without severe negative impact, but DOES NOT have an immediate time constraint placed on Customer by the third party.</p> <p><b>Note:</b> Such requests are classified as High to prevent them from becoming Critical. A new business requirement that cannot be completed in a manual nature without severe negative impact. Such requests are not Emergencies because the request is discretionary to the customer.</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• Printing French Itineraries for domestic French flights – a governmental requirement that provided sufficient time to respond to the need. Changing to a new bank – a customer-driven requirement that is critical to customer daily operations.</li> </ul>



Supports all required Hosted Services System operations; the request is required eventually but could wait until a later release if necessary. Would enhance the product, but the product is not unacceptable if absent. More of a want than a need, but would provide benefit to the customer.

Examples:

**Medium**

- Adding support of seat assignment capability for Computerized Reservation System (CRS) bookings.
- Adding new Check-in commands or short-cuts that would save time and effort for the agents.
- Adding new features or functions in the Irregular Operations (IROP) program to increase efficiency of passenger handling.

A functional or quality Custom Enhancement Request that corrects an aesthetic problem or improves usability from the customer's perspective. It does not greatly affect or alter core functionality.

Examples:

**Low**

- Enabling a pop-up message of "Are you sure" for bags weighing > 100Kg.
- Adding the ability to alter the 'flow' of the SkySpeed booking process as a user configurable option.
- Adding support for additional languages for SkySpeed (localization).
- Adding more feeds (imports or exports) to third party packages for data sharing.
- Making minor adjustments to screen layouts or design to increase readability.
- Adjusting reports to increase readability and decrease questions to support.

### 3 Releases

NAVITAIRE software changes are bundled into work units called releases Customer is obligated to implement released as previously stated in Section 4.12 of the Agreement Customer will initiate upgrade projects via a service request logged with the NAVITAIRE Support Center.

**3.1 Major Release Stabilization Period.** For the first \*\*\*\*\* following the implementation of a Major Release, NAVITAIRE shall be exempted from its obligations with respect to the Minimum System Availability Target For the avoidance of doubt, such exemption shall not apply following any sub-releases or fixes arising from such Major Release that are implemented after such stabilization period.

### 4 Included Support Hours

NAVITAIRE provides Customer with an allotment of included support hours. The allotment is for the specified period only and may not be carried forward. Allotted monthly hours of NAVITAIRE Support Center Support are not deducted for Support Center Support in connection with System Errors for which the root cause is system failure and not Customer or third party misuse. All other related hours are deducted in \*\*\*\*\* increments with a minimum of \*\*\*\*\* per occurrence.

Customer is allotted, at no additional charge, a maximum number of included NAVITAIRE Support Center Support hours on an on-going basis, as described in Exhibit K, Section 1.3. If Customer utilizes the NAVITAIRE Support Center more than the allotted number of hours, the Support Fees in Section 1.3 of Exhibit K will apply.

**5 Support for Third Party Applications or Connections**

Except as expressly set forth in this Agreement, NAVITAIRE is not responsible for any third party interfaces or connections. Any Support Center Support time incurred by NAVITAIRE personnel for any such third party interfaces or connections is subject to the Support Fees in Section 1.3 of Exhibit K.

**EXHIBIT K**

**PRICE AND PAYMENT**

**1 Fee Schedule**

All fees in this Exhibit are specified in USD.

**1.1 Service Fees**

**1.1.1 Monthly Recurring Service Fees – Core Services:**

*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****

*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****

*****	*****	
	*****	
*****	*****	
*****	*****	
*****	*****	
*****	*****	
*****	*****	
*****	*****	
*****	*****	
*****	*****	
*****	*****	

a) \*\*\*\*\*

*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****
*****	*****

\* \*\*\*\*\*

b) **Look to Booked Segment Ratio.** A “Look to Booked Segment Ratio” of \*\*\*\*\* will apply to all bookings as described in Section 1 of Exhibit A.

NAVITAIRE will allow a \*\*\*\*\* grace period following the go-live date of New Skies before any overage fees will apply.

\*\*\*\*\*

If the established Look to Booked Segment Ratio is exceeded, the Availability Request Overage Fee described in this Section will apply.

c) **Availability Request Overage Fee** is the fee applied to each Utilized Availability Request in excess of the Maximum Availability Requests Allowed. The Availability Request Overage Fee is determined based on the Low Fare Availability Average Days per Call, and will be applied to each excess Utilized Availability Request, as follows:

- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*
- \*\*\*\*\*

The Low Fare Availability Average Days per Call is rounded to the nearest whole number to determine the fee to be applied.

Should Customer not utilize the Low Fare Finder functionality, a flat fee of \*\*\*\*\* will apply per Utilized Availability Request in excess of the Maximum Availability Requests Allowed.

**1.1.2 Monthly Recurring Service Fees – Hosted Reservation Services – New Skies Add-On Products/Services:**

<u>SELECTED</u>	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Monthly Minimum Recurring Service Fee (per partner/ connection)</u>	<u>Included in Monthly Recurring Service Fee</u>	<u>Monthly Overage Fee</u>
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****

<u>SELECTED</u>	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Monthly Minimum Recurring Service Fee (per partner/ connection)</u>	<u>Included in Monthly Recurring Service Fee</u>	<u>Monthly Overage Fee</u>
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****

**1.1.3 Monthly Recurring Service Fees – Hosted Web Services – dotREZ – Internet Reservation Framework Add-On Products/Services:**

- Corporate Web Hosting as listed in Section 1.1.1 above.

**1.2 Implementation Fees**

If products and/or services are not part of Customer’s initial purchase, the prices listed below will remain valid for \*\*\*\*\* following the Target Date. Following this time period, the pricing for Services not previously selected in this Section is subject to change

Unless otherwise mutually agreed and documented via an executed Amendment or Work Order:

- Products and/or Services that are not part of Customer’s initial purchase, require \*\*\*\*\* of the corresponding Minimum Implementation Fee be paid in full upon execution of an Amendment to the Agreement to add such products and/or services, with the remaining \*\*\*\*\* due and payable in full upon completion of the corresponding implementation project; and
- Minimum Implementation Fees exclude any new development and travel expenses, such travel expenses shall be reimbursed in accordance with Section 6.2 of the Agreement.

<u>SELECTED</u>	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Minimum Implementation Fee (per partner / connection)</u>	<u>Maximum Number of Hours Included in Minimum Implementation Fee (additional hours provided on a time and materials basis per Section 1.3)</u>
*****	*****	*****	*****	*****	*****
*****	*****				

<u>SELECTED</u>	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Minimum Implementation Fee (per partner / connection)</u>	<u>Maximum Number of Hours Included in Minimum Implementation Fee (additional hours provided on a time and materials basis per Section 1.3)</u>
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****



<b>SELECTED</b>	<b>Products and/or Services</b>	<b>Description</b>	<b>Partners or Connections</b>	<b>Minimum Implementation Fee (per partner / connection)</b>	<b>Maximum Number of Hours Included in Minimum Implementation Fee (additional hours provided on a time and materials basis per Section 1.3)</b>
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****		*****	*****		*****
*****		*****	*****		*****
*****		*****	*****		*****
*****	*****	*****	*****	*****	*****
*****		*****	*****	*****	*****
*****		*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****					
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****				
*****	*****	*****	*****	*****	*****

**1.3 Support and Professional Services Fees.**

Any additional Support Center Support or Professional Services, including Implementation Services, requested by Customer and for which Customer has not already engaged NAVITAIRE pursuant to this Agreement, shall be performed at the pricing set forth below, unless a lower rate is set forth in a Work Order:

<u>Support Center Support</u>	<u>Fees</u>
*****	*****
*****	*****
*****	*****
*****	*****

**1.4 Other Fees**

<u>Other Fees</u>	<u>Fees</u>
Custom Programming/Professional Services	Quoted on a per project basis
Dedicated Account Management	Quoted on a per project basis
Business Process and Professional Services	Quoted on a per project basis

**1.5 Payment of Implementation Fees.** NAVITAIRE shall perform all of the Implementation Services set forth in Exhibits A, F and G in order to meet the Target Date for an estimated fee of \*\*\*\*\* (the “Implementation Fee”), plus expenses incurred by NAVITAIRE which are to be reimbursed pursuant to Section 6.2 of the Agreement. Upon the Effective Date, NAVITAIRE shall invoice Customer for \*\*\*\*\* of all Implementation Fee. NAVITAIRE shall invoice USD \*\*\*\*\* on the Effective Date as an initial payment of the Implementation Fee. The remaining balances of all Implementation Fees are due and payable in equal monthly installments during the term of the implementation period of USD \*\*\*\*\* ; provided that not more than \*\*\*\*\* of the Implementation Fees shall be invoiced until the remaining implementation fees are due as set forth in Section 1.6. Work on the Implementation Services will commence once the Implementation Fees due at signing are paid in full.

**1.6 Fee Commencement after Implementation.** The following four (4) scenarios will determine the commencement schedule for the monthly recurring Service Fees as outlined in this Exhibit and the due date for the remaining balances of the implementation fees:

**1.6.1 Implementation by Target Date.** Upon availability of the Hosted Services for use by Customer, effective on the Target Dates as detailed in Exhibits A, B, F, and G, all remaining implementation fees are due and applicable monthly recurring Service Fees will commence. These fees will commence regardless of actual use of Hosted Service(s) or subsequent delay by Customer.

- 1.6.2 Requested Delay by NAVITAIRE.** In the event that NAVITAIRE requests a delay in order to complete remaining Implementation Services, and Customer agrees to such delay, the remaining implementation fees will be due and applicable monthly recurring Service Fees will commence only on the earlier of the actual date of completion of Implementation Services or the new Target Date. NAVITAIRE will provide written notice of the new Target Date and outline remaining Implementation Services.
- 1.6.3 Requested Delay by Customer.** Customer may unilaterally extend the Target Dates (as detailed in Exhibits A, B, F, and G) one time for up to \*\*\*\*\* by written notice to NAVITAIRE. In the event Customer requests a delay in the completion of Implementation Services in excess of \*\*\*\*\* past the initial Target Dates, remaining implementation fees will be due and any monthly recurring Service Fees will begin to accrue on the Target Dates as extended under the first sentence of this Section 1.6.3, if the Implementation Services are completed as of such extended Target Dates. Such requested delay in excess of \*\*\*\*\* from the initial Target Dates may result in rescheduling portions or all of the remaining Implementation Services to the next available timeframe as evaluated by NAVITAIRE, unless mutually agreed in writing otherwise. Customer will provide written notice of the new requested Target Dates.
- NAVITAIRE reserves the right to apply additional implementation fees as are necessary when rescheduling the Implementation Services due to Customer request to extend the initial Target Dates by more than \*\*\*\*\* . All fees as described in the Agreement and this Exhibit K are to be applied based on the scheduled Target Dates.
- 1.6.4 Mutual Agreement for Delay.** In the event that both NAVITAIRE and Customer agree to delay in order to complete the required Implementation Services, the remaining implementation fees will be due and the applicable monthly recurring Service Fees will commence on the newly agreed Target Dates for the Implementation Services. NAVITAIRE will document the new planned Target Dates and provide written notice to Customer.

**EXHIBIT L****WORK ORDER TERMS AND FORM**

The purpose of this Exhibit L is to define additional Terms exclusively applicable to Professional Services and provide the Work Order form under which such Professional Services will be provided, in each case unless the parties agree otherwise in modified version of this Work Order.

**1 Additional Terms****1.1 Acceptance: Customer's Operation and Use of Deliverables**

**1.1.1** Unless otherwise set forth in a Work Order, all Professional Services and Deliverables will be deemed accepted if Customer does not reject the Professional Services and Deliverables by providing written notice within \*\*\*\*\* after delivery specifically identifying the manner in which the Professional Services or Deliverables fail to materially comply with their applicable specifications; Customer is responsible for its operation and use of the Deliverables and for ensuring that the Deliverables meet Customer's requirements.

**1.2 Liability and Limited Warranties and Remedies**

**1.2.1** Notwithstanding anything contained in this Agreement, the following sections will apply to the Professional Services and Deliverables, in lieu of Section 10.1 of the Agreement.

THE AGGREGATE LIABILITY OF NAVITAIRE UNDER OR IN CONNECTION WITH ANY WORK ORDER FOR PROFESSIONAL SERVICES REGARDLESS OF THE FORM OF ACTION GIVING RISE TO SUCH LIABILITY (WHETHER IN CONTRACT, TORT, OR OTHERWISE), SHALL NOT EXCEED THE FEES RECEIVED BY NAVITAIRE WITH RESPECT TO THE PROFESSIONAL SERVICES AND DELIVERABLES UNDER THE APPLICABLE WORK ORDER.

For the avoidance of doubt, Section 10.4 of the Agreement shall apply to all Work Orders.

**1.2.2** Notwithstanding anything contained in this Agreement, the following sections will apply to the Professional Services and Deliverables, in lieu of Section 10.2 of the Agreement:

**1.2.3** NAVITAIRE warrants that its Services will be performed in a good and workmanlike manner. NAVITAIRE agrees to re-perform any Professional Services not in compliance with this warranty brought to its attention in writing within \*\*\*\*\* after those Professional Services are performed. Additionally, NAVITAIRE warrants that its Deliverables which are

original content shall materially conform to their relevant specifications, for a period of \*\*\*\*\* from delivery to Customer. NAVITAIRE agrees to correct any such Deliverable not in compliance with this warranty brought to its attention in writing within 30 days after delivery of such Deliverable to Customer. THIS SECTION IS NAVITAIRE'S ONLY EXPRESS WARRANTY CONCERNING THE PROFESSIONAL SERVICES, ANY DELIVERABLES AND ANY WORK PRODUCT, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, CONDITIONS AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, INFORMATIONAL CONTENT, SYSTEMS INTEGRATION, NON-INFRINGEMENT, INTERFERENCE WITH \*\*\*\*\* .

- 1.2.4 Exclusions.** The NAVITAIRE warranties under Section 1.3.2 of this Exhibit do not apply to any noncompliance resulting from any: (a) items furnished by Customer; (b) use not in accordance with this Agreement or any applicable Work Orders; (c) modification, damage, misuse or other action of Customer or any third party; (d) combination with any goods, services or other items provided by Customer or any third party to the extent that the noncompliance arises out of such combination with the Deliverables provided under this work order, or (e) any failure of Customer to comply with this Agreement or any applicable Work Order to the extent that the failure to comply by the Customer causes NAVITAIRE's noncompliance. Further, NAVITAIRE does not warrant that the Deliverables or any other items furnished by NAVITAIRE under this Agreement or any Work Order are free from bugs, errors, defects or deficiencies.
- 1.2.5 Customer-Furnished Items.** NAVITAIRE MAKES NO WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY CUSTOMER-FURNISHED ITEMS.
- 1.2.6 Remedy.** Customer's sole and exclusive remedy for any claim arising out of the Professional Services and Deliverables shall be for NAVITAIRE, upon receipt of written notice, to use commercially reasonable efforts to re-perform the Professional Services or correct the Deliverables as stated above, or failing that, NAVITAIRE will return the fees paid to NAVITAIRE for the portion of the work related to the breach.

### **1.3 License**

- 1.3.1** Notwithstanding anything contained in this Agreement, the following section will apply to the Professional Services and Deliverables, in lieu of Section 7.1 of the Agreement.

- 1.3.2** After acceptance of a Deliverable by the Customer, and pending final payment, NAVITAIRE hereby grants to Customer a revocable, nontransferable, nonexclusive unpaid right and license to \*\*\*\*\* Deliverable for purposes of Customer's internal business only. Upon final payment, NAVITAIRE shall grant to Customer a perpetual, nontransferable, non-exclusive, paid-up right and license to \*\*\*\*\* Deliverables, for purposes of Customer's internal business only. All licenses granted will be subject to any restrictions applicable to any third party materials embodied in the Deliverables. To the extent any Deliverable contains NAVITAIRE Confidential Information it shall be subject to Section 9 of the Agreement. All other intellectual property rights in the Deliverables shall consist of NAVITAIRE Property, as defined in Section 7.2 of the Agreement.
- 1.3.3** The License does not include the right to, and Customer will not directly or indirectly: (a) grant any sublicense or other rights to any Deliverables; (b) authorize any other party to grant any sublicense with respect to any Deliverables; (c) reverse engineer, disassemble or decompile any of the Deliverables or attempt to discover or recreate the source code to any Deliverables; or (d) remove, obscure, or alter any notice of copyright, trademark, trade secret, or other proprietary right related to the Deliverables.

**1.4 Termination**

- 1.4.1** Unless otherwise set forth in a Work Order, either party may, upon giving \*\*\*\*\* written notice identifying specifically the basis for such notice, terminate a Work Order for breach of a material term unless the party receiving the notice cures such breach within the \*\*\*\*\* period. In the event a Work Order is terminated, Customer will pay NAVITAIRE for all Services rendered and expenses incurred prior to the date of termination. All provisions of this Work Order which are by their nature intended to survive the expiration or termination of this Work Order will survive such expiration or termination.

**2 Form of Work Order**

**FRONTIER AIRLINES, INC.**  
**WORK ORDER**  
**INC#####**  
**PROJECT NAME: Project Name**

**Professional Services**  
**NAVITAIRE POINT OF CONTACT: [SAM, CAM, or IPM]**

This Work Order is effective as of Month Day, 20XX (engagement start date) and is entered pursuant to the “Agreement”) by and between Navitaire LLC, a Delaware limited liability company (“NAVITAIRE”), and \_\_\_\_\_, a \_\_\_\_\_, as amended, (the “Customer”), dated as of Month Day, 20XX. \_\_\_\_\_, a \_\_\_\_\_ corporation

**1. Scope of Work:** NAVITAIRE will perform the following activities (on and/or off-site):

- Plan
- Analyze
- Design
- Build
- Test
  - Assist Customer in resolving issues identified during QA and/or user acceptance testing results.
- Deploy
- Manage Project
  - Status reports will be sent to the Customer on a weekly basis.

**Out of Scope:** Customer is responsible for the following:

- [Add out of scope here if needed]
- Performing project management duties as required by Customer’s business needs.
- Creating and executing QA test cases and performing user acceptance testing on the solution.

**2. Assumptions:** The following assumptions are made:

- [Add assumptions here if needed]
- Customer shall perform those tasks and fulfill those responsibilities specified in this Work Order (“Customer Responsibilities”) so that the Service Provider can perform NPS Services and provide Deliverables. Customer understands that Service Provider’s performance is dependent on Customer’s timely and effective performance of Customer Responsibilities under this Work Order and timely decisions and approvals by Customer.

- Service Provider shall be entitled to rely on all decisions and approvals of the Customer in connection with the NPS Services or Deliverables.
  - NPS project management will be limited to monitoring the overall health of the engagement and is not intended to replace a project manager to manage the engagement in accordance with Customer's needs.
  - Any changes required to the Scope of Work outlined above will be addressed as follows:
    - The party requesting the change(s) will submit a Change Request Form (attached hereto as Appendix A to this Work Order) and complete the details found in 1, Description of Change.
    - Both parties will review the Change Request Form and Service Provider will complete the details found in Section 2, Scope of Change.
    - If the Change Request is approved and signed by both parties, the Change Request Form will be incorporated as an attachment to this Work Order.
    - If the change request is disputed by either party, the following will occur:
      - The dispute will be brought to the attention of the Project Managers.
      - If the Project Managers are unable to resolve the dispute they will escalate to the Customer Account Manager.
      - If, after ten (10) business days, the dispute remains unresolved, either party may request that the issue be raised to an appropriate senior executive.
  - Changes to the Scope of Work may be initiated at any time, prior to the completion of this Work Order, by either party if there is reasonable good faith belief that such change is required.
3. **NPS Services and Deliverables:** The following NPS Services and/or Deliverables will be provided to Customer:
- Services and/or Deliverables as described in Section 1, Scope of Services above.
  - [Add deliverables here if needed]
4. **Payment:** Customer agrees to pay NAVITAIRE for the total actual work performed under this Work Order and for NAVITAIRE's expenses outlined in Section 6 below. The actual fees and expenses for this Work Order will be invoiced to Customer on a monthly basis, subject to the payment terms specified in the Agreement.



**5. Estimated Dates of Performance: [Project Duration – Month Day, Year – Month Day, Year]**

The total effort estimated for this project by component:

<u>Project Component</u>	<u>Hours</u>	<u>% of Total</u>
Plan	0	0%
Analyze	0	0%
Design	0	0%
Build	0	0%
Test	0	0%
Deploy	0	0%
Admin	0	0%
<b>ESTIMATED TOTAL</b>	<b>0</b>	<b>0%</b>

The date(s) listed are provided as an estimate only and will be modified if necessary to reflect the expected dates of performance upon execution of this Work Order. If modified, the new dates will be communicated to Customer via the Remedy INC. Work may progress up to \*\*\*\*\* beyond the estimated completion date without any further action required by either party.

**6. Estimated Total Dollar Amount: \$x,xxx USD:**

<u>Expense Component</u>	<u>Cost</u>
Resources*	\$ 0
Travel and other related expenses**	\$ 0
<b>ESTIMATED TOTAL</b>	<b>\$ 0</b>

This is a **time and materials** based Work Order. The hours and dollar amounts represent a good faith **estimate** based on information provided by Customer to the Service Provider. As such, the actual hours required to complete the NFS Services and Deliverables and/or the actual Travel and other related expenses may be more or less than the total estimated above.

\* Resources are applied at the rate of \$XXX.XX per hour as provided for in Section 1.3 of Exhibit K of the Agreement.

\*\* Travel and other related expenses are applied as provided under Section 6.2 of the Agreement.

**7. Planned Hosting Solution**

- Customer Hosted
- NAVITAIRE Hosted (Agreement between Customer and NAVITAIRE must be reached prior to deployment of the solution)
- N/A or covered in existing Hosted Reservation Services Agreement

If the proposed solution is to be hosted by NAVITAIRE and is not already included within the scope of the Agreement, an Amendment for the hosting services will be required.

- 8. For the avoidance of doubt, the terms and conditions of Section 1 of Exhibit L of the Agreement shall apply to this Work Order, except as the parties may otherwise agree in this Work Order.

**IN WITNESS WHEREOF**, the parties hereto have executed this Work Order as of the date set forth below.

Signed for and on behalf of

Signed for and on behalf of

**Frontier Airlines, Inc.**

**NAVITAIRE LLC**

By: [SAMPLE]

By: [SAMPLE]

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\* Please indicate your agreement by signing and sending a scanned copy to the NAVITAIRE Commercial Account Manager. A fully-executed copy will be returned for your records.

**Appendix A**

**Change Request Form**

Customer Name: Customer Change Request Number:  
 Requested By: NAVITAIRE Work Order INC Number: INC  
 Date Submitted: Project Name:

This Change Request is effective as of Month Day, 20xx and unless it is fully-executed by both parties: (a) the estimated dates of performance and total dollar amount will expire five (5) days after the effective date shown above; and (b) the work outlined herein will not commence.

**1. Description of Change:**

Provide a brief description of the change being requested. Include the reason for the change and why it should be incorporated into the current Work Order and not submitted as its own Work Order.

**2. Scope of Change**

Outline the impact of the change, the scope of the change, and any assumptions. List specific exclusions if they have not been addressed in the initial Work Order.

The Estimated Completion Date of Performance is Month Day, 20xx. The hours and cost are adjusted as follows:

<u>Component</u>	<u>Hours</u>	<u>Cost</u>
Original Work Order		\$
Previously Approved Change Requests	+/-	\$
Current Change Request	+/-	\$
<b>NEW ESTIMATED TOTAL</b>	+/-	\$

**IN WITNESS WHEREOF**, the parties hereto have executed this Change Request as of the date set forth below.

Signed for and on behalf of

**Frontier Airlines, Inc.**

By: [SAMPLE] \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Date: \_\_\_\_\_

Signed for and on behalf of

**SERVICE PROVIDER**

By: [SAMPLE] \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\* Please indicate your agreement by signing and sending a scanned copy to the NAVITAIRE Commercial Account Manager. A fully executed copy will be returned for your records.

**AMENDMENT NO. 1 TO  
NAVITAIRE HOSTED SERVICES AGREEMENT**

This Amendment No. 1 to the NAVITAIRE Hosted Services Agreement (this “Amendment”), effective as of March 1, 2015 (“Amendment Effective Date”) is entered into by and between Navitaire LLC, a Delaware limited liability company (“NAVITAIRE”) and Frontier Airlines, Inc., a Colorado corporation, (“Customer”). Initially capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Agreement (as defined below).

- A. NAVITAIRE and Customer are parties to that certain NAVITAIRE Hosted Services Agreement dated as of June 20, 2014 (the “Agreement”) pursuant to which NAVITAIRE performs Hosted Services for Customer.
- B. Section 17.1 of the Agreement permits the parties to amend the terms and conditions of the Agreement provided such amendment is made in writing signed by the parties.
- C. NAVITAIRE and Customer desire to amend the Agreement as provided below.

Accordingly, and in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. **Amendment to Section 17.8 Exhibits, Exhibit M: Hosting Services for Custom Solutions**, attached hereto as Attachment 1, is hereby added to the Agreement.
2. **Amendment to Exhibit A, Section 5, the Base Functionality section entitled dotREZ – Internet Reservation Framework** is hereby modified to add the following bullet point under Limitations and Exclusions:

**dotREZ – Internet Reservation Framework**

**Limitations and Exclusions**

- Customer has created a custom solution to interface with Customer’s third-party credit card partner using dotREZ In order to send certain Customer Personal Data to such partner. Customer is responsible for: i) the technical connection to the third party used to send such data; and ii) any changes or ongoing maintenance of Customer’s custom solution. Responsibility for the use and treatment of Customer Personal Data sent via this custom solution and technical connection is solely between Customer and Customer’s third party credit card partner.
3. **Amendment to Exhibit A, Section 5, Hosted Reservation Services – New Skies Add-On Functionality**, the following is hereby added to the table.

**Type B/Teletype Connectivity for AVS Messages**

**General Features – Type B/Teletype Connectivity for AVS Messages**

- Deliver Type B/Teletype Availability Status (AVS) Messages to the router of Customer's selected partner, where such router is located in the NAVITAIRE data center.

Note: Customer is responsible for negotiating and maintaining the appropriate agreements for message delivery and use of the data with Customer's selected partner and for any message delivery and costs associated with other host provider(s) for this connectivity.

### **MQSeries Connectivity for Movement (MVT) Messages**

#### **General Features – MQSeries Connectivity for Movement (MVT) Messages**

- NAVITAIRE will host in the primary data center an \*\*\*\*\* MQ server for a Customer-specific connection to receive inbound MVT messages with a Type B/Teletype header from and deliver outbound MVT messages to Customer via the MQ link.
- Outbound messages utilize the same formats and data structures as outlined in the New Skies Type B/Teletype Messaging Reference Guide.

#### **Limitations and Restrictions**

- Available only for hosted Customers that have their own \*\*\*\*\* MQ Server to send and receive messages, with connectivity via Customer's dedicated line to the primary data center.
- Standard Schedule Messages (SSM) and/or Ad-hoc Schedule Messages (ASM) are not supported.
- In the event that the MQSeries Connectivity causes severe performance issues or downtime to the Hosted Reservation Services System, NAVITAIRE reserves the right to temporarily disable the offending connection. Customer will be notified if such actions become necessary. NAVITAIRE will reestablish the connection once Customer has resolved the issue.
- Agreement on the processing, connectivity, and any licensing related to the MQ Series connectivity for the MQ server hosted by Customer are the responsibility of Customer.

4. **Amendment to Exhibit G, Section 5, Hosted Revenue Accounting Services Functionality**, the following is hereby added.

#### **Hosted Revenue Accounting Services – \*\*\*\*\***

##### **Add-on Functionality**

##### **Credit Card Settlement Data**

#### **General Features – Credit Card Settlement Data**

- Accepts credit card settlement data at the PNR level provided by Customer's Payment Service Provider (PSP).

- Generates accounting transactions for settled and chargeback amounts.
- Stores \*\*\*\*\* of historical settlement data.
- Must be enabled for each credit card payment service provider or bank.

Note: Test data must be provided to NAVITAIRE from the payment service provider or bank, for an integration test of the data prior to use in production.

5. **Amendment to Exhibit K (Price and Payment), Section 1.1.2 Monthly Recurring Service Fees – Hosted Reservation Services – New Skies Add-On Products/Services**, the following is hereby added to the table.

SELECTED	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Monthly Minimum Recurring Service Fee (per partner/connection)</u>	<u>Included in Monthly Recurring Service Fee</u>	<u>Monthly Overage Fee</u>
*****	*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****	*****

6. **Amendment to Exhibit K, Section 1**, the following is hereby added as Section 1.1.4

1.1.4 **Monthly Recurring Service Fees – Hosted Revenue Accounting Services SkyLedger Add-On Products/Services:**

SELECTED	<u>Products and/or Services</u>	<u>Description</u>	<u>Monthly Minimum Recurring Service Fee (per partner/connection)</u>	<u>Included in Monthly Recurring Service Fee</u>	<u>Monthly Overage Fee</u>
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****

7. Amendment to Exhibit K, Section 1, the following is hereby added as Section 1.1.5

1.1.5 Monthly Recurring Service Fees – Hosting Services for NPS Custom Solutions Add-On Products/Services:

SELECTED	Products and/or Services	Description	Monthly Minimum Recurring Service Fee (per partner/connection)	Included in Monthly Recurring Service Fee	Monthly Overage Fee
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****

8. Amendment to Exhibit K (Price and Payment), Section 1.2 Implementation Fees – Hosted Reservation Services – New Skies Add-On Products/Services, the following is hereby added to the table.

SELECTED	Products and/or Services	Description	Partners or Connections	Minimum Implementation Fee (per partner/connection)	Maximum Number of Hours Included in Minimum Implementation Fee (additional hours provided on a time and materials basis per Section 1.3)
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****



- 
9. **No Other Changes.** Except as specifically amended by this Amendment, all other provisions of the Agreement remain in full force and effect. This Amendment shall not constitute or operate as a waiver of, or estoppel with respect to, any provisions of the Agreement by any party hereto.

10. **Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
11. **Successors and Assigns.** This Amendment shall inure to the benefit of and be binding upon Supplier and Jetstar and their respective successors, heirs and assigns.
12. **Conflict of Provisions.** In the event that there exists a conflict between any term, condition, or provision contained within this Amendment, and in any term, condition, or provision contained within the Agreement, the term, condition, or provision contained within this Amendment shall control.

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment as of the date set forth below:

**FRONTIER AIRLINES, INC.**

Signature: /s/ Holly L. Nelson  
Printed Name: Holly L. Nelson  
Title: Chief Accounting Officer  
Date: March 27, 2015

**NAVITAIRE LLC**

Signature: /s/ Gordon Evans  
Printed Name: Gordon Evans  
Title: V.P.  
Date: March 31, 2015

EXHIBIT M

HOSTING SERVICES FOR NPS CUSTOM SOLUTIONS

**Conflict and Exhaustion of Provisions**

In the event that there exists any conflict between any term, condition or provision contained within this Exhibit and in any term, condition, or provision contained within the Agreement, the term, condition, or provision contained within this Exhibit shall control. Further, the rights, obligations, and privileges of the parties shall be determined first by reference to this Exhibit, as opposed to the Agreement. For purposes of clarification, the rights, obligations, and privileges contained within this Exhibit shall control and govern any dispute between the parties until all such rights, obligations, and privileges have been exhausted in their entirety; and only after such time shall the rights, obligations, and privileges of the parties be determined by reference to the Agreement.

**1. Definitions**

As used in and for purposes of this Exhibit, the following terms shall be defined as set forth in this Exhibit. In the event that there exists any conflict between a definition set forth in this Exhibit and in any definition contained within Section 1 of the Hosted Services Agreement (the "Agreement"), the definition set forth in this Exhibit shall control.

- 1.1 NPS Custom Solutions means software developed for Customer by NAVITAIRE Professional Services (NPS) pursuant to a separate mutually agreed and executed Work Order, which is subject to the terms and conditions of Exhibit L, Work Order Terms and Form.
- 1.2 NPS Stack means the physical servers and associated hardware and software components used by NAVITAIRE to host NPS Custom Solutions.

**2. Scope of Services**

NAVITAIRE will provide certain services and support functions during the term of the Agreement to support the Hosting Services for NPS Custom Solutions, leveraging the NPS Stack.

'X' or 'N/A'	Hosting Services for NPS Custom Solutions
*****	*****
•	*****

**3. Included Features**

The table below outlines the features included in NAVITAIRE’s Hosting Services for NPS Custom Solutions for the NPS Custom Solutions created at the request of Customer and hosted by NAVITAIRE on the NPS Stack.

Hosting Services for NPS Custom Solutions (NPS Stack)	
*****	
*****	
*****	
*****	

Customer is responsible for ensuring that NPS Custom Solutions are compatible with future versions of the Hosted Services System. NPS can be engaged for additional services related to NPS Custom Solutions and to assist Customer with any compatibility issues.

**4. Operations Environment Services**

**4.1 Primary and Backup Data Circuits.** Customer shall be responsible for all telecommunication used by Customer in connection with the transmission of data between the Hosted Services System and Customer’s site(s), as stated in Section 4.10 of this Agreement. It is anticipated that Customer will use the same primary and back-up data circuits to transmit data for the Hosted Services for NPS Custom Solutions as those used to support the delivery of the Hosted Reservation Services. Customer shall be responsible to ensure that the data circuits are capable of handling the additional data volume required for the Hosting Services for NPS Custom Solutions. If Customer wishes to use any alternative arrangement to the Hosted Reservation Services data circuits, Customer must submit this request to NAVITAIRE for approval.

**4.2 Facility Locations.** The facility locations provided for in this Agreement are as follows;

- NAVITAIRE's Hosting Services for NPS Custom Solutions data center will be located in Minneapolis (USA).
- Customer's primary facility will be located in Denver (USA).

**5. Support Services**

There is no allotment of hours for included support for Hosting Services for NPS Custom Solutions.

Customer may request changes to the NPS Custom Solutions through the Work Order process. If accepted by NAVITAIRE via a mutually agreed and executed Work Order, changes will include NPS development fees, Implementation Fees for installation of the solutions on the NPS Stack, and monthly recurring service fees for hosting the solutions on the NPS Stack.

Additional support services are subject to the Support and Professional Services Fees and/or Other Fees as described in Exhibit K. Section 1.3 and/or 1.4, and are accepted at the sole discretion of NAVITAIRE. If the request is accepted by NAVITAIRE, a price quote and time schedule will be generated. Customer will then decide whether to authorize the work to be performed by NAVITAIRE.

**6. Scheduled Maintenance**

The Hosting Services for NPS Custom Solutions will be unavailable for normal application operations during limited scheduled downtime periods as mutually agreed by NAVITAIRE and Customer. Scheduled downtime will be used for software installation, database backup, database maintenance, operating system patches, third party software upgrades, hardware maintenance, and hardware upgrades. NAVITAIRE will make a concerted effort to minimize impacts of scheduled downtime during Customer's peak business hours.

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**AMENDMENT NO. 2 TO  
NAVITAIRE HOSTED SERVICES AGREEMENT**

This Amendment No. 2 to the NAVITAIRE Hosted Services Agreement (this "Amendment"), effective as of April 10, 2015 ("Amendment Effective Date") is entered into by and between Navitaire LLC, a Delaware limited liability company ("NAVITAIRE") and Frontier Airlines, Inc., a Colorado corporation, ("Customer"). Initially capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Agreement (as defined below).

- A. NAVITAIRE and Customer are parties to that certain NAVITAIRE Hosted Services Agreement dated as of June 20, 2014 (the "Agreement") pursuant to which NAVITAIRE performs Hosted Services for Customer.
- B. Section 17.1 of the Agreement permits the parties to amend the terms and conditions of the Agreement provided such amendment is made in writing signed by the parties.
- C. NAVITAIRE and Customer desire to amend the Agreement as provided below.

Accordingly, and in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

**1. Amendment to Exhibit K – Price and Payment** as follows:

- a) \*\*\*\*\* **Recurring Service Fees (Added)**. The following \*\*\*\*\* Recurring Service Fees are hereby added to Section 1.1.2 of Exhibit K within the API Suites section:

<b>SELECTED</b>	<b>Products and/or Services</b>	<b>Description</b>	<b>Partners or Connections</b>	<b>***** Minimum Recurring Service Fee (per partner/connection)</b>	<b>Included in ***** Recurring Service Fee</b>	<b>***** Overage Fee</b>
		Hosted Reservation Services – New Skies Add-On Products/Services				
*	*****	*****	*****	*****	*****	*****
*						
*						
*						
*						

- Customer is required to obtain a valid NAVITAIRE API NDA with each API partner prior to initiating API development efforts.

b) **Implementation Fees (Added).** The following Implementation Fees are hereby added to Section 1.2 of Exhibit K within the API Suites section:

SELECTED	<u>Products and/or Services</u>	<u>Description</u>	<u>Partners or Connections</u>	<u>Minimum Implementation Fee (per partner/connection)</u>	<u>Maximum Number of ***** Included in Minimum Implementation Fee (additional ***** provided on a time and materials basis per Section 1.3)</u>
	*****	*****	*****	*****	*****
*					
*					
*					
*					
*					

- No Other Changes.** Except as specifically amended by this Amendment, all other provisions of the Agreement remain in full force and effect. This Amendment shall not constitute or operate as a waiver of, or estoppel with respect to, any provisions of the Agreement by any party hereto.
- Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
- Successors and Assigns.** This Amendment shall inure to the benefit of and be binding upon Supplier and Jetstar and their respective successors, heirs and assigns.
- Conflict of Provisions.** In the event that there exists a conflict between any term, condition, or provision contained within this Amendment, and in any term, condition, or provision contained within the Agreement, the term, condition, or provision contained within this Amendment shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date set forth below:

**FRONTIER AIRLINES, INC.**

Signature: /s/ Holly L. Nelson  
 Printed Name: Holly L. Nelson  
 Title: Chief Accounting Officer  
 Date: May 20, 2015

**NAVITAIRE LLC**

Signature: /s/ Gordon Evans  
 Printed Name: Gordon Evans  
 Title: V.P.  
 Date: July 13, 2016

\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.22(d)

Hosted Services Agreement

**AMENDMENT NO. 3 TO  
NAVITAIRE HOSTED SERVICES AGREEMENT**

This Amendment No. 3 to the NAVITAIRE Hosted Services Agreement (this "Amendment"), effective as of January 1, 2016 ("Amendment Effective Date") is entered into by and between Navitaire LLC, a Delaware limited liability company ("NAVITAIRE") and Frontier Airlines, Inc., a Colorado corporation ("Customer"). Initially capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Agreement (as defined below).

- A. NAVITAIRE and Customer are parties to that certain NAVITAIRE Hosted Services Agreement dated as of June 20, 2014, as amended (the "Agreement"), pursuant to which NAVITAIRE performs Hosted Services for Customer.
- B. Section 17.1 of the Agreement permits the parties to amend the terms and conditions of the Agreement provided such amendment is made in writing signed by the parties.
- C. NAVITAIRE and Customer desire to amend the Agreement as provided below.

Accordingly, and in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

- 1. **Termination of Corporate Website Hosting.** The parties agree that Corporate Website Hosting shall be excluded from the scope of Hosted Web Services effective as of \*\*\*\*\*, provided that Customer has logged a request to decommission the production environment via an INC prior to that date. Upon the receipt of the INC request, NAVITAIRE shall decommission the Customer production and testing environments created or used for Corporate Website Hosting and disable them for any further use by Customer. The parties further agree that (i) notwithstanding such removal from the scope of Hosted Web Services, Customer shall continue to pay the same monthly Corporate Website Commitment Fees for the remainder of the Term; and (ii), starting the month following the request for decommission, such monthly service fees for Corporate Website Hosting may be applied to other Services desired by Customer, in accordance with the conditions outlined below.
  - (a) **Amendment to Exhibit K – Pricing and Payment – Monthly Recurring Service Fees – Core Services (Updated).** The column for Corporate Website Hosting in Section 1.1.1 of Exhibit K is hereby deleted and replaced in its entirety to exclude Corporate Website Hosting from scope, as follows:



\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

**(b) Amendment to Exhibit K – Pricing and Payment – Monthly Recurring Service Fees – Hosted Web Services – dotREZ – Internet Reservation Framework Add-On Products/Services (Updated).**

Section 1.1.3 of Exhibit K is hereby deleted in its entirety and replaced as follows:

**1.1.3 Monthly Recurring Service Fees – Hosted Web Services – dotREZ – Internet Reservation Framework Add-On Products/Services.**

- Corporate Website Hosting as listed in Section 1, above.

**Conditions for Use of Corporate Website Commitment Fees.** The parties agree that the fees that were committed as of the Effective Date for Corporate Web Hosting may be used by Customer for other Services, in accordance with the following conditions:

- (i) NAVITAIRE shall continue to invoice Customer on a \*\*\*\*\* basis for the Corporate Website Hosting fees outlined in Section 1.1.1 of this Exhibit K (“Corporate Website Commitment Fees”) notwithstanding that the parties have agreed that the provision of Corporate Website Hosting Services are no longer in scope of the Hosted Web Services. The Corporate Website Commitment Fees shall be accrued during each applicable Contract Year as a credit (“Corporate Website Commitment Fee Credit”), which may be used by Customer, as follows:

- a. Customer may apply the Corporate Website Commitment Fee Credit to Support Service Requests, Custom Enhancement Requests, or Professional Services invoiced by NAVITAIRE during the Contract Year corresponding to the Corporate Website Commitment Fee Credit; and/or
  - b. Customer may alternatively utilize the Corporate Website Commitment Fee Credit to increase the scope for services for Add-On Products/Services new to the Agreement. In the event that new Add-On Products/Services are added to the Agreement, the available Corporate Website Commitment Fee Credit shall be reduced by the Monthly Recurring Service Fees applicable to the new Add-On Products/Services.
- (ii) When planning for usage of the Corporate Website Commitment Fee Credit to Support Service Requests, Custom Enhancement Requests, or Professional Services, Customer shall endeavor to utilize approximately \*\*\*\*\* of the Corporate Website Commitment Fee Credit each month to allow NAVITAIRE to have sufficient capacity to deliver.
  - (iii) Customer may utilize the Corporate Website Commitment Fee Credit for significant projects related to Support Service Requests, Custom Enhancement Requests, or Professional Services, provided that NAVITAIRE has sufficient capacity to deliver.
  - (iv) The Corporate Website Commitment Fee Credit must be applied by Customer to the Contract Year that the Corporate Website Commitment Fees are invoiced, provided that Customer may carry over up to two months' worth of Corporate Website Commitment Fees to the next Contract Year. A status of the used / available Corporate Website Commitment Fee Credit shall be included on Customer's monthly invoice.
  - (v) The Corporate Website Commitment Fees shall not be impacted by any changes to the Monthly Minimum Segment Guarantee agreed by the parties and documented via an amendment subsequent to this Amendment No. 3. Calculated Corporate Website Commitment Fees are as follows:

\*\*\*\*\*  
  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

2. **No Other Changes.** Except as specifically amended by this Amendment, all other provisions of the Agreement remain in full force and effect. This Amendment shall not constitute or operate as a waiver of, or estoppel with respect to, any provisions of the Agreement by any party hereto.
3. **Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
4. **Successors and Assigns.** This Amendment shall inure to the benefit of and be binding upon Customer and NAVITAIRE and their respective successors, heirs and assigns.
5. **Conflict of Provisions.** In the event that there exists a conflict between any term, condition, or provision contained within this Amendment, and in any term, condition, or provision contained within the Agreement, the term, condition, or provision contained within this Amendment shall control.

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment as of the date set forth below:

**FRONTIER AIRLINES, INC.**

Signature: /s/ Howard Diamond  
Printed Name: Howard Diamond  
Title: SVP & General Counsel  
Date: January 8, 2016

**NAVITAIRE LLC**

Signature: /s/ Gordon Evans  
Printed Name: Gordon Evans  
Title: Vice President  
Date: January 11, 2016

**C L I F F O R D**  
**C H A N C E**

CLIFFORD CHANCE US LLP

EXECUTION VERSION

DATED AS OF DECEMBER 22, 2020

VERTICAL HORIZONS, LTD.,  
AS BORROWER

EACH LENDER  
IDENTIFIED ON SCHEDULE I HERETO  
AS LENDERS

CITIBANK, N.A.,  
AS FACILITY AGENT

CITIGROUP GLOBAL MARKETS, INC.,  
AS ARRANGER

BANK OF UTAH,  
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY  
AS SECURITY TRUSTEE

---

SIXTH AMENDED AND  
RESTATED CREDIT AGREEMENT  
IN RESPECT OF THE PDP FINANCING OF  
TWENTY-TWO (22) AIRBUS A320NEO AIRCRAFT AND  
TWENTY-FOUR (24) AIRBUS A321NEO AIRCRAFT

---

1. Certain Definitions	2
2. Commitments; Borrower's Notice of Payment Dates; Closing Procedure	2
3. Fees; Cancellation of Facility Amount	4
4. Conditions	5
5. The Certificates	12
6. Termination of Interest in Collateral	28
7. Borrower's Representations and Warranties	28
8. General Indemnity	30
9. Indemnity to the Facility Agent	33
10. Covenants of the Borrower	33
11. The Facility Agent	44
12. The Security Trustee	44
13. Conduct of Business by the Finance Parties	44
14. Supplements and Amendments to this Agreement and Other Documents	44
15. Notices	46
16. Governing Law; Consent to Jurisdiction; Waiver of Jury Trial; Agent for Service of Process.	47
17. Invoices and Payment of Expenses	48
18. Confidentiality	49
19. Miscellaneous	49
20. Limitation of Security Trustee Liability	52
21. Limitation on Liability	52
Schedule I Notice & Account Information	1
Schedule II Commitments	2
Schedule III Advances	3
Schedule IV The Facility Agent	4
Schedule V The Security Trustee	10
Schedule VI BFE	18
Exhibit A Funding Notice	19
Exhibit B Loan Assignment Agreement	21
Exhibit C Form of Step-In Agreement	27
Exhibit D-1 Form of CFM Engine Agreement A320neo	28
Exhibit D-2 Form of IAE Engine Agreement A321neo	29
Exhibit E Form of Loan Certificate	30

**THIS SIXTH AMENDED AND RESTATED CREDIT AGREEMENT** dated as of December 22, 2020 (this “**Agreement**”) is among

- (1) **VERTICAL HORIZONS, LTD.**, a Cayman Islands exempted company (the “**Borrower**”);
- (2) **EACH LENDER IDENTIFIED ON SCHEDULE I HERETO**;
- (3) **CITIBANK, N.A.**, as the Facility Agent acting on behalf of the Lenders;
- (4) **CITIGROUP GLOBAL MARKETS, INC.**, in its capacity as the Arranger (the “**Arranger**”); and
- (5) **BANK OF UTAH**, not in its individual capacity but solely as Security Trustee acting on behalf of the Facility Agent and the Lenders.

**WHEREAS**, this Agreement amends and restates in its entirety the credit agreement dated as of December 23, 2014 (such date, the “**Original Signing Date**” and such agreement, the “**Original Credit Agreement**”), as amended and restated by the amended and restated credit agreement dated as of August 11, 2015 (such date, the “**AR Signing Date**”), as further amended by that certain amendment no. 1 to the amended and restated credit agreement dated as of December 30, 2015, as further amended by that certain amendment no. 2 to the amended and restated credit agreement dated as of January 14, 2016 (such date, the “**Amendment No. 2 Signing Date**”), as further amended and restated by the second amended and restated credit agreement dated as of December 16, 2016 (such date, the “**AR No. 2 Signing Date**”), as further amended and restated by the third amended and restated credit agreement dated as of December 29, 2017 (such date, the “**AR No. 3 Signing Date**”), as amended by amendment no. 1 to the third amended and restated credit agreement dated as of May 31, 2018, as further amended and restated by the fourth amended and restated credit agreement dated as of January 29, 2019 (such date, the “**AR No. 4 Signing Date**”), as amended by omnibus amendment no. 1 dated as of August 16, 2019 among the Borrower, each Lender identified on Schedule I thereto, the Facility Agent, the Arranger and the Security Trustee, and as further amended and restated by the fifth amended and restated credit agreement dated as of March 19, 2020 (such date, the “**AR No. 5 Signing Date**”), as amended by amendment no.1 thereto dated as of May 4, 2020 and amendment no. 2 thereto dated as of June 18, 2020, among the Borrower, each Lender identified on Schedule I thereto, the Facility Agent, the Arranger and the Security Trustee, pursuant to which the Lenders made Loans available with respect to the Existing Aircraft;

**WHEREAS**, the parties have agreed to enter into this Agreement for the purpose of making Loans available with respect to the Existing Aircraft and the Additional Aircraft and for the purpose of limiting the availability of, and providing security for, the incremental unsecured line of credit available to the Borrower hereunder; and

**WHEREAS**, upon the execution and delivery of this Agreement, the Borrower, the Facility Agent and the Security Trustee shall enter into that certain Sixth Amended and Restated Mortgage and Security Agreement on the date hereof (the “**Mortgage**”) pursuant to which the Borrower agrees, among other things, that Loan Certificates issued hereunder and all other obligations to the Lenders and/or any Agent hereunder or under any other Operative Document will be secured by the mortgage and security interest granted by the Borrower in favour of the Security Trustee with respect to the Existing Aircraft and the Additional Aircraft.

**NOW, THEREFORE**, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. **CERTAIN DEFINITIONS**

- 1.1 Except as otherwise defined in this Agreement, including its annexes, schedules and exhibits, terms used herein in capitalized form shall have the meanings attributed thereto in Annex A.
- 1.2 Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be modified, amended or supplemented from time to time in accordance with its terms and the terms of each other agreement restricting the modification, amendment or supplement thereof.

2. **COMMITMENTS; BORROWER'S NOTICE OF PAYMENT DATES; CLOSING PROCEDURE**

2.1 Subject to the terms and conditions of this Agreement, each Lender agrees to make (i) a secured loan to the Borrower in respect of each Advance (herein called, for such Advance, a "**Loan**") on a Borrowing Date to be designated pursuant to Clause 2.3, but in no event later than the Commitment Termination Date and (ii) if applicable, one or more secured loans to the Borrower upon the request of the Borrower subject to availability under the Maximum Commitment Amount (each such unsecured loan herein called, a "**Line of Credit Borrowing**") on a Borrowing Date to be designated pursuant to Clause 2.3, but in no event later than the Commitment Termination Date. In the case of each Lender on any Borrowing Date, the Loan shall, in respect of each Aircraft, be equal to the least of:

- (a) such Lender's Participation Percentage multiplied by, on any Borrowing Date, the relevant Financed Amount; and
- (b) such Lender's Maximum Commitment minus the aggregate amount of all Loans and Line of Credit Borrowings made by such Lender prior to such Borrowing Date that remain outstanding on such Borrowing Date (such amount, with respect to such Lender on such Borrowing Date, its "**Commitment**").

In the case of each Lender on any Borrowing Date, the Line of Credit Borrowing shall be equal to the least of:

- (a) such Lender's Participation Percentage multiplied by the lesser of (i) the amount of the requested Line of Credit Borrowing and (ii) [\*\*\*], or such other amount as such Lender may agree in its sole discretion (it being acknowledged and agreed that the outstanding amount of the Line of Credit Borrowings is [\*\*\*] as of the date hereof and that, if repaid, such amount cannot be redrawn except with the consent of the applicable Lender in accordance with Section 4.3); and



(b) such Lender's Commitment.

2.2 If any Lender shall default in its obligation to make the amount of its Commitment available pursuant to Clause 2.1, [\*\*\*]. Without limiting the above, if the Facility Agent disburses a Lender's Commitment without first having received funds from a defaulting Lender, then such defaulting Lender hereby agrees to indemnify the Facility Agent against any loss it may incur as a result of such failure to fund by such defaulting Lender.

2.3 As more particularly specified in Clause 5.2, the Borrower shall execute and deliver to each Lender with appropriate insertions a Loan Certificate to evidence such Lender's Maximum Commitment. The Loan Certificates shall be issued such that each Lender receives a Loan Certificate. Each Loan and Line of Credit Borrowing shall be evidenced by this Agreement, the Loan Certificate with respect thereto, and notations made from time to time by each Lender in its books and records, including computer records. Each Lender shall record in its books and records, including computer records, the principal amount of the Loans and the Line of Credit Borrowings owing to it from time to time. Absent evidence to the contrary, each Lender's books and records shall constitute presumptive evidence of the accuracy of the information contained therein. Failure by any Lender to make any such notation or record shall not affect the obligations of the Borrower to such Lender with respect to the repayment of its Loans or Line of Credit Borrowings.

(a) Each Party hereby acknowledges that (i) prior to the Effective Date the Lenders have made Loans in respect of certain Advances relating to certain Existing Aircraft which were paid by or on behalf of the Borrower on certain dates prior to the Effective Date in the amounts as set out in the column entitled Financed Amount in the table set out in Schedule III, (ii) the proceeds of such Loans were paid to the Borrower or to its direction, (iii) the terms of this Agreement and the other Operative Documents shall continue to apply to such Loans and (iv) except to the extent the Majority Lenders may otherwise agree in their sole discretion, all available Line of Credit Borrowings have been fully funded prior to the Effective Date.

(b) The Borrower agrees to give the Facility Agent at least [\*\*\*] prior written notice (the "**Funding Notice**") of each Borrowing Date in respect of any Loans or Line of Credit Borrowings, such notice to be received by the Facility Agent prior to [\*\*\*], and which shall be in substantially the form of Exhibit A. On the Initial Borrowing Date, the Lenders shall make Loans (subject to the limitations specified in Clause 2.1) in respect of certain Advances relating to certain Additional Aircraft which were paid by or on behalf of the Borrower prior to the Initial Borrowing Date in the amounts equal to the applicable Financed Amounts. The proceeds of such Loans shall be paid to the Borrower; provided, however, that the Borrower shall have paid all Advances relating to any Additional Aircraft that were due and payable prior to the Initial Borrowing Date, and the Borrower shall remain responsible for the Advances in an amount equal to the Equity Contributions applicable as of the Initial Borrowing Date for each Aircraft (including the Existing Aircraft and the Additional Aircraft).

- (c) In the event that any Loan or Line of Credit Borrowing shall not be consummated in accordance with the terms hereof on the Effective Date or the Borrowing Date specified in a Funding Notice, the Lenders and the Borrower shall cooperate with each other to arrange a mutually acceptable postponement of such date (the “**Delayed Borrowing Date**”). [\*\*\*]

Notwithstanding anything to the contrary herein, in the event that any amount paid by or on behalf of the Borrower on any Borrowing Date with respect to a pre-delivery payment obligation for any Aircraft exceeds the required Equity Contribution set forth on Schedule III for such Aircraft on such Borrowing Date as a result of any portion of the Financed Amount for such Aircraft not being available on such Borrowing Date as a result of a PDP Funding Date Deficiency, Lender agrees to refund to the Borrower the amount of such excess either by netting such excess amount against a future Equity Contribution or Loan payment obligation of the Borrower or by directly funding such amount as an additional Loan to the Borrower, in each case, as soon as reasonably practicable after such PDP Funding Date Deficiency ceases to exist. The Lender shall have the right in its sole discretion to choose whether to fund such excess amount as an additional Loan or to net such excess amount against the Borrower’s future payment obligations hereunder.

- 2.4 On the Initial Borrowing Date, each Lender, through or on behalf of the Facility Agent, agrees to pay the amount of its Commitment for the Loans in respect of the initial Advances under this Sixth amended and restated Agreement to such account as the Borrower shall direct the Facility Agent in writing to reimburse Borrower for a portion of previously funded Purchase Price Installments relating to Additional Aircraft. On each other Borrowing Date for each subsequent Loan specified in a Borrower’s notice referred to in Clause 2.3, subject to the terms and conditions of this Agreement, each Lender, through or on behalf of the Facility Agent, agrees to pay the amount of its Commitment for the Loan in respect of each such Advance directly to Airbus by wiring such amounts to the account or accounts specified in the applicable Funding Notice. The Borrower agrees that the actual transfer of the proceeds of Loans to the bank designated by the Borrower for credit to Airbus’s or the Borrower’s account (as applicable) shall constitute conclusive evidence that the Loans were made. On each Borrowing Date for each Line of Credit Borrowing specified in a Funding Notice, subject to the terms and conditions of this Agreement, each Lender, through or on behalf of the Facility Agent agrees to pay the amount of its Commitment for such Line of Credit Borrowing to such account as the Borrower shall direct the Facility Agent in writing.

3. **FEES; CANCELLATION OF FACILITY AMOUNT**

- 3.1 Each Loan Certificate shall bear interest and be repaid in accordance with the applicable terms of this Agreement and the Mortgage.

- 3.2 [Reserved.]

- 3.3 The Borrower shall pay to the Facility Agent for the account of each Lender, the Commitment Fee quarterly in arrears, based on the daily average of the undrawn portion of the Facility Amount during such period, as the Facility Amount may be cancelled or reduced under Clause 3.5 on every Interest Payment Date following the Effective Date calculated daily on the basis of a year of 360 days and the actual number of days elapsed.
- 3.4 The Borrower paid to the Facility Agent for the account of the Facility Agent, an amount equal to [\*\*\*] on the Original Signing Date, and shall pay an amount equal to [\*\*\*] to the Facility Agent on each anniversary of the Original Signing Date until the date on which the Security Trustee releases the Collateral from the Lien of the Mortgage in accordance with Clause 7.1 of the Mortgage.
- 3.5 The Borrower may at any time permanently and irrevocably cancel or reduce the Facility Amount (in whole or in part) provided that the amount thereof shall be specified in a written notice to the Facility Agent from the Borrower and countersigned by the Guarantors [\*\*\*] before the effective date of such cancellation and the undrawn portion of the Facility Amount may not be cancelled or reduced to the extent that the undrawn portion of the Facility will be required to be drawn in the future to make future Advances in respect of an Aircraft with respect to which a Loan is outstanding.

#### 4. **CONDITIONS**

##### 4.1 **Conditions Precedent to the Effectiveness of the Commitments**

It is agreed that the Commitments of each Lender and the effectiveness of the Lender's obligations pursuant to this Agreement are subject to the satisfaction prior to or on the Effective Date of the following conditions precedent and the occurrence of the initial Loan by the Lenders on or following the Effective Date shall be conclusive and binding evidence that such conditions precedent has been satisfied or waived by the Lender:

- (a) The following documents shall have been duly authorized, executed and delivered by the party or parties thereto, shall each be satisfactory in form and substance to the Facility Agent and shall be in full force and effect and executed counterparts shall have been delivered to the Facility Agent and its counsel:
- (i) this Agreement;
  - (ii) the Mortgage;
  - (iii) each Guarantee;
  - (iv) the Share Charge;
  - (v) the Slot Security Agreement;
  - (vi) each Engine Agreement;
  - (vii) each Lender's Loan Certificate;

- (viii) the Option Agreement;
  - (ix) the Subordinated Loan Agreement;
  - (x) the Servicing Agreement;
  - (xi) the Process Agent Appointment;
  - (xii) the Step-In Agreement; and
  - (xiii) the Assignment and Assumption Agreement.
- (b) The Facility Agent shall have received the following, in each case in form and substance satisfactory to it:
- (i) the memorandum and articles of association of the Borrower, a certificate of good standing of the Borrower, the certificate of incorporation of the Borrower, the declaration of trust in respect of the shares of the Borrower (as amended) and a copy of resolutions of the board of directors of the Borrower duly authorizing the execution, delivery and performance by the Borrower of this Agreement, the Mortgage and each other document required to be executed and delivered by the Borrower on the Effective Date, each certified by a director of the Borrower;
  - (ii) a copy of the organizational documents of the Parent and a copy of resolutions of the board of directors of the Parent duly authorizing the execution, delivery and performance by the Parent of the Share Charge and each other document required to be executed and delivered by the Parent on the Effective Date, each certified by the Secretary or an Assistant Secretary or two duly authorized signatories of the Parent;
  - (iii) an officer's certificate from an officer of each Guarantor (a) attaching copies of the constituent documents of such Guarantor, (b) attaching copies of the resolutions of the board of directors of such Guarantor, certified by an officer of such Guarantor, duly authorizing the execution, delivery and performance by such Guarantor of the Guarantee made by such Guarantor, and the Subordinated Loan Agreement, the Assignment and Assumption Agreement, the Step-In Agreement, the Engine Agreements, the Option Agreement, the Servicing Agreement (in each case to the extent it is a party to such Operative Document) and each other document required to be executed and delivered by such Guarantor on the Effective Date and (c) listing the Person or Persons authorized to execute and deliver the Operative Documents, and any other documents to be executed on behalf of such Guarantor in connection with the transactions contemplated hereby, including a sample signature of such Person or Persons;
  - (iv) a certificate of the Borrower as to the Person or Persons authorized to execute and deliver the Operative Documents, and any other documents to be executed on behalf of the Borrower in connection with the transactions contemplated hereby and as to the signature of such Person or Persons; and

- (v) a certificate of the Parent as to the Person or Persons authorized to execute and deliver the Operative Documents, and any other documents to be executed on behalf of the Parent in connection with the transactions contemplated hereby, including a sample signature of such Person or Persons.
- (c) The Facility Agent (with sufficient copies for each Lender) shall have received a certificate of the Borrower that the aggregate amount of Financed Amounts together with all Equity Contributions in connection with each Aircraft (including each Additional Aircraft), shall be sufficient when paid to Airbus in accordance with this Agreement to satisfy the obligation of the Borrower with respect to all Advances due and payable for each such Aircraft.
- (d) Uniform Commercial Code financing statements covering all the security interests created by or pursuant to the granting clause of the Mortgage (including with respect to the Collateral relating to the Additional Aircraft) and the Slot Security Agreement shall have been delivered by the Borrower, and such financing statements shall have been filed in all places deemed necessary or advisable in the opinion of counsel for the Lenders, and any additional Uniform Commercial Code financing statements deemed advisable by any Lender or its counsel shall have been delivered by the Borrower and duly filed.
- (e) Evidence shall have been delivered of the entry into the Parent's register of mortgages and charges of the Share Charge (other than in respect of such entry in anticipation of the Share Charge).
- (f) All documentation required to accomplish any necessary or advisable filings or registrations in the Cayman Islands shall have been delivered to local Cayman Islands counsel, and such registrations shall be initiated and there shall exist no Lien of record in respect of the Collateral that ranks in priority to the Lien of the Mortgage and the other Operative Documents.
- (g) The Facility Agent (with sufficient copies for each Lender and the Security Trustee) shall have received an opinion addressed to each Lender, and each Agent from one or more special counsel to the Borrower, in each applicable jurisdiction (including in the Cayman Islands and New York), with such opinions satisfactory in form and substance to such Lender, as to the valid, binding and enforceable nature of the Operative Documents in place on the Effective Date, due execution by the Borrower, each Guarantor, and the creation and perfection in the Collateral (including Slot Collateral and Collateral relating to the Additional Aircraft) assigned and charged pursuant to the Mortgage and the Slot Security Agreement.

- (h) The Facility Agent shall have received a certificate of each Guarantor stating the aggregate amount of Loans and Line of Credit Borrowings outstanding on the Effective Date.
- (i) The Facility Agent (with sufficient copies for each Lender) shall have received an incumbency certificate together with a company extract evidencing the signing authority of the persons named in the incumbency certificate or such other evidence as shall be reasonably satisfactory to the Finance Parties as regards the signing authority of Airbus.
- (j) The Facility Agent (with sufficient copies for each Lender) shall have received an incumbency certificate together with a company extract evidencing the signing authority of the persons named in the incumbency certificate or such other evidence as shall be reasonably satisfactory to the Finance Parties as regards the signing authority of the Engine Manufacturer.
- (k) The Facility Agent should have received the amount due and payable pursuant to Clause 3.4.
- (l) Since December 31, 2019, (i) there shall have been no material adverse change in the business condition (financial or otherwise), or operations or prospects of either Guarantor which taken as a whole for either of them could have a material adverse effect on the ability of either Guarantor to perform its obligations under any Operative Document to which it is a party and no event or circumstance shall have occurred which in the reasonable judgment of any Lender had or would be reasonably likely to have a Material Adverse Effect and (ii) there shall have been no material and adverse change in the LIBOR funding markets or any financial markets applicable to a Lender which would materially impair the ability of such Lender to fund a Loan in respect of an Advance hereunder.
- (m) The Facility Agent and each Lender shall have received its customary “know your customer” documentation completed by the Borrower and/or each Guarantor, as the case may be.
- (n) The Facility Agent shall have received a copy of the Assigned Purchase Agreement in the form agreed between the Borrower, Airbus and the Security Trustee.
- (o) The Facility Agent shall have received a certificate from the Borrower confirming that payment to Airbus of the Loans will to the extent of such payments satisfy the pre-delivery payment obligations of the Borrower to Airbus.
- (p) The Facility Agent shall have received an audited consolidated balance sheet and related statements of Frontier Holdings and its subsidiaries at and as of the end of the fiscal year of such Guarantor ended December 31, 2019, together with an audited consolidated statement of income for such fiscal year, each of which shall be prepared in accordance with GAAP.

- (q) The Borrower shall discharge its obligations under the Security Trustee Fee Letter as such obligations are due to be performed.
- (r) The Facility Agent shall have received evidence that Frontier Holdings has, as of such date, Unrestricted Cash and Cash Equivalents in an aggregate amount of not less than [\*\*\*].

The Borrower shall discharge or shall procure the discharge of all fees payable to the Parent in respect of the Borrower and the transaction as such obligations are due to be performed in accordance with the Operative Documents.

#### 4.2 **Conditions Precedent to the Lenders' Participation in each Loan**

It is agreed that the obligations of each Lender to lend all or any portion of its Commitment to the Borrower in respect of each Loan (including Loans in respect of Advances made by the Borrower prior to the Effective Date) is subject to the satisfaction prior to or on the Borrowing Date for such Loan of the following conditions precedent:

- (a) The Facility Agent shall have received a Funding Notice with respect to the Borrowing Date for such Loan pursuant to Clause 2 (or shall have waived such notice either in writing or as provided in Clause 2).
- (b) In respect of the first Loan to be made hereunder with respect of an Aircraft, the Facility Agent and each Lender shall have received evidence from Airbus in form and substance reasonably satisfactory to them that the Advances falling due and payable prior to such Borrowing Date and the part of such Advance due and payable on such Borrowing Date which is financed by an Equity Contribution has been received by Airbus in full and in respect of each subsequent Loan, neither the Facility Agent nor any Lender shall have received evidence from Airbus that an Equity Contribution has not been received by Airbus in full.
- (c) As of the Borrowing Date it is not illegal for a Lender to fund a Loan in respect of such Advance, to acquire its Loan Certificate(s) or to realize the benefits of the security afforded by the Mortgage and the Share Charge, and (ii) since 26 November 2014 there shall have been no material and adverse change, whether in effect on the Original Signing Date or coming into effect thereafter in the LIBOR funding markets or any financial markets applicable to a Lender which would materially impair the ability of such Lender to fund a Loan in respect of an Advance hereunder.
- (d) A certificate of a director of the Borrower, certifying that on such Borrowing Date, (A) the representations and warranties of the Borrower contained in Clause 7 are true and accurate in all material respects as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall be true and accurate on and as of such earlier date) and (B) no event has occurred or is continuing which constitutes (or would, with the passage of time or the giving of notice or both, constitute) an Event of Default, and (C) no event or circumstance has occurred which is reasonably likely to have a Material Adverse Effect.

- (e) On such Borrowing Date, when taking into consideration future Equity Contributions required to be paid as set forth in Schedule III and the amount the Borrower is required to pay pursuant to Clause 10.21, the available undrawn Commitment is sufficient to satisfy all future Advances payable under the terms of the Assigned Purchase Agreement.
- (f) The Facility Agent shall have received for the account of the Lenders all fees specified in Clauses 3.3 and 3.4 that are due and payable on or prior to such Borrowing Date and any other amounts the Borrower is required to pay in connection with such Advance in accordance with this Agreement.
- (g) The Facility Agent shall not have received any notice, or is not otherwise aware, that an Airbus Termination Event has occurred and is continuing, and the Facility Agent is satisfied (acting reasonably) that the Aircraft Purchase Agreement is in full force and effect.
- (h) The Facility Agent shall have received a copy of any other Authorization which the Facility Agent reasonably considers to be necessary following advice from its legal advisors (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Operative Document or for the validity and enforceability of any Operative Document.
- (i) The Facility Agent shall be satisfied that the Liens constituted by the relevant Operative Documents which purport to create such Liens and which are required pursuant to the terms of this Agreement are in full force and effect and have been fully perfected.
- (j) No Default or Event of Default shall have occurred and be continuing.
- (k) Each Guarantee shall be in full force and effect.
- (l) If the Annualized FCCR was less than 1.2 on the immediately preceding FCCR Test Date, the Borrower is in compliance with the LTV Test before and after giving effect to the making of the applicable Loan.
- (m) The Loans and Line of Credit Borrowings have not become due and payable or will, with the passing of time, become due and payable pursuant to Clause 5.9(c), (d), or (e).

4.3 **Conditions Precedent to the Lenders' Participation in each Line of Credit Borrowing**

It is agreed that the obligations of each Lender to lend all or any portion of its Commitment to the Borrower in respect of each Line of Credit Borrowing shall be subject to the sole discretion of such Lender (including as to the amount) and subject to the satisfaction prior to or on the Borrowing Date for such Line of Credit Borrowing of the following conditions precedent:



- (a) The Facility Agent shall have received a Funding Notice with respect to the Borrowing Date for such Line of Credit Borrowing pursuant to Clause 2 (or shall have waived such notice either in writing or as provided in Clause 2).
- (b) As of the Borrowing Date it is not illegal for a Lender to fund a Line of Credit Borrowing and to acquire its Loan Certificate(s), and (ii) since 26 November 2014 there shall have been no material and adverse change, whether in effect on the Original Signing Date or coming into effect thereafter in the LIBOR funding markets or any financial markets applicable to a Lender which would materially impair the ability of such Lender to fund a Line of Credit Borrowing.
- (c) A certificate of a director of the Borrower, certifying that on such Borrowing Date, (A) the representations and warranties of the Borrower contained in Clause 7 are true and accurate in all material respects as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall be true and accurate on and as of such earlier date) and (B) no event has occurred or is continuing which constitutes (or would, with the passage of time or the giving of notice or both, constitute) an Event of Default, and (C) no event or circumstance has occurred which is reasonably likely to have a Material Adverse Effect.
- (d) On such Borrowing Date, when taking into consideration future Equity Contributions required to be paid as set forth in Schedule III and the amount the Borrower is required to pay pursuant to Clause 10.21, the available undrawn Commitment is sufficient to satisfy all future Advances payable under the terms of the Assigned Purchase Agreement.
- (e) The Facility Agent shall have received for the account of the Lenders all fees specified in Clauses 3.3 and 3.4 that are due and payable on or prior to such Borrowing Date and any other amounts the Borrower is required to pay in accordance with this Agreement.
- (f) The Facility Agent shall have received a copy of any other Authorization which the Facility Agent reasonably considers to be necessary following advice from its legal advisors (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Operative Document or for the validity and enforceability of any Operative Document.
- (g) No Default or Event of Default shall have occurred and be continuing.
- (h) Each Guarantee shall be in full force and effect.
- (i) If the Annualized FCCR was less than 1.2 on the immediately preceding FCCR Test Date, the Borrower shall be in compliance with the LTV Test before and after giving effect to the making of the applicable Line of Credit Borrowing.

- (j) The Loans and Line of Credit Borrowings have not become due and payable or will, with the passing of time, become due and payable pursuant to Clause 5.9(c), (d), or (e).
- (k) After giving effect to such Line of Credit Borrowing, the aggregate outstanding Line of Credit Borrowings shall not exceed the lesser of (x) [\*\*\*] or such other amount as such Lender may agree in its sole discretion and (y) the amount by which the Maximum PDP Loan Amount exceeds the aggregate outstanding principal amount of the Loans as of such Borrowing Date.

5. **THE CERTIFICATES**

5.1 **Form of Loan Certificates**

The Loan Certificates shall each be substantially in the form specified in Exhibit F.

5.2 **Terms of Loan Certificates; Loans and Line of Credit Borrowings**

- (a) On the Effective Date, each Lender shall return the original counterparts of the existing Loan Certificates to the Borrower and the Borrower shall issue a Loan Certificate to each Lender in an aggregate original principal amount equal to such Lender's Maximum Commitment. The Borrower shall be entitled to borrow Loans and Line of Credit Borrowings against each Loan Certificate in accordance with Clauses 2.1 and 4.
- (b) Each Loan Certificate shall bear interest on the unpaid principal amount thereof from time to time outstanding from and including the date thereof until such principal amount is paid in full. Such interest shall accrue with respect to each Interest Period at the Applicable Rate in effect for such Interest Period and shall be payable in arrears on each Interest Payment Date and on the date such Loan or Line of Credit Borrowing is repaid in full. The Interest Periods for the Loans and Line of Credit Borrowings can vary in accordance with the definition of Interest Period. Interest shall be payable with respect to the first but not the last day of each Interest Period and shall be payable from (and including) the date of a (i) Loan or Line of Credit Borrowing or (ii) the immediately preceding Interest Payment Date, as the case may be, to (and excluding) the next succeeding Interest Payment Date. Interest hereunder and under the Loan Certificates shall be calculated on the basis of a year of 360 days and actual number of days elapsed.
- (c) If any sum payable under the Loan Certificates or under the Mortgage falls due on a day which is not a Business Day, then such sum shall be payable on the next succeeding Business Day.
- (d) The principal of the Loans relating to an Aircraft shall be due and payable in full upon the first to occur of (i) the Delivery Date of such Aircraft, as notified by the Borrower to the Facility Agent [\*\*\*] prior to such day, (ii) except as specified in clause (iii), the date falling [\*\*\*] after the final day of the Scheduled Delivery Month for such Aircraft, (iii) in the event of a Relevant Delay, the date falling [\*\*\*]

after the final day of the Scheduled Delivery Month of such Aircraft, and (iv) the Termination Date. The Borrower shall notify the Facility Agent and the Lenders of the expected Delivery Date of each Aircraft, not less than [\*\*\*] prior to the Interest Payment Date immediately preceding such expected Delivery Date. Upon receipt of such notice, the Lenders shall effect a stub Interest Period ending on such expected Delivery Date for the Loans allocable to such Aircraft. If a Delivery Date is delayed, then the Facility Agent and the Lenders shall continue to make funds available in accordance with the terms hereof, at a LIBOR rate determined based on the Lenders' Cost of Funds until the earlier of (x) the actual Delivery Date of such Aircraft (y) the date falling [\*\*\*] after the final day of the Scheduled Delivery Month of such Aircraft and (z) in the event of a Relevant Delay, the date falling [\*\*\*] after the last day of the Scheduled Delivery Month specified for such Aircraft in Schedule III. The principal amount of the Line of Credit Borrowings shall be payable within [\*\*\*] of the Borrower's receipt of a written demand therefor by the Facility Agent. Such demand may be for any amount up to and including the aggregate outstanding principal amount of the Line of Credit Borrowings. Any principal amounts repaid with respect to a Line of Credit Borrowing at any time may be subsequently reborrowed and repaid from time to time in accordance with the terms hereof.

- (e) Each Loan Certificate shall bear interest at the Past Due Rate on any principal thereof and, to the extent permitted by Applicable Law, interest (other than interest accrued at the Past Due Rate) and other amounts due thereunder and hereunder, not paid when due (whether at stated maturity, by acceleration or otherwise), for any period during which the same shall be overdue, payable on demand by the Lender given through the Facility Agent.
- (f) The Loan Certificates shall be executed on behalf of the Borrower by one of its authorized officers. Loan Certificates bearing the signatures of individuals who were at any time the proper officers of the Borrower shall bind the Borrower, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the delivery of such Loan Certificates or did not hold such offices at the respective dates of such Loan Certificates. No Loan Certificates shall be issued hereunder except those provided for in Clause 5.2(a) and any Loan Certificates issued in exchange or replacement therefor pursuant to the terms of this Agreement.
- (g) Upon the request of the Borrower, the Lenders shall have the right in their sole discretion to extend the Commitment Termination Date by one year to the next Extension Date by delivering an Extension Notice to the Borrower no later than [\*\*\*] prior to the then-current Commitment Termination Date. Any such extension shall require the unanimous consent of all Lenders, each acting at their own discretion.

- (a) Any and all payments by or on account of any obligation of the Borrower hereunder to the Lenders, the Facility Agent or the Security Trustee, under the Loan Certificates and each other Operative Document shall be made free and clear of and without deduction for any Taxes, except as required by Applicable Law; provided that if the Borrower shall be required to deduct any Indemnified Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Clause 5.3) the Security Trustee, the Facility Agent and each Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall, or shall cause the Security Trustee to, make such deductions and (iii) the Borrower shall, or shall cause the Security Trustee to, pay the full amount deducted to the relevant Governmental Entity in accordance with Applicable Law.
- (b) In addition, the Borrower shall, or shall cause the Security Trustee to, pay any Indemnified Taxes or Taxes addressed in Section 5.3(j) to the relevant Governmental Entity in accordance with Applicable Law and shall indemnify the Security Trustee, the Facility Agent and each Lender on an After-Tax Basis within [\*\*\*] after written demand therefor, for the full amount of any Indemnified Taxes paid by the Security Trustee, the Facility Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under the other Operative Documents (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Clause) and, other than any of the following to the extent (but only to the extent) resulting from the gross negligence or willful misconduct of the Security Trustee, the Facility Agent or such Lender, any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes are correctly or legally imposed or asserted by the relevant Governmental Entity. Determinations and calculations made by a Lender with respect to an indemnity due hereunder shall be conclusive absent manifest error, provided that such determinations and calculations are made on a reasonable basis.
- (c) As soon as practicable after any payment of Taxes by the Borrower to a Governmental Entity, the Borrower shall, or shall cause the Security Trustee to, deliver to the Facility Agent the original or a certified copy of a receipt issued by such Governmental Entity evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Facility Agent.
- (d) Any Person that at any time is entitled to an exemption from or reduction of any Indemnified Tax, at the request of the Borrower or the Security Trustee, shall deliver to it (with a copy to the Facility Agent) such properly completed and executed documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Security Trustee as will permit the utilization of such exemption or reduction, provided that such Person has determined in its reasonable

good faith judgment that to do so will not result in any adverse consequences to such Person, unless the adverse consequence can be cured through an indemnity (such determination to be made by such Person in its reasonable good faith judgment), and such Person is indemnified for any adverse consequence by the Borrower in a manner reasonably satisfactory to such Person.

- (e) If the Borrower becomes obligated to pay any Indemnified Taxes pursuant to this Clause 5.3, each applicable Lender and the Facility Agent hereby agrees to cooperate with the Borrower, as described in Clauses 5.11(d).
- (f) (i) If the Security Trustee, the Facility Agent or a Lender receives a refund of any Taxes in respect of which additional amounts were paid by the Borrower pursuant to this Clause 5.3, the Security Trustee, the Facility Agent or such Lender shall, as soon as reasonably practicable, pay to the Borrower the amount of such refund plus any interest received on such refund fairly attributable to such Tax and not in excess of amounts previously paid by the Borrower to the Security Trustee, the Facility Agent or such Lender pursuant to this Clause 5.3 (other than interest actually received on such refund and fairly attributable to such Tax), provided, however, that such amount shall be reduced by the amount of any obligation of the Borrower under this Agreement then due and not made (and the amount of such reduction shall not be payable before such time and to the extent as such obligation shall have been satisfied). The Security Trustee, the Facility Agent and each Lender shall in good faith use diligence in filing its tax returns and in dealing with taxing authorities to seek and claim any such refund and to minimize the Taxes payable or indemnifiable by the Borrower hereunder if it can do so, in its sole opinion, without adverse consequences. If the Facility Agent or a Lender actually utilizes any credit with respect to any Taxes in respect of which additional amounts were paid by the Borrower pursuant to this Clause 5.3, the Security Trustee, the Facility Agent or such Lender shall pay to the Borrower an amount equal to the amount of such credit, but not in excess of amounts previously paid by the Borrower to the Security Trustee, the Facility Agent or such Lender, provided, however, that such amount shall be reduced by the amount of any obligation of the Borrower under this Agreement then due and not made (and the amount of such reduction shall not be payable before such time and to the extent as such obligation shall have been satisfied) and that no Person shall be required to claim any credit if to do so would, in its sole opinion, result in any adverse consequences to it and, provided, further, that no Person shall be required to claim any credit in respect of this Clause 5.3 in priority of any other credits (any utilization of such credit being in such Person's sole discretion). Any refund or credit which is subsequently disallowed in whole or in part shall be promptly repaid by the Borrower on the demand of the Security Trustee, the Facility Agent or relevant Lender.
- (g) Each Lender hereby agrees to indemnify the Borrower or the Security Trustee, as the case may be, for any Taxes of a type collected by way of withholding which the Borrower or the Security Trustee fails to withhold on payments to such Lender as a direct result of the failure of such Lender to provide the form or certificate required to be provided by such Lender by Clause 5.3(d) or the invalidity of any such form or certificate required to be provided by such Lender by Clause 5.3(d).

- (h) Without limiting the foregoing, each Person that is an assignee of a Lender pursuant to Clause 5.6 and/or Clause 19.3(b) shall, upon the effectiveness of such transfer, be required to provide all of the forms and statements to the extent required pursuant to this Clause 5.3.
  - (i) The Borrower will pay to each Indemnitee interest at the Past Due Rate, to the extent permitted by Applicable Law, on any amount not paid when due under this Clause 5.3 until the same shall be paid.
  - (j) The Borrower agrees to pay any present or future stamp or documentary Taxes or any other license, excise or property Taxes (i) imposed by any taxing authority which may arise from the registration, filing, recording, or perfection of any security interest of or in connection with this Agreement or the other Operative Documents or (ii) imposed by any taxing authority in connection with an Event of Default. The Borrower will provide appropriate documentation, including receipts if available, when requested to evidence payment by the Borrower of any such Taxes.
  - (k) All consideration expressed to be payable under an Operative Document by any party to any Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable on any supply made by any Finance Party to any party in connection with an Operative Document, that party shall pay to the Lender (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT. Where an Operative Document requires any party to reimburse the Lender for any costs or expenses, that party shall also at the same time pay and indemnify the Lender against all VAT incurred by the Lender in respect of the costs or expenses to the extent that the Lender reasonably determines that neither it nor any other member of any group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant tax authority in respect of the VAT.
- 5.3.2 If a payment made to a Lender under any Operative Document would be subject to withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Security Trustee at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Security Trustee such documentation prescribed by Applicable Law (including as prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Security Trustee as may be necessary for the Borrower and the Security Trustee to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (l), "FATCA" shall include all amendments made to FATCA after the Original Signing Date.

5.4 **Distribution of Funds Received**

- (a) The Facility Agent shall maintain records of all amounts paid to it by the Borrower hereunder.
- (b) Provided that no Event of Default has occurred and is then continuing, each installment of interest payable on the Loan Certificates shall be distributed as promptly as possible on or after the date that such amount is actually received by the Facility Agent from the Borrower:

**First**, to the Lenders ratably, without priority of one over the other, to the payment in full of (A) the aggregate amount of interest due under the Loan Certificates in an amount equal to (i) accrued interest at the rate provided in each Loan Certificate, (ii) any overdue interest thereon, and (iii) Break Amount, if any, and (B) any other amounts (other than principal) then due and owing to the Lenders or any Agent hereunder and under the other Operative Documents;

**Second**, the balance, if any, thereof thereafter remaining to the Borrower or such other Person(s) as may then lawfully be entitled thereto.

- (c) Provided that no Event of Default has occurred and is then continuing, on the Delivery Date of the related Aircraft or on any date on which payment in respect of a Line of Credit Borrowing is made, each payment made by the Borrower as repayment of Loans or Line of Credit Borrowings shall be distributed as promptly as possible on or after the date that such amount is actually received by the Facility Agent from the Borrower:

**First**, to the Lenders ratably, without priority of one over the other, to the payment in full of (A) the aggregate amount of interest due under the Loan Certificates in respect of such Aircraft being in an amount equal to (i) accrued interest at the rate provided in each Loan Certificate, and (ii) any overdue interest thereon plus the Break Amount, if any, due to the Lenders in respect of such payment, and (B) any other amounts (other than principal) then due and owing to the Lenders or any Agent hereunder and under the other Operative Documents;

**Second**, to the Lenders ratably, without priority of one over the other, (a) to the payment in full of the outstanding principal amount of the Loans in respect of such Aircraft made by the Lenders which is being repaid and (b) to payment in full of the outstanding principal amount of the Line of Credit Borrowing which is being repaid;

**Third**, the balance, if any, thereof thereafter remaining to the Borrower or such other Person(s) as may then lawfully be entitled thereto.

- (d) Upon any partial optional repayment of the Loan Certificates pursuant to Clause 5.10(a) hereof, the amount paid by Borrower shall be applied against the amounts which Borrower is obligated to pay in connection with such prepayment pursuant to Clause 5.10(a) (it being understood that no prepayment shall be permitted under Clause 5.10(a) unless the Borrower pays a sufficient amount to satisfy the amounts owed by it under Clause 5.10(a) in connection with such prepayment).
- (e) After an Event of Default shall have occurred, and so long as such Event of Default shall be continuing, amounts actually received by the Security Trustee from the Borrower and all proceeds resulting from any sale of any of the Collateral shall be applied in the following order of priority:
- First**, to the extent not theretofore paid by or on behalf of the Borrower, to pay all costs and expenses of each Agent incurred in connection with the performance of its duties hereunder or under any other Operative Document, including reasonable attorneys' fees and expenses, and all costs and expenses incurred by the Security Trustee in connection with its entering upon, taking possession of, holding, operating, managing, selling or otherwise disposing of the Collateral or any part thereof, any and all Taxes, assessments or other charges of any kind prior to the Lien of any Operative Document that the Security Trustee determined in good faith to pay or be paid, and all amounts payable to each Agent hereunder or under any of the Operative Documents in respect of any indemnities or other obligations of the Borrower;
- Second**, to the Lenders ratably, without priority of one over the other, to the payment of all accrued and unpaid interest (including Break Amount, if any, and interest on account of overdue payments of principal and interest) then due the Lenders under this Agreement or any of Loan Certificates;
- Third**, to the Lenders ratably, without priority of one over the other, to the payment of any other amount, indebtedness or obligations (other than principal) due and payable to the Lenders under any Operative Documents;
- Fourth**, to the Lenders ratably, without priority of one over the other, to the payment in full of the principal amount of the Loan Certificates;
- Fifth**, the balance, if any, thereof thereafter remaining, to the Borrower or such other Person(s) as may then lawfully be entitled thereto.

If the Security Trustee purchases and subsequently sells any Aircraft to a third party (or otherwise disposes of any of its rights under the Operative Documents relating to such Aircraft), any net sale proceeds (after deduction of all relevant costs, including maintenance, storage and insurance) which exceed the Loan allocable to such Aircraft to the extent actually received by the Security Trustee shall be distributed under this Clause 5.3.2.



5.5 **Method of Payment**

- (a) Principal and interest and other amounts due hereunder or under the Loan Certificates or in respect hereof or thereof shall be payable in Dollars in immediately available funds prior to [\*\*\*], on the due date thereof, to the Facility Agent and the Facility Agent shall, subject to the terms and conditions of Clause 5.3.2, remit all such amounts so received by it to the Lenders at such account or accounts at such financial institution or institutions in New York as the Lenders shall have designated to the Facility Agent in writing, in immediately available funds for distribution to the relevant Lenders.
- (b) All such payments by the Borrower and the Facility Agent shall be made free and clear of and without reduction on account of all wire and other like charges. Prior to the due presentment for registration of transfer of any Loan Certificate, the Borrower and the Facility Agent may deem and treat the Person in whose name any Loan Certificate is registered on the Certificate Register as the absolute owner of such Loan Certificate for the purpose of receiving payment of all amounts payable with respect to such Loan Certificate and for all other purposes whether or not such Loan Certificate shall be overdue, and neither the Borrower nor the Facility Agent shall be affected by any notice to the contrary.
- (c) If the Facility Agent disburses funds on a payment date without first having received funds from the Borrower and if the Borrower subsequently fails to make such payment before the end of the day, then on the next succeeding Business Day following demand from the Facility Agent, each Lender which has received such funds will refund to the Facility Agent the amount advanced by the Facility Agent which such Lender received.

5.6 **Registration, Transfer and Exchange of Loan Certificates**

- (a) The Facility Agent agrees with the Borrower that the Facility Agent shall keep a register (herein sometimes referred to as the “**Certificate Register**”) in which provision shall be made for the registration of Loan Certificates.
- (b) Prior to the due presentment for registration of the transfer of any Loan Certificate, the Borrower and the Facility Agent shall deem and treat the person in whose name such Loan Certificate is registered on the Certificate Register as the absolute owner of such Loan Certificate, and the Lender for the purpose of receiving payment of all amounts payable with respect to such Loan Certificate, and for all other purposes whether or not such Loan Certificate is overdue, and neither the Borrower nor the Facility Agent shall be affected by notice to the contrary.
- (c) The Certificate Register shall be kept at the office of the Facility Agent specified in this Agreement or at the office of any successor Facility Agent, and the Facility Agent is hereby appointed “Certificate Registrar” for the purpose of registering Loan Certificates and transfers of Loan Certificates as herein provided.

- (d) Upon surrender for registration of transfer of any Loan Certificate at the office of the Facility Agent specified in this Agreement and upon delivery by the Facility Agent to the Borrower of such surrendered Loan Certificate, the Borrower shall execute, and the Facility Agent shall deliver, in the name of the designated transferee or transferees, one or more new Loan Certificates of a like aggregate principal amount.
- (e) Each Lender may assign all or part of an interest in any Loan Certificate held by it to any Person, subject to the extent to which it may transfer its interest in any such Loan Certificate held by it in accordance with Clause 19.3(c), (d) and (e).
- (f) All Loan Certificates issued upon any registration of transfer or exchange of Loan Certificates shall be the valid obligations of the Borrower evidencing the same obligations, and entitled to the same security and benefits under the Mortgage and this Agreement, as the Loan Certificates surrendered upon such registration of transfer.
- (g) Every Loan Certificate presented or surrendered for registration of transfer, shall (if so required by the Facility Agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Facility Agent duly executed by the Lender thereof or its attorney duly authorized in writing, and the Facility Agent may require evidence satisfactory to it as to the compliance of any such transfer with the Securities Act and the securities laws of any applicable state.
- (h) The Facility Agent shall make a notation on each new Loan Certificate or Loan Certificates of the then available Commitment on the old Loan Certificate or Loan Certificates with respect to which such new Loan Certificate is issued, the current outstanding principal and the date to which interest accrued on such old Loan Certificate or Loan Certificates has been paid and the extent, if any, to which any interest therein has been subject to a registered assignment.
- (i) The Facility Agent shall not be required to register the transfer of any surrendered Loan Certificates as above provided during the [\*\*\*] period preceding the due date of any payment on such Loan Certificates.
- (j) The Facility Agent shall give the Borrower, the Security Trustee and each Lender notice of such transfer of a Loan Certificate under this Clause 5.6.
- (k) Prior to or simultaneously with the transfer by a Lender of its Loan Certificates or its interest in this Agreement, the transferee of such Lender shall notify the Borrower of its identity and of the country of which such transferee is a resident for tax purposes.

5.7 **Mutilated, Destroyed, Lost or Stolen Loan Certificates**

- (a) If any Loan Certificate shall become mutilated, destroyed, lost or stolen, the Borrower shall, upon the written request of the affected Lender, execute and deliver in replacement thereof, a new Loan Certificate, in the same principal amount, dated the date of such Loan Certificate.

- (b) If the Loan Certificate being replaced has become mutilated, such Loan Certificate shall be surrendered to the Facility Agent and the original thereof shall be furnished to the Borrower by the Facility Agent.
- (c) If the Loan Certificate being replaced has been destroyed, lost or stolen, the affected Lender shall furnish to the Borrower and the Facility Agent such security or indemnity as may be reasonably required by them to hold the Borrower and the Facility Agent harmless and evidence satisfactory to the Borrower and the Facility Agent of the destruction, loss or theft of such Loan Certificate and of the ownership thereof, provided, however, that if the affected Lender is an original party to this Agreement or an Affiliate thereof, the written notice of such destruction, loss or theft and such ownership and the written undertaking of such Lender delivered to the Borrower and the Facility Agent to hold harmless the Borrower and the Facility Agent in respect of the execution and delivery of such new Loan Certificate shall be sufficient evidence, security and indemnity.

5.8 **Payment of Expenses on Transfer**

Upon the issuance of a new Loan Certificate or new Loan Certificates pursuant to Clause 5.6 or 5.7, the Borrower and/or the Facility Agent may require from the party requesting such new Loan Certificate or Loan Certificates payment of a sum sufficient to reimburse the Borrower and/or the Facility Agent for, or to provide funds for, the payment of any transfer or registration tax or other governmental charge of the same type in connection therewith or any charges and expenses connected with such tax or other governmental charge paid or payable by the Borrower or the Facility Agent, and any out of pocket expenses, including legal fees (for external counsel) incurred, of the Borrower or the Facility Agent.

5.9 **Prepayment**

- (a) The Borrower may at any time voluntarily prepay all or part of any Loan outstanding with respect to an Aircraft or any Line of Credit Borrowing in accordance with the terms and conditions hereof; provided that, (i) the Borrower shall provide irrevocable written notice to the Facility Agent not less than [\*\*\*] prior to the date of such prepayment specifying (A) the outstanding principal amount of the Loan or Line of Credit Borrowing to be prepaid, together with accrued interest therein to the date of prepayment plus, in the case of a prepayment of a Loan, any Break Amount and all other amounts due under the Operative Documents with respect to such Aircraft, (B) in the case of prepayment of a Loan, the Aircraft to which such prepayment is allocable, and (C) the Business Day on which such prepayment shall be made; and (ii) such prepayment shall be in an amount at least equal to [\*\*\*] and multiples of [\*\*\*] in excess thereof. For the avoidance of doubt, no Break Amount will be payable in connection with a prepayment of any Line of Credit Borrowing. Any amounts repaid in respect of a Line of Credit Borrowing may be reborrowed in accordance with the terms hereof.

- (b) If, as of any LTV Test Date, the LTV Test is not satisfied with respect to an Aircraft, the Borrower may prepay the Loan(s) relating to such Aircraft in respect of which such failure occurred in an amount equal to that which when applied to such Loan(s), would reduce the principal outstanding thereof in order that the LTV Test would be satisfied if the LTV for such Aircraft were calculated following such prepayment. Except with respect to a prepayment pursuant to Section 4.2, any such prepayment must be made with [\*\*\*] notice to the Facility Agent and such prepayment may not exceed the amount required to cure the breach of the LTV Test.
- (c) In the event that Frontier Holdings ceases to Control or own the entire issued share capital of Frontier Airlines, the aggregate outstanding principal amount of all Loans and Line of Credit Borrowings shall become immediately due and payable, and the Borrower shall thereupon prepay the Loan Certificates relating to such Loans and Line of Credit Borrowings, together with accrued interest thereon to the date of prepayment plus any Break Amount and all other amounts due, owing and payable under the Operative Documents.
- (d) Upon the occurrence of a Material Event of Default, the aggregate outstanding principal amount of all Loans and Line of Credit Borrowings shall become immediately due and payable, and the Borrower shall thereupon prepay the Loan Certificates relating to such Loans and Line of Credit Borrowings, together with accrued interest thereon to the date of prepayment plus any Break Amount and all other amounts due, owing and payable under the Operative Documents
- (e) Upon the occurrence of a termination or cancellation of the Assigned Purchase Agreement with respect to any Aircraft for any reason whatsoever, the aggregate outstanding principal amount of all Loans relating to such Aircraft shall become due and payable within [\*\*\*], and the Borrower shall thereupon prepay the Loan Certificates to the extent of the Loans with respect to such Aircraft, together with accrued interest thereon to the date of prepayment plus any Break Amount and all other amounts due under the Operative Documents with respect to such Aircraft.
- (f) In the event that a Lender is entitled to a payment under Clause 5.3, 5.11, 5.12 or 5.13 (an “**Affected Lender**”) and without prejudice to the Finance Party’s rights hereunder and under the Mortgage, the Borrower, the Facility Agent and the Affected Lender shall cooperate (at no cost to itself) for a period of [\*\*\*] to restructure the Loan for the Affected Lender with a view to eliminating or reducing the need for any such payment (it being agreed that the Affected Lender shall have no obligation to proceed with such restructuring to the extent such restructuring would or may reasonably be expected to:
- (1) result in an adverse regulatory consequence for the Affected Lender; or
  - (2) involve any unreimbursed or unindemnified cost for the Affected Lender; or

(3) be inconsistent with the Affected Lender's internal policies).

If no restructuring can be arranged within such time period, the Borrower may, with notice to the Affected Lender, attempt within such time period to find an entity reasonably satisfactory to the Facility Agent to purchase the Affected Lender's Loan Certificate and assume the Affected Lender's Commitment.

The Affected Lender shall be paid (by the purchasing entity or the Borrower) the outstanding principal balance of its Loan Certificate, all accrued and unpaid interest thereon, any Break Amount incurred (calculated as if such purchase were a prepayment of such Affected Lender's Loan Certificate) and all other amounts owed to the Affected Lender under any Operative Document as a condition precedent to such purchase. Upon such payment, such Affected Lender shall transfer its Loan Certificate to the Borrower or such other purchaser, without representation or warranty except for the absence of any Liens.

- (g) In the event the Borrower is unable to find a purchaser of the Affected Lender's Loan Certificate pursuant to clause (f) above, then, so long as no Default or Event of Default shall have occurred and be continuing on at least [\*\*\*] prior written notice, the Borrower may prepay on the date specified in its notice of prepayment, in whole the Affected Lender's Loan Certificate at the principal amount thereof together with accrued and unpaid interest thereon to the date of prepayment plus the Break Amount, if any, and all other amounts due to the Affected Lender hereunder, thereunder and under the other Operative Documents.
- (h) In the event that Airbus refunds any amounts under the Assigned Purchase Agreement relating to the Aircraft, a principal amount of the Loans (and any Break Amount related thereto) relating to such Aircraft equal to such refund shall become immediately due and payable.
- (i) Any notice of prepayment delivered pursuant to Clauses 5.9(a), (f), (g) or (h) shall be irrevocable and shall identify the amount to be prepaid and the Loans relating to an Aircraft or Line of Credit Borrowing subject to prepayment, as applicable.
- (j) If the aggregate outstanding principal amount of all Loan Certificates exceeds the Maximum PDP Loan Amount, the Line of Credit Borrowings (and all interest accrued thereon and Break Amount related thereto) shall become immediately due and payable in a principal amount equal to that which when applied, would reduce the aggregate outstanding principal amount of all Loan Certificates to below the Maximum PDP Loan Amount.

#### 5.10 Provisions Relating to Prepayment

- (a) Notice of prepayment having been given, the principal amount of the Loan Certificates to be prepaid, plus accrued interest thereon to the date of prepayment, together with the Break Amount, if any, shall become due and payable on the prepayment date.

- (b) On the date fixed for prepayment under Clause 5.9, immediately available funds in Dollars shall be deposited by the Borrower in the account of the Facility Agent at the place and by the time and otherwise in the manner provided in Clause 5.5, in an amount equal to the principal amount of Loan Certificates to be prepaid together with accrued and unpaid interest thereon to the date fixed for such prepayment, all Break Amounts, if any, and all other amounts due to the Lenders under the Operative Documents.
- (c) Each Lender shall furnish to the Borrower, with a copy to the Facility Agent, a certificate setting forth the Break Amount, if any, due to such Lender, which certificate shall be presumptively correct.

5.11 **Increased Costs**

- (a) The Borrower shall pay directly to each Lender from time to time such amounts as such Lender may determine to be necessary to compensate such Lender on an After-Tax Basis for any increase in costs that such Lender determines are attributable to its making or maintaining of its Commitment or the Loans and Line of Credit Borrowings evidenced by its Loan Certificates or funding arrangements utilized in connection with such Loans and Line of Credit Borrowings, as applicable, or any reduction in any amount receivable by such Lender hereunder or under any Operative Document in respect of any of its Commitments, such Loans and Line of Credit Borrowings or such arrangements (such increases in costs and reductions in amounts receivable (including any amounts covered by clause (b) below) being herein called “**Additional Costs**”), resulting from any Regulatory Change that:
  - (i) imposes any Tax that is the functional equivalent of any reserve, special deposit or similar requirement of the sort covered by Clause 5.11(a)(ii); or
  - (ii) imposes or modifies any reserve, special deposit or similar requirements (including any Reserve Requirement) relating to any extension of credit or other assets of, or any deposits with or other liabilities of, such Lender, any commitment of such Lender (including, without limitation the Commitment of such Lender hereunder); or
  - (iii) imposes any other condition affecting this Agreement, the Loan Certificates (or any of such extensions of credit or liabilities) or its Commitments.
- (b) Without limiting the effect of the foregoing provisions of this Clause 5.11 (but without duplication), the Borrower shall pay directly to each Lender from time to time on request such amounts as such Lender may determine to be necessary to compensate such Lender (or, without duplication, the bank holding company of which such Lender is a subsidiary) for any increase in costs that it determines are attributable to the maintenance by such Lender (or any lending office or such bank holding company) of capital in respect of the Commitments or Loan or Line of Credit Borrowing of such Lender hereunder, pursuant to any law or regulation or any interpretation, directive or request (whether or not having the force of law and whether or not failure to comply therewith would be unlawful so long as compliance therewith is standard banking practice in the relevant jurisdiction) of any court or governmental or monetary authority following:

- (i) any Regulatory Change; or
- (ii) implementing any risk-based capital guideline or other similar requirement issued by any government or governmental or supervisory authority implementing at the national level the Basel Accord; or
- (iii) implementing any requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act;

in each case after the Original Signing Date (such compensation to include, without limitation, an amount equal to any reduction of the rate of return on assets or equity of such Lender (or any lending office or such bank holding company) could have achieved but for such law, regulation, interpretation, directive or request). For purposes of this Clause 5.11(b), “**Basel Accord**” means the proposals for risk-based capital framework described by the Basel Committee on Banking Regulations and Supervisory Practices commonly known as Basel III, as amended, modified and supplemented and in effect from time to time, or any replacement thereof.

- (c) Clauses 5.11(d), (e) and (f) apply in respect of this Clause 5.11.
- (d) Each Lender shall notify the Borrower of any event occurring after the Original Signing Date entitling such Lender to compensation under paragraph (a) or (b) of this Clause 5.11 as promptly as practicable, but in any event within [\*\*\*], after such Lender obtains actual knowledge thereof; provided that (i) such Lender shall, with respect to compensation payable pursuant to this Clause 5.11 in respect of any Additional Costs resulting from such event, only be entitled to payment under this Clause 5.11 for Additional Costs incurred from and after the date that is [\*\*\*] prior to the date of receipt of such notice by the Borrower, (ii) each Lender will use commercially reasonable efforts (at the Borrower’s expense) to mitigate the amount of compensation under paragraph (a) or (b) of this Clause 5.11 associated with such event, including designating a different lending office for the Loan or Line of Credit Borrowing, as applicable, evidenced by such Lender’s Loan Certificate affected by such event if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole opinion of such Lender, result in any economic, legal or regulatory disadvantage to such Lender, and (iii) no Lender shall discriminate against the Borrower in making any claim for compensation under this Clause 5.11, and no Lender shall treat the Borrower less favorably than such Lender’s other similarly situated borrowers. When submitting a claim pursuant to Clause 5.11, each Lender will furnish to the Borrower an officer’s certificate setting forth in reasonable detail (x) the events giving rise to compensation under paragraph (a) or (b) of this Clause 5.11, (y) the basis for determining and allocating such compensation and (z) the amount of each request by such Lender for such compensation (subject, however, to any limitations such Lender may require in

respect of disclosure of confidential information relating to its capital structure), together with a statement that the determinations and allocations made in respect of such compensation comply with the provisions of this Clause 5.11, including as provided by the last proviso of this paragraph (d). Determinations and allocations by any Lender for purposes of this Clause 5.11 of the effect of any Regulatory Change pursuant to Clause 5.11(a), or of the effect of capital maintained pursuant to Clause 5.11(b), on its costs or rate of return of maintaining the Loan or Line of Credit Borrowing, as applicable, evidenced by its Loan Certificate or its Commitment, or on amounts receivable by it in respect of its Loan Certificate, and of the amounts required to compensate such Lender under this Clause 5.11, shall be conclusive absent manifest error; provided that such determinations and allocations are made on a reasonable basis and, in the case of allocations, are made fairly.

- (e) The Borrower shall not be required to make payments under this Clause 5.11 to any Lender if (i) a claim hereunder arises solely through circumstances peculiar to such Lender and which do not affect commercial banks in the jurisdiction of organization of such Lender generally, (ii) such Lender is not seeking similar compensation for such costs from its borrowers generally in commercial loans, or (iii) the claim arises out of a voluntary relocation by such Lender of its lending office (it being understood that any such relocation effected pursuant to this Clause 5.11 is not “voluntary”).

#### 5.12 **Illegality**

Notwithstanding any other provision of this Agreement or the Mortgage, if any Lender (an “**Illegal Lender**”) shall notify the Facility Agent that the introduction after the Original Signing Date of or any change after the Original Signing Date in or in the interpretation of any law or regulation shall make it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender to make, fund or allow to remain outstanding its Loan Certificate, then such Lender shall, promptly after becoming aware of the same, deliver to the Borrower through the Facility Agent a certificate to that effect, and, if the Facility Agent on behalf of such Lender so requires, the Borrower shall attempt to cure such illegality or otherwise, on or before [\*\*\*] days (but in any event at least [\*\*\*] before such illegality occurs and if such illegality has already occurred, immediately) following such notification, the Borrower shall prepay the aggregate outstanding principal amount of the Loan Certificate held by such Illegal Lender in full, together with accrued interest thereon to the date of prepayment plus all Break Amount, if any, and all other amounts due thereunder and hereunder and under the other Operative Documents to such Illegal Lender.

#### 5.13 **Market Disruption Event**

If a Market Disruption Event occurs and so long as such Market Disruption Event is continuing, each Lender shall report to the Facility Agent and the Borrower its Cost of Funds for each Interest Period during which such a Market Disruption Event is continuing as soon as practicable and, if possible, prior to the first day of such Interest Period; provided,



that, if such Lender is not able to obtain Dollar deposits in the London interbank (or other relevant) market matching such Interest Period, notice of its Cost of Funds rate shall be provided as follows: (i) prior to the first day of such Interest Period (or promptly thereafter), such Lender shall provide to the Facility Agent an approximation of the cost to such Lender of such funding for such Interest Period; and (ii) prior to the last day of such Interest Period (or earlier, to the extent practicable if Dollar deposits of a duration longer than one day are obtained), such Lender shall provide to the Facility Agent a certificate setting out the actual cost to such Lender of funding for such Interest Period. The Facility Agent shall, based on such certificate, advise the Borrower of the applicable Mismatch Interest Rate payable at the end of such Interest Period. The certification by any Lender to the Facility Agent and the Borrower of its Cost of Funds for any Interest Period shall be conclusive absent manifest error and shall constitute a certification by such Lender that such Lender's invocation of its rights under this Clause 5.13 and its assessments hereunder have been made on a non-discriminatory basis across all facilities which are similar to the credit facility provided pursuant to this Agreement.

5.14 **LIBOR Replacement Event**

- (a) If a LIBOR Replacement Event has occurred, the Facility Agent, the Lenders and the Borrower shall promptly negotiate in good faith a LIBOR successor rate and any other amendment, supplement, modification or waiver relating to the matters set out in Clause 14.4; provided, that such LIBOR successor rate shall be a Replacement Benchmark that is a comparable or successor floating rate that is, at such time, broadly accepted by the syndicated loan market for loans denominated in Dollars in lieu of the LIBOR as determined by the Facility Agent with the consent of the Borrower or, if no such broadly accepted comparable successor rate exists at such time, a successor index rate as the Facility Agent may determine with the consent of the Borrower and the Lenders. The negotiations will take into account the then current market standards and will be conducted with a view to reducing or eliminating, to the extent reasonably practicable, any transfer of economic value from one party to another party.
- (b) Until such time as a LIBOR successor rate and related amendments have been determined in accordance with Clause 5.14(a) above, for any Interest Period starting after the date on which the LIBOR Replacement Event occurs, LIBOR for such Lender shall be replaced by the rates notified to the Facility Agent by such Lender prior to the first day of that Interest Period, which expresses, as a percentage rate per annum, the cost to such Lender of funding an amount equal to its participation in the Loans and Line of Credit Borrowings for such Interest Period and the Lender shall certify that such rate notified to the Facility Agent is an accurate reflection of its cost of funds for such Interest Period and its assessments hereunder have been made on a non-discriminatory basis across all facilities which are similar to the credit facility provided pursuant to this Agreement. If such amount is less than zero, it shall be deemed to be zero.
- (c) Clause 5.13 and limb (ii) of the definition of LIBOR do not apply following the date on which the LIBOR Replacement Event occurs.

- (d) Notwithstanding anything herein to the contrary, if the Replacement Benchmark is not reasonably acceptable to Borrower or if a LIBOR successor rate has not otherwise been agreed in accordance with Clauses 5.14(a) and 14.4, then the Borrower may, at its option prepay the Loans and Line of Credit Borrowings in full without payment of any Break Amount, prepayment fee, premium or other similar payment due in connection therewith.

6. **TERMINATION OF INTEREST IN COLLATERAL**

None of the Facility Agent, Security Trustee or any Lender shall have any further interest in, or other right with respect to, the Collateral with respect to any Aircraft when and if the principal amount of, Break Amount on, if any, interest on and other amounts due under all Loans in relation to such Aircraft held by such Lender and all other sums due to such Lender hereunder and under the other Operative Documents in respect of such Aircraft shall have been finally and indefeasibly paid in full; provided, however, that the interests and rights of the Lenders in and with respect to the mortgage and security interests created by the Mortgage shall continue (except with respect to any Aircraft as to which the related Loans have been repaid) after all such amounts have been paid in full so long as no Event of Default has occurred and is continuing and the Commitments have not terminated. Upon payment in full of any Loans relating to an Aircraft, the Security Trustee shall release that portion of the Collateral which relates solely to the applicable Aircraft from the Lien of the Mortgage and such Aircraft shall thereafter cease to be an "Aircraft" for the purposes of the Operative Documents.

7. **BORROWER'S REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants that on the date hereof and on each Borrowing Date:

- (a) the Borrower is a Cayman Islands exempted company, duly organized and validly existing pursuant to the laws of the Cayman Islands; is duly qualified to do business as a foreign corporation in each jurisdiction in which its operations or the nature of its business requires, except where the failure to be so qualified would not have a Material Adverse Effect; and has the corporate power and authority to purchase the Aircraft under the Assigned Purchase Agreement and to enter into and perform its obligations under the Operative Documents to which it is or shall be a party;
- (b) the execution, delivery and performance by the Borrower of the Operative Documents to which it is a party have been duly authorized by all necessary corporate action on the part of the Borrower, do not require any shareholder approval, or approval or consent of any trustee or holders of any indebtedness or obligations of the Borrower except such as have been duly obtained and are in full force and effect, and none of the execution, delivery or performance by the Borrower of such Operative Documents contravenes any law, judgment, government rule, regulation or order binding on the Borrower or the memorandum and articles of association of the Borrower or contravenes the provisions of, or constitutes a default under, or results in the creation of any Lien (other than Permitted Liens) upon the property of the Borrower under, any indenture, mortgage, contract or other agreement to which the Borrower is a party or by which it or its properties may be bound;

- (c) neither the execution and delivery by the Borrower of the Operative Documents to which it is a party nor the performance by the Borrower of its obligations thereunder requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of any Federal, state or foreign government authority or agency, except for those specified in the opinions referred to in Clause 4.1(g) or those that would not have a Material Adverse Effect (the “**Permits**”);
- (d) the Operative Documents to which the Borrower is a party each constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with the terms thereof except as such enforceability may be limited by equitable principles or applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights generally;
- (e) there is no pending or (to the best of Borrower’s knowledge) threatened action or proceeding before any court, arbitrator or administrative agency that individually (or in the aggregate in the case of any group of related actions or proceedings) is expected by the Borrower to have a Material Adverse Effect;
- (f) except as specified in the opinions referred to in Clause 4.1(g), no further action, including any filing or recording of any document, is necessary or advisable in order to establish and perfect the first ranking Lien on the Collateral in favor of the Security Trustee pursuant to the Mortgage;
- (g) there has not occurred any event which constitutes a Default or an Event of Default, in each case, which is presently continuing;
- (h) the Assigned Purchase Agreement and the Engine Agreements are in full force and effect and none of the Borrower or, to the knowledge of the Borrower, Airbus or any Engine Manufacturer is in default of any of its material obligations thereunder. Neither the Borrower nor either Guarantor has assigned or granted any Lien in its rights under the Assigned Purchase Agreement in respect of any of the Aircraft or the Engine Agreements or the Engines;
- (i) the Borrower has filed or caused to be filed all state, local and foreign tax returns which are required to be filed and has paid or caused to be paid or provided adequate reserves for the payment of all taxes shown to be due and payable on such returns or (except to the extent being contested in good faith and by appropriate proceedings and for the payment of which adequate reserves have been provided in accordance with generally accepted accounting principles) on any assessment received by the Borrower, to the extent that such taxes have become due and payable, except such returns or taxes as to which the failure to file or pay, as the case may be, could not be reasonably expected to materially and adversely affect the assets, operations or financial condition, of the Borrower;

- (j) the Borrower is not in violation of any law, order, injunction, decree, rule or regulation applicable to the Borrower of any court or administrative body, which default or violation would reasonably be expected to materially and adversely affect the operations or financial condition of the Borrower or the Borrower's ability to execute, deliver and perform its obligations under the Operative Documents;
- (k) the Borrower is not an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940;
- (l) none of the information furnished by or on behalf of the Borrower to the Facility Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any misstatement of a material fact or omits any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- (m) the Borrower is fully solvent (on a cash flow and balance sheet basis) and will be fully solvent immediately following the execution of this Agreement and the Operative Documents;
- (n) no Liens have been granted or created by any Person and exist over any of the Collateral except Permitted Liens; and
- (o) Each of the dates in the column entitled "Borrowing Date" in the table set out in Schedule III is the date on which the Advance to which such date is expressed to correspond in such table is due and payable to Airbus in accordance with the Assigned Purchase Agreement.

8. **GENERAL INDEMNITY.**

8.1 Subject to the next following paragraph, the Borrower hereby agrees to indemnify each Indemnitee against, and agrees to protect, save and keep harmless each of them from any and all Expenses imposed on, incurred by or asserted against any Indemnitee arising out of or directly resulting from:

- (a) following delivery of any Aircraft, Airframe or Engine, the operation, possession, use, maintenance, overhaul, testing, registration, re-registration, delivery, non-delivery, lease, non-use, modification, alteration, or sale of any such Aircraft, Airframe or Engine, or any engine used in connection with any such Airframe or any part of any of the foregoing, any lessee or any other Person whatsoever, including, without limitation, claims for death, personal injury or property damage or other loss or harm to any person whatsoever and claims relating to any laws, rules or regulations pertaining to such operation, possession, use, maintenance, overhaul, testing, registration, re-registration, delivery, non-delivery, lease, non-use, modification, alteration, sale or return including environmental control, noise and pollution laws, rules or regulations;

- (b) following delivery of any Aircraft, Airframe or Engine, the manufacture, design, purchase, acceptance, rejection, delivery, or condition of any such Aircraft, Airframe or Engine, any engine used in connection with any such Airframe, or any part of any of the foregoing including, without limitation, latent and other defects, whether or not discoverable, or trademark or copyright infringement;
- (c) any breach of or failure to perform or observe, or any other noncompliance with, any covenant or agreement to be performed, or other obligation of any Obligor under any of the Operative Documents, or the falsity of any representation or warranty of any Obligor in any of the Operative Documents;
- (d) assuming the Lenders are making Loans and Line of Credit Borrowings in the ordinary course of their business for their own accounts, the offer, sale and delivery by the Borrower or anyone acting on behalf of the Borrower of any Loan Certificates or successor debt obligations issued in connection with the refunding or refinancing thereof (including, without limitation, any claim arising out of the Securities Act, the Securities Exchange Act of 1934, as amended, or any other federal or state statute, law or regulation, or at common law or otherwise relating to securities (collectively "**Securities Liabilities**")) (the indemnity provided in this Clause 8.1(d) to extend also to any Person who controls an Indemnitee, its successors, assigns, employees, directors, officers, servants and agents within the meaning of clause 15 of the Securities Act); and
- (e) purchasing any Aircraft following an Event of Default, including any costs incurred after purchasing such Aircraft and prior to resale of such Aircraft and the recovery of all other amounts owing hereunder following an Event of Default or the enforcement against the Borrower or any other Obligor of any of the terms thereof (including, without limitation, pursuant to clause 5 of the Mortgage) and including any amounts payable by any Indemnitee pursuant to clause 11.2 of the Step-In Agreement.

8.2 The foregoing indemnity shall not extend to any Expense of any Indemnitee to the extent attributable to one or more of the following:

- (a) acts or omissions involving the willful misconduct or gross negligence of such Indemnitee;
- (b) any Tax, or increase in Tax liability under any Tax law (such matter being subject to the indemnity in Clause 5.3); provided, however, that this clause (b) shall not apply to (A) Taxes which have arisen as a result of or while an Event of Default has occurred and is continuing; (B) Taxes taken into consideration in making any payments on an After-Tax Basis or (C) to any license, documentation, registration or filing fees imposed upon or in connection with the execution, delivery, registration or filing in connection with the Mortgage as otherwise contemplated in the Operative Documents;

- (c) except to the extent attributable to acts or events occurring prior thereto, acts or events (other than acts or events related to the performance by any Obligor of its obligations pursuant to the terms of the Operative Documents) that occur after the Mortgage is required to be terminated in accordance with clause 7.1 of the Mortgage; provided, that nothing in this clause (c) shall be deemed to exclude or limit any claim that any Indemnitee may have under Applicable Law by reason of an Event of Default or for damages from any Obligor for breach of any Obligor's covenants contained in the Operative Documents or to release any Obligor from any of its obligations under the Operative Documents that expressly provide for performance after termination of the Mortgage;
  - (d) to the extent attributable to any transfer by or on behalf of such Indemnitee of any Loan Certificate or interest therein, except for Expenses incurred as a result of any such transfer after an Event of Default, pursuant to the exercise of remedies under any Operative Document;
  - (e) to the extent solely attributable to the incorrectness or breach of any representation or warranty of such Indemnitee or any related Indemnitee contained in or made pursuant to any Operative Document;
  - (f) to the extent solely attributable to the failure by such Indemnitee or any related Indemnitee to perform or observe any agreement, covenant or condition on its part to be performed or observed in any Operative Document;
  - (g) to the extent solely attributable to the offer or sale by such Indemnitee or any related Indemnitee of any interest in the Collateral, the Loan Certificates, or any similar interest in violation of the Securities Act or other applicable federal, state or foreign securities laws (other than any thereof caused by acts or omissions of any Obligor);
  - (h) to the extent attributable to any amount which such Indemnitee expressly agrees with the Borrower to pay or such Indemnitee expressly agrees with the Borrower shall not be paid by or be reimbursed by the Borrower; or
  - (i) for any Lien attributable to such Indemnitee or any related Indemnitee other than any Lien created pursuant to any Operative Document.
- 8.3 For purposes of this Clause 8, a Person shall be considered a "related" Indemnitee with respect to an Indemnitee if such Person is an Affiliate or employer of such Indemnitee, a director, officer, employee, agent, or servant of such Indemnitee or any such Affiliate or a successor or permitted assignee of any of the foregoing.
- 8.4 The Borrower further agrees that any payment or indemnity pursuant to this Clause 8 in respect of any "Expense" shall be on an After-Tax Basis.
- 8.5 If a claim is made against an Indemnitee involving one or more Expenses and such Indemnitee has notice thereof, such Indemnitee shall after receiving such notice give notice of such claim to the Borrower; provided that the failure to provide such notice shall not release the Borrower from any of its obligations to indemnify hereunder except to the

extent that the Borrower is prejudiced as a result of the failure to give such notice, and no payment by the Borrower to an Indemnitee pursuant to this Clause 8 shall be deemed to constitute a waiver or release of any right or remedy which the Borrower may have against such Indemnitee for any actual damages as a result of the failure by such Indemnitee to give the Borrower such notice.

- 8.6 Notwithstanding any other provision of this Clause 8 to the contrary, in the case of any Expense indemnified by the Borrower hereunder which is covered by a policy of insurance maintained by the Borrower, it shall be a condition of such indemnity with respect to any particular Indemnitee that such Indemnitee shall cooperate (at no cost or liability to itself, and (if so requested) subject to being indemnified by the Borrower with respect to any liabilities it may incur as a result of an insurer's investigation, defense or compromise) with the insurers in the exercise of their rights to investigate, defend or compromise such claim as may be required to retain the benefits of such insurance with respect to such claim.
- 8.7 To the extent of any payment of any Expense pursuant to this Clause 8, the Borrower, without any further action, shall be subrogated to any claims the Indemnitee may have relating thereto. The Indemnitee agrees to give such further assurances or agreements and to cooperate with the Borrower to permit the Borrower to pursue such claims, if any, to the extent reasonably requested by the Borrower (at no cost or liability to itself, and (if so requested) subject to being indemnified with respect to the Borrower's pursuit of such claims.
- 8.8 In the event that the Borrower shall have paid an amount to an Indemnitee pursuant to this Clause 8, and such Indemnitee subsequently shall be reimbursed in respect of such indemnified amount from any other Person, such Indemnitee shall promptly pay the Borrower the amount of such reimbursement, including interest received attributable thereto (but net of costs, if any, of recovery of such amounts), provided that no Default or Event of Default has occurred and is continuing.
- 8.9 The Borrower will pay to each Indemnitee on demand, to the extent permitted by Applicable Law, interest on any amount of indemnity not paid when due pursuant to this Clause 8 until the same shall be paid, at the Past Due Rate.

9. **INDEMNITY TO THE FACILITY AGENT**

The Borrower shall promptly indemnify the Facility Agent against any actual cost, loss or liability incurred by the Facility Agent as a result of investigating any event which it reasonably believes is an Event of Default and upon such investigation such event transpires to be a Default or an Event of Default other than any cost, loss or liability resulting from the Facility Agent willful misconduct or gross negligence.

10. **COVENANTS OF THE BORROWER.**

The Borrower hereby covenants for the benefit of all Lenders, as follows:

- 10.1 **Transfer:** Except as expressly contemplated by the Operative Documents the Borrower shall not (and the Borrower shall procure that each other Obligor shall not) directly or indirectly assign, convey or otherwise transfer any of its right, title or interest in and to the Collateral or this Agreement or any of the other Operative Documents.

- 10.2 **Taxes and Adequate Records:** The Borrower will (and will procure that each other Obligor will):
- (a) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained;
  - (b) (other than in respect of itself) keep adequate records and books of account, in which complete entries will be made in accordance with generally accepted accounting principles consistently applied; and
  - (c) permit representatives of any Lender, the Facility Agent or the Security Trustee, during normal business hours and upon reasonable prior notice, to examine, copy and make extracts from its books and records and to discuss its business and affairs with its officers, all to the extent reasonably requested by such Lender, the Facility Agent or the Security Trustee (as the case may be).
- 10.3 **Special Purpose:** The Borrower will not:
- (a) have any employees earning compensation;
  - (b) except for the Loans and Line of Credit Borrowings and as expressly contemplated by the Operative Documents, incur or contract to incur any indebtedness;
  - (c) engage in any activity other than the execution, delivery and performance of the Operative Documents to which it is a party and activities incidental thereto, as well as ordinary corporate housekeeping activities;
  - (d) except as required to perform its obligation under the Operative Documents to which it is a party, make or agree to make any capital expenditure;
  - (e) create or own any subsidiary;
  - (f) except as required to perform its obligation under the Operative Documents to which it is a party, make any investments;
  - (g) except as required to perform its obligation under the Operative Documents to which it is a party, declare or make any dividend payment or distribution to its shareholders; or
  - (h) enter into any contracts with, incur any material obligation to, or grant any security interest, pledge or lien to, any third party (excluding any contracts entered into in connection with, any payment or other obligation incurred pursuant to, and any liens granted pursuant to, the Operative Documents).



- 10.4 **Operative Documents:** The Borrower shall ensure that the Servicing Agreement, the Option Agreement and the Subordinated Loan Agreement remain in place and in full force and effect and that neither it nor any other Obligor shall breach any of the terms of any of such documents. The Borrower shall ensure that no amendment, variation, waiver or other change is made to its memorandum and articles of association or other constituent documents, the Servicing Agreement, the Option Agreement or the Subordinated Loan Agreement.
- 10.5 **Assigned Purchase Agreement and Engine Agreements:** The Borrower shall:
- (a) duly perform all of its obligations under the Assigned Purchase Agreement and the Engine Agreements, and take all actions necessary to keep the Assigned Purchase Agreement and the Engine Agreements in full force and effect;
  - (b) promptly upon acquiring actual knowledge of the same, notify the Facility Agent of any material default (whether by the Borrower, Airbus or an Engine Manufacturer) under or cancellation, termination or rescission or purported cancellation, termination or rescission of the Assigned Purchase Agreement or an Engine Agreement specifying in reasonable detail the nature of such default, cancellation, rescission or termination;
  - (c) not, without the Security Trustee's prior written consent, in any way modify, cancel, terminate or amend or consent to the modification, cancellation, termination or amendment of the Assigned Purchase Agreement or an Engine Agreement;
  - (d) not accept delivery of any Aircraft from Airbus before or concurrently repaying to the Lenders all amounts owing in respect of the Loans relating to that Aircraft;
  - (e) not enter into or consent to any change order or other amendment, modification or supplement to the Assigned Purchase Agreement or an Engine Agreement, in relation to the Aircraft, without the written consent and countersignature of the Security Trustee (acting at the unanimous direction of the Lenders) if such change order, amendment, modification or supplement would require the consent of the Security Trustee under the Step-In Agreement or under this Agreement; and
  - (f) provide to the Security Trustee promptly after the execution of the same copies, certified by the Borrower, of all material change orders (other than non charge change orders), amendments, modifications or supplements to the Assigned Purchase Agreement that would require the consent of the Security Trustee under the Step-In Agreement or under this Agreement.
- 10.6 **Leasing or Sale of Aircraft:** The Borrower shall not enter into any binding agreement for the leasing or sale of any Aircraft other than pursuant to the Option Agreement.

- 10.7 **Further Assurances:** The Borrower covenants and agrees with each Agent and the Lenders as follows:
- (a) The Borrower will cause to be done, executed, acknowledged and delivered all further documents and agreements and assurances as reasonably necessary and as any Lender shall reasonably require for accomplishing the purposes of this Agreement and the other Operative Documents;
  - (b) The Borrower, at its expense, will take, or cause to be taken, all actions (including the filing of financing statements under the Uniform Commercial Code in all applicable jurisdictions and perfection in any other jurisdiction in relation to any Operative Document) to (A) cause the security interest granted in respect of the Collateral to at all times be and remain perfected, (B) establish the priority of the Mortgage with respect to the Mortgage Collateral, (C) cause the lien of the Mortgage to at all times be and remain a perfected Lien, (D) establish the priority of the Mortgage; and (E) establish the priority of the share charge with respect to the shares of the Borrower and (F) establish the priority of the Security Trustee's security interest in the Aircraft to the extent possible or feasible prior to delivery (or when manufacturer's serial numbers are available in respect of the Airframe and the Engines are anticipated as being delivered and there is a possibility that such equipment may be delivered by Airbus before the Lenders are repaid the Loans in respect of an Aircraft), including by, subject to the terms of the Step-In Agreement, making filings in respect of one or more of prospective international interests, international interests or associated rights with the International Registry.
  - (c) The Borrower shall pay all reasonable costs and expenses (including costs and disbursements of counsel) incurred by each Agent and the Lenders after the Original Signing Date in connection with (A) any supplements or amendments of the Operative Documents (including, without limitation, any related recording costs) (other than any supplement or amendment associated with the syndication or transfer of the Loan Certificates or the sale of participation interests therein), (B) any Default and any enforcement or collection proceedings resulting therefrom or in connection with the negotiation of any restructuring or "work-out" (whether or not consummated), or (C) the enforcement of this Clause 10.
- 10.8 **Conduct of Business, Maintenance of Existence:** The Borrower shall: (i) engage in business solely for the purpose of fulfilling its obligations under the Operative Documents; (ii) preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of business of the Borrower; provided that the Borrower shall not be required to maintain any such rights, privileges or franchises, if the failure to do so could not reasonably be expected to result in a Material Adverse Effect; and (iii) comply with all contractual obligations and requirements of law, except to the extent that failure to comply therewith could not reasonably be expected to result in a Material Adverse Effect; and comply with the provisions of its Memorandum and Articles of Association.

- 10.9 **Increase in Lender's Net Price:** The Borrower shall not amend the detail specification for an Aircraft or consent to the amendment of the detail specification for an Aircraft, including, without limitation, by issuing an SCN, if such amendment would cause the purchase price of the Aircraft to exceed the Lender's Net Price payable upon a Step-In pursuant to the Step-In Agreement.
- 10.10 **BFE:** the Borrower shall not agree to any change in the specification of BFE to be installed on the Aircraft on or prior to the Delivery Date, which is listed in Schedule VI, if such amendment would result in the cost of the BFE outstanding to be paid on the Delivery Date in respect of such Aircraft to exceed the BFE Budget (as escalated in accordance with the escalation formula set out in Schedule VI).
- 10.11 **Change in Configuration or Specification as a Passenger Carrying Aircraft:** The Borrower shall not alter the configuration or specification of any Aircraft as a commercial passenger carrying aircraft and shall ensure that the Aircraft is at all times required to be delivered by Airbus in the Required Specification.
- 10.12 **Extension of Scheduled Delivery Date:** The Borrower shall not agree to extend the Scheduled Delivery Date of any Aircraft beyond the end of the applicable Scheduled Delivery Month; *provided* that if and to the extent that there is a delay in the delivery of an Aircraft by Airbus arising out of circumstances beyond the control of Frontier Airlines or the Borrower and which Airbus is entitled to impose upon Frontier Airlines or the Borrower without their consent pursuant to the terms of the Assigned Purchase Agreement (including an "Excusable Delay" and a "Non-Excusable Delay" under (and as defined in) the Assigned Purchase Agreement (any such delay, a "**Relevant Delay**")), then the Scheduled Delivery Date for such Aircraft may be delayed by no more than [\*\*\*] from the last day of the Scheduled Delivery Month specified for such Aircraft in Schedule III.
- 10.13 **Liens:** The Borrower will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any of its assets including the Mortgage Collateral or the Slot Collateral except:
- (a) the rights of the Borrower as provided in the Mortgage, the rights of Frontier Airlines as provided in the Slot Security Agreement, the Liens thereof and any other rights existing pursuant to the Operative Documents;
  - (b) Liens arising out of any lease or sublease of, or use or license agreements with respect to, the Slot Collateral to the extent agreed to in the sole discretion of the Majority Lenders;
  - (c) Liens for Taxes of the Borrower and Frontier Airlines either not yet due or being contested in good faith by appropriate proceedings (and for which adequate reserves have been provided in accordance with GAAP), so long as the continuing existence of such Liens during such proceedings do not involve any material risk of the termination, sale, forfeiture or loss of, the Assigned Purchase Agreement, an Engine Agreement or the Slot Collateral;

- (d) Liens arising out of any judgment or award against the Borrower or Frontier Airlines with respect to which an appeal or proceeding for review is being prosecuted diligently and in good faith, so long as such Liens do not result in a material risk of the termination, sale, forfeiture or loss of, the Assigned Purchase Agreement, an Engine Agreement or the Slot Collateral; and
- (e) any other Lien with respect to which the Borrower or Frontier Airlines shall have provided a bond or other security in an amount and under terms reasonably satisfactory to the Security Trustee.

The Borrower will promptly, at its own expense, take (or cause to be taken) such actions as may be necessary duly to discharge any Lien not excepted above if the same shall arise at any time.

10.14 **Amendments, Supplements, Etc.:** Forthwith upon the execution and delivery of any amendment to the Mortgage, if an applicable legal system having jurisdiction over the Borrower or the Mortgage Collateral is in existence that permits for filing and/or recording of the Mortgage and amendments or supplements thereto, the Borrower will cause such amendment to be duly filed and recorded, and maintained of record, in accordance with all Applicable Laws. In addition, the Borrower will promptly and duly execute and deliver to the Security Trustee such further documents and take such further action as the Security Trustee may from time to time reasonably request in order to more effectively carry out the intent and purpose of the Mortgage and establish and protect the rights and remedies created or intended to be created in favor of the Security Trustee under the Mortgage and the other Operative Documents, including, without limitation, if requested by the Security Trustee, at the expense of Borrower, the execution and delivery of supplements or amendments hereto, each in recordable form, in accordance with the laws of such jurisdiction as the Security Trustee may reasonably request.

10.15 **Access to or Furnishing of Information:** The Borrower agrees to furnish to the Facility Agent and to each Lender:

- (a) as soon as available, but not later than [\*\*\*] after the close of each fiscal year of Frontier Holdings occurring after the Original Signing Date, an audited and consolidated balance sheet and related statements of Frontier Holdings and its subsidiaries at and as of the end of such fiscal year, together with an audited and consolidated statement of income for such fiscal year, each of which shall be prepared in accordance with GAAP;
- (b) as soon as available, but not later than [\*\*\*] after the close of (i) each of the first three quarters of each fiscal year of Frontier Holdings and (ii) the fourth fiscal quarter of Frontier Holdings for the fiscal year ended December 31, 2022, an unaudited and consolidated balance sheet of Frontier Holdings and its subsidiaries at and as of the end of such quarter, together with an unaudited and consolidated statement of income for such quarter, each of which shall be prepared in accordance with GAAP;

- (c) as soon as available, but not later than [\*\*\*] after the close of each fiscal year of Frontier Holdings occurring while amounts are outstanding under this Agreement or any Loan Certificate, a certificate of the chief financial officer, Treasurer, any Vice President, or other officer of Frontier Holdings stating that such authorized officer has reviewed the activities of the Borrower and itself and that, to the best of the knowledge of such authorized officer, there exists no Default or Event of Default or event which would require the prepayment of any loans pursuant to Clause 5.9(c), (d) or (e);
- (d) from time to time, notification of any material changes to BFE, optional features or SCNs with respect to any Aircraft, and such other information as the Facility Agent or any Lender may reasonably request;
- (e) promptly after the occurrence thereof and actual knowledge thereof by a responsible officer of the Borrower, notice of any Default or Event of Default;
- (f) promptly after the occurrence thereof, any Aviation Authority required modifications in respect of the Aircraft that the Borrower is aware of, and any optional changes effected in the prior calendar month, that would lead to an increase in the Lender's Net Price; and
- (g) promptly upon receiving notification thereof from Airbus, the Scheduled Delivery Date of an Aircraft.

10.16 **Maintenance of Separate Existence:** The Borrower shall maintain certain policies and procedures relating to its existence as a separate company as follows and shall do all things necessary to maintain their corporate existence separate and distinct from any other Person. The Borrower shall:

- (a) observe all formalities necessary to remain a legal entity separate and distinct from each Guarantor and any other Person;
- (b) maintain its assets and liabilities separate and distinct from those of each Guarantor and any other Person in such a manner that it is not difficult to segregate, identify or ascertain such assets;
- (c) maintain records, books and accounts separate from those of each Guarantor and any other Person (other than as otherwise specified in the Operative Documents);
- (d) pay its obligations in the ordinary course of business as a legal entity separate from each Guarantor and any other Person;
- (e) keep its funds separate and distinct from any funds of each Guarantor and any other Person, and receive, deposit, withdraw and disburse such funds separately from any funds of each Guarantor and any other Person;

- (f) not agree to pay, assume, guarantee or become liable for any debt of, or otherwise pledge its assets for the benefit of, either Guarantor or any other Person except as otherwise permitted under the Operative Documents;
- (g) not hold out that it is a division of either Guarantor or any other Person or that either Guarantor or any other Person is a division of it;
- (h) not induce any third party to rely on the creditworthiness of either Guarantor or any other Person in order that such third party will contract with it (other than the guarantee of the Guarantors in favor of Airbus made in connection with the Assigned Purchase Agreement);
- (i) allocate and charge fairly and reasonably any common overhead shared with either Guarantor or any other Person;
- (j) hold itself out as a separate entity, and correct any known misunderstanding regarding its separate identity;
- (k) conduct business in its own name and ensure that all communications are made solely in its name;
- (l) not acquire the securities of either Guarantor or any Affiliate thereof;
- (m) prepare separate financial statements, if required to prepare such pursuant to Applicable Law, and separate tax returns and pay any Taxes required to be paid under applicable Tax law (provided that each Guarantor and its Affiliates may publish financial statements that consolidate those of such Guarantor and its Affiliates, and subsidiaries of such Guarantor may file consolidated Tax returns with such Guarantor and its Affiliates for Tax purposes provided that so doing does not give rise to any incremental Tax liabilities on the part of the Borrower); and
- (n) not enter into any transaction between itself and either Guarantor or their Affiliates that is more favorable to either such Guarantor or any of their Affiliates than transactions that either such Guarantor and its Affiliates would have been able to enter into at such time on an arm's-length basis with a non-affiliated third party, or vice versa.

For the avoidance of doubt, the Borrower is authorized to engage in any activity or other undertaking expressly required or expressly authorized by the Operative Documents.

- 10.17 **Independent Director:** The Borrower shall have at least one Independent Director whose vote shall be required to take any Material Action with respect to the Borrower (it being understood that this Agreement shall not require the vote of an Independent Director for any other matter other than a Material Action).
- 10.18 **Management and Control; COMI:** Management and control of, and the principal place of business of the Borrower shall be located in the Cayman Islands. The Borrower shall ensure that it does not have a Center of Main Interests (as defined in EU Insolvency Regulations) in the European Union.

10.19 **Subordinated Loan:** The Borrower shall not pay or repay any amount under the Subordinated Loan Agreement while the Secured Obligations remain outstanding provided that upon delivery of an Aircraft and following payment and repayment of principal, interest, breakage costs and the amounts allocable to such Aircraft and all other amounts due and owing under the Mortgage, the Borrower may repay amounts payable under the Subordinated Loan Agreement to the extent of available funds at such time.

10.20 **LTV and Fixed Charge Coverage Ratio:**

(a) In this Clause 10.20 the following capitalized terms have the following meaning

“**Annualized FCCR**” means as of any applicable FCCR Test Date, the ratio of, (a) the sum of (i)(A) in the case of the first FCCR Test Date in 2022, the Consolidated EBITDAR of Frontier Holdings for the fiscal quarter of Frontier Holdings ended December 31, 2021 or (B) in the case of each FCCR Test Date thereafter, the Consolidated EBITDAR of Frontier Holdings for the fiscal quarter immediately preceding such FCCR Test Date for which financial statements were delivered pursuant to Section 10.15(a), and (ii)(A) in the case of the first FCCR Test Date in 2022, [\*\*\*], (B) in the case of the second FCCR Test Date in 2022, the Consolidated EBITDAR of Frontier Holdings for each of the fiscal quarters of Frontier Holdings ended December 31, 2021 and March 31, 2022, (C) in the case of the third FCCR Test Date in 2022, the sum of the Consolidated EBITDAR of Frontier Holdings for each of the fiscal quarters of Frontier Holdings ended December 31, 2021, March 31, 2022 and June 30, 2022, and (D) thereafter, the sum of the Consolidated EBITDAR of Frontier Holdings for each of the three fiscal quarters of Frontier Holdings immediately preceding the applicable fiscal quarter referred to in clause (a)(i)(B), to (b)(i)(A) in the case of the first FCCR Test Date in 2022, the Fixed Charges of Frontier Holdings for the fiscal quarter of Frontier Holdings ended December 31, 2021 or (B) in the case of each FCCR Test Date thereafter, the Fixed Charges of Frontier Holdings for the fiscal quarter of Frontier Holdings immediately preceding such FCCR Test Date for which financial statements were delivered pursuant to Section 10.15(a) and (ii)(A), in the case of the first FCCR Test Date in 2022, [\*\*\*], (B) in the case of the second FCCR Test Date in 2022, the Fixed Charges of Frontier Holdings for each of the fiscal quarters of Frontier Holdings ended December 31, 2021 and March 31, 2022, (C) in the case of the third FCCR Test Date in 2022, the sum of the Fixed Charges of Frontier Holdings for each of the fiscal quarters of Frontier Holdings ended December 31, 2021, March 31, 2022 and June 30, 2022 and (D) thereafter, the sum of the Fixed Charges of Frontier Holdings for each of the three fiscal quarters of Frontier Holdings immediately preceding the applicable fiscal quarter referred to in clause (b)(i)(B); *provided*, in each case that amortization and settlements of warrants of Frontier Group Holdings, Inc. to the US Treasury Department shall be excluded from each determination.

“**LTV**” means as of any applicable LTV Test Date for an Aircraft or the Aircraft Pool, the percentage equivalent of a fraction determined by the formula of  $AP - (PPI - LA - AEC) / BV$  where:

- (i) “**AP**” means the Assignable Price of such Aircraft or the sum of the Assignable Prices of all Aircraft in the Aircraft Pool;
- (ii) “**PPI**” means an amount equal to the aggregate of all Purchase Price Installments paid to Airbus as of the applicable LTV Test Date in respect of such Aircraft or the sum of the Purchase Price Installments paid to Airbus as of the applicable LTV Test Date in respect of all Aircraft in the Aircraft Pool;
- (iii) “**LA**” means the aggregate amount of all Loans made in respect of such Aircraft, as of the applicable LTV Test Date (if any) or the sum of the Loans made in respect of all Aircraft in the Aircraft Pool, as of the applicable LTV Test Date;
- (iv) “**AEC**” means the engine credits assigned to the Security Trustee pursuant to the Mortgage in respect of the Engines relating to such Aircraft or the sum of the engine credits assigned to the Security Trustee pursuant to the Mortgage in respect of the Engines relating to all Aircraft in the Aircraft Pool; and
- (v) “**BV**” means the Base Value of such Aircraft, as stated in the Aircraft Appraisal prepared in respect of such LTV Test Date or the sum of the Base Values of all Aircraft in the Aircraft Pool, as stated in the Aircraft Appraisal for each Aircraft prepared in respect of such LTV Test Date.

“**Maximum LTV**” means on any LTV Test Date, [\*\*\*].

- (b) The Borrower shall ensure that as of each LTV Test Date, with respect to an Aircraft or the Aircraft Pool (as the case may be), the LTV in respect of each applicable Aircraft or the Aircraft Pool (as the case may be) in respect of which a Loan is outstanding does not exceed an amount equal to the Maximum LTV for such Aircraft or the Aircraft Pool (as the case may be) (the “**LTV Test**”) provided that the Borrower shall not be deemed to have breached the LTV Test if it is in compliance with its obligation set forth in Clause (c) below.
- (c) In the event of an LTV Test failure, the Borrower shall, within [\*\*\*] of the LTV Test Date on which such failure occurred either:
  - (i) prepay the applicable Loans in accordance with Clause 5.9(b); or
  - (ii) pay to the Security Trustee cash, or provide such other Cash Equivalent collateral in such form as the Facility Agent in its sole discretion agrees, (“**LTV Collateral**”) in an amount, or with a value, equal to that which if applied to prepay the Loan or Loans relating to the Aircraft in respect of



which the failure of the LTV Test has occurred, would reduce the principal outstanding thereto in order that a failure of the LTV Test would not occur if it were calculated following such prepayment. Upon provision LTV Collateral in the amount required pursuant to this Clause (ii) or prepayment of the applicable Loan(s) in accordance with Clause (i) above, the relevant failure of the LTV Test shall not constitute a Default.

- (d) Except as expressly specified in this Clause 10.20(d), the Borrower shall have no entitlement to receive payment of any part of the LTV Collateral. Following the provision by the Borrower of any LTV Collateral, the Security Trustee shall, if the Borrower is in compliance with the LTV Test as of any LTV Test Date following provision of any LTV Collateral and provided no Default is continuing, within [\*\*\*] after such LTV Test Date, release to the Borrower (at the request and cost of the Borrower), by way of release of such LTV Collateral from the related Eligible Account, an amount or value equal to that by which the amount or value of LTV Collateral provided by the Borrower exceeds the amount or value required in order to not be in any breach of the LTV Test as of such LTV Test Date.
- (e) The Borrower agrees that any LTV Collateral shall be deposited in an Eligible Account.
- (f) Following the occurrence of an Event of Default which is continuing, in addition to all rights and remedies of the Security Trustee elsewhere in this Agreement or under Law or pursuant to any Operative Document, the Security Trustee may immediately or at any time thereafter, without notice to the Borrower, use, enforce, apply and/or retain all or part of the LTV Collateral in or towards the payment or discharge of any matured obligation owed by the Borrower under this Agreement or any other Operative Documents, in such order as the Security Trustee sees fit.
- (g) If the Security Trustee exercises any of the rights described in Clause (f) above and the LTV in respect of any Aircraft or the Aircraft Pool (as the case may be) exceeds the Maximum LTV in respect of such Aircraft or the Aircraft Pool (as the case may be) after such exercise, the Borrower shall, within [\*\*\*] of demand in writing from the Security Trustee, perform one of the options in (c) to the extent necessary for the LTV Test.
- (h) The Borrower shall notify the Facility Agent promptly if Frontier Holdings' Unrestricted Cash and Cash Equivalents have at any time fallen below the threshold required by clause 9(f) of the Frontier Holdings Guarantee at such time.

10.21 **Equity Contribution:** The Borrower shall pay an amount equal to each Equity Contribution in respect of an Aircraft to Airbus on or before the Borrowing Date to which such Equity Contribution corresponds as set out in Schedule III; provided that, if, on any Borrowing Date, the aggregate of the future Equity Contributions as set forth in Schedule III and the available undrawn Commitment is not sufficient to satisfy all future Advances payable under the terms of the Assigned Purchase Agreement, such shortfall shall be paid by the Borrower.

11. **THE FACILITY AGENT**

The provisions of Schedule IV (*Facility Agent*) shall apply to this Agreement.

12. **THE SECURITY TRUSTEE**

The provisions of Schedule V (*The Security Trustee*) shall apply to this Agreement.

13. **CONDUCT OF BUSINESS BY THE FINANCE PARTIES**

13.1 No provision of this Agreement or any other Operative Document will:

13.1.1 interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

13.1.2 without limiting the obligations of the Finance Parties to mitigate or otherwise take actions contained in this Agreement, oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it in respect of Tax or to investigate the extent, order and manner of any such claim; or

13.1.3 oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or, except as otherwise required by Clauses 5.3 and 5.11, any computations in respect of Tax.

14. **SUPPLEMENTS AND AMENDMENTS TO THIS AGREEMENT AND OTHER DOCUMENTS**

14.1 **Instructions of Majority; Limitations**

- (a) At any time and from time to time, at the request of the Borrower, the Facility Agent (but only on the written direction of the Majority Lenders) shall (x) execute a supplement hereto for the purpose of adding provisions to, or changing or eliminating provisions of, this Agreement or any other Operative Document as specified in such request or (y) provide a consent when required by the terms of any Operative Document, provided that, except as permitted in Clause 14.4, without the consent of each Lender adversely affected thereby, no such amendment of or supplement to any such document, or waiver or modification of the terms of any thereof, shall:
- (i) modify any of the provisions of this Clause 14.1 or the definitions of the terms, "Majority Lenders" or "Operative Documents", contained herein or in any other Operative Document;
  - (ii) increase the principal amount of any Loan Certificate or reduce the amount or extend the time of payment of any amount owing or payable under any Loan Certificate or (except as provided in the Operative Documents) increase or reduce the Break Amount or interest payable on any Loan Certificate (except that only the consent of the Lender shall be required for any decrease in any amounts of or the rate of Break Amount or interest payable on such Loan Certificate or any extension for the time of payment of any amount payable under such Loan Certificate);

- (iii) reduce, modify or amend any indemnities in favor of any Lender or in favor of or to be paid by the Borrower or alter the definition of "Indemnitee" to exclude any Lender; or
  - (iv) release the Borrower from its obligations in respect of the payment of the principal and interest then outstanding (or other amounts payable therewith) or change any of the circumstances under which any amounts payable pursuant to this Agreement and the other Operative Documents are payable.
- (b) Notwithstanding the foregoing, without the consent of each Lender, no such supplement to this Agreement, the Mortgage or the Share Charge, or waiver or modification of the terms hereof or of any other agreement or document shall expressly permit the creation of any Lien on the Collateral or any part thereof, except as herein expressly permitted, or deprive any Lender of the benefit of the Lien of the Mortgage on the Collateral or the Lien of the Share Charge except in connection with the exercise of remedies under Clause 7 of the Mortgage or under equivalent provisions of the Share Charge.
- (c) Except as provided in this Clause 14.1 or Clause 14.4, the Security Trustee shall not amend, supplement or waive the terms of this Agreement, the Mortgage, the Share Charge or any other Operative Documents.

**14.2 Facility Agent Protected**

If, in the reasonable opinion of the institution acting as the Facility Agent hereunder any document required to be executed pursuant to the terms of Clause 14.1 affects any right, duty, immunity or indemnity with respect to it under this Agreement or any other Operative Document, the Facility Agent may in its reasonable discretion decline to execute such document.

**14.3 Documents Mailed to Lenders**

Promptly after the execution by the Facility Agent of any document entered into pursuant to Clause 14.1, the Facility Agent shall mail, by certified mail, postage prepaid, a conformed copy thereof to each Lender at its address shown on the Certificate Register, but the failure of the Borrower or Facility Agent, to mail such conformed copies shall not impair or affect the validity of such document.

**14.4 Replacement of LIBOR**

If a LIBOR Replacement Event has occurred, any amendment, supplement, modification or waiver of this Agreement or any other Operative Document which relates to:

- (a) providing for the use of a Replacement Benchmark;

- (b) aligning any provision of any Operative Document with the use of that Replacement Benchmark;
- (c) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);
- (d) implementing market conventions applicable to that Replacement Benchmark;
- (e) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or
- (f) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation);

may be made with the consent of the Facility Agent (acting on the instructions of the Majority Lenders and the Borrower. Notwithstanding the foregoing or any provision to the contrary set forth in this Agreement, if the Facility Agent and the Borrower mutually determine that the syndicated loan market has broadly accepted a replacement standard for LIBOR, then the Facility Agent and Borrower may amend this Agreement to adopt such new broadly accepted market standard and to make such other changes as shall be necessary or appropriate in the good faith determination of the Facility Agent and the Borrower in order to implement such new market standard herein and in the other Operative Documents, unless the Majority Lenders deliver a notice within [\*\*\*] of the proposed effective date of such amendment (as notified by the Facility Agent sufficiently in advance) that the Majority Lenders do not accept such amendment.

15. **NOTICES**

- 15.1 All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, or by facsimile or electronic mail, or by prepaid courier service, and shall be effective upon receipt.
- 15.2 Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Clause 15, notices, demands, instructions and other communications in writing shall be given to or made upon the parties hereto at their addresses (or to their facsimile numbers) as follows: (a) if to the Borrower or the Security Trustee, to the addresses specified in clause 7.6 of the Mortgage, (b) if to a Lender or the Facility Agent to the address specified on Schedule I, or (c) if to any subsequent Lender, addressed to such Lender at its address specified in the Certificate Register maintained pursuant to Clause 5.6.

16. **GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL; AGENT FOR SERVICE OF PROCESS.**
- 16.1 THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.
- 16.2 The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and the Borrower irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against another party or its properties in the courts of any jurisdiction.
- 16.3 The Borrower irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in Clause 16.2. The Borrower hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.
- 16.4 Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Clause 15. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.
- 16.5 EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

16.6 The Borrower hereby irrevocably appoints and designates Corporation Service Company (the “**Agent for Service of Process**”), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Borrower agrees that service of process upon such party shall constitute personal service of such process on such person. The Borrower shall maintain the designation and appointment of the Agent for Service of Process at such address until all amounts payable under this Agreement shall have been paid in full. If the Agent for Service of Process shall cease to so act, the Borrower shall immediately designate and shall promptly deliver to the Facility Agent evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

17. **INVOICES AND PAYMENT OF EXPENSES**

Each Agent and the Lenders shall promptly submit to the Borrower copies of invoices of the Transaction Expenses (as defined below) as they are received. The Borrower agrees to pay Transaction Expenses promptly upon receipt of detailed invoices of such Transaction Expenses regardless as to whether or not the Effective Date occurs (except in circumstances where such failure to occur is as a result of the breach by any Lender of its obligations hereunder following satisfaction by the Borrower of the Conditions Precedent set out in Clause 4 (*Conditions*)). For the purposes hereof, “Transaction Expenses” means:

- (a) with respect to the preparation, negotiation, execution and delivery of this Agreement and the payment or anticipated drawing of each Loan and Line of Credit, as applicable, on each Borrowing Date, the reasonable fees, expenses and disbursements of Clifford Chance US LLP, special counsel to the Lenders and the Facility Agent, as well as the reasonable fees and expenses of special Cayman Islands counsel and any counsel to the Security Trustee (subject to any agreed caps);
- (b) all fees, taxes (including license, documentary, stamp, excise and property taxes) and other charges payable in connection with the recording or filing of instruments and financing statements;
- (c) each Agent’s and each Lender’s reasonable out-of-pocket costs and expenses relating to the negotiation and closing of this transaction (with any travel expenses requiring prior notice to the Borrower);
- (d) each Agent’s and each Lender’s reasonable out-of-pocket costs and expenses relating to any release of any Collateral or the delivery of the Aircraft contemplated hereby (including the reasonable fees, expenses and disbursements of legal counsel and with any travel expenses requiring prior notice to the Borrower); and
- (e) each Agent’s and each Lender’s reasonable out-of-pocket costs and expenses relating to any waiver, amendment or modification of the Operative Documents (including (i) the reasonable fees, expenses and disbursements of legal counsel, (ii) any travel expenses requiring prior notice to the Borrower and (iii) for the avoidance of doubt, costs and expenses reasonably incurred by the Facility Agent in responding to, evaluating, negotiating or complying with Clauses 5.14 and 14.4).

18. **CONFIDENTIALITY**

Each of the Lenders and each Agent covenants and agrees to keep confidential, and not to disclose to any third parties, the Operative Documents and all non-public information received by it from the Borrower, Airbus or the Engine Manufacturer pursuant to the Operative Documents or the Assigned Purchase Agreement or an Engine Agreement, if any is so delivered, provided that, to the extent permitted by any applicable confidentiality agreement with Airbus or the Engine Manufacturer, such information may be made available:

- (a) to any transferee or participant (or any prospective transferee or participant) of a Lender's Commitments, Loan, Line of Credit Borrowing or Loan Certificates or the Security Trustee's respective interest in the Collateral, in each case so long as such transferee or participant (or prospective transferee or participant) first executes and delivers to the respective Lender a confidentiality agreement consistent with the foregoing or is otherwise bound by a substantially similar obligation of confidentiality;
- (b) to any Lender's counsel or independent certified public accountants, independent insurance advisors or other agents who agree to hold such information confidential on the terms provided;
- (c) as may be required by Applicable Law or by any statute, court or administrative order or decree or governmental ruling or regulation (or, in the case of any Lender, to any bank examiner or other regulatory personnel); or
- (d) as may be necessary for purposes of enforcement of any Operative Document.

19. **MISCELLANEOUS**

- 19.1 The representations, warranties, indemnities and agreements of the Borrower provided for in this Agreement and each party's obligations under any and all thereof, shall survive the expiration or other termination of this Agreement or any other Operative Document, except as expressly provided herein or therein.
- 19.2 This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified, except by an instrument in writing signed by the party or parties thereto.
- 19.3

- (a) This Agreement shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective successors and permitted assigns including each successive holder of any Loan Certificate(s) issued and delivered pursuant to this Agreement. Each Lender, by its acceptance of its Loan Certificate, agrees to be bound by all of the provisions of this Agreement and the other Operative Documents applicable to a Lender.
- (b) The Borrower may not assign any of its rights or obligations under this Agreement or the other Operative Documents except to the extent expressly provided thereby.
- (c) (i) Each Lender, at no cost to any Obligor, may assign any of its Loans, its Line of Credit Borrowings, its Loan Certificates and its Commitments to any Person with, unless a Default is continuing, the consent of the Borrower and the Guarantors, in each case, such consent not to be unreasonably withheld or delayed; provided that (i) each such assignment by a Lender of its Loans, Line of Credit Borrowings, Loan Certificates and Commitment shall be made in such manner so that the same portion of its Loans, Line of Credit Borrowings, Loan Certificates and Commitment is assigned to the respective assignee; (ii) no assignment shall be permitted if such would result in the Borrower or either Guarantor incurring any increased liability or cost under the Operative Documents as a result of such assignment based on laws in effect as of the date of such arrangement; and (iii) such assignment shall be effected by the execution and delivery by the assignee and assignor of an agreement in the form of the Loan Assignment Agreement attached as Exhibit B hereto. Upon execution and delivery by the assignee to the Borrower, the Facility Agent and the Security Trustee of the Loan Assignment Agreement pursuant to which such assignee agrees to become a "Lender" hereunder (if not already a Lender) having the Commitment and/or Loan or Line of Credit Borrowing amount specified in such instrument, and upon consent thereto by the Borrower and, the Facility Agent, to the extent required above, the assignee shall have, to the extent of such assignment (unless otherwise provided in such assignment with the consent of the Borrower, the Security Trustee and the Facility Agent), the obligations, rights and benefits of a Lender hereunder holding the Commitment and/or Loan and Line of Credit Borrowing (or portions thereof) assigned to it (in addition to the Commitment and, Loan, if any, and Line of Credit Borrowing, if any, theretofore held by such assignee) and the assigning Lender shall, to the extent of such assignment, be released from the Commitment (or portion thereof) so assigned.

(ii) So long as no Default or Event of Default has occurred and is continuing, the Borrower, at its sole cost and expense, may request other financial institutions reasonably acceptable to the Facility Agent (each, an "**Additional Lender**") to provide additional Commitments pursuant to a Facility Increase Amendment (collectively, the "**Additional Commitments**") to be incorporated into this Agreement; provided that in no event shall the aggregate amount of all Loans, Line of Credit Borrowings and Commitments exceed [\*\*\*]. From and after the date of effectiveness of any Facility Increase Amendment, the Commitment of the Initial Lender shall be amended pursuant to the Facility Increase Amendment



and each Additional Lender not previously party hereto shall have the Commitment specified in the Facility Increase Amendment and shall become a party hereto and have the rights and obligations of a Lender under this Agreement and the other Operative Documents. On each Additional Lender Effective Date, the Initial Lender will automatically and without further act assign to each Additional Lender, and each Additional Lender shall automatically and without further act purchase from the Initial Lender, such interests in the Loans, the Line of Credit Borrowings and the Commitment of the Initial Lender such that the principal amount of the Additional Commitment of each Additional Lender will be allocated [\*\*\*] to reduce the Loans, the Line of Credit Borrowings and the Commitment of the Initial Lender and [\*\*\*] to increase the Maximum PDP Loan Amount until the aggregate Loans, Line of Credit Borrowings and Commitment of the Initial Lender has been reduced to [\*\*\*]; provided that the Maximum PDP Loan Amount shall not exceed [\*\*\*]. Any requirements contained in this Agreement in respect of minimum borrowing, pro rata borrowing and pro rata payments shall not apply to the transactions effected pursuant to the immediately preceding sentence.

- (d) Each Lender may sell or agree to sell to one or more other Persons a participation in all or any part of the Loan or Line of Credit Borrowing held by it, or in its Commitments, in which event each purchaser of a participation (a “**Participant**”) shall be entitled to the rights and benefits of the provisions hereof with respect to its participation in such Loan, Line of Credit Borrowing and Commitments as if such Participant were a “Lender” for purposes hereof. In no event shall a Lender that sells a participation agree with the Participant to take or refrain from taking any action hereunder or under any other Operative Document except that such Lender may agree with the Participant that it will not, without the consent of the Participant, agree to (i) increase or extend the term, or extend the time or waive any requirement for the reduction or termination, of such Lender’s Commitment, (ii) extend the date fixed for the payment of regularly scheduled principal or interest on the Loan, Line of Credit Borrowing or any portion of any fee hereunder payable to the Lender, (iii) reduce the amount of any such payment of principal or (iv) reduce the rate at which interest is payable thereon, or any fee hereunder payable to the Lenders, to a level below the portion of such rate or fee which the Participant is entitled to receive.
- (e) In addition to the assignments and participations permitted under the foregoing provisions of this Clause 19.3(b), any Lender may assign and pledge all or any portion of its Loan, its Line of Credit Borrowing and its Loan Certificates to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank provided that neither the Borrower nor either Guarantor would incur an increased liability or cost under the Operative Documents as a result of such arrangement or pledge based on laws in effect at the time of such sale. No such assignment shall release the assigning Lender from its obligations hereunder.
- (f) Notwithstanding the above, a Lender may not assign or transfer all or any portion of its Loan, its Line of Credit Borrowing, Commitment or any Loan Certificate or interest therein (i) in violation of the Securities Act or applicable foreign or state securities laws (ii) prior to the drawdown of the Loans and Line of Credit Borrowings, as applicable.

20. **LIMITATION OF SECURITY TRUSTEE LIABILITY**

It is expressly understood and agreed by the parties that (A) this document is executed and delivered by Bank of Utah, not individually or personally, but solely as Security Trustee, (B) each of the representations, undertakings and agreements herein made on the part of the Security Trustee is made and intended not as personal representations, undertakings and agreements by Bank of Utah, but only in its capacity as Security Trustee for the Facility Agent and the Lenders, (C) nothing herein contained shall be construed as creating any liability on Bank of Utah, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto, and (D) under no circumstances shall Bank of Utah be personally liable for the payment of any indebtedness or expenses of the Lenders or the Facility Agent or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Security Trustee under this Agreement, the Operative Documents or any other related documents excluding, in each case, gross negligence, willful misconduct or simple negligence in the handling of money by the Security Trustee for which it shall be liable in its individual capacity.

21. **LIMITATION ON LIABILITY**

21.1 Notwithstanding anything contained in this Agreement to the contrary, recourse against the Borrower with respect to this Agreement shall be limited to the assets of the Borrower, as they may exist from time to time and each of the Security Trustee, the Facility Agent and the Lenders agree not to seek before any court or Governmental Entity to have any shareholder, director or officer of the Borrower, held liable, in their personal or individual capacities, for any actions or inactions of the Borrower or any obligations or liability of the Borrower under this Agreement other than in the case of gross negligence or willful misconduct.

21.2 Each of the Security Trustee, the Facility Agent and the Lenders agree that with respect to any actions or inactions of the Borrower or any obligations or liability of the Borrower under this Agreement, it shall not commence any case, proceeding, proposal or other action under any existing or future law of any jurisdiction relating to the bankruptcy, insolvency, reorganization, arrangement in the nature of insolvency proceedings, adjustment, winding-up, liquidation, dissolution or analogous relief with respect to the Borrower.

21.3 Nothing in this Clause 21 shall:

21.3.1 be construed to limit the exercise of remedies pursuant to this Agreement in accordance with its terms; or

21.3.2 be construed to waive, release, reduce, modify or otherwise limit the obligations and liabilities of any guarantor of the Borrower's obligations or liabilities hereunder.

21.4 The provisions of this Clause 21 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

**BORROWER**

**VERTICAL HORIZONS, LTD.**, Borrower

By: /s/ Evert Brunekreef  
Name: Evert Brunekreef  
Title: Director

**SECURITY TRUSTEE**

**BANK OF UTAH**, not in its individual capacity but solely as Security Trustee

By: /s/ Joseph H. Pugsley  
Name: Joseph H. Pugsley  
Title: Vice President

By: /s/ Michael Arsenault  
Name: Michael Arsenault  
Title: Vice President

**FACILITY AGENT**

**CITIBANK, N.A.**, as Facility Agent

By: /s/ Joseph Shanahan  
Name: Joseph Shanahan  
Title: Vice President

By: \_\_\_\_\_  
Name:  
Title:

**ARRANGER**

**CITIGROUP GLOBAL MARKETS, INC.**, as Arranger

By: /s/ Scott Debano  
Name: Scott Debano  
Title: Managing Director

By: \_\_\_\_\_  
Name:  
Title:

**LENDER**

**CITIBANK, N.A.**, as Lender

By: /s/ Joseph Shanahan  
Name: Joseph Shanahan  
Title: Vice President

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE I  
NOTICE & ACCOUNT INFORMATION**

**Lender**

Citibank, N.A.  
1615 Brett Road  
Building 111  
New Castle, DE 19720

Attention: [\*\*\*]  
Fax: +# ### ### #####  
Email: ###

With a copy to:

Citibank, N.A.  
388 Greenwich Street, 34th Floor  
New York, NY 10013

Attention: [\*\*\*]  
Fax: +# ### ### #####  
Email: ###

**Facility Agent**

Citibank, N.A.  
1615 Brett Road  
Building 111  
New Castle, DE 19720

Attention: [\*\*\*]  
Fax: +# ### ### #####  
Email: ###

With a copy to:

Citibank, N.A.  
388 Greenwich Street, 34th Floor  
New York, NY 10013

Attention: [\*\*\*]  
Fax: +# ### ### #####  
Email: ###

**Account Details:**

Bank Name: Citibank, N.A.  
ABA: [\*\*\*]  
Account Name: [\*\*\*]  
Account No.: [\*\*\*]  
Reference: [\*\*\*]

**SCHEDULE II  
COMMITMENTS**

Lender	Participation Percentage	Maximum Commitment
Citibank, N.A.	100%	US\$150,000,000

The amounts set forth above are subject to amendment in accordance with Clause 19.3(c)(ii) of the Credit Agreement.

---

**SCHEDULE III  
ADVANCES**

**SCHEDULE IV**  
**THE FACILITY AGENT**

**1. Appointment of the Facility Agent**

- 1.1 Each of the Lenders appoints the Facility Agent to act as its agent under and in connection with the Operative Documents.
- 1.2 Each of the Lenders authorizes the Facility Agent to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under or in connection with the Operative Documents together with any other incidental rights, powers, authorities and discretions.
- 1.3 Unless expressly provided otherwise in the Operative Documents, each of the Lenders shall exercise its rights through the Facility Agent or the Security Trustee.

**2. Duties of the Facility Agent**

- 2.1
  - (a) The Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.
  - (b) Paragraph (a) above shall not apply to any assignment agreement executed pursuant to clause 19.3(b)(i) or (ii).
- 2.2 The Facility Agent shall promptly forward to each of the Lenders a copy of any document or notice which is delivered to the Facility Agent by the Security Trustee.
- 2.3 If the Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Lenders.
- 2.4 The Facility Agent shall promptly notify the Lenders of any Default (in relation to which it has actual knowledge) arising under Clause 4(a) (*Non Payment*) of the Mortgage.
- 2.5 The Facility Agent's duties under the Operative Documents are solely mechanical and administrative in nature.
- 2.6 Except where an Operative Document expressly and specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

**3. No fiduciary duties**

- 3.1 Nothing in this Agreement constitutes the Facility Agent as a trustee or fiduciary of any other Person.



- 3.2 The Facility Agent shall not be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.
4. **Business with the Borrower**
- The Facility Agent may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.
5. **Rights and discretions of the Facility Agent**
- 5.1 The Facility Agent may rely on:
- (a) any representation, notice or document believed by it to be genuine, correct and appropriately authorized; and
  - (b) any statement made by a director, authorized signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- 5.2 The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
- (a) no Default has occurred (unless it has actual knowledge of a Default arising under clause 4(a) (*Non-Payment*) of the Mortgage); and
  - (b) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised.
- 5.3 The Facility Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts **provided that** such engagement shall not cause any additional expense or cost to the Borrower or either Guarantor unless approved in advance in writing by either such Guarantor.
- 5.4 The Facility Agent may act in relation to the Operative Documents through its personnel and agents.
- 5.5 The Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- 5.6 Notwithstanding any other provision of any Operative Document to the contrary, the Facility Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

6. **Majority Lenders' instructions**

- 6.1 Unless a contrary indication appears in an Operative Document, the Facility Agent shall act in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from acting or exercising any right, power, authority or discretion vested in it as Facility Agent) and shall not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with such an instruction of the Majority Lenders.
- 6.2 Unless a contrary indication appears in an Operative Document, any instructions given by the Majority Lenders will be binding on all the Lenders.
- 6.3 The Facility Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- 6.4 In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Facility Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- 6.5 The Facility Agent is not authorized to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Operative Document.

7. **Responsibility for documentation**

The Facility Agent is not (i) responsible for the legality, validity, effectiveness, adequacy or enforceability of any Operative Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Operative Document or (ii) responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by Applicable Law or regulation relating to insider dealing or otherwise, unless the Facility Agent is informed by the Borrower or either Guarantor in writing that specific information being provided to the Facility Agent is non-public information.

8. **Exclusion of liability**

- 8.1 Without limiting sub-clause 8.2, the Facility Agent will not be liable for any action taken by it under or in connection with any Operative Document, unless directly caused by its gross negligence or willful misconduct.
- 8.2 No Party may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against the Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Operative Document and any officer, employee or agent of the Facility Agent may rely on this sub-clause. Any third party referred to in this sub-clause 8.2 may enjoy the benefit of and enforce the terms of this sub-clause 8.2.
- 8.3 The Facility Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Operative Documents to be paid by the Facility Agent if the Facility Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognized clearing or settlement system used by the Facility Agent for that purpose.

8.4 Nothing in this Agreement shall oblige the Facility Agent to carry out any “know your customer” or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Facility Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Facility Agent.

9. **Lenders’ indemnity to the Facility Agent**

Each Lender shall (in proportion to its share of the total Commitments or, if the total Commitments are then zero, to its share of the total Commitments immediately prior to their reduction to zero) indemnify the Facility Agent, within [\*\*\*] of demand, against any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the Facility Agent’s gross negligence or willful misconduct) in acting as Facility Agent under the Operative Documents (unless the Facility Agent has been reimbursed by the Borrower pursuant to an Operative Document).

10. **Resignation of the Facility Agent**

10.1 The Facility Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.

10.2 Alternatively, the Facility Agent may resign with the consent of the Borrower (such consent not to be unreasonably withheld or delayed and **provided that**, such consent shall not be required if there shall have occurred and be continuing an Event of Default) by giving notice to the Lenders, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Facility Agent.

10.3 If the Majority Lenders have not appointed a successor Facility Agent in accordance with sub-clause 10.2 within [\*\*\*] after notice of resignation was given, the Facility Agent (after consultation with the Borrower) may appoint a successor Facility Agent.

10.4 The retiring Facility Agent shall, at its own cost, make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Operative Documents.

10.5 The Facility Agent’s resignation notice shall only take effect upon the appointment of a successor.

10.6 Upon the appointment of a successor, the retiring Facility Agent shall be discharged from any further obligation in respect of the Operative Documents but shall remain entitled to the benefit of this Clause 10. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

10.7 With (prior to the occurrence of an Event of Default that is continuing) the consent of the Borrower (such consent not to be unreasonably withheld or delayed), the Majority Lenders may, by notice to the Facility Agent, require it to resign in accordance with sub-clause 10.2. In this event, the Facility Agent shall resign in accordance with sub-clause 10.2.

11. **Confidentiality**

11.1 In acting as agent for the Lenders, the Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

11.2 If information is received by another division or department of the Facility Agent, it may be treated as confidential to that division or department and the Facility Agent shall not be deemed to have notice of it.

11.3 Notwithstanding any other provision of any Operative Document to the contrary, the Facility Agent is not obliged to disclose to any other person any confidential information or any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

12. **Relationship with the Lenders**

The Facility Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than [\*\*\*] prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

13. **Credit appraisal by the Lenders**

Without affecting the responsibility of the Obligors for information supplied by it or on its behalf in connection with any Operative Document and the transactions contemplated thereby, each Lender confirms to the Facility Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Operative Document including but not limited to:

13.1 the financial condition, status and nature of the Obligors;

13.2 the legality, validity, effectiveness, adequacy or enforceability of any Operative Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document;

13.3 whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Operative Document, the transactions contemplated by the Operative Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document; and

13.4 the adequacy, accuracy and/or completeness of any information provided by any Party or by any other person under or in connection with any Operative Document, the transactions contemplated by the Operative Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document.

14. **Written Directions**

The Borrower shall be entitled to rely on any written direction believed by it (acting reasonably) to be given by the Facility Agent or the Security Trustee, as the case may be, as having been authorized, to the extent required by this Agreement, by all the Finance Parties.

**SCHEDULE V**  
**THE SECURITY TRUSTEE**

**1. Acceptance of Trusts**

The Security Trustee hereby confirms its acceptance of the trusts created under the Mortgage and the other Operative Documents and covenants and agrees to perform and observe all of its covenants and undertakings set forth in this Agreement, the Mortgage and the other Operative Documents, which shall govern the duties and responsibilities of the Security Trustee to the Finance Parties. The parties hereto agree that Bank of Utah, in its capacity as Security Trustee, acts hereunder solely as security trustee as herein provided and not in its individual capacity except as otherwise herein provided.

**2. Duties and Responsibilities of the Security Trustee to the Finance Parties**

2.1 In the event the Security Trustee shall have knowledge of an Event of Default (which shall not have been cured), the Security Trustee shall give prompt written notice of such Event of Default to the Facility Agent. Subject to the provisions of sub-clause 3.3 of this Schedule V, the Security Trustee shall take such action with respect to any Event of Default as the Security Trustee shall be instructed in writing by the Majority Lenders. If the Security Trustee shall not have received instructions as above provided within [\*\*\*] after the mailing of notice of such Event of Default the Security Trustee shall, subject always to instructions received thereafter pursuant to the preceding sentence, take such action, or refrain from taking such action, but shall be under no duty to take or refrain from taking any action, with respect to such Event of Default as it shall determine advisable in the best interests of the Finance Parties and shall use the same degree of care and skill in connection therewith as a prudent person would use under the circumstances in the conduct of his or her own affairs. In the absence of actual knowledge of an officer in the "Corporate Trust Department" or its equivalent of the Security Trustee, the Security Trustee shall not be deemed to have knowledge of an Event Default unless notified in writing of such Event of Default by the Facility Agent.

2.2 Subject to the terms of sub-clauses 2.1 and 2.3(f) of this Schedule V, with respect to the Aircraft and each Operative Document, upon the written instructions at any time and from time to time of the Majority Lenders, the Security Trustee shall take such of the following actions as may be specified in such instructions: (i) give such notice or direction or exercise such right, remedy or power hereunder or under the Operative Documents as shall be specified in such instructions; and (ii) approve as satisfactory to the Security Trustee all matters expressly required by the terms hereof or thereof to be satisfactory to the Security Trustee, it being understood that without the written instructions of the Majority Lenders the Security Trustee shall not approve any such matter as satisfactory to the Security Trustee. The Security Trustee shall execute such documents as may be required under this Agreement or any other Operative Document as may be specified from time to time in written instructions of the Majority Lenders.

- 2.3 No provision of this Agreement shall be construed to relieve the Security Trustee from liability for the Security Trustee's own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct or the Security Trustee's simple negligence in the handling of money, except that:
- (a) the duties and obligations of the Security Trustee shall be determined solely by the express provisions of this Agreement, and the Security Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Security Trustee;
  - (b) in the exercise of good faith, the Security Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Security Trustee and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Security Trustee, the Security Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement or the other Operative Documents;
  - (c) the Security Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of it, unless it shall be proved that the Security Trustee was grossly negligent in ascertaining the pertinent facts;
  - (d) the Security Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without gross negligence (or simple negligence in the handling of money) in accordance with the direction in writing of the Majority Lenders, relating to the time, method and place of conducting any proceeding for any remedy available to the Security Trustee, or exercising any right or power conferred upon the Security Trustee under this Agreement, and shall not be obligated to perform any discretionary act under this Agreement without the instructions in writing of the Majority Lenders;
  - (e) the Security Trustee shall not be under any obligation to exercise any rights or powers or take any other action upon the instructions of the Majority Lenders (including, without limitation, the insuring, taking care of or taking possession of the Aircraft or any Engine), and no provision of this Agreement shall require the Security Trustee to expend or risk its own funds or otherwise incur any financial liability, unless and until the Security Trustee shall have been fully indemnified by any person reasonably acceptable to the Security Trustee against all liability and expense in connection with the exercise of such right or power or the taking of such other action; and
  - (f) the Security Trustee shall have a claim and Lien upon, the Collateral and this Agreement and the Assigned Purchase Agreement prior to the other Finance Parties for any costs or expenses incurred by the Security Trustee acting in accordance with written instructions from Facility Agent and for which the Security Trustee shall not have been reimbursed.

2.4 Promptly upon receipt by the Security Trustee from either Obligor of the financial statements, reports and other documents to be furnished by either Obligor pursuant to this Agreement or pursuant to the other Operative Documents, if any, and of all other notices and documents to be delivered by the Obligors to the Security Trustee pursuant to the other Operative Documents, the Security Trustee shall furnish copies thereof to the Facility Agent, unless such notices and documents have previously been so provided.

3. **Certain Rights of the Security Trustee**

Except as otherwise provided above:

- 3.1 the Security Trustee may rely, and shall be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, trust certificate, guaranty or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;
- 3.2 whenever in the administration of this Agreement the Security Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Security Trustee (unless other evidence be herein specifically prescribed) may, in the exercise of good faith on its part, rely on a certificate of a responsible officer of any Person;
- 3.3 the Security Trustee may consult with counsel, and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in reliance thereon;
- 3.4 the Security Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement; and
- 3.5 in furtherance of any trust created hereby, the other Finance Parties shall provide the Security Trustee with all such further documents as the Security Trustee may reasonably request from time to time, in order to give effect to the trust created hereby.

4. **Application of Debt Service and Other Payment**

To the extent received and subject to Clause 5 (*Funds May Be Held by Security Trustee*) of this Schedule V, the Security Trustee covenants and agrees to apply all payments received by it under this Agreement and the other Operative Documents when and as the same shall be received in the order of priorities specified in Clause 5.4 (*Distribution of Funds Received*) of this Agreement.



5. **Funds May Be Held by Security Trustee**

Any monies, proceeds from any Collateral, until at any time paid to or property held by the Security Trustee as part of the Collateral, paid out by the Security Trustee as herein provided, shall be held by the Security Trustee on deposit in an Eligible Account, and the Security Trustee shall (unless an Event of Default shall have occurred and be continuing) account to the Borrower for interest upon any such monies so held or shall invest such monies in Cash Equivalents.

6. **Security Trustee Not Liable for Delivery Delays or Defects in the Aircraft or Title or any Operative Document; May Perform Duties by Other Finance Parties; Reimbursement of Expenses; Holding of the Operative Documents; Monies Held in Trust**

6.1 Except as otherwise provided in Clause 2 (*Duties and Responsibilities of the Security Trustee*) of this Schedule V above, the Security Trustee shall not be liable to any Person for any delay in the delivery of the Aircraft, or for any default on the part of Airbus or the Borrower, or for any defect in the Aircraft or in the title thereto or any Operative Document, nor shall anything herein be construed as a warranty on the part of the Security Trustee in respect thereof or as a representation on the part of the Security Trustee in respect of the value thereof, or in respect of the title thereto or adequacy thereof, except to the extent provided in sub-clause 6.2 of this Schedule V.

6.2 Except as otherwise provided in Clause 2 of this Schedule V (*Duties and Responsibilities of the Security Trustee*) above, the Security Trustee may perform its powers and duties hereunder by or through such attorneys, agents and servants as it shall appoint, and shall be answerable for only its own acts, gross negligence, willful misconduct (or mere negligence in the handling of money), and not for the default or misconduct of any attorney, agent or servant appointed by it with due care. The Security Trustee shall not be responsible in any way for the recitals herein contained or for the execution or validity of this Agreement or any other Operative Document.

6.3 Subject to any limitations set forth in a Fee Letter, the Security Trustee shall be entitled to receive payment of its reasonable expenses and disbursements hereunder (except expenses and disbursements incurred pursuant to sub-clause 8.1 of this Schedule V but including its expenses and disbursements in connection with the enforcement of its rights as Security Trustee for the relevant Collateral, in enforcing remedies hereunder, under the Agreement or under the other Operative Documents, or in collecting upon, maintaining, refurbishing or preparing for sale any portion of the Collateral) and to receive compensation for all services rendered by it in performing its duties in accordance with the terms of this Agreement. All such fees, expenses and disbursements shall be paid by the Borrower (unless paid by a Guarantor) in accordance with the relevant Fee Letter.

6.4 Any monies or proceeds from any Collateral at any time held by the Security Trustee hereunder or any other Operative Document shall, until paid out by the Security Trustee as herein provided, be held by it in trust as herein provided for the benefit of the Finance Parties.

7. **Successor Security Trustee**

7.1 **Persons Eligible for Appointment as Security Trustee**

There shall at all times be a Security Trustee hereunder, which shall be a banking institution, trust company or corporation having a combined capital and surplus of at least [\*\*\*], and in the case of a corporation, which is authorized under Applicable Law to exercise corporate trust powers and is subject to supervision or examination by federal or state banking authority. If any such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Clause 7.1, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Security Trustee shall cease to be eligible in accordance with the provisions of this Clause 7.1, the Security Trustee shall resign immediately in the manner and with the effect specified in Clause 8 (*Resignation and Removal; Appointment of Successor Security Trustee*) of this Schedule V below.

8. **Resignation and Removal; Appointment of Successor Security Trustee**

8.1 The Security Trustee may at any time resign by giving written notice of resignation to the Facility Agent, with a copy to the Borrower and the Facility Agent shall promptly notify the Lenders thereof. Upon receipt by the Lenders of such written notice of resignation, the Lenders shall promptly appoint a successor agent, by written instrument, which successor shall be reasonably acceptable to the Borrower so long as no Event of Default shall have occurred and be continuing, in which case, one copy of which instrument shall be delivered to the Security Trustee so resigning, one copy to the successor agent and one copy to each of the Finance Parties. If no successor agent shall have been so appointed and have accepted appointment within [\*\*\*] after the giving of such notice of resignation, the resigning agent may petition any court of competent jurisdiction for the appointment of a successor agent, or the Finance Parties may petition any such court for the appointment of a successor agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor agent reasonably acceptable to Facility Agent.

8.2 With the consent of the Borrower (such consent not to be unreasonably withheld or delayed), the Majority Lenders may, by notice to the Security Trustee, require it to resign in accordance with Clause 8.1 of this Schedule V. In this event, the Security Trustee shall resign in accordance with Clause 8.1 of this Schedule V.

8.3 Any resignation or removal of the Security Trustee and appointment of a successor trustee pursuant to any of the provisions of this Clause 8 shall become effective upon acceptance of appointment by the successor trustee as provided in Clause 9 of this Schedule V (*Acceptance of Appointment by Successor Security Trustee*) below.

9. **Acceptance of Appointment by Successor Security Trustee**

Any successor trustee appointed as provided in Clause 8 of this Schedule V (*Resignation and Removal; Appointment of Successor Security Trustee*) above shall execute, acknowledge and deliver to the relevant beneficiaries, and to its predecessor agent an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the title, rights, powers, duties and obligations of its predecessor hereunder and under the Operative Documents to which its predecessor was a party, with like effect as if originally named as the "Security Trustee" herein and therein, and every provision hereof or thereof applicable to the retiring trustee shall apply to such successor trustee with like effect as if such successor trustee had been originally named herein and therein in the place and instead of the Security Trustee; but nevertheless, on the written request of a Finance Party, or of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall transfer and deliver to such successor all monies, if any, the Aircraft, the Collateral, the Operative Documents and other property held by the trustee so ceasing to act, shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act, and shall execute and deliver such instruments of transfer as may be reasonably requested by such successor trustee or required by any Applicable Law. Upon request of any such successor trustee, the relevant beneficiary shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers and recognizing the transfer of title as aforesaid, and shall do and perform any and all acts necessary to establish and maintain the title and rights of the successor trustee in and to the Aircraft, the Collateral, the Operative Documents and other property in the Collateral. Any trustee ceasing to act shall, nevertheless, retain a Security Interest upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Clause 6 of this Schedule V (*Security Trustee Not Liable for Delivery Delays or Defects in the Aircraft or Title or any Operative Document; May Perform Duties by other Finance Parties; Reimbursement of Expenses; Holding of the Operative Documents; Monies held in Trust*). No successor trustee shall accept appointment as provided in this Clause 9 of this Schedule V (*Acceptance of Appointment by Successor Security Trustee*) unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Clause 7.1 of this Schedule V (*Persons Eligible for Appointment as Security Trustee*). Upon acceptance of appointment by a successor trustee as provided in this Clause 9 of this Schedule V such successor trustee shall mail notice of the succession of such trustee hereunder to the Finance Parties.

10. **Merger or Consolidation of Security Trustee**

Any corporation into which the Security Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or conversion or consolidation to which the Security Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Security Trustee, shall be the successor of the Security Trustee hereunder, provided such corporation shall be eligible under the provisions of Clause 7.1 of this Schedule V (*Persons Eligible for Appointment as Security Trustee*), without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

11. **Appointment of Additional and Separate Security Trustees**

If at any time or times the Security Trustee shall deem it necessary or prudent in order to conform to any law of any jurisdiction in which the Aircraft, the Collateral or any Operative Document shall be situated or in which any of the same is expected to be enforced, or the Security Trustee shall be advised by counsel that it is so necessary or prudent in the interest of the beneficiaries or the beneficiaries shall in writing so request the Security Trustee, the Security Trustee shall execute and deliver an agreement supplemental hereto and all other instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons approved by the Security Trustee, the Facility Agent and, while no Default is continuing, the Borrower (such consent not to be unreasonably withheld or delayed) which is a reputable financial institution either to act as additional trustee or trustees of the Aircraft, the Collateral or the Operative Documents, jointly with the Security Trustee originally named herein or any successor or successors, or to act as separate agent or agents of the Aircraft, the Collateral or the Operative Documents, in any such case with such powers as may be provided in such supplemental agreement, and to vest in such bank, trust company or Person as such additional agent or separate agent, as the case may be, any property, title, right or power of the Security Trustee deemed necessary or advisable, subject to the remaining provisions of this sub-clause. The Security Trustee may execute, deliver and perform any deed, conveyance, assignment or other instrument in writing as may be required by any additional agent or separate agent for more fully and certainly vesting in and confirming to it or him any property, title, right or powers which by the terms of such supplemental agreement are expressed to be conveyed or conferred to or upon such additional agent or separate agent. Every additional agent and separate agent hereunder shall, to the extent permitted by law, be appointed and act as and be such, and the Security Trustee and its successors as the Security Trustee shall act as and be such, subject to the following provisions and conditions:

- 11.1 all powers, duties, obligations and rights conferred upon the Security Trustee in respect of the receipt, custody and payment of monies shall be exercised solely by the Security Trustee or its successor as Security Trustee;
- 11.2 all other rights, powers, duties and obligations conferred or imposed upon the Security Trustee shall be conferred or imposed upon and exercised or performed by the Security Trustee or its successor as Security Trustee and such additional agent or agents and separate agent or agents jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Security Trustee or its successor as Security Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Aircraft in any such jurisdiction) shall be exercised and performed by such additional agent or agents or separate agent or agents;
- 11.3 no power hereby given to, or which it is hereby provided may be exercised by, any such additional agent or separate agent shall be exercised hereunder by such additional agent or separate agent except jointly with, or with the consent of, the Security Trustee or its successor as Security Trustee, anything herein contained to the contrary notwithstanding; and

11.4 no agent hereunder shall be personally liable by reason of any act or omission of any other agent hereunder.

If at any time the Security Trustee shall deem it no longer necessary or prudent in order to conform to any such law or shall be advised by such counsel that it is no longer so necessary or prudent in the interest of the Finance Parties then the Facility Agent shall in writing so request the Security Trustee, and the Security Trustee shall execute and deliver all instruments and agreements necessary or proper to remove any additional agent or separate agent. Any additional agent or separate agent may at any time by an instrument in writing constitute the Security Trustee his agent or attorney-in-fact, with full power and authority, to the extent which may be authorized by law, to do all acts and things and exercise all discretion which he is authorized or permitted to do or exercise, for and in his behalf and in his name. In case any such additional agent or separate agent shall die, become incapable of acting, resign or be removed, all the assets, property, rights, powers, trusts, duties and obligations of such additional agent or separate agent, as the case may be, so far as permitted by law, shall vest in and be exercised by the Security Trustee, without the appointment of a new successor to such additional agent or separate agent, unless and until a successor is appointed in the manner hereinbefore provided. Any request, approval or consent in writing by the Security Trustee to any additional agent or separate agent shall be sufficient warrant to such additional agent or separate agent, as the case may be, to take such action as may be so requested, approved or consented to. Each additional agent and separate agent appointed pursuant to this Clause 11 (*Appointment of Additional and Separate Security Trustees*) shall be subject to, and shall have the benefit of, Clause 2 of this Schedule V (*Duties and Responsibilities of the Security Trustee to the Finance Parties*) and Clause 3 of this Schedule V (*Certain Rights of the Security Trustee*).

12. **Dealing with Parties**

The Security Trustee may accept deposits from, lend money to and generally engage in any kind of banking activities or other business with any party to the Operative Documents and any Affiliate of such party.

**SCHEDULE VI**  
**BFE**

[\*\*]

**EXHIBIT A  
FUNDING NOTICE**

\_\_\_\_\_, 20\_\_

Citibank, N.A., Facility Agent

Re: **Predelivery Deposit Payment Financing for Vertical Horizons, Ltd.**

Ladies and Gentlemen:

Reference is hereby made to that certain Sixth Amended and Restated Credit Agreement dated as of December 22, 2020 (the "**Credit Agreement**"; capitalized terms used herein without definition shall have the definitions specified in the Credit Agreement) entered into among Vertical Horizons, Ltd., as borrower (the "**Borrower**"), the institutions listed on Schedule I thereto, as lenders (the "**Lenders**"), Bank of Utah, not in its individual capacity but solely as Security Trustee, and Citibank, N.A., as facility agent.

1. Pursuant to Clause 2.3(a) of the Credit Agreement, Borrower hereby requests a [Loan/Line of Credit Borrowing] in accordance with the following parameters:
  - (1) [In the case of a Loan, Aircraft Number: \_\_\_\_ [\_\_\_\_\_]]
  - (2) Initial Borrowing/Borrowing Date: \_\_\_\_\_
  - (3) [Loan/Line of Credit Borrowing]: \$\_\_\_\_\_
  - (4) [In the case of a Loan, Equity Contribution: \$\_\_\_\_\_]
2. [The Borrower confirms that all Equity Contributions for the Aircraft the subject of this Loan have been made or will be made by the Borrowing Date.]
3. Please distribute the proceeds of the [Loan/Line of Credit Borrowing] as follows: [Insert payment instructions]
4. Borrower hereby confirms that the representations and warranties of the Borrower in clause 7 of the Credit Agreement are true and accurate on the date hereof as though made on the date hereof except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties were true and accurate on and as of such earlier date).

5. In consideration of the Lenders making their funds available on the Borrowing Date specified in this Funding Notice, in the event that the [Loan/Line of Credit Borrowing] does not take place on the Borrowing Date specified in this Funding Notice or in the event the [Loan/Line of Credit Borrowing] takes place on any Delayed Borrowing Date, the Borrower shall compensate the Lenders for their net loss on such funds, including any Break Amounts, by paying the Lenders interest on the aggregate amount thereof (calculated on the basis of a 360-day year and actual days elapsed) at a rate equal to the Lenders' cost of funds plus the Applicable Margin for the period from and including the Borrowing Date specified in this Funding Notice to but excluding the earlier of (x) the Business Day on which the Borrowing Date shall actually occur, (y) the Business Day on which the Borrower shall notify the Lenders that the Borrowing will not occur prior to the Delayed Borrowing Date (if such notice is given prior to [\*\*\*] or if later, until the Business Day subsequent to such notice date), or (z) the Delayed Borrowing Date.

For the purposes of the first Loan under this Funding Notice, the Credit Agreement shall be treated as executed and delivered even if it is yet to be executed and delivered. By signing below the Borrower indemnifies the Lenders against any loss they may incur in respect of the first Loan under this Funding Notice

The terms and provisions of this Funding Notice shall be binding upon and inure to the benefit of the Lenders and the Borrower and their successors and assigns.

THIS FUNDING NOTICE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Very truly yours,

**VERTICAL HORIZONS, LTD.**

By: \_\_\_\_\_

Name:

Title:



**EXHIBIT B**  
**LOAN ASSIGNMENT AGREEMENT**

**LOAN ASSIGNMENT AGREEMENT** dated as of \_\_\_\_\_, \_\_\_\_ between \_\_\_\_\_ (the “**Assignee**”) and \_\_\_\_\_ (the “**Assignor**”) [ \_\_\_\_\_ (the “**Borrower**”) and, \_\_\_\_\_ (the “**Guarantors**”).

**RECITALS**

**WHEREAS**, the Assignor is the holder of the Loan Certificate No. \_\_\_\_ dated as of \_\_\_\_\_, \_\_\_\_ (the “**Assignor’s Loan Certificate**”) issued under the Sixth Amended and Restated Credit Agreement, dated as of December 22, 2020 (the “**Credit Agreement**”) among Vertical Horizons, Ltd. (“**Borrower**”), the Lenders party thereto, Bank of Utah, not in its individual capacity but solely as Security Trustee, and Citibank N.A, as Facility Agent (the “**Facility Agent**”);

**WHEREAS**, the Assignor proposes to assign to the Assignee \$ \_\_\_\_\_ of the \$ \_\_\_\_\_ Assignor’s Loan Certificate and a pro rata portion of all of the rights and obligations of the Assignor under the Credit Agreement and the other Operative Documents (as defined below) in respect thereof, on the terms and subject to the conditions specified herein, and the Assignee proposes to accept the assignment of such rights and obligations from the Assignor on such terms and subject to such conditions;

**NOW, THEREFORE**, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

1. **Definitions**

Unless otherwise defined herein, terms defined in the Credit Agreement are used herein as therein defined.

2. **Assignment**

- (a) On \_\_\_\_\_, \_\_\_\_ (the “**Effective Date**”), and on the terms and subject to the conditions specified herein, the Assignor will sell, assign and transfer to the Assignee, without recourse to or representation, express or implied, by the Assignor (except as expressly specified in Paragraph 5 hereof), a \$ \_\_\_\_\_ portion of the Assignor’s Loan Certificate and a pro rata portion of the rights and obligations of the Assignor under the Credit Agreement and the other Operative Documents in respect thereof (but not with respect to any indemnity or other claim, interest thereon at the Past Due Rate and breakage amounts, if any, accrued and unpaid as of the Effective Date or thereafter payable to the Assignor in respect of the period prior to the Effective Date), and the Assignee shall accept such assignment from the Assignor and assume all of the obligations of the Assignor accruing from and after the Effective Date under the Credit Agreement and the other Operative Documents relating to the Assignor’s Loan Certificate on such terms and subject to such conditions.

- (b) Upon the satisfaction of the conditions specified in Paragraph 4, (A) the Assignee shall, on the Effective Date, succeed to the rights and be obligated to perform the obligations of a Lender under the Credit Agreement and the other Operative Documents, and (B) the Assignor shall be released from its obligations under the Credit Agreement and the other Operative Documents accrued from and after the Effective Date, in each case to the extent such obligations have been assumed by the Assignee.

3. **Payments**

As consideration for the sale, assignment and transfer contemplated in Paragraph 2 hereof, the Assignee shall pay to the Assignor, on the Effective Date, in lawful currency of the United States and in immediately available funds, to the account specified below its signature on the signature pages hereof, an amount equal to \$\_\_\_\_\_.

4. **Conditions**

This Assignment Agreement shall be effective upon the due execution and delivery of this Assignment Agreement by the Assignor and the Assignee and the effectiveness of the assignment contemplated by Paragraph 2 hereof is subject to:

- (a) the receipt by the Assignor of the payment provided for in Paragraph 3;
- (b) the delivery to the Facility Agent of the Assignor's Loan Certificate, duly endorsed for [partial] transfer to the Assignee, together with a request in the form attached hereto as Exhibit A that a new Loan Certificate be issued to the Assignee and Assignor; and
- (c) the notification by the Assignee to the Borrower of its identity and of the country of which the Assignee is a resident for tax purposes.

5. **Representations and Warranties of the Assignor**

The Assignor represents and warrants as follows:

- (a) the Assignor has full power and authority, and has taken all action necessary to execute and deliver this Assignment Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Assignment Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Assignment Agreement, and no governmental authorizations or other authorizations are required in connection therewith;
- (b) the Assignor's interest in the Assignor's Loan Certificate is free and clear of any and all Liens created by or through the Assignor;

- (c) this Assignment Agreement constitutes the legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with its terms; and
- (d) the Assignor has received no written notice of any Default having occurred and continuing on the date of execution hereof.

6. **Representations and Warranties of the Assignee**

The Assignee hereby represents and warrants to the Assignor and Borrower that:

- (a) the Assignee has full power and authority, and has taken all action necessary to execute and deliver this Assignment Agreement and any and all other documents required or permitted to be executed or delivered by it in connection with this Assignment Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Assignment Agreement, and no governmental authorizations or other authorizations are required in connection therewith;
- (b) this Assignment Agreement constitutes the legal, valid and binding obligation of the Assignee, enforceable against the Assignee in accordance with its terms; and
- (c) the Assignee has fully reviewed the terms of the Operative Documents and has independently and without reliance upon the Assignor and based on such information as the Assignee has deemed appropriate, made its own credit analysis and decision to enter into this Assignment Agreement.

7. **Further Assurances**

The Assignor and the Assignee hereby agree to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Assignment Agreement.

8. **Governing Law**

THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

9. **Notices**

All communications between the parties or notices in connection herewith shall be in writing, hand-delivered or sent by ordinary mail or facsimile, addressed as specified on the signature pages hereof. All such communications and notices shall be effective upon receipt.

10. **Binding Effect**

This Assignment Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

---

11. **Integration of Terms**

This Assignment Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and other writings with respect to the subject matter hereof.

12. **Counterparts**

This Assignment Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, taken together, shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the parties have caused this Assignment Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

**[ASSIGNEE]**

By: \_\_\_\_\_

\_\_\_\_\_

Name:

Title:

Address for Notices:

Wire Instructions:

**[ASSIGNOR]**

By: \_\_\_\_\_

\_\_\_\_\_

Name:

Title:

Address for Notices:

Wire Instructions:

**[BORROWER]**

By: \_\_\_\_\_

\_\_\_\_\_

Name:

Title:]

---

**[GUARANTOR]**

By: \_\_\_\_\_

\_\_\_\_\_  
Name:

Title:]

---

**EXHIBIT C**  
**FORM OF STEP-IN AGREEMENT**

---

**EXHIBIT D-1**  
**FORM OF CFM ENGINE AGREEMENT A320NEO**



---

**EXHIBIT D-2**  
**FORM OF IAE ENGINE AGREEMENT A321 NEO**

**EXHIBIT E**  
**FORM OF LOAN CERTIFICATE**

**VERTICAL HORIZONS, LTD.**

**LOAN CERTIFICATE**

No.

New York, New York

Up to \$

[Effective Date]

Vertical Horizons, Ltd. (the "**Borrower**") hereby promises to pay to Citibank, N.A. (the "**Lender**"), or registered transferees, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), or, if less, the aggregate unpaid principal amount of all Loans and Line of Credit Borrowings made by Lender to Borrower pursuant to that certain Sixth Amended and Restated Credit Agreement dated as of December 22, 2020 (the "**Credit Agreement**") among the Borrower, Bank of Utah, not in its individual capacity but solely as security trustee as Security Trustee, and Citibank, N.A., as Facility Agent (the "**Facility Agent**") and certain lenders named therein, payable in full on the final Termination Date, together with interest on the unpaid principal amount hereof from time to time outstanding from and including the Original Signing Date until such principal amount is paid in full. The applicable interest rate for the Loans and Line of Credit Borrowings evidenced by this note can vary in accordance with the definition of "Applicable Rate" in the Credit Agreement. Interest shall accrue with respect to each Interest Period at the Applicable Rate in effect for such Interest Period and shall be payable in arrears on each Interest Payment Date and on the date this Loan Certificate is paid in full. This Loan Certificate shall bear interest at the Past Due Rate on any principal hereof, and, to the extent permitted by Applicable Law, interest and other amounts due hereunder, not paid when due (whether at stated maturity, by acceleration or otherwise), for any period during which the same shall be overdue, payable on demand by the Lender.

Interest shall be payable with respect to the first but not the last day of each Interest Period and shall be payable from (and including) the date of a Loan or Line of Credit Borrowing or the immediately preceding Interest Payment Date, as the case may be, to (and excluding) the next succeeding Interest Payment Date. Interest shall be calculated on the basis of a year of 360 days and actual number of days elapsed. If any sum payable hereunder falls due on a day which is not a Business Day, then such sum shall be payable on the next succeeding Business Day.

Borrower hereby acknowledges and agrees that this note is one of the Loan Certificates referred to in, evidences indebtedness incurred under, and is subject to the terms and provisions of, the Credit Agreement including, without limitation, the repayment in full of the Loans made in respect of an Aircraft upon the Delivery Date of such Aircraft the Line of Credit Borrowing in accordance with Sections 5.2(d) and 5.9(a) of the Credit Agreement. The Credit Agreement, to which reference is hereby explicitly made, sets forth said terms and provisions, including those under which this Loan Certificate may or must be paid prior to its due date or may have its due date accelerated.

All payments of principal, Break Amount, if any, and interest and other amounts to be made to the Lender or under the Credit Agreement and that certain Sixth Amended and Restated Mortgage and Security Agreement dated as of December 22, 2020 (as amended or supplemented from time to time, the "**Mortgage**") among the Borrower, the Facility Agent and the Security Trustee, shall be made in accordance with the terms of the Credit Agreement and the Mortgage.

Principal and interest and other amounts due hereon shall be payable in Dollars in immediately available funds prior to [\*\*\*], on the due date thereof, to the Facility Agent and the Facility Agent shall, subject to the terms and conditions of the Credit Agreement and the Mortgage, remit all such amounts so received by it to the Lender in accordance with the terms of the Credit Agreement and the Mortgage at such account or accounts at such financial institution or institutions situated in New York as the Lender hereof shall have designated to the Facility Agent in writing, in immediately available funds. In the event the Facility Agent shall fail to make any such payment as provided in the immediately foregoing sentence after its receipt of funds at the place and prior to the time specified above, the Facility Agent agrees to compensate the Lender hereof for loss of use of funds in a commercially reasonable manner. All such payments by the Borrower and the Facility Agent shall be made free and clear of and without reduction for or on account of all wire or other like charges.

The Lender, by its acceptance of this Loan Certificate, agrees to be bound by all provisions of the Operative Documents applicable to Lenders and that, except as otherwise expressly provided in the Credit Agreement or the Mortgage, each payment received by the Facility Agent in respect hereof shall be applied, **first** to the payment of interest hereon (as well as any interest on overdue principal and, to the extent permitted by law, interest and other amounts payable hereunder or under the Operative Documents) due and payable hereunder, **second**, to the payment in full of the outstanding principal of this Loan Certificate then due, and **third**, in the manner specified in clause "third" of Clause 5.4(c) of the Credit Agreement; provided that following an Event of Default, all amounts actually received by the Security Trustee in respect of this Loan Certificate shall be applied in accordance with Clause 5.4(e) of the Credit Agreement.

This Loan Certificate is one of the Loan Certificates referred to in, and issued pursuant to, the Credit Agreement and the Mortgage. The Collateral is held by the Security Trustee as security, in part, for the Loan Certificates. Reference is hereby made to the Credit Agreement and the Mortgage for a statement of the rights and obligations of the Lender, and the nature and extent of the security for this Loan Certificate and of the rights and obligations of the other Lenders, and the nature and extent of the security for the other Loan Certificates, as well as for a statement of the terms and conditions of the trusts created by the Mortgage, to all of which terms and conditions in the Credit Agreement and the Mortgage each Lender agrees by its acceptance of this Loan Certificate.

There shall be maintained a Certificate Register for the purpose of registering transfers and exchanges of Loan Certificates at the office of the Facility Agent specified in the Credit Agreement or at the office of any successor Facility agent in the manner provided in clause 5.6 of the Credit Agreement. As provided in the Credit Agreement and the Mortgage and subject to certain limitations specified therein, this Loan Certificate or any interest herein may, subject to the next following paragraph, be assigned or transferred, and the Loan Certificates are exchangeable for a like aggregate original principal amount of Loan Certificates of any authorized denomination, as requested by the Lender surrendering the same.

Prior to the due presentment for registration or transfer of this Loan Certificate, the Borrower and the Facility Agent shall deem and treat the person in whose name this Loan Certificate is registered on the Certificate Register as the absolute owner of this Loan Certificate and the Lender for the purpose of receiving payment of all amounts payable with respect to this Loan Certificate and for all other purposes whether or not this Loan Certificate is overdue, and neither the Borrower nor the Facility Agent shall be affected by notice to the contrary.

This Loan Certificate is subject to prepayment as permitted by clauses 5.9 and 5.10 of the Credit Agreement and to acceleration by the Facility Agent as provided in clause 5 of the Mortgage, and the Lender, by its acceptance of this Loan Certificate, agrees to be bound by said provisions.

Terms defined in the Credit Agreement and in the Mortgage have the same meaning when used in this Loan Certificate.

**THIS LOAN CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

**IN WITNESS WHEREOF**, the Borrower has caused this Loan Certificate to be executed in its corporate name by its officer thereunto duly authorized, as of the date hereof.

**VERTICAL HORIZONS, LTD.**

By: \_\_\_\_\_

\_\_\_\_\_

Name:

Title:

## ANNEX A

## Definitions

For all purposes of the Credit Agreement and the Mortgage and Security Agreement the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined). Any agreement referred to below shall mean such agreement as amended, supplemented and modified from time to time in accordance with the applicable provisions thereof and of the other Operative Documents. Unless otherwise specified, Clause references are to Clauses of the Credit Agreement or the Mortgage.

“**A320neo Aircraft**” means any or all, as the context may require, of Aircraft 77, Aircraft 79, Aircraft 82, Aircraft 83, Aircraft 84, Aircraft 85, Aircraft 86, Aircraft 87, Aircraft 88, Aircraft 89, Aircraft 90, Aircraft 91, Aircraft 92, Aircraft 93, Aircraft 94, Aircraft 95, Aircraft 96, Aircraft 97, Aircraft 98, Aircraft 99, Aircraft 100 and Aircraft 101, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

“**A321neo Aircraft**” means Aircraft 102, Aircraft 103, Aircraft 104, Aircraft 108, Aircraft 109, Aircraft 112, Aircraft 113, Aircraft 114, Aircraft 115, Aircraft 116, Aircraft 117, Aircraft 118, Aircraft 119, Aircraft 120, Aircraft 121, Aircraft 122, Aircraft 123, Aircraft 124, Aircraft 127, Aircraft 128, Aircraft 130, Aircraft 131, Aircraft 133 and Aircraft 134, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

“**A321neo Engine Purchase Agreement**” means the PW1100G-JM Engine Purchase and Support Agreement by and between Frontier Airlines and the Engine Manufacturer for the A321neo Aircraft.

“**Accounts**” means any bank accounts, deposit accounts or other accounts in the name of the Borrower.

“**Additional Aircraft**” means any or all, as the context may require, of Aircraft 119, Aircraft 120, Aircraft 121, Aircraft 127, Aircraft 128, Aircraft 130, Aircraft 131, Aircraft 133 and Aircraft 134, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

“**Additional Commitments**” has the meaning specified in Clause 19.3(c)(ii) of the Credit Agreement.

“**Additional Lender**” has the meaning specified in Clause 19.3(c)(ii) of the Credit Agreement.

“**Additional Lender Effective Date**” has the meaning specified in Clause 19.3(c)(ii) of the Credit Agreement.

“**Administration Agreement**” means the administration agreement between the Borrower and the Agent dated as of December 18, 2014, together with the administrator fee letter dated as of December 18, 2014, to which, *inter alia*, Frontier Airlines is a party.

“**Advance**” means each Purchase Price Installment paid or payable by or on behalf of the Borrower in respect of each Aircraft in accordance with the terms of the Assigned Purchase Agreement which, for each Purchase Price Installment due on or after the Original Signing Date, is in the amount and payable on the date specified in Schedule III to the Credit Agreement.

“**Affiliate**” means, with respect to any Person, any other Person which directly or indirectly controls, is controlled by, or under common control with, such Person. The term “control” means the possession, directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**After-Tax Basis**” means on a basis that any payment to be received or receivable by any Person (the “original payment”) is supplemented by a further payment or payments to such Person so that the sum of all such payments (including the original payment), after deducting the net amount of all Taxes payable by such Person or any of its Affiliates under any law or required by Governmental Entity as a result of the receipt or accrual of such payments (after reduction by the amount of current Taxes saved by such Person as a result of the event or item for which such payments are being made to such Person), is equal to the original payment due to such Person.

“**Agents**” means collectively the “**Security Trustee**” and the “**Facility Agent**” (each an “**Agent**”).

“**Airbus**” means Airbus S.A.S., in its capacity as manufacturer of the Aircraft, and its successors and assigns.

“**Airbus Purchase Agreement**” means, with respect to each Aircraft, the A320neo aircraft purchase agreement dated as of September 30, 2011 between Airbus and Frontier Airlines, as amended and supplemented from time to time (but excluding any letter agreements entered into from time to time in relation thereto), to the extent related to such Aircraft and as the same may be further amended and supplemented from time to time.

“**Aircraft**” means any or all, as the context may require, of each Existing Aircraft and each Additional Aircraft, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

“**Aircraft Pool**” has the meaning given to it in Clause 10.20(a) of the Credit Agreement.

“**Aircraft 77**” means the A320neo aircraft (Airframe 56) as more specifically described in Schedule III to the Credit Agreement on line No. 77 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 79**” means the A320neo aircraft (Airframe 58) as more specifically described in Schedule III to the Credit Agreement on line No. 79 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 82**” means the A320neo aircraft (Airframe 61) as more specifically described in Schedule III to the Credit Agreement on line No. 82 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 83**” means the A320neo aircraft (Airframe 62) as more specifically described in Schedule III to the Credit Agreement on line No. 83 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 84**” means the A320neo aircraft (Airframe 63) as more specifically described in Schedule III to the Credit Agreement on line No. 84 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 85**” means the A320neo aircraft (Airframe 64) as more specifically described in Schedule III to the Credit Agreement on line No. 85 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 86**” means the A320neo aircraft (Airframe 65) as more specifically described in Schedule III to the Credit Agreement on line No. 86 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 87**” means the A320neo aircraft (Airframe 66) as more specifically described in Schedule III to the Credit Agreement on line No. 87 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 88**” means the A320neo aircraft (Airframe 67) as more specifically described in Schedule III to the Credit Agreement on line No. 88 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 89**” means the A320neo aircraft (Airframe 68) as more specifically described in Schedule III to the Credit Agreement on line No. 89 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 90**” means the A320neo aircraft (Airframe 69) as more specifically described in Schedule III to the Credit Agreement on line No. 90 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 91**” means the A320neo aircraft (Airframe 70) as more specifically described in Schedule III to the Credit Agreement on line No. 91 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.



“**Aircraft 92**” means the A320neo aircraft (Airframe 71) as more specifically described in Schedule III to the Credit Agreement on line No. 92 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 93**” means the A320neo aircraft (Airframe 72) as more specifically described in Schedule III to the Credit Agreement on line No. 93 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 94**” means the A320neo aircraft (Airframe 73) as more specifically described in Schedule III to the Credit Agreement on line No. 94 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 95**” means the A320neo aircraft (Airframe 74) as more specifically described in Schedule III to the Credit Agreement on line No. 95 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 96**” means the A320neo aircraft (Airframe 75) as more specifically described in Schedule III to the Credit Agreement on line No. 96 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 97**” means the A320neo aircraft (Airframe 76) as more specifically described in Schedule III to the Credit Agreement on line No. 97 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 98**” means the A320neo aircraft (Airframe 77) as more specifically described in Schedule III to the Credit Agreement on line No. 98 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 99**” means the A320neo aircraft (Airframe 78) as more specifically described in Schedule III to the Credit Agreement on line No. 99 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 100**” means the A320neo aircraft (Airframe 79) as more specifically described in Schedule III to the Credit Agreement on line No. 100 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 101**” means the A320neo aircraft (Airframe 80) as more specifically described in Schedule III to the Credit Agreement on line No. 101 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 102**” means the A321neo aircraft (Airframe 81) as more specifically described in Schedule III to the Credit Agreement on line No. 102 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 103**” means the A321neo aircraft (Airframe 82) as more specifically described in Schedule III to the Credit Agreement on line No. 103 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 104**” means the A321neo aircraft (Airframe 83) as more specifically described in Schedule III to the Credit Agreement on line No. 104 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 108**” means the A321neo aircraft (Airframe 87) as more specifically described in Schedule III to the Credit Agreement on line No. 108 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 109**” means the A321neo aircraft (Airframe 88) as more specifically described in Schedule III to the Credit Agreement on line No. 109 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 112**” means the A321neo aircraft (Airframe 91) as more specifically described in Schedule III to the Credit Agreement on line No. 112 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 113**” means the A321neo aircraft (Airframe 92) as more specifically described in Schedule III to the Credit Agreement on line No. 113 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 114**” means the A321neo aircraft (Airframe 93) as more specifically described in Schedule III to the Credit Agreement on line No. 114 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 115**” means the A321neo aircraft (Airframe 94) as more specifically described in Schedule III to the Credit Agreement on line No. 115 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 116**” means the A321neo aircraft (Airframe 95) as more specifically described in Schedule III to the Credit Agreement on line No. 116 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 117**” means the A321neo aircraft (Airframe 96) as more specifically described in Schedule III to the Credit Agreement on line No. 117 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 118**” means the A321neo aircraft (Airframe 97) as more specifically described in Schedule III to the Credit Agreement on line No. 118 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 119**” means the A321neo aircraft (Airframe 98) as more specifically described in Schedule III to the Credit Agreement on line No. 119 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 120**” means the A321neo aircraft (Airframe 99) as more specifically described in Schedule III to the Credit Agreement on line No. 120 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 121**” means the A321neo aircraft (Airframe 100) as more specifically described in Schedule III to the Credit Agreement on line No. 121 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 122**” means the A321neo aircraft (Airframe 101) as more specifically described in Schedule III to the Credit Agreement on line No. 122 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 123**” means the A321neo aircraft (Airframe 102) as more specifically described in Schedule III to the Credit Agreement on line No. 123 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 124**” means the A321neo aircraft (Airframe 103) as more specifically described in Schedule III to the Credit Agreement on line No. 124 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 127**” means the A321neo aircraft (Airframe 106) as more specifically described in Schedule III to the Credit Agreement on line No. 127 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 128**” means the A321neo aircraft (Airframe 107) as more specifically described in Schedule III to the Credit Agreement on line No. 128 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 130**” means the A321neo aircraft (Airframe 109) as more specifically described in Schedule III to the Credit Agreement on line No. 130 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 131**” means the A321neo aircraft (Airframe 110) as more specifically described in Schedule III to the Credit Agreement on line No. 131 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 133**” means the A321neo aircraft (Airframe 112) as more specifically described in Schedule III to the Credit Agreement on line No. 133 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft 134**” means the A321neo aircraft (Airframe 113) as more specifically described in Schedule III to the Credit Agreement on line No. 134 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

“**Aircraft Appraisal**” means, with respect to an Aircraft, the appraised value of such Aircraft determined by the Facility Agent using valuation information prepared by the Appraisers.

“**Airframe**” means each of thirty-three (33) A320neo aircraft and nineteen (19) A321neo aircraft, as described in Schedule III of the Credit Agreement (excluding the Engines) together with any and all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Date therefor.

“**Amendment No. 2 Signing Date**” means January 14, 2016.

“**Annualized FCCR**” has the meaning specified in Clause 10.20 of the Credit Agreement.

“**Applicable Law**” means all applicable laws, treaties, judgments, decrees, injunctions, writs, conventions actions and orders of any Governmental Entity and all applicable rules, guidelines, regulations, orders, directives, licenses and permits of any Governmental Entity and all applicable interpretations thereof.

“**Applicable Margin**” means [\*\*\*] per annum.

“**Applicable Rate**” means, for any Interest Period, (a) a rate per annum equal to LIBOR for such Interest Period plus the Applicable Margin, (b) if a Market Disruption Event is continuing, the applicable Mismatch Interest Rate plus the Applicable Margin, or (c) if a LIBOR Replacement Event is continuing, the Replacement Benchmark plus the Applicable Margin.

“**Appraisers**” means collectively, Ascend, Oriel and Morten, Beyer and Agnew or any such other independent aircraft appraiser selected by the Facility Agent in its absolute discretion.

“**AR Signing Date**” has the meaning given to it in the first whereas clause of the Credit Agreement.

“**AR No. 2 Signing Date**” has the meaning given to it in the first whereas clause of the Credit Agreement.

“**AR No. 3 Signing Date**” has the meaning given to it in the first whereas clause of the Credit Agreement.

“**AR No. 4 Signing Date**” has the meaning given to it in the first whereas clause of the Credit Agreement.

“**AR No. 5 Signing Date**” has the meaning given to it in the first whereas clause of the Credit Agreement.

“**Assignable Price**” means, in respect of an Aircraft, the “Purchase Price” (as such term is defined in the relevant form of Assigned Airbus Purchase Agreement or Replacement Purchase Agreement, as applicable) of such Aircraft as may be increased from time pursuant to the escalation provisions set out in the Assigned Purchase Agreement and the related Engine Agreement, plus the cost of the BFE in respect of such Aircraft and as may be decreased pursuant to any credit letter or memorandum issued by Airbus in favor of the Initial Lender.

“**Assigned Purchase Agreement**” means the Airbus Purchase Agreement as assigned and transferred to the Borrower and amended and restated in the terms set forth in Schedule 3 to the Assignment and Assumption Agreement.

“**Assignment and Assumption Agreement**” means the Amended and Restated Assignment and Assumption Agreement dated as of March 19, 2020, as amended by the Amendment Agreement dated May 4, 2020, as further amended by the Assignment, Re-Assignment and Amendment Agreement dated as of the Effective Date, and as further amended by the Amendment to Re- Assignment and Assumption Agreement, in each case entered into among Frontier Airlines, the Borrower and Airbus in respect of the assignment, in part, of the Airbus Purchase Agreement to the Borrower in respect of the Aircraft.

“**associated rights**” is defined in the Cape Town Convention.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“**Base Value**” means, with respect to an Aircraft, the lower of the mean and median of the desktop value of such Aircraft made available by each of the Appraisers to reflect the market value of such Aircraft on the applicable LTV Test Date on the assumption that the Aircraft is delivered in the condition required pursuant to the Assigned Purchase Agreement, and in full life condition, on the date that such Base Value is calculated.

“**Basel II**” means the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of the Credit Agreement (but excluding any amendment arising out of Basel III).

“**Basel III**” means the agreements on capital requirements, leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision on December 16, 2010 in the form existing on the date of the Mortgage or any other applicable law or regulation implementing such paper (whether such implementation, application or compliance is by a Governmental Entity, any Lender or holding company of a Lender).

“**BFE Budget**” means, in respect of (a) the A320neo Aircraft, an amount equal to (i) [\*\*\*] in respect of each such Aircraft delivered in 2021 and (ii) [\*\*\*] in respect of each such Aircraft delivered in 2022, in each case made by the Borrower to Airbus in respect of BFE and (b) in respect of the A321neo Aircraft, an amount equal to (i) [\*\*\*] in respect of each such Aircraft delivered in 2022 and (ii) [\*\*\*] in respect of each such Aircraft delivered in 2023, in each case made by the Borrower to Airbus in respect of BFE.

“**Borrower**” means Vertical Horizons, Ltd., a Cayman Islands exempted company, and its successors and permitted assigns.

“**Borrowing Date**” means (a) the Original Signing Date, (b) the AR Signing Date, (c) the Amendment No. 2 Signing Date, (d) the AR No. 2 Signing Date, (e) the AR No. 3 Signing Date, (f) the AR No. 4 Signing Date, (g) the AR No.5 Signing Date, (h) the Initial Borrowing Date, (i) each date on which an Advance is payable in respect of an Aircraft under the Assigned Purchase Agreement as specified in Schedule III to the Credit Agreement and (j) each date on which a Line of Credit is requested by the Borrower.

“**Break Amount**” means (A) where the Applicable Rate is not based on LIBOR, the amount, if any, required to compensate each Lender for any losses, costs or expenses (excluding loss of profit) which it may incur as the result of the prepayment or acceleration (or the failure to make any such prepayment on the date irrevocably scheduled therefor) of any Loan Certificate held by it on a date other than the last day of the then current Interest Period therefor, including, without limitation, losses, costs or expenses incurred in connection with unwinding or liquidating any deposits or funding or financing arrangement with its funding sources, as reasonably determined by such Lender and (B) where the Applicable Rate is based on LIBOR, an amount equal to the excess, if any, of (i) the amount of interest which otherwise would have accrued on the principal amount so prepaid or accelerated to the last day of such Interest Period (the “**Break Period**”) at LIBOR therefor in excess of (ii) the interest component of the amount the affected Lender would have bid in the London interbank market for Dollar deposits of leading banks in amounts comparable to such principal amount and with maturities comparable to the Break Period (as reasonably determined by such Lender).

“**Business Day**” means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in London England and New York City, provided that, if such day relates to the giving of notices or quotes in connection with LIBOR, Business Day shall mean a day on which commercial banks are required or authorized to stay open in London England only.

“**Buyer Furnished Equipment**” or “**BFE**” means those items of equipment which are identified in the specification of an Aircraft in the Assigned Purchase Agreement as being furnished by the “Buyer”.

“**Cape Town Convention**” means the English language version of the Convention on International Interests in Mobile Equipment (the “**Convention**”) and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (the “**Protocol**”), both signed in Cape Town, South Africa on November 16, 2001, together with any protocols, regulations, rules, orders, agreements, instruments, amendments, supplements, revisions or otherwise that have or will be subsequently made in connection with the Convention and/or the Protocol by the “**Supervisory Authority**” (as defined in the Protocol), the “**International Registry**” or “**Registrar**” (as defined in the Convention) or an appropriate “**registry authority**” (as defined in the Protocol) or any other international or national body or authority.

“**Cash Equivalents**” means the following securities (which shall mature within [\*\*\*] of the date of purchase thereof): (a) direct obligations of the U.S. Government; (b) obligations fully guaranteed by the U.S. Government; (c) certificates of deposit issued by, or bankers’ acceptances of, or time deposits or a deposit account with, the Facility Agent or any bank, trust company or national banking association incorporated or doing business under the laws of the United States or any state thereof having a combined capital and surplus and retained earnings of at least [\*\*\*] and having a rating of Aa or better by Moody’s or AA or better by Standard & Poor’s; (d) commercial paper of any issuer doing business under the laws of the United States or one of the states thereof and in each case having a rating assigned to such commercial paper by Standard & Poor’s of at least A-1 or its equivalent or by Moody’s of at least P-1 or its equivalent; or (e) money market funds which are rated at least Aaa by Moody’s, at least AAAm or AAAM-G by Standard and Poor’s or at least AAA by Fitch, Inc., including funds which meet such rating requirements for which the Facility Agent or an Affiliate of the Facility Agent serves as an investment advisor, administer, administrator, shareholder servicing agent and/or custodian or subcustodian.

“**Certificate Register**” has the meaning specified in Clause 5.6 of the Credit Agreement.

“**CFM Engine Agreement A320neo**” means the CFM Engine general terms agreement entered into between CFM International, Inc. and Frontier Airlines for the A320neo Aircraft.

“**Charged Property**” has the meaning given to it in the Share Charge. “**Code**” means the Internal Revenue Code of 1986, as amended.

“**Collateral**” means, collectively, (i) the Mortgage Collateral, (ii) the Charged Property and (iii) the Slot Collateral.

“**Commitment**” has the meaning specified in Clause 2.1 of the Credit Agreement.

“**Commitment Fee**” means [\*\*\*] per annum of the outstanding unutilized Maximum Commitment of each Lender, as cancelled or reduced pursuant to Clause 3.3 of the Credit Agreement.

“**Commitment Termination Date**” means the later of (i) December 31, 2023 and (ii) the Extension Date in the most recent Extension Notice.

“**Consolidated EBITDAR**” means, with respect to Frontier Holdings and its consolidated subsidiaries for any fiscal quarter of Frontier Holdings, the Consolidated Net Income of Frontier Holdings for such period plus, without duplication:

- (1) an amount equal to any extraordinary loss plus any net loss realized by Frontier Holdings or any of its subsidiaries in connection with any disposition of assets, to the extent such losses were deducted in computing such Consolidated Net Income; plus
- (2) provision for taxes based on income or profits of Frontier Holdings and its consolidated subsidiaries, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus
- (3) the Fixed Charges of Frontier Holdings and its consolidated subsidiaries, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; plus
- (4) any foreign currency translation losses (including losses related to currency remeasurements of Financial Indebtedness) of Frontier Holdings and its consolidated subsidiaries for such period, to the extent that such losses were deducted in computing such Consolidated Net Income; plus
- (5) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non cash charges and expenses (excluding any such non cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of Frontier Holdings and its consolidated subsidiaries to the extent that such depreciation, amortization and other non cash charges or expenses were deducted in computing such Consolidated Net Income; plus
- (6) the amortization of debt discount to the extent that such amortization was deducted in computing such Consolidated Net Income; plus
- (7) deductions for grants to any employee of Frontier Holdings and its consolidated subsidiaries of any equity interests during such period to the extent deducted in computing such Consolidated Net Income; plus



- (8) any net loss arising from the sale, exchange or other disposition of capital assets by Frontier Holdings and its consolidated subsidiaries (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities) to the extent such loss was deducted in computing such Consolidated Net Income; plus
- (9) any losses arising under fuel hedging arrangements entered into prior to the Effective Date and any losses actually realized under fuel hedging arrangements entered into after the Effective Date, in each case to the extent deducted in computing such Consolidated Net Income; plus
- (10) proceeds from business interruption insurance for such period, to the extent not already included in computing such Consolidated Net Income; plus
- (11) any expenses and charges that are covered by indemnification or reimbursement provisions in connection with any permitted acquisition, merger, disposition, incurrence of Financial Indebtedness, issuance of equity interests or any investment to the extent (a) actually indemnified or reimbursed and (b) deducted in computing such Consolidated Net Income; plus
- (12) non cash items, other than the accrual of revenue in the ordinary course of business, to the extent such amount increased such Consolidated Net Income; minus
- (13) the sum of (A) income tax credits and (B) interest income included in computing such Consolidated Net Income;

in each case, determined on a consolidated basis in accordance with GAAP.

**“Consolidated Net Income”** means, with respect to Frontier Holdings and its consolidated subsidiaries for any fiscal quarter of Frontier Holdings, the aggregate of the net income (or loss) of Frontier Holdings and its consolidated subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; provided that:

- (1) all (a) extraordinary, nonrecurring, special or unusual gains and losses or income or expenses, including, without limitation, any expenses related to a facilities closing and any reconstruction, recommissioning or reconfiguration of fixed assets for alternate uses; any severance or relocation expenses; executive recruiting costs; restructuring or reorganization costs (whether incurred before or after the effective date of any applicable reorganization plan); curtailments or modifications to pension and post retirement employee benefit plans; (b) any expenses (including, without limitation, transaction costs, integration or transition costs, financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees and related out of pocket expenses), cost savings, costs or charges incurred in connection with any issuance of securities, acquisitions, dispositions, recapitalizations or incurrences or repayments of Financial Indebtedness (in each case whether or not successful) and (c) gains and losses realized in connection with any sale of assets (other than the gains realized with the sale of any aircraft and/or the sale of any engines), the disposition of securities, the early extinguishment of Financial Indebtedness or associated with Hedging Obligations, together with any related provision for taxes on any such gain, will be excluded;

- (2) the net income (but not loss) of any Person that is not Frontier Holdings or a consolidated subsidiary of Frontier Holdings or that is accounted for by the equity method of accounting will be included for such period only to the extent of the amount of dividends or similar distributions paid in cash to Frontier Holdings or a consolidated subsidiary of Frontier Holdings;
- (3) the net income (but not loss) of any subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that subsidiary or its stockholders;
- (4) the cumulative effect of a change in accounting principles on Frontier Holdings and its consolidated subsidiaries will be excluded;
- (5) the effect of non cash gains and losses of Frontier Holdings and its consolidated subsidiaries resulting from Hedging Obligations, including attributable to movement in the mark to market valuation of Hedging Obligations pursuant to Financial Accounting Standards Board Statement No. 133 will be excluded;
- (6) any non cash compensation expense recorded from grants by Frontier Holdings and its consolidated subsidiaries of stock appreciation or similar rights, stock options or other rights to officers, directors or employees, will be excluded;
- (7) the effect on Frontier Holdings and its consolidated subsidiaries of any non cash items resulting from any write up, write down or write off of assets (including intangible assets, goodwill and deferred financing costs) in connection with any acquisition, disposition, merger, consolidation or similar transaction or any other non cash impairment charges incurred subsequent to the Effective Date resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 205—Presentation of Financial Statements, 350—Intangibles—Goodwill and Other, 360—Property, Plant and Equipment and 805—Business Combinations (excluding any such non cash item to the extent that it represents an accrual of or reserve for cash expenditures in any future period except to the extent such item is subsequently reversed), will be excluded;
- (8) any provision for income tax reflected on Frontier Holdings' financial statements for such period will be excluded to the extent such provision exceeds the actual amount of taxes paid in cash during such period by Frontier Holdings and its consolidated subsidiaries; and
- (9) any amortization of deferred charges resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 470-20 Debt With Conversion and Other Options that may be settled in cash upon conversion (including partial cash settlement) will be excluded.

**“Control”** means, with respect to a Person:

- (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
  - (i) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of such Person;
  - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of such Person; and
  - (iii) give directions with respect to the operating and financial policies of such Person which the directors or other equivalent officers of such Person are obliged to comply with,

and

- (b) the holding of more than one-half of the issued share capital of such Person (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

**“Cost of Funds”** means (i) for any “stub” Interest Period described in clause (x) of the definition of “LIBOR”, a percentage per annum that equals the cost of funds of each Lender for such Period (as determined by the Facility Agent from cost-of-funds quotations provided by the Lenders, as certificated thereby), and (ii) with respect to any other Interest Period, a rate per annum equal to the Lender’s cost of funds for such Interest Period determined in accordance with Clause 5.13 of the Credit Agreement and calculated on the basis of a year of 360 days and the actual number of days elapsed.

**“Credit Agreement”** means that certain Sixth Amended and Restated Credit Agreement dated as of December 22, 2020, among the Borrower, the Lenders, the Facility Agent and the Security Trustee, as amended and supplemented from time to time.

**“Deeds of Confirmation”** means (a) that certain Deed of Confirmation dated December 22, 2020, (b) that certain Deed of Confirmation dated March 19, 2020 (c) that certain Deed of Confirmation dated January 29, 2019, (d) that certain Deed of Confirmation dated May 31, 2018, (e) that certain Deed of Confirmation dated December 29, 2017, (f) that certain Deed of Confirmation dated December 16, 2016, (g) that certain Deed of Confirmation dated January 14, 2016, (h) that certain Deed of Confirmation dated August 11, 2015 and (i) any other Deed of Confirmation delivered in connection with an increase in Commitments pursuant to Clause 2.5 of the Credit Agreement, each relating to the Share Charge and each between the Parent and the Security Trustee.

**“Default”** means any event which with the giving of notice or the lapse of time or both if not timely cured or remedied would become an Event of Default pursuant to Clause 4 of the Mortgage.

**“Delivery Date”** means, for any Aircraft, the date on which such Aircraft is to be delivered by Airbus and accepted by Borrower or its permitted assignee under the Assigned Purchase Agreement.

“Dollars”, “Dollar” and “\$” means the lawful currency of the United States of America.

“Effective Date” means the date of the execution and delivery of the Credit Agreement and the satisfaction of the conditions precedent in Clause 4.1 thereof.

“Eligible Account” means an account established by and with an Eligible Institution at the request of the Security Trustee, which institution (a) agrees, by entering into an account control agreement, for all purposes of the New York UCC, including Article 8 thereof, that (i) such account shall be a “securities account” (as defined in Section 8-501 of the New York UCC), (ii) such institution is a “securities intermediary” (as defined in Section 8-102(a)(14) of the New York UCC), (iii) all property (other than cash) credited to such account shall be treated as a “financial asset” (as defined in Section 8-102(9) of the New York UCC), (iv) the Security Trustee shall be the “entitlement holder” (as defined in Section 8-102(7) of the New York UCC) in respect of such account, (v) it will comply with all entitlement orders issued by the Security Trustee to the exclusion of the Borrower, (vi) it will waive or subordinate in favor of the Security Trustee all claims (including without limitation claims by way of security interest, lien, right of set-off or right of recoupment), and (vii) the “securities intermediary jurisdiction” (under Section 8-110(e) of the New York UCC) shall be the State of New York, or (b) otherwise enters into an account control agreement, charge over a bank account or similar document that is satisfactory to the Security Trustee.

“Eligible Institution” means (a) the corporate trust department of a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any U.S. branch of a foreign bank), which has a long-term unsecured debt rating from Moody’s of at least A3 or its equivalent and from Standard & Poor’s of at least A- or its equivalent, or (b) a banking institution in another jurisdiction that is satisfactory to the Security Trustee.

“Engine” means in respect of each Airframe, each of the engines delivered with such Airframe under the Assigned Purchase Agreement.

“Engine Agreement” means, (i) in respect of the A320neo Aircraft, each of (a) the Engine Manufacturer consent agreement dated as of March 19, 2020, (b) the Engine Manufacturer consent agreement dated as of January 29, 2019, (c) the Engine Manufacturer consent agreement dated as of December 16, 2016 and (d) the Engine Manufacturer consent agreement dated as of August 11, 2015, and (ii) in respect of the A321neo Aircraft, (a) the engine benefits agreement dated as of the Effective Date and (b) the engine benefits agreement dated as of September 28, 2020, in each case among, *inter alios*, the applicable Engine Manufacturer, Frontier Airlines and the Security Trustee substantially in the applicable form attached as Exhibit D to the Credit Agreement.

“Engine Manufacturer” means (a) in respect of the A320neo Aircraft, CFM International, Inc., and (b) in respect of the A321neo Aircraft, International Aero Engines, LLC.

“Equity Contribution” means the amount required to be paid by the Borrower to Airbus with respect to an Aircraft on the Applicable Borrowing Date or determined by reference to the table set out in Schedule III to the Credit Agreement.

“Event of Default” has the meaning specified in Clause 4 of the Mortgage.

**“Excluded Taxes”** means, with respect to the Facility Agent, the Security Trustee, any Lender, or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) any Taxes imposed on all or part of the net income, net profits, or net gains (whether worldwide, or only insofar as such income, profits, or gains are considered to arise in or relate to a particular jurisdiction or otherwise) of such Person or any franchise, net worth, or net capital Taxes imposed on such Person, in each such case as a result of such Person being organized in, maintaining its principal place of business or lending office in, or conducting activities unrelated to the transactions contemplated by the Operative Documents in the jurisdiction imposing such Taxes and in each such case other than a sales, use, property, value added, stamp, registration, documentary, goods and services, license, excise, or, except as provided in Clause 5.3(a) of the Credit Agreement withholding Taxes, (b) any Taxes imposed on all or part of the gross income or gross receipts (other than Taxes in the nature of a sales, use, property, value added, stamp, registration, documentary, goods and services, license, excise or, except as provided in Clause 5.3(a) of the Credit Agreement withholding Taxes) of such Person, in each such case as a result of such Person being organized in, or maintaining its principal place of business or lending office in the jurisdiction imposing such Taxes, (c) any Taxes imposed as a result of such Person’s failure to comply with Clause 5.3(d) of the Credit Agreement or (d) any U.S. federal withholding Taxes imposed under FATCA.

**“Existing Aircraft”** means any or all, as the context may require, of Aircraft 77, Aircraft 79, Aircraft 82, Aircraft 83, Aircraft 84, Aircraft 85, Aircraft 86, Aircraft 87, Aircraft 88, Aircraft 89, Aircraft 90, Aircraft 91, Aircraft 92, Aircraft 93, Aircraft 94, Aircraft 95, Aircraft 96, Aircraft 97, Aircraft 98, Aircraft 99, Aircraft 100, Aircraft 101, Aircraft 102, Aircraft 103, Aircraft 104, Aircraft 108, Aircraft 109, Aircraft 112, Aircraft 113, Aircraft 114, Aircraft 115, Aircraft 116, Aircraft 117, Aircraft 118, Aircraft 122, Aircraft 123 and Aircraft 124, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

**“Expense”** or **“Expenses”** means any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and expenses) of whatever kind and nature but excluding Taxes, any amounts that would be included in Break Amounts, and overhead of whatsoever kind and nature.

**“Extension Date”** means [\*\*\*] and if the Lenders give an Extension Notice pursuant to, and in accordance with, Clause 5.2(g) of the Credit Agreement, the anniversary thereof set forth in such Extension Notice.

**“Extension Notice”** means each extension notice delivered by the Lenders to the Borrower pursuant to, and in accordance with Clause 5.2(g) of the Credit Agreement, extending the Commitment Termination Date.

**“Facility Agent”** means Citibank, N.A. in its capacity as Facility Agent under the Credit Agreement and any successor thereto in such capacity.

**“Facility Amount”** means the Maximum PDP Loan Amount as cancelled or changed in accordance with the Credit Agreement.

“**Facility Increase Amendment**” means an amendment and accession agreement in form and substance reasonably acceptable to the Initial Lender, the Facility Agent and the Borrower pursuant to which an Additional Lender becomes a party to the Credit Agreement and agrees to provide an Additional Commitment in accordance with Clause 19.3(c)(ii) of the Credit Agreement and Schedule II to the Credit Agreement is amended to reflect such Additional Lender and Additional Commitment.

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of the Credit Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“**FCCR Test Date**” means (i) the date that is [\*\*\*] following December 31, 2021 and (ii) each date falling [\*\*\*] after the last day of each fiscal quarter or fiscal year, as the case may be, of Frontier Holdings thereafter commencing with the second fiscal quarter of 2022.

“**Fee Letter**” means collectively (i) that certain Letter Agreement dated December 23, 2014 among the Borrower, the Security Trustee and the Facility Agent (ii) that certain Letter Agreement dated August 11, 2015 among the Borrower, the Security Trustee and the Facility Agent, (iii) that certain Letter Agreement dated December 16, 2016 among the Borrower and the Facility Agent, (iv) that certain Letter Agreement dated December 29, 2017 among the Borrower, the Security Trustee and the Facility Agent, (v) that certain Letter Agreement dated May 31, 2018 among the Borrower, the Security Trustee and the Facility Agent, (vi) that certain Letter Agreement dated January 29, 2019 among the Borrower, the Security Trustee and the Facility Agent, and (vii) that certain Letter Agreement dated March 19, 2020 among the Borrower, the Security Trustee and the Facility Agent.

“**Finance Parties**” means together the Lenders, the Facility Agent and the Security Trustee (each a “**Finance Party**”).

“**Financed Amount**” means, with respect to an Aircraft and a Borrowing Date, the amount set out in the column entitled “Financial Amount” and which corresponds to such Aircraft and Borrowing Date, in the table set out in Schedule III to the Credit Agreement.

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease, lease purchase, installment sale, conditional sale, hire purchase or credit sale or other similar arrangement (whether in respect of aircraft, machinery, equipment, land or otherwise) entered into primarily as a method of raising finance or for financing the acquisition of the relevant asset;

- (e) payments under any lease with a term, including optional extension periods, if any, capable of exceeding [\*\*\*] (whether in respect of aircraft, machinery, equipment, land or otherwise) characterized or interpreted as an operating lease in accordance with the relevant accounting standards but either entered into primarily as a method of financing the acquisition of the asset leased or having a termination sum payable upon any termination of such lease;
- (f) any amount raised by receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis) including any bill discounting, factoring or documentary credit facilities;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (i) obligations (whether or not conditional) arising from a commitment to purchase or repurchase shares or securities where such commitment is or was in respect of raising finance;
- (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) through (j) above.

“**Fixed Charges**” means, with respect to Frontier Holdings and its consolidated subsidiaries for any fiscal quarter of Frontier Holdings, the sum, without duplication, of:

- (1) the consolidated interest expense (net of interest income) of Frontier Holdings and its subsidiaries for such period to the extent that such interest expense is payable in cash (and such interest income is receivable in cash); plus
- (2) the interest component of leases that are capitalized in accordance with GAAP of Frontier Holdings and its subsidiaries for such period to the extent that such interest component is related to lease payments payable in cash; plus
- (3) any interest expense actually paid in cash for such period by Frontier Holdings or Frontier Airlines on Financial Indebtedness of another Person that is guaranteed by Frontier Holdings or its subsidiaries or secured by a Lien on assets of Frontier Holdings or its subsidiaries; plus
- (4) the product of (A) all cash dividends accrued on any series of preferred stock of Frontier Holdings or its subsidiaries for such period, other than to Frontier Holdings or a subsidiary of Frontier Holdings, times (B) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of Frontier Holdings and its subsidiaries, as applicable to such portion of dividends, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP; plus

- (5) the aircraft rent expense of Frontier Holdings and its subsidiaries for such period to the extent that such aircraft rent expense is payable in cash,

all as determined on a consolidated basis in accordance with GAAP.

“**Frontier Airlines**” means Frontier Airlines, Inc.

“**Frontier Holdings**” means Frontier Airlines Holdings, Inc.

“**GAAP**” means generally accepted accounting principles, as in effect in the United States of America from time to time.

“**Governmental Entity**” means and includes (a) any national government, political subdivision thereof, or state or local jurisdiction therein, (b) any board, commission, department, division, organ, instrumentality, taxing authority, regulatory body, court or judicial body, central bank or agency of any entity referred to in (a) above, however constituted, and (c) any association, organization or institution (international or otherwise) of which any entity mentioned in (a) or (b) above is a member.

“**Group**” means Frontier Holdings and its subsidiaries at any time.

“**Guarantee**” means each Sixth Amended and Restated Guarantee dated as of the Effective Date and entered into by a Guarantor in favor of the Security Trustee on account of the obligations of the Borrower.

“**Guarantor**” means each of Frontier Airlines and Frontier Holdings.

“**Hedging Obligations**” means, with respect to any Person, all obligations and liabilities of such Person under:

- (a) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (b) other agreements or arrangements designed to manage interest rates or interest rate risk; and

other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, fuel prices or other commodity prices, but excluding (x) clauses in purchase agreements and maintenance agreements pertaining to future prices and (y) fuel purchase agreements and fuel sales that are for physical delivery of the relevant commodity.

“**Indemnified Taxes**” means Taxes other than Excluded Taxes.



“**Indemnitee**” or “**Indemnitees**” means the Security Trustee, the Facility Agent, the Lenders and each of their Affiliates, successors, permitted assigns, directors, officers, and employees.

“**Independent Director**” means a director who at the time of their appointment or at any time when such Person is serving as an Independent Director is not, and has not been for the five (5) years prior to its appointment as an Independent Director, (i) an employee, officer, director, consultant, customer or supplier, or the beneficial owner (directly or indirectly) of the Borrower or either Guarantor; provided, however, that such person may serve as a trustee, director, servicer independent director or manager, independent servicer or non-economic director or in a similar capacity for any other affiliate such Person, or (ii) a spouse of, or Person related to (but not more remote than first cousins), a Person referred to in clause (i) above.

“**Initial Borrowing Date**” means the date on which the first Funding Notice following the Effective Date is given by the Borrower to the Facility Agent in accordance with Clause 2.3(b) of the Credit Agreement.

“**Initial Lender**” means Citibank, N.A.

“**Interest Payment Date**” means the date falling [\*\*\*] after the Original Signing Date and each such date which falls at [\*\*\*] intervals thereafter, *provided* that, if any such date shall not be a Business Day, then the relevant Interest Payment Date shall be the next succeeding Business Day; *provided, further*, that no Interest Payment Date may extend past the Termination Date and the last Interest Payment Date shall be the Termination Date.

“**Interest Period**” means, (1) in respect of a Loan (a) initially, the period commencing on the Original Signing Date or on the date that such Loan is made and ending on the first Interest Payment Date occurring thereafter, and (b) thereafter, the period commencing on the last day of the previous Interest Period and ending on the next Interest Payment Date or, if earlier, the first to occur of the Delivery Date of the Aircraft funded by such Loan and the Termination Date and (2) in respect of a Line of Credit (a) initially, the period commencing on the date that such Line of Credit is made and ending on the first Interest Payment Date occurring thereafter, and (b) thereafter, the period commencing on the last day of the previous Interest Period and ending on the next Interest Payment Date or, if earlier, and the Termination Date.

“**International interest**” is defined in the Cape Town Convention.

“**International Registry**” is defined in the Cape Town Convention.

“**Lender**” means each Lender identified in Schedule I to the Credit Agreement and any assignee or transferee of such Lender.

“**Lender’s Net Price**” means, in respect of an Aircraft, the amount specified in the column headed “Lender’s Net Price” which corresponds to such Aircraft in the table set out in Schedule III to the Credit Agreement which is inclusive of all credits in respect of the Engines to be made available pursuant to the relevant Engine Agreement and subject to escalation from the date hereof in an amount equal to any escalation of the Airframe purchase price or SCN cost in accordance with the Assigned Purchase Agreement, the Engine purchase price as agreed in the relevant Engine Agreement and the BFE Budget in accordance with the Credit Agreement.

“**LIBOR**” means, with respect to any Interest Period, a rate per annum equal to (x) for the first (if for a period of less than one month) Interest Period and for any Interest Period under the last two sentences of Clause 5.2(d) of the Credit Agreement, the rate certified by the Lenders as their Cost of Funds for such period and (y) otherwise, (i) the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) for a period equal or comparable to such Interest Period as of 11:00 A.M. (London time) on the day [\*\*\*] London business days prior to the first day of such Interest Period, or (ii) if the Thomson Reuter’s Screen LIBOR 01 Page or LIBOR 02 Page is not available but no Market Disruption Event or LIBOR Replacement Event exists, the arithmetic mean of the offered rates (rounded upwards to the nearest 1/16th of one percent) as supplied to the Facility Agent at its request quoted by the principal London offices of Citibank, N.A., HSBC Bank plc and Barclays Bank plc (or such other banks as may from time to time be agreed by the Borrower and the Facility Agent) for deposits to leading banks in the London Interbank Market as of 11:00 A.M. (London time) on the day [\*\*\*] London business days prior to the first day of such Interest Period for a period equal or comparable to such Interest Period, and if, in any case, that rate is less than zero, LIBOR shall be deemed to be zero.

“**LIBOR Replacement Event**” means, in relation to LIBOR, the administrator of LIBOR has ceased to provide LIBOR permanently or indefinitely and, at that time, there is no successor administrator to continue to provide LIBOR.

“**Lien**” means any mortgage, pledge, lien, claim, encumbrance, lease, security interest or other lien of any kind on property.

“**Line of Credit**” means the borrowing made by the Borrower on the Borrowing Date in accordance with Clause 4.3 of the Credit Agreement.

“**Liquidity Threshold**” has the meaning given to it in Clause 10.20(a) of the Credit Agreement.

“**Loan**” in respect of any Advance means the borrowing made by the Borrower on the Borrowing Date with respect to such Advance from each Lender.

“**Loan Certificates**” means the loan certificates issued pursuant to Clause 5.2(a) of the Credit Agreement and any such certificates issued in exchange or replacement therefor pursuant to Clause 5.6 or 5.7 of the Credit Agreement.

“**LTV**” has, in respect of an Aircraft, the meaning given to it in Clause 10.20(a) of the Credit Agreement.

“**LTV Collateral**” has the meaning given to it in Clause 10.20(c)(ii) of the Credit Agreement.

“**LTV Test**” has the meaning given to it in Clause 10.20(b) of the Credit Agreement.

“**LTV Test Date**” means each FCCR Test Date on which the FCCR is less than [\*\*\*].

**“Majority Lenders”** means, as of any date of determination, the Lenders of not less than 51% in aggregate outstanding principal amount of all Loan Certificates as of such date. For all purposes of the foregoing definition, in determining as of any date the then aggregate outstanding principal amount of Loan Certificates, there shall be excluded any Loan Certificates, if any, held by the Borrower, either Guarantor or any of their Affiliates (unless such Persons own all Loan Certificates then outstanding).

**“Manuals and Technical Records”** means together, those records, logs, manuals, technical data and other materials and documents relating to each Aircraft, together with any amendments thereto, as shall be delivered pursuant to the Assigned Purchase Agreement.

**“Market Disruption Event”** means, for each Interest Period:

- (a) the Facility Agent (acting on the advice of the Lenders) determines (which determination shall be binding and conclusive on all parties) that, by reason of circumstances affecting the London interbank market or any other applicable financial market generally, adequate and reasonable means do not exist for ascertaining LIBOR for such Interest Period; or
- (b) one or more Lenders collectively holding at least [\*\*\*] of the principal amount of the Loans and Lines of Credit advises the Facility Agent that (by reason of circumstances affecting the London interbank market or any other applicable financial market generally) LIBOR for such Interest Period will not adequately and fairly reflect the cost to such Lender of maintaining or funding its Loan and Line of Credit for such Interest Period;

and, in either case, no LIBOR Replacement Event is continuing.

**“Material Action”** means, with respect to any Person, to consolidate or merge such Person with or into any other Person, or sell all or substantially all of the assets of such Person or to institute proceeding to have such Person be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against such Person or file a petition seeking, or consent to, reorganization or relief with respect to such Person under any applicable federal or state law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of such Person or a substantial part of its property, or make any assignment for the benefit of creditors of such Person, or admit in writing such Person’s inability to pay its debts generally as they become due, or take action in furtherance of any such action, or, to the fullest extent permitted by law, dissolve or liquidate such Person.

**“Material Adverse Effect”** means a material adverse effect on the business, operations, properties or financial condition of the Borrower or either Guarantor, taken as a whole, or a material adverse effect on the ability of the Borrower or the Guarantors to observe or perform its obligations, liabilities and agreements under any Operative Document to which it is a party.

**“Material Event of Default”** means the occurrence of an “Event of Default” or “Termination Event” or such similar event howsoever described pursuant to any agreement in respect of Financial Indebtedness (or any agreement guaranteeing Financial Indebtedness) in an amount equal to at least [\*\*\*] entered into by either Guarantor excluding any such event:

- (a) which is technical and is due to an administrative error; or

(b) which is curable and the applicable Guarantor taking all necessary steps to cure such event and such has not been continuing for more than [\*\*\*] days beyond any grace period provided for in the applicable agreement.

“**Maximum Commitment**” means, in respect of a Lender, such Lender’s Participation Percentage multiplied by the Maximum PDP Loan Amount.

“**Maximum LTV**” has, in respect of an Aircraft the, meaning given to it in Clause 10.20(a) of the Credit Agreement.

“**Maximum PDP Loan Amount**” means, initially, an amount equal to [\*\*\*], as such amount may be increased to an amount not to exceed US\$200,000,000 in accordance with Section 19.3(c)(ii) of the Credit Agreement.

“**Mismatch Interest Rate**” means, for any Interest Period and for any Lender (i) in the case of paragraph (a) of the definition of “Market Disruption Event”, such Lender’s Cost of Funds rate (in lieu of LIBOR) or (ii) in the case of paragraph (b) of the definition of “Market Disruption Event”, a rate of interest equal to the amount by which such Lender’s Cost of Funds rate for such Interest Period exceeds the sum of (x) LIBOR for such Interest Period; plus (y) [\*\*\*], and in each case, calculated on the basis of a year of 360 days and the actual number of days elapsed.

“**Mortgage**” means the Fourth Amended and Restated Mortgage and Security Agreement dated as of the Effective Date, among the Borrower, the Facility Agent and the Security Trustee.

“**Mortgage Collateral**” means the Collateral as defined in the Granting clause of the Mortgage.

“**Obligors**” means each of the Borrower and each Guarantor (each an “**Obligor**”).

“**Operative Documents**” means the Administration Agreement, the Credit Agreement, the Mortgage, the Loan Certificates, the Share Charge, the Guarantees, the Slot Security Agreement, the Assigned Purchase Agreement, the Assignment and Assumption Agreement, the Step-In Agreement, the Engine Agreements, the Option Agreement, the Servicing Agreement, the Subordinated Loan Agreement, any Fee Letter and any amendments or supplements of any of the foregoing.

“**Option Agreement**” means the Option Agreement, dated as of the Original Signing Date, between Frontier Airlines and the Borrower.

“**Original Credit Agreement**” has the meaning specified for such term in the recitals to the Credit Agreement.

“**Original Signing Date**” means December 23, 2014.

“**Parent**” means Intertrust SPV (Cayman) Limited, a Cayman Islands company (as trustee of the Trust.).

“**Part**” means an appliance, component, part, instrument, accessory, furnishing or other equipment of any nature, including Buyer Furnished Equipment and Engines which is installed in, attached to or supplied with an Aircraft on the Delivery Date thereof.

“**Participant**” has the meaning specified in Clause 19.3(d) of the Credit Agreement.

“**Participation Percentage**” means in respect of each Lender, the percentage set forth for such Lender in Schedule II of the Credit Agreement.

“**Party**” means a party to the Credit Agreement.

“**Past Due Rate**” means a per annum rate equal to the Applicable Rate plus [\*\*\*]% calculated on the basis of a year of 360 days and actual number of days elapsed.

“**PDP Funding Date Deficiency**” means, as of any date, any excess of (x) the sum of (i) the Loans then outstanding and (ii) any Financed Amount due to be paid on such date as set forth on Schedule III over (y) the Maximum PDP Loan Amount, after giving effect to any Equity Contribution scheduled to take place on such date and any repayment of the Loans on such date.

“**Permitted Lien**” means any Lien permitted under Clause 10.13 of the Credit Agreement.

“**Person**” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, estate or trust, unincorporated organization or government or any agency or political subdivision thereof.

“**Process Agent Appointment**” means an appointment and acceptance of process agent pursuant to which the Borrower appoints Corporation Service Company as agent for service of process in connection with the transactions contemplated by the Operative Documents.

“**Prospective International Interest**” is defined in the Cape Town Convention.

“**Purchase Price Installment**” has the meaning given to the term Pre-Delivery Payment Amount in the Assigned Purchase Agreement.

“**Regulation D**” means Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

“**Regulatory Change**” means, with respect to any Lender, any change that occurs after the Original Signing Date in Federal, state or foreign law or regulations (including Regulation D) or the adoption or making after such date of any interpretation, directive or request applying to a class of banks or financial institutions including such Lender of or under any Federal, state or foreign law or regulations (whether or not having the force of law and whether or not failure to comply therewith would be unlawful so long as compliance therewith is standard banking practice in the relevant jurisdiction) by any court or governmental or monetary authority charged with the interpretation or administration thereof. For the avoidance of doubt, the coming into effect of any applicable law or regulations, policies, orders, directives or guidelines issued by any governmental body, central bank, monetary authority or other regulatory organization (whether or not having the force of law) with respect to, arising out of, or in connection with (a) Basel II, (b) Basel III or (c) the Dodd Frank Wall Street Reform and Consumer Protection Act shall be deemed a Regulatory Change.

“**Relevant Delay**” has the meaning specified in Clause 10.12 of the Credit Agreement.

“**Relevant Nominating Body**” means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them.

“**Replacement Benchmark**” means a benchmark rate which is:

- (a) formally designated, nominated or recommended as the replacement for LIBOR by
  - (i) the administrator of LIBOR (provided that the market or economic reality that such benchmark rate measures is the same as that measured by LIBOR); or
  - (ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the “Replacement Benchmark” will be the replacement under paragraph (ii) above; or

- (b) in the opinion of the Majority Lenders and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to LIBOR; or
- (c) in the opinion of the Majority Lenders and the Borrower, an appropriate successor to LIBOR.

“**Replacement Purchase Agreement**” means collectively, the Airbus Purchase Agreement as amended and restated in the terms set forth in Schedule 4 to the Step-In Agreement.

“**Required Specification**” means:

- (a) in respect of each A320neo Aircraft, a maximum takeoff weight of [\*\*\*] tonnes and with CFM Leap-X1A engines installed thereon; and
- (b) in respect of the A321neo Aircraft, a maximum takeoff weight of [\*\*\*] tonnes with PW1133GA-JM engines installed thereon.

“**Reserve Requirement**” means, for any Loan Certificate, the average maximum rate at which reserves (including, without limitation, any marginal, supplemental or emergency reserves) are required to be maintained during the Interest Period in respect of such Loan Certificate under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding one billion Dollars against “Eurocurrency liabilities” (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement includes any other reserves required to be maintained by such member banks by reason of any Regulatory Change with respect to (i) any category of liabilities that includes deposits by reference to which LIBOR is to be determined or (ii) any category of extensions of credit or other assets that includes the Loan Certificates.

**“Scheduled Delivery Date”** means, for each Aircraft, the date notified by Airbus to the Borrower provided that such date may not be any later than the last day of the Scheduled Delivery Month in respect of such Aircraft.

**“Scheduled Delivery Month”** means, in respect of an Aircraft, the month which corresponds to such Aircraft in the column entitled “Scheduled Delivery Month” in the table set out in Schedule III to the Credit Agreement.

**“SCN”** means a “Specification Change Notice” as defined in the Aircraft Purchase Agreement.

**“Secured Obligations”** means any and all moneys, liabilities and obligations which are now or at any time hereafter may be expressed to be due, owing or payable by the Borrower, the Parent and each Guarantor to the Lenders and/or any Agent in any currency, actually or contingently, with another or others, as principal or surety, on any account whatsoever under any Operative Document or as a consequence of any breach, non-performance, disclaimer or repudiation by the Borrower, either Guarantor or the Parent (or by a liquidator, receiver, administrative receiver, administrator, or any similar officer in respect of any of them) of any of their obligations to the Lenders and/or any Agent under any Operative Document.

**“Securities Act”** means the Securities Act of 1933, as amended.

**“Security Trustee”** means Bank of Utah, not in its individual capacity but solely as Security Trustee on behalf of the Facility Agent and the Lenders under the Credit Agreement, and any successor thereto in such capacity.

**“Security Trustee Fee Letter”** means the Bank of Utah fee letter dated on or about the Original Signing Date by the Security Trustee.

**“Servicing Agreement”** means the Amended and Restated Servicing Agreement dated as of August 11, 2015, between the Borrower and Frontier Airlines.

**“Share Charge”** means the Share Charge dated the Original Signing Date, among the Parent and the Security Trustee, as confirmed pursuant to each Deed of Confirmation.

**“Slot Collateral”** means the Collateral as defined in the Granting clause of the Slot Security Agreement.

**“Slot Security Agreement”** means the security agreement dated as of December 22, 2020 between Frontier Airlines and the Security Trustee securing the Line of Credit Borrowings.

**“Step-In Event”** has the meaning given to it in the Step-In Agreement.

**“Step-In Agreement”** means the Amended and Restated Step-In Agreement dated as of March 19, 2020, as amended by the Amendment dated as of May 4, 2020, as further amended by the Amendment to Step-In Agreement dated as of the Effective Date, among the Borrower, as assignor, the Security Trustee, as assignee, and Airbus in the form of Exhibit C to the Original Credit Agreement.

“**Subordinated Loan Agreement**” means the Subordinated Loan Agreement, dated as of the Original Signing Date, between Frontier Airlines and the Borrower and the Subordinated Promissory Note dated the Original Signing Date, issued by the Borrower thereunder.

“**Tax**” or “**Taxes**” means any and all present or future fees (including, without limitation, license, documentation and registration fees), taxes (including, without limitation, income, gross receipts, sales, rental, use, turnover, value added, property (tangible and intangible), excise and stamp taxes), licenses, levies, imposts, duties, recording charges or fees, charges, assessments, or withholdings of any nature whatsoever, together with any assessments, penalties, fines, additions to tax and interest thereon.

“**Termination Date**” means the date that is 6 months following the then-current Commitment Termination Date.

“**Transferee**” means any person to whom the Collateral or any of it is transferred in accordance with the terms of the Credit Agreement, the Mortgage or the Step-In Agreement.

“**Trust**” means the Vertical Horizons, Ltd. Charitable Trust.

“**Unrestricted Cash and Cash Equivalents**” means at any date in respect of Frontier Holdings, the sum of (a) the undrawn portion available under any revolving, delayed draw or similar credit facilities, in each case that have a maturity of one (1) year or more from such date, (b) available liquidity and (c) the cash and cash equivalents (in each case, as such terms are defined by GAAP) of Frontier Holdings on a consolidated based, that may be in each case (i) classified as “unrestricted” in accordance with GAAP on the consolidated balance sheets of Frontier Holdings or (ii) classified in accordance with GAAP as “restricted” on the consolidated balance sheets of the Guarantor solely in favor of the Security Trustee and the Lenders, provided that if Frontier Holdings agrees to any more onerous definition pursuant to any financial covenant in any agreement to which it is a party, this definition shall be deemed to be deleted and replaced with such other definition.

“**VAT**” means a consumption tax, value added tax, goods and services tax or similar tax, however it may be described.

“**Withholding Taxes**” means a deduction or withholding for or on account of Tax from a payment under an Operative Document.



VEDDER PRICE

VEDDER PRICE LLP

**Frontier Airlines Holdings, Inc.**  
as Guarantor

and

**Airbus S.A.S.**  
as Beneficiary

**Guarantee**

PDP Step-In Arrangements  
Airbus A320neo Aircraft/ Airbus A321ceo Aircraft  
**Vertical Horizons, Inc.**

**Execution Version**

---

## Contents

1	Definitions and Interpretation	1
2	Guarantee and Indemnity	3
3	Preservation of Rights	3
4	Representations and Warranties	5
5	Covenants	5
6	Continuing Security	5
7	Payments	6
8	Currency Conversion	6
9	Appropriations	6
10	Set-off	6
11	Release	7
12	Miscellaneous	7
13	Costs and Expenses	7
14	Assignments and Transfers	8
15	Notices	8
16	Governing Law and Jurisdiction	9
	Schedule 1 Representations and Warranties	11
	Schedule 2 Covenants	13
	Execution Page	15
		1

**This Guarantee**

**Dated 23 December 2014**

**Between:**

- (1) **Frontier Airlines Holdings, Inc.**, a corporation incorporated and existing under the laws of the State of Delaware, United States of America (the **Guarantor**); and
- (2) **Airbus S.A.S.**, registered in France and having its registered office at 1 rond-point Maurice Bellonte, 31707 Blagnac Cedex, France (the **Beneficiary**).

**Recitals:**

- (A) The Principal and the Beneficiary are parties to, *inter alia*, the Step-In Agreement.
- (B) As a condition precedent to the obligations of the Beneficiary under, *inter alia*, the Step-In Agreement, the Guarantor is required to execute this Guarantee.

**It is agreed as follows:**

**1 Definitions and Interpretation**

1.1 Except as otherwise defined in this Guarantee, all words and expressions defined in the Step-In Agreement (including definitions incorporated by reference to another document) shall have the same respective meanings when used in this Guarantee.

1.2 In this Guarantee, the following words and expressions shall, except where the context otherwise requires, have the following respective meanings:

**Aircraft** means five (5) Airbus A320neo aircraft and nine (9) Airbus A321ceo aircraft, as such aircraft is more particularly described in the Step-In Agreement.

**Guarantee** means this deed of guarantee and indemnity (including the Recitals and the Schedules).

**Guarantee Period** means the period starting on the date of this Guarantee and ending on the date upon which all of the Guaranteed Obligations have been fully and finally discharged (as confirmed in writing by the Beneficiary).

**Guaranteed Obligations** means (a) any and all moneys and financial liabilities which are (or which are expressed to be) now or at any time hereafter due, owing or payable by the Principal to the Beneficiary in any currency, actually or contingently, with another or others, as principal or surety, pursuant to any Relevant Document, including as a consequence of any breach, non-performance, disclaimer or repudiation by the Principal (or by a liquidator, receiver, examiner, administrative receiver, administrator or any similar officer in respect of the Principal) of any of the Principal's obligations pursuant to any Relevant Document, and (b) any and all obligations which are (or which are expressed to be) now or at any time hereafter to be performed by the Principal in favour of the Beneficiary pursuant to any Relevant Document (and any and all such moneys, financial liabilities and obligations of the Principal shall form part of the Guaranteed Obligations (i) whether or not the Principal is personally liable for the same and whether or not any recourse may be had with respect thereto against the Principal and/or its assets and (ii) (without limiting the foregoing) notwithstanding the limited recourse provisions of clause 24 (*Recourse*) of the Step-In Agreement).

**Parties** means, together, the parties to this Guarantee (each, a **Party**).

**Principal** means Vertical Horizons, Inc., a company incorporated and existing under the laws of the Cayman Islands.

**Relevant Accounting Standard** means, in relation to the Guarantor, generally accepted accounting principles in the United States of America or the international financial reporting standards promulgated by the International Accounting Standards Board.

**Security Trustee** means Bank of Utah, not in its individual capacity but solely as security trustee for and on behalf of the Finance Parties.

**Shareholder** means Intertrust SPV (Cayman) Limited, a company incorporated and existing under the laws of the Cayman Islands.

**Step-In Agreement** means the step-in agreement relating to the Aircraft dated of even date herewith and entered into between the Principal, the Security Trustee and the Beneficiary.

1.3 Unless otherwise specified and except where the context otherwise requires, any reference in this Guarantee to:

- (a) any person shall be construed so as to include its successors and permitted assigns and permitted transferees in accordance with their respective interests;
- (b) any document (including this Guarantee and each other Relevant Document) shall be construed as a reference to such document as amended, restated, supplemented, varied, transferred or novated from time to time in accordance with its terms and to the extent that such document is at the relevant time in effect;
- (c) any provision of law shall be construed as a reference to that provision as amended, supplemented, varied, re-enacted, replaced or restated from time to time;
- (d) any **applicable law** includes, without limitation, (i) applicable laws, acts, codes, conventions, decrees, decree-laws, legislation, statutes, treaties and similar instruments, (ii) applicable final judgments, orders, determinations or awards of any court from which there is no right of appeal (or, if there is a right of appeal, such appeal is not prosecuted within the allowable time) and (iii) applicable directives, guidance, guidelines, notices, orders, regulations and rules of any governmental authority (whether or not having the force of law but with which, if not having the force of law, compliance is customary);
- (e) a **Clause** shall be construed as a reference to a clause of this Guarantee;
- (f) a **person** shall be construed as a reference to any association, company, corporation, firm, governmental authority, individual, joint venture, partnership (including any limited partnership and any limited liability partnership) or trust (in each case whether or not having separate legal personality);

- (g) a **Schedule** shall be construed as a reference to a schedule to this Guarantee;
- (h) a **successor** shall be construed so as to mean a successor in title of a person and any person who under the applicable laws of its jurisdiction of incorporation or domicile has assumed the rights and obligations of such person or to which, under such laws or by agreement or otherwise, such rights and obligations have been transferred;
- (i) **VAT** shall be construed as a reference to value added tax or any other tax of a similar nature and any tax which replaces any such tax or is levied in addition to any such tax; and
- (j) the **winding-up, dissolution, administration or re-organisation** of a person shall be construed so as to include any equivalent or analogous proceedings under the applicable law of the jurisdiction in which such person is incorporated or formed or any jurisdiction in which such person carries on business including the seeking of liquidation, winding-up, examinership, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

1.4 Clause and Schedule headings shall be ignored in the interpretation of this Guarantee.

## 2 **Guarantee and Indemnity**

The Guarantor irrevocably and unconditionally:

- (a) guarantees to the Beneficiary the due and punctual payment and performance by the Principal of all of the Guaranteed Obligations;
- (b) agrees to pay to the Beneficiary from time to time, within three (3) Business Days of first written demand, the Guaranteed Obligations, which have become due and payable and which have not been paid in full and in accordance with the provisions of the applicable Relevant Document at the time such demand is made; and
- (c) agrees, as a separate and independent primary obligation, to indemnify the Beneficiary from time to time, within three (3) Business Days of first written demand, from and against any Losses incurred by the Beneficiary as a result of any of the Guaranteed Obligations being or becoming illegal, invalid, void, voidable, unenforceable, ineffective or of limited force and effect as against the Principal for any reason whatsoever, whether or not known to the Beneficiary, the amount of such loss being the amount which the Beneficiary would otherwise have been entitled to recover from the Principal.

## 3 **Preservation of Rights**

- 3.1 This Guarantee (and the obligations of the Guarantor contained in this Guarantee) is in addition to and independent of (and is not in any way prejudiced by) any other guarantee or security which the Beneficiary may at any time hold in respect of any of the Principal's obligations under any Relevant Document.

- 3.2 Neither the obligations of the Guarantor contained in this Guarantee nor the rights, powers and remedies conferred upon the Beneficiary by this Guarantee or by law shall be discharged, impaired or otherwise affected by:
- (a) the winding-up, dissolution, examinership, administration or reorganisation of (or any other insolvency proceedings in relation to) the Principal or any other person;
  - (b) any change in the status, function, control or ownership of the Principal or any other person;
  - (c) any of the obligations of the Principal or any other person under any Relevant Document being or becoming illegal, invalid, void, voidable, unenforceable, ineffective or of limited force and effect in any respect;
  - (d) any time, waiver, consent, release or other indulgence granted to, or any composition with, the Principal or any other person with respect to any of its obligations under any Relevant Document;
  - (e) any alteration, amendment, change, extension, replacement, restatement, supplement or variation (however fundamental and whether or not resulting in an increase of obligations) in relation to any Relevant Document;
  - (f) any assignment and/or transfer (including by novation) with respect to any rights and/or obligations in relation to any Relevant Document;
  - (g) any failure to take, or fully to take, any security contemplated by any Relevant Document or otherwise agreed to be taken in respect of any of the Principal's obligations under any Relevant Document;
  - (h) any failure to realise or fully to realise the value of, or any release, discharge, exchange or substitution of, any security taken in respect of any of the Principal's obligations under any Relevant Document; or
  - (i) any other act, event or omission which, but for this Clause 3.2, might operate to discharge, impair or otherwise affect any of the obligations of the Guarantor contained in this Guarantee or any of the rights, powers or remedies conferred upon the Beneficiary by this Guarantee, any other Relevant Document or by law.
- 3.3 Any settlement, discharge or release between the Guarantor and the Beneficiary in relation to this Guarantee shall be conditional upon no right, security, disposition or payment to or in favour of the Beneficiary by the Principal or any other person being avoided, set aside, reduced or ordered to be refunded as a result of the operation of any applicable law and if any such right, security, disposition or payment is so avoided, set aside, reduced or ordered to be refunded, the liability of the Guarantor shall continue and the Beneficiary shall be entitled to recover under this Guarantee the value or amount of that right, security, disposition or payment, in each case as if any such settlement, discharge or release had not occurred.

- 3.4 The Beneficiary shall not be obliged before exercising any of the rights, powers or remedies conferred upon it by this Guarantee or by law:
- (a) to make any demand of the Principal;
  - (b) to take any action or obtain judgment in any court against the Principal;
  - (c) to make or file any claim or proof in a winding-up, dissolution, examinership, administration or re-organisation of the Principal; or
  - (d) to enforce or seek to enforce any security taken in respect of any of the Principal's obligations under any Relevant Document.
- 3.5 The Guarantor agrees that, for so long as the Principal is under any actual or contingent obligation under any Relevant Document, the Guarantor shall not exercise any right which the Guarantor may at any time have by reason of this Guarantee or the performance by it of its obligations under this Guarantee:
- (a) to be indemnified by the Principal or to receive any collateral from the Principal in respect of the Guarantor's obligations under this Guarantee;
  - (b) to claim any contribution from any other guarantor of the Principal's obligations under any Relevant Document;
  - (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any of the Beneficiary's rights under any Relevant Document;
  - (d) to bring legal or other proceedings for an order requiring the Principal to make any payment, or to perform any obligation, in relation to any Guaranteed Obligation;
  - (e) to exercise any right of set-off against the Principal; and/or
  - (f) to claim or prove as a creditor of the Principal in competition with the Beneficiary.

#### **4 Representations and Warranties**

The Guarantor hereby makes in favour of the Beneficiary the representations and warranties set out in Schedule 1 (*Representations and Warranties*).

#### **5 Covenants**

The Guarantor hereby covenants in favour of the Beneficiary in the terms of the undertakings set out in Schedule 2 (*Covenants*).

#### **6 Continuing Security**

The obligations of the Guarantor contained in this Guarantee shall constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever, and shall not be considered as satisfied or discharged by any intermediate payment, satisfaction or settlement of any or all of the Guaranteed Obligations and shall continue in full force and effect until the full and final payment, satisfaction and discharge of the Guaranteed Obligations.

## **7 Payments**

- 7.1 All payments to be made by the Guarantor under this Guarantee shall be made in the currency in which the corresponding payment obligation of the Principal is due and payable under each applicable Relevant Document and in immediately available, freely transferable, cleared funds to such account of the Beneficiary with such bank in the principal financial centre of the relevant country as the Beneficiary shall from time to time have specified upon not less than three (3) Business Days' notice in writing to the Guarantor for this purpose.
- 7.2 All payments to be made by the Guarantor under this Guarantee shall be made without set-off or counterclaim and without any deduction or withholding whatsoever. If the Guarantor is obliged by law to make any deduction or withholding from any such payment, the amount due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Beneficiary receives a net amount equal to the amount that the Beneficiary would have received had no such deduction or withholding been required to be made.

## **8 Currency Conversion**

The Beneficiary may convert any money received or realised by it under or pursuant to this Guarantee which is not in the currency in which the relevant sum is due and payable under each applicable Relevant Document from that currency into the currency in which such sum is due at a market rate of exchange in its usual course of business for the purpose of the applicable conversion.

## **9 Appropriations**

Until the full and final discharge of the Guaranteed Obligations, the Beneficiary may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by the Beneficiary with respect to the Guaranteed Obligations, or apply and enforce such other moneys, security or rights in such manner and order as it determines in its absolute discretion (whether against the Guaranteed Obligations or otherwise) and the Guarantor shall not be entitled to the benefit of such other moneys, security or rights; and
- (b) credit to and hold in an interest-bearing suspense account any moneys received from the Guarantor or on account of the Guarantor's liability under this Guarantee.

## **10 Set-off**

The Beneficiary may set off any matured obligation due from the Guarantor under this Guarantee against any matured obligation owed by the Beneficiary to the Guarantor, regardless of the place of payment or currency of either obligation. If the obligations are in different currencies, the Beneficiary may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the applicable set-off.



## **11 Release**

Following the full and final discharge of the Guaranteed Obligations, the Beneficiary will, upon the request and at the cost of the Guarantor, release (without recourse or warranty) the Guarantor from its obligations under this Guarantee.

## **12 Miscellaneous**

- 12.1 This Guarantee may be executed in any number of counterparts and on separate counterparts, each of which when executed shall constitute an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Guarantee by e-mail attachment or fax shall be an effective mode of delivery. In relation to each counterpart, upon confirmation by or on behalf of a Party that such Party authorises the attachment of its counterpart signature page to the final text of this Guarantee, such counterpart signature page shall take effect, together with such final text, as a complete authoritative counterpart.
- 12.2 Any amendment, supplement or variation to this Guarantee must be in writing and executed by each Party.
- 12.3 Neither the failure to exercise, nor the delay in any exercise of, nor the single or partial exercise of, any right, power or remedy by the Beneficiary under or in relation to this Guarantee shall (a) operate as a waiver of such right, power or remedy, (b) prevent any further or other exercise of such right, power or remedy or (c) prevent the exercise of any other right, power or remedy. The rights, powers and remedies of the Beneficiary provided in this Guarantee are cumulative and not exclusive of any rights, powers or remedies provided by law.
- 12.4 Any waiver or consent given by a Party under or in relation to this Guarantee must, in order to be effective, be in writing and shall only be effective in the specific circumstances in which it is given.
- 12.5 If at any time any provision of this Guarantee is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Guarantee nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired.
- 12.6 A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Guarantee.

## **13 Costs and Expenses**

- 13.1 The Guarantor shall from time to time, within three (3) Business Days of first written demand by the Beneficiary, reimburse the Beneficiary for all reasonable costs and expenses (including legal fees together with irrecoverable VAT and disbursements) incurred by it in relation to (a) the negotiation, preparation and execution of this Guarantee, (b) the preservation of any of its rights under or in relation to this Guarantee, (c) any proposed amendment to this Guarantee or (d) any request or requirement for a consent or waiver under this Guarantee.
- 13.2 The Guarantor shall from time to time, within three (3) Business Days of first written demand by the Beneficiary, reimburse the Beneficiary for all reasonable costs and expenses (including legal fees together with irrecoverable VAT and disbursements) incurred by it in relation to the enforcement of any of its rights under or in relation to this Guarantee.

13.3 The Guarantor shall from time to time, within three (3) Business Days of first written demand by the Beneficiary, pay all stamp, registration and other documentary taxes to which this Guarantee is or at any time may be subject and shall on first demand indemnify the Beneficiary against any costs and expenses which result from any failure to pay or any delay in paying any such tax.

#### 14 Assignments and Transfers

14.1 This Guarantee shall be binding upon and inure to the benefit of each Party and its successors and permitted assigns and permitted transferees.

14.2 The Guarantor shall not be entitled to assign and/or transfer any or all of its rights and/or obligations under this Guarantee without the prior written consent of the Beneficiary.

14.3 The Beneficiary shall be entitled to assign and/or transfer any or all of its rights and/or obligations under this Guarantee to any person to whom it is entitled to effect any assignment and/or transfer of rights and/or obligations pursuant to the Step-In Agreement.

#### 15 Notices

15.1 Unless otherwise expressly provided in this Guarantee, all notices, requests, demands or other written communications in relation to this Guarantee (for the purposes of this Clause 15, **Written Notices**) shall, in order to be effective, be in English and in writing and shall be delivered by letter or by facsimile transmission.

15.2 All Written Notices shall:

(a) in order to be effectively delivered to a Party, be:

(i) left at the postal address of that Party set out in Clause 15.3;

(ii) sent with an internationally recognised courier service in an envelope addressed to that Party at its postal address set out in Clause 15.3; or

(iii) sent by facsimile to the facsimile number of that Party set out in Clause 15.3; and

(b) be effective and deemed to have been delivered to a Party:

(i) in the case of a letter (x) if delivered in the manner referred to in Clause 15.2(a)(i), when left at the postal address of that Party or (y) if delivered in the manner referred to in Clause 15.2(a)(ii), when delivered by the relevant courier service to the postal address of that Party (as evidenced by the records of the relevant courier service); or

- (ii) in the case of a facsimile transmission, upon receipt by the sender of a transmission slip confirming that the entire Written Notice has been sent to the correct facsimile number (provided that if the time of dispatch of a facsimile transmission is not within normal business hours on a business day in the country of the recipient, such facsimile transmission shall be deemed to have been delivered at the opening of business on the next succeeding business day in such country).

15.3 The addresses of the Parties for the purposes of this Clause 15 are as follows:

(a) the Guarantor:

Frontier Airlines Holdings, Inc.  
7001 Tower Road  
Denver, CO 80249  
United States of America

Attention: SVP - General Counsel

Fax: +# ### ## ##

(b) Airbus:

Airbus S.A.S.  
1 rand-point Maurice Bellonte  
31707 Blagnac Cedex  
France

Attention: Head of Contracts

Fax: +## # ## ## ##

or, in each case, such other address as one Party may from time to time designate to the other Parties upon not less than five (5) Business Days notice.

## 16 Governing Law and Jurisdiction

- 16.1 This Guarantee and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with English law.
- 16.2 Each Party irrevocably agrees for the benefit of the other Party that the courts of England shall have jurisdiction to hear and determine any suit, action or proceeding (**Proceedings**), and to settle any disputes, which may arise out of or in connection with this Guarantee and for such purpose irrevocably submits to the jurisdiction of such courts.
- 16.3 The Guarantor agrees that the process by which any Proceedings are begun may be served on it by being delivered to Walkers at 6 Gracechurch Street, London EC3V OAT, England, or, if different, its registered office in England from time to time. If such person ceases to act or to be appointed as the Guarantor's process agent, the Guarantor will promptly appoint a replacement process agent in England acceptable to the Beneficiary and notify the Beneficiary in writing thereof. Failing any such appointment by the Guarantor, the Guarantor hereby by way of security irrevocably appoints the Beneficiary as its attorney to appoint another such process agent on its behalf.

- 16.4 The submission by the Parties to the jurisdiction mentioned in Clause 16.2 shall not (and shall not be construed so as to) limit the right of the Beneficiary to take Proceedings against the Guarantor in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not if and to the extent permitted by applicable law.
- 16.5 Each Party hereby consents generally in respect of any Proceedings arising out of or in connection with this Guarantee to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.
- 16.6 To the extent that a Party may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed) such Party hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

**IN WITNESS WHEREOF** the Parties have caused this Guarantee to be executed as a deed by the duly authorised representatives of the Parties and this Guarantee is intended to be and is hereby executed and delivered on the day and year first above written.

## Schedule 1 Representations and Warranties

The Guarantor makes the representations and warranties set out in this Schedule on the date hereof and acknowledges that the Beneficiary has entered into this Guarantee and the other Relevant Documents to which it is a party in reliance on those representations and warranties.

### 1 Status

- (a) It is a corporation duly incorporated and validly existing under the laws of the State of Delaware and the United States of America in compliance with all applicable law.
- (b) It has the power to sue and be sued in its own name and to own its assets and carry on its business as it is being conducted.

### 2 Binding obligations

Subject to general principles of law limiting its obligations and subject to any explicit qualifications contained in any legal opinion provided in relation to this Guarantee, the obligations expressed to be assumed by it in this Guarantee are legal, valid, binding and enforceable obligations.

### 3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, this Guarantee do not and will not conflict with:

- (a) any law or regulation applicable to it in its jurisdiction of incorporation;
- (b) its constitutive documents; or
- (c) any agreement or instrument binding upon it or any of its assets.

### 4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Guarantee and the transactions contemplated by this Guarantee.

### 5 Validity and admissibility in evidence

All authorisations required to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Guarantee have been obtained or effected (or will, when required, be obtained or effected) and are (or will, when required, be) in full force and effect.

### 6 No filing or stamp taxes

Under the laws of the State of Delaware and the United States of America, it is not necessary that this Guarantee be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to this Guarantee or the transactions contemplated by this Guarantee.

**7 Pari passu ranking**

Its payment obligations under this Guarantee rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

**8 No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency (which, if adversely determined, might reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Guarantee) have been started or (to the best of its knowledge and belief) threatened against it.

**9 No immunity**

It is subject to civil commercial law with respect to its obligations under this Guarantee and neither it nor any of its assets is entitled to any right of immunity and the entry into and performance of this Guarantee by it constitute private and commercial acts.

**10 No shareholding**

- (a) It is not the legal or beneficial owner of any shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.
- (b) It does not have any option or right to acquire any of the shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.
- (c) No other person has any option or right to transfer to the Guarantor any of the shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.

## Schedule 2 Covenants

The Guarantor hereby undertakes in favour of the Beneficiary that at all times throughout the Guarantee Period:

### 1 Status

It will maintain its existence as a corporation duly incorporated and validly existing under the laws of the State of Delaware and the United States of America in compliance with all applicable law.

### 2 Compliance with applicable law

It will comply with all applicable law binding on it or any of its property and obtain from time to time and, at its own cost and expense, maintain in full force and effect and, when necessary, renew all consents, licences, approvals, permits or authorisations of or registrations or filings with or exemptions by any governmental authority or other person and all notarisations of any person and take all actions which may at any time be required under applicable law in order to enable it to perform its obligations under this Guarantee and to ensure the validity, enforceability or admissibility in evidence thereof.

### 3 Compliance with obligations

It will comply with and perform all the obligations expressed to be assumed by it in this Guarantee and with all laws applicable to it in connection with the transactions contemplated by this Guarantee.

### 4 No prejudice to interests

It will not (otherwise than as expressly contemplated by this Guarantee) do anything or take any action or knowingly omit to take any action which has or is likely to have the effect of prejudicing the right, title and interest of the Beneficiary in relation to this Guarantee.

### 5 Further assurance

At no cost to the Beneficiary, it will as soon as reasonably practicable take all such actions and do all such things as the Beneficiary may from time to time require (acting reasonably) so as to establish, maintain, perfect, preserve and/or protect the right, title and interest of the Beneficiary in relation to this Guarantee.

### 6 Pari passu ranking

It will ensure that its payment obligations under this Guarantee rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

### 7 Material proceedings

It will promptly upon becoming aware thereof deliver to the Beneficiary the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against the Guarantor and which would, if adversely determined, have a material adverse affect on the ability of the Guarantor to perform its obligations under this Guarantee.

---

**8 Information**

It will promptly deliver to the Beneficiary all information that the Beneficiary may from time to time reasonably request in the context of the transactions contemplated by the Relevant Documents.

**9 No shareholding**

- (a) It will not be or become (or attempt to be or become) the legal or beneficial owner of any shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.
- (b) It will not acquire (and will not attempt to acquire) any option or right to acquire any of the shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.
- (c) It will not knowingly take any action or fail to take any action that permits any other person to have any option or right to transfer to the Guarantor any of the shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.



**Execution Page**

**Guarantee**

**Airbus A320neo Aircraft/ Airbus A321ceo Aircraft**

**Frontier Holdings / Vertical Horizons**

**The Guarantor**

**Executed as a Deed by** )  
**Frontier Airlines Holdings, Inc.** )  
acting by its )  
being a person who in accordance with )  
the laws of the State of Delaware and the )  
United States of America is acting under )  
the authority of the company )

/s/ Holly L. Nelson  
Name: Holly L. Nelson  
Title: Chief Accounting Officer & Treasurer

in the presence of:

Signature of Witness  
Name of Witness  
Address of Witness

/s/ Shannon Muir  
Shannon Muir  
7001 Tower Rd, Denver, CO 80249

**The Beneficiary**

**Executed as a Deed by** )  
**Airbus S.A.S.** )  
acting by its )  
being a person who in accordance with )  
the laws of France is acting under the )  
authority of the company )

/s/ Christophe Mourey  
Name: Christophe Mourey  
Title: Senior Vice President Contracts

in the presence of:

Signature of Witness  
Name of Witness  
Address of Witness

/s/ Sangeeta Rughooputh  
Sangeeta Rughooputh  
1 Rond Point Maurice Bellonte,  
Blagnac 31707 Cedex, France

VEDDER PRICE

VEDDER PRICE LLP

**Frontier Airlines, Inc.**  
as Guarantor

and

**Airbus S.A.S.**  
as Beneficiary

**Guarantee**

PDP Step-In Arrangements  
Airbus A320neo Aircraft/ Airbus A321ceo Aircraft  
**Vertical Horizons, Inc.**

**Execution Version**

---

## Contents

1	Definitions and Interpretation	1
2	Guarantee and Indemnity	3
3	Preservation of Rights	3
4	Representations and Warranties	5
5	Covenants	5
6	Continuing Security	5
7	Payments	6
8	Currency Conversion	6
9	Appropriations	6
10	Set-off	6
11	Release	7
12	Miscellaneous	7
13	Costs and Expenses	7
14	Assignments and Transfers	8
15	Notices	8
16	Governing Law and Jurisdiction	9
	Schedule 1 Representations and Warranties	11
	Schedule 2 Covenants	13
	Execution Page	15

**This Guarantee**

**Dated 23 December 2014**

**Between:**

- (1) **Frontier Airlines, Inc.**, a corporation incorporated and existing under the laws of the State of Colorado, United States of America (the **Guarantor**); and
- (2) **Airbus S.A.S.**, registered in France and having its registered office at 1 rand-point Maurice Bellonte, 31707 Blagnac Cedex, France (the **Beneficiary**).

**Recitals:**

- (A) The Principal and the Beneficiary are parties to, *inter alia*, the Step-In Agreement.
- (B) As a condition precedent to the obligations of the Beneficiary under, *inter alia*, the Step-In Agreement, the Guarantor is required to execute this Guarantee.

**It is agreed as follows:**

**1 Definitions and Interpretation**

1.1 Except as otherwise defined in this Guarantee, all words and expressions defined in the Step-In Agreement (including definitions incorporated by reference to another document) shall have the same respective meanings when used in this Guarantee.

1.2 In this Guarantee, the following words and expressions shall, except where the context otherwise requires, have the following respective meanings:

**Aircraft** means five (5) Airbus A320neo aircraft and nine (9) Airbus A321ceo aircraft, as such aircraft is more particularly described in the Step-In Agreement.

**Guarantee** means this deed of guarantee and indemnity (including the Recitals and the Schedules).

**Guarantee Period** means the period starting on the date of this Guarantee and ending on the date upon which all of the Guaranteed Obligations have been fully and finally discharged (as confirmed in writing by the Beneficiary).

**Guaranteed Obligations** means (a) any and all moneys and financial liabilities which are (or which are expressed to be) now or at any time hereafter due, owing or payable by the Principal to the Beneficiary in any currency, actually or contingently, with another or others, as principal or surety, pursuant to any Relevant Document, including as a consequence of any breach, non-performance, disclaimer or repudiation by the Principal (or by a liquidator, receiver, examiner, administrative receiver, administrator or any similar officer in respect of the Principal) of any of the Principal's obligations pursuant to any Relevant Document, and (b) any and all obligations which are (or which are expressed to be) now or at any time hereafter to be performed by the Principal in favour of the Beneficiary pursuant to any Relevant Document (and any and all such moneys, financial liabilities and obligations of the Principal shall form part of the Guaranteed Obligations (i) whether or not the Principal is personally liable for the same and whether or not any recourse may be had with respect thereto against the Principal and/or its assets and (ii) (without limiting the foregoing) notwithstanding the limited recourse provisions of clause 24 (*Recourse*) of the Step-In Agreement).

**Parties** means, together, the parties to this Guarantee (each, a **Party**).

**Principal** means Vertical Horizons, Inc., a company incorporated and existing under the laws of the Cayman Islands.

**Relevant Accounting Standard** means, in relation to the Guarantor, generally accepted accounting principles in the United States of America or the international financial reporting standards promulgated by the International Accounting Standards Board.

**Security Trustee** means Bank of Utah, not in its individual capacity but solely as security trustee for and on behalf of the Finance Parties.

**Shareholder** means Intertrust SPV (Cayman) Limited, a company incorporated and existing under the laws of the Cayman Islands.

**Step-In Agreement** means the step-in agreement relating to the Aircraft dated of even date herewith and entered into between the Principal, the Security Trustee and the Beneficiary.

1.3 Unless otherwise specified and except where the context otherwise requires, any reference in this Guarantee to:

- (a) any person shall be construed so as to include its successors and permitted assigns and permitted transferees in accordance with their respective interests;
- (b) any document (including this Guarantee and each other Relevant Document) shall be construed as a reference to such document as amended, restated, supplemented, varied, transferred or novated from time to time in accordance with its terms and to the extent that such document is at the relevant time in effect;
- (c) any provision of law shall be construed as a reference to that provision as amended, supplemented, varied, re-enacted, replaced or restated from time to time;
- (d) any **applicable law** includes, without limitation, (i) applicable laws, acts, codes, conventions, decrees, decree-laws, legislation, statutes, treaties and similar instruments, (ii) applicable final judgments, orders, determinations or awards of any court from which there is no right of appeal (or, if there is a right of appeal, such appeal is not prosecuted within the allowable time) and (iii) applicable directives, guidance, guidelines, notices, orders, regulations and rules of any governmental authority (whether or not having the force of law but with which, if not having the force of law, compliance is customary);
- (e) a **Clause** shall be construed as a reference to a clause of this Guarantee;

- (f) a **person** shall be construed as a reference to any association, company, corporation, firm, governmental authority, individual, joint venture, partnership (including any limited partnership and any limited liability partnership) or trust (in each case whether or not having separate legal personality);
- (g) a **Schedule** shall be construed as a reference to a schedule to this Guarantee;
- (h) a **successor** shall be construed so as to mean a successor in title of a person and any person who under the applicable laws of its jurisdiction of incorporation or domicile has assumed the rights and obligations of such person or to which, under such laws or by agreement or otherwise, such rights and obligations have been transferred;
- (i) **VAT** shall be construed as a reference to value added tax or any other tax of a similar nature and any tax which replaces any such tax or is levied in addition to any such tax; and
- (j) the **winding-up, dissolution, administration or re-organisation** of a person shall be construed so as to include any equivalent or analogous proceedings under the applicable law of the jurisdiction in which such person is incorporated or formed or any jurisdiction in which such person carries on business including the seeking of liquidation, winding-up, examinership, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

1.4 Clause and Schedule headings shall be ignored in the interpretation of this Guarantee.

## 2 **Guarantee and Indemnity**

The Guarantor irrevocably and unconditionally:

- (a) guarantees to the Beneficiary the due and punctual payment and performance by the Principal of all of the Guaranteed Obligations;
- (b) agrees to pay to the Beneficiary from time to time, within three (3) Business Days of first written demand, the Guaranteed Obligations, which have become due and payable and which have not been paid in full and in accordance with the provisions of the applicable Relevant Document at the time such demand is made; and
- (c) agrees, as a separate and independent primary obligation, to indemnify the Beneficiary from time to time, within three (3) Business Days of first written demand, from and against any Losses incurred by the Beneficiary as a result of any of the Guaranteed Obligations being or becoming illegal, invalid, void, voidable, unenforceable, ineffective or of limited force and effect as against the Principal for any reason whatsoever, whether or not known to the Beneficiary, the amount of such loss being the amount which the Beneficiary would otherwise have been entitled to recover from the Principal.

3 **Preservation of Rights**

- 3.1 This Guarantee (and the obligations of the Guarantor contained in this Guarantee) is in addition to and independent of (and is not in any way prejudiced by) any other guarantee or security which the Beneficiary may at any time hold in respect of any of the Principal's obligations under any Relevant Document.
- 3.2 Neither the obligations of the Guarantor contained in this Guarantee nor the rights, powers and remedies conferred upon the Beneficiary by this Guarantee or by law shall be discharged, impaired or otherwise affected by:
- (a) the winding-up, dissolution, examinership, administration or reorganisation of (or any other insolvency proceedings in relation to) the Principal or any other person;
  - (b) any change in the status, function, control or ownership of the Principal or any other person;
  - (c) any of the obligations of the Principal or any other person under any Relevant Document being or becoming illegal, invalid, void, voidable, unenforceable, ineffective or of limited force and effect in any respect;
  - (d) any time, waiver, consent, release or other indulgence granted to, or any composition with, the Principal or any other person with respect to any of its obligations under any Relevant Document;
  - (e) any alteration, amendment, change, extension, replacement, restatement, supplement or variation (however fundamental and whether or not resulting in an increase of obligations) in relation to any Relevant Document;
  - (f) any assignment and/or transfer (including by novation) with respect to any rights and/or obligations in relation to any Relevant Document;
  - (g) any failure to take, or fully to take, any security contemplated by any Relevant Document or otherwise agreed to be taken in respect of any of the Principal's obligations under any Relevant Document;
  - (h) any failure to realise or fully to realise the value of, or any release, discharge, exchange or substitution of, any security taken in respect of any of the Principal's obligations under any Relevant Document; or
  - (i) any other act, event or omission which, but for this Clause 3.2, might operate to discharge, impair or otherwise affect any of the obligations of the Guarantor contained in this Guarantee or any of the rights, powers or remedies conferred upon the Beneficiary by this Guarantee, any other Relevant Document or by law.
- 3.3 Any settlement, discharge or release between the Guarantor and the Beneficiary in relation to this Guarantee shall be conditional upon no right, security, disposition or payment to or in favour of the Beneficiary by the Principal or any other person being avoided, set aside, reduced or ordered to be refunded as a result of the operation of any applicable law and if any such right, security, disposition or payment is so avoided, set aside, reduced or ordered to be refunded, the liability of the Guarantor shall continue and the Beneficiary shall be entitled to recover under this Guarantee the value or amount of that right, security, disposition or payment, in each case as if any such settlement, discharge or release had not occurred.

- 3.4 The Beneficiary shall not be obliged before exercising any of the rights, powers or remedies conferred upon it by this Guarantee or by law:
- (a) to make any demand of the Principal;
  - (b) to take any action or obtain judgment in any court against the Principal;
  - (c) to make or file any claim or proof in a winding-up, dissolution, examinership, administration or re-organisation of the Principal; or
  - (d) to enforce or seek to enforce any security taken in respect of any of the Principal's obligations under any Relevant Document.
- 3.5 The Guarantor agrees that, for so long as the Principal is under any actual or contingent obligation under any Relevant Document, the Guarantor shall not exercise any right which the Guarantor may at any time have by reason of this Guarantee or the performance by it of its obligations under this Guarantee:
- (a) to be indemnified by the Principal or to receive any collateral from the Principal in respect of the Guarantor's obligations under this Guarantee;
  - (b) to claim any contribution from any other guarantor of the Principal's obligations under any Relevant Document;
  - (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any of the Beneficiary's rights under any Relevant Document;
  - (d) to bring legal or other proceedings for an order requiring the Principal to make any payment, or to perform any obligation, in relation to any Guaranteed Obligation;
  - (e) to exercise any right of set-off against the Principal; and/or
  - (f) to claim or prove as a creditor of the Principal in competition with the Beneficiary.

#### 4 **Representations and Warranties**

The Guarantor hereby makes in favour of the Beneficiary the representations and warranties set out in Schedule 1 (*Representations and Warranties*).

#### 5 **Covenants**

The Guarantor hereby covenants in favour of the Beneficiary in the terms of the undertakings set out in Schedule 2 (*Covenants*).

#### 6 **Continuing Security**

The obligations of the Guarantor contained in this Guarantee shall constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever, and shall not be considered as satisfied or discharged by any intermediate payment, satisfaction or settlement of any or all of the Guaranteed Obligations and shall continue in full force and effect until the full and final payment, satisfaction and discharge of the Guaranteed Obligations.



7 **Payments**

- 7.1 All payments to be made by the Guarantor under this Guarantee shall be made in the currency in which the corresponding payment obligation of the Principal is due and payable under each applicable Relevant Document and in immediately available, freely transferable, cleared funds to such account of the Beneficiary with such bank in the principal financial centre of the relevant country as the Beneficiary shall from time to time have specified upon not less than three (3) Business Days' notice in writing to the Guarantor for this purpose.
- 7.2 All payments to be made by the Guarantor under this Guarantee shall be made without set-off or counterclaim and without any deduction or withholding whatsoever. If the Guarantor is obliged by law to make any deduction or withholding from any such payment, the amount due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Beneficiary receives a net amount equal to the amount that the Beneficiary would have received had no such deduction or withholding been required to be made.

8 **Currency Conversion**

The Beneficiary may convert any money received or realised by it under or pursuant to this Guarantee which is not in the currency in which the relevant sum is due and payable under each applicable Relevant Document from that currency into the currency in which such sum is due at a market rate of exchange in its usual course of business for the purpose of the applicable conversion.

9 **Appropriations**

Until the full and final discharge of the Guaranteed Obligations, the Beneficiary may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by the Beneficiary with respect to the Guaranteed Obligations, or apply and enforce such other moneys, security or rights in such manner and order as it determines in its absolute discretion (whether against the Guaranteed Obligations or otherwise) and the Guarantor shall not be entitled to the benefit of such other moneys, security or rights; and
- (b) credit to and hold in an interest-bearing suspense account any moneys received from the Guarantor or on account of the Guarantor's liability under this Guarantee.

10 **Set-off**

The Beneficiary may set off any matured obligation due from the Guarantor under this Guarantee against any matured obligation owed by the Beneficiary to the Guarantor, regardless of the place of payment or currency of either obligation. If the obligations are in different currencies, the Beneficiary may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the applicable set-off.

11 **Release**

Following the full and final discharge of the Guaranteed Obligations, the Beneficiary will, upon the request and at the cost of the Guarantor, release (without recourse or warranty) the Guarantor from its obligations under this Guarantee.

12 **Miscellaneous**

- 12.1 This Guarantee may be executed in any number of counterparts and on separate counterparts, each of which when executed shall constitute an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Guarantee by e-mail attachment or fax shall be an effective mode of delivery. In relation to each counterpart, upon confirmation by or on behalf of a Party that such Party authorises the attachment of its counterpart signature page to the final text of this Guarantee, such counterpart signature page shall take effect, together with such final text, as a complete authoritative counterpart.
- 12.2 Any amendment, supplement or variation to this Guarantee must be in writing and executed by each Party.
- 12.3 Neither the failure to exercise, nor the delay in any exercise of, nor the single or partial exercise of, any right, power or remedy by the Beneficiary under or in relation to this Guarantee shall (a) operate as a waiver of such right, power or remedy, (b) prevent any further or other exercise of such right, power or remedy or (c) prevent the exercise of any other right, power or remedy. The rights, powers and remedies of the Beneficiary provided in this Guarantee are cumulative and not exclusive of any rights, powers or remedies provided by law.
- 12.4 Any waiver or consent given by a Party under or in relation to this Guarantee must, in order to be effective, be in writing and shall only be effective in the specific circumstances in which it is given.
- 12.5 If at any time any provision of this Guarantee is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Guarantee nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired.
- 12.6 A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Guarantee.

13 **Costs and Expenses**

- 13.1 The Guarantor shall from time to time, within three (3) Business Days of first written demand by the Beneficiary, reimburse the Beneficiary for all reasonable costs and expenses (including legal fees together with irrecoverable VAT and disbursements) incurred by it in relation to (a) the negotiation, preparation and execution of this Guarantee, (b) the preservation of any of its rights under or in relation to this Guarantee, (c) any proposed amendment to this Guarantee or (d) any request or requirement for a consent or waiver under this Guarantee.

- 13.2 The Guarantor shall from time to time, within three (3) Business Days of first written demand by the Beneficiary, reimburse the Beneficiary for all reasonable costs and expenses (including legal fees together with irrecoverable VAT and disbursements) incurred by it in relation to the enforcement of any of its rights under or in relation to this Guarantee.
- 13.3 The Guarantor shall from time to time, within three (3) Business Days of first written demand by the Beneficiary, pay all stamp, registration and other documentary taxes to which this Guarantee is or at any time may be subject and shall on first demand indemnify the Beneficiary against any costs and expenses which result from any failure to pay or any delay in paying any such tax.
- 14 **Assignments and Transfers**
- 14.1 This Guarantee shall be binding upon and inure to the benefit of each Party and its successors and permitted assigns and permitted transferees.
- 14.2 The Guarantor shall not be entitled to assign and/or transfer any or all of its rights and/or obligations under this Guarantee without the prior written consent of the Beneficiary.
- 14.3 The Beneficiary shall be entitled to assign and/or transfer any or all of its rights and/or obligations under this Guarantee to any person to whom it is entitled to effect any assignment and/or transfer of rights and/or obligations pursuant to the Step-In Agreement.
- 15 **Notices**
- 15.1 Unless otherwise expressly provided in this Guarantee, all notices, requests, demands or other written communications in relation to this Guarantee (for the purposes of this Clause 15, **Written Notices**) shall, in order to be effective, be in English and in writing and shall be delivered by letter or by facsimile transmission.
- 15.2 All Written Notices shall:
- (a) in order to be effectively delivered to a Party, be:
    - (i) left at the postal address of that Party set out in Clause 15.3;
    - (ii) sent with an internationally recognised courier service in an envelope addressed to that Party at its postal address set out in Clause 15.3; or
    - (iii) sent by facsimile to the facsimile number of that Party set out in Clause 15.3; and
  - (b) be effective and deemed to have been delivered to a Party:
    - (i) in the case of a letter (x) if delivered in the manner referred to in Clause 15.2(a)(i), when left at the postal address of that Party or (y) if delivered in the manner referred to in Clause 15.2(a)(ii), when delivered by the relevant courier service to the postal address of that Party (as evidenced by the records of the relevant courier service); or

- (ii) in the case of a facsimile transmission, upon receipt by the sender of a transmission slip confirming that the entire Written Notice has been sent to the correct facsimile number (provided that if the time of dispatch of a facsimile transmission is not within normal business hours on a business day in the country of the recipient, such facsimile transmission shall be deemed to have been delivered at the opening of business on the next succeeding business day in such country).

15.3 The addresses of the Parties for the purposes of this Clause 15 are as follows:

(a) the Guarantor:  
Frontier Airlines, Inc.  
7001 Tower Road  
Denver, CO 80249  
United States of America  
  
Attention: SVP—General Counsel  
Fax: +# ### ### #####

(b) Airbus:  
Airbus S.A.S.  
1 rand-point Maurice Bellonte  
31707 Blagnac Cedex France  
  
Attention: Head of Contracts  
Fax: +## # ## ## ## ##

or, in each case, such other address as one Party may from time to time designate to the other Parties upon not less than five (5) Business Days notice.

## 16 Governing Law and Jurisdiction

- 16.1 This Guarantee and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with English law.
- 16.2 Each Party irrevocably agrees for the benefit of the other Party that the courts of England shall have jurisdiction to hear and determine any suit, action or proceeding (**Proceedings**), and to settle any disputes, which may arise out of or in connection with this Guarantee and for such purpose irrevocably submits to the jurisdiction of such courts.
- 16.3 The Guarantor agrees that the process by which any Proceedings are begun may be served on it by being delivered to Walkers at 6 Gracechurch Street, London EC3V OAT, England, or, if different, its registered office in England from time to time. If such person ceases to act or to be appointed as the Guarantor's process agent, the Guarantor will promptly appoint a replacement process agent in England acceptable to the Beneficiary and notify the Beneficiary in writing thereof. Failing any such appointment by the Guarantor, the Guarantor hereby by way of security irrevocably appoints the Beneficiary as its attorney to appoint another such process agent on its behalf.

- 16.4 The submission by the Parties to the jurisdiction mentioned in Clause 16.2 shall not (and shall not be construed so as to) limit the right of the Beneficiary to take Proceedings against the Guarantor in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not if and to the extent permitted by applicable law.
- 16.5 Each Party hereby consents generally in respect of any Proceedings arising out of or in connection with this Guarantee to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.
- 16.6 To the extent that a Party may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed) such Party hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

**IN WITNESS WHEREOF** the Parties have caused this Guarantee to be executed as a deed by the duly authorised representatives of the Parties and this Guarantee is intended to be and is hereby executed and delivered on the day and year first above written.

## Schedule 1 Representations and Warranties

The Guarantor makes the representations and warranties set out in this Schedule on the date hereof and acknowledges that the Beneficiary has entered into this Guarantee and the other Relevant Documents to which it is a party in reliance on those representations and warranties.

### 1 Status

- (a) It is a corporation duly incorporated and validly existing under the laws of the State of Colorado and the United States of America in compliance with all applicable law.
- (b) It has the power to sue and be sued in its own name and to own its assets and carry on its business as it is being conducted.

### 2 Binding obligations

Subject to general principles of law limiting its obligations and subject to any explicit qualifications contained in any legal opinion provided in relation to this Guarantee, the obligations expressed to be assumed by it in this Guarantee are legal, valid, binding and enforceable obligations.

### 3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, this Guarantee do not and will not conflict with:

- (a) any law or regulation applicable to it in its jurisdiction of incorporation;
- (b) its constitutive documents; or
- (c) any agreement or instrument binding upon it or any of its assets.

### 4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Guarantee and the transactions contemplated by this Guarantee.

### 5 Validity and admissibility in evidence

All authorisations required to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Guarantee have been obtained or effected (or will, when required, be obtained or effected) and are (or will, when required, be) in full force and effect.

### 6 No filing or stamp taxes

Under the laws of the State of Colorado and the United States of America, it is not necessary that this Guarantee be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to this Guarantee or the transactions contemplated by this Guarantee.

7 **Pari passu ranking**

Its payment obligations under this Guarantee rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

8 **No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency (which, if adversely determined, might reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Guarantee) have been started or (to the best of its knowledge and belief) threatened against it.

9 **No immunity**

It is subject to civil commercial law with respect to its obligations under this Guarantee and neither it nor any of its assets is entitled to any right of immunity and the entry into and performance of this Guarantee by it constitute private and commercial acts.

10 **No shareholding**

- (a) It is not the legal or beneficial owner of any shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.
- (b) It does not have any option or right to acquire any of the shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.
- (c) No other person has any option or right to transfer to the Guarantor any of the shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.

## Schedule 2 Covenants

The Guarantor hereby undertakes in favour of the Beneficiary that at all times throughout the Guarantee Period:

**1 Status**

It will maintain its existence as a corporation duly incorporated and validly existing under the laws of the State of Colorado and the United States of America in compliance with all applicable law.

**2 Compliance with applicable law**

It will comply with all applicable law binding on it or any of its property and obtain from time to time and, at its own cost and expense, maintain in full force and effect and, when necessary, renew all consents, licences, approvals, permits or authorisations of or registrations or filings with or exemptions by any governmental authority or other person and all notarisations of any person and take all actions which may at any time be required under applicable law in order to enable it to perform its obligations under this Guarantee and to ensure the validity, enforceability or admissibility in evidence thereof.

**3 Compliance with obligations**

It will comply with and perform all the obligations expressed to be assumed by it in this Guarantee and with all laws applicable to it in connection with the transactions contemplated by this Guarantee.

**4 No prejudice to interests**

It will not (otherwise than as expressly contemplated by this Guarantee) do anything or take any action or knowingly omit to take any action which has or is likely to have the effect of prejudicing the right, title and interest of the Beneficiary in relation to this Guarantee.

**5 Further assurance**

At no cost to the Beneficiary, it will as soon as reasonably practicable take all such actions and do all such things as the Beneficiary may from time to time require (acting reasonably) so as to establish, maintain, perfect, preserve and/or protect the right, title and interest of the Beneficiary in relation to this Guarantee.

**6 Pari passu ranking**

It will ensure that its payment obligations under this Guarantee rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

**7 Material proceedings**

It will promptly upon becoming aware thereof deliver to the Beneficiary the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against the Guarantor and which would, if adversely determined, have a material adverse affect on the ability of the Guarantor to perform its obligations under this Guarantee.



---

**8 Information**

It will promptly deliver to the Beneficiary all information that the Beneficiary may from time to time reasonably request in the context of the transactions contemplated by the Relevant Documents.

**9 No shareholding**

- (a) It will not be or become (or attempt to be or become) the legal or beneficial owner of any shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.
- (b) It will not acquire (and will not attempt to acquire) any option or right to acquire any of the shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.
- (c) It will not knowingly take any action or fail to take any action that permits any other person to have any option or right to transfer to the Guarantor any of the shares (whether or not issued) of the Principal or the Shareholder or any derivate rights in relation thereto.

**Execution Page**

**Guarantee**

**Airbus A320neo Aircraft/ Airbus A321ceo Aircraft**

**Frontier / Vertical Horizons**

**The Guarantor**

**Executed as a Deed by  
Frontier Airlines Holdings, Inc.**

acting by its  
being a person who in accordance with  
the laws of the State of Delaware and the  
United States of America is acting under  
the authority of the company

)  
) /s/ James G. Dempsey  
\_\_\_\_\_  
) Name: James G. Dempsey  
) Title: Chief Financial Officer  
)  
)  
)

in the presence of:

Signature of Witness  
Name of Witness  
Address of Witness

/s/ Shannon Muir  
\_\_\_\_\_  
Shannon Muir  
7001 Tower Rd, Denver, CO 80249

**The Beneficiary**

**Executed as a Deed by  
Airbus S.A.S.**

acting by its  
being a person who in accordance with  
the laws of France is acting under the  
authority of the company

) /s/ Christophe Mourey  
\_\_\_\_\_  
) Name: Christophe Mourey  
) Title: Senior Vice President Contracts  
)  
)  
)

in the presence of:

Signature of Witness  
Name of Witness  
Address of Witness

/s/ Sangeeta Rughooputh  
\_\_\_\_\_  
Sangeeta Rughooputh  
1 Rond Point Maurice Bellonte,  
Blagnac 31707 Cedex, France

**C L I F F O R D  
C H A N C E**

**CLIFFORD CHANCE US LLP**

EXECUTION VERSION

DATED AS OF DECEMBER 22, 2020

FRONTIER AIRLINES INC.  
AS GUARANTOR

AND

BANK OF UTAH  
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY  
AS SECURITY TRUSTEE

---

SIXTH AMENDED AND RESTATED GUARANTEE IN  
RESPECT OF THE PDP FINANCING OF TWENTY TWO  
(22) AIRBUS A320NEO AIRCRAFT AND TWENTY  
FOUR (24) AIRBUS A321NEO AIRCRAFT

---

---

## CONTENTS

Clause	Page
1. Definitions	1
2. Guarantee	1
3. Guarantee Absolute	2
4. Waiver	5
5. Certain Actions	6
6. Subrogation	6
7. Rights of Third Parties; Set-Off	6
8. Representations and Warranties	7
9. Covenants	8
10. Successors and Assigns	11
11. Notices	11
12. Governing Law; Counterparts	12
13. Waiver of Jury Trial	12
14. Jurisdiction	12
15. Service of Process	13

**THIS SIXTH AMENDED AND RESTATED GUARANTEE** (as amended, modified or supplemented in accordance with the terms hereof, this “**Guarantee**”), dated as of December 22, 2020, is made

**BY:**

- (1) **FRONTIER AIRLINES, INC.**, incorporated in Colorado (together with its successors and its permitted assigns, the “**Guarantor**”);  
in favor of
- (2) **BANK OF UTAH**, not in its individual capacity but solely, as security trustee (in such capacity, the “**Security Trustee**”) for and on behalf of itself, the Facility Agent (as defined in the Credit Agreement referred to below) and each lender (each a “**Lender**” and collectively, the “**Lenders**”) which is a party to the Sixth Amended and Restated Credit Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the “**Credit Agreement**”), among Vertical Horizons, Ltd., as borrower (the “**Borrower**”), the Facility Agent, the Lenders and the Security Trustee.

**WITNESSETH:**

**WHEREAS:**

- (A) This Guarantee amends and restates in its entirety the Fifth Amended and Restated Guarantee dated as of March 19, 2020, by the Guarantor in favor of the Security Trustee;
- (B) The Borrower entered into the Credit Agreement for the purpose of financing certain pre-delivery payment obligations in respect of twenty-two (22) Airbus A320neo and twenty-four (24) Airbus A321neo Aircraft; and
- (C) It is a condition precedent to the entering into of the transactions contemplated by the Credit Agreement that the Guarantor shall have executed and delivered this Guarantee.

**NOW, THEREFORE**, in consideration of the premises and other consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby agrees as follows:

1. **DEFINITIONS**

- (a) Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Credit Agreement.
- (b) Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be modified, amended or supplemented from time to time in accordance with its terms and the terms of each other agreement restricting the modification, amendment or supplement thereof.

2. **GUARANTEE**

- (a) The Guarantor hereby irrevocably, absolutely and unconditionally guarantees, as primary obligor and as a guarantor of payment and not merely as surety or guarantor of collection, to the Security Trustee, the Facility Agent and each Lender, (i) the full and

prompt payment by the Borrower when due of the Secured Obligations incurred by the Borrower and pursuant to the Operative Documents, strictly in accordance with the terms of the Operative Documents, and (ii) the full and timely performance of, and compliance with, each and every duty, agreement, undertaking, indemnity and obligation of the Borrower under the Operative Documents strictly in accordance with the terms thereof, in each case, however created, arising or evidenced, whether direct or indirect, primary or secondary, absolute or contingent, joint or several and whether now or hereafter existing or due or to become due (such payment and other obligations described in paragraphs (i) and (ii) being referred to herein as the “**Liabilities**”).

- (b) The Guarantor further agrees to pay any and all reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of counsel) that may be paid or incurred by the Security Trustee, the Facility Agent and/or one or more of the Lenders in enforcing any rights with respect to, or collecting, any or all of the Liabilities or enforcing any rights with respect to, or collecting against, the Guarantor hereunder together with interest at the Past Due Rate specified in the Credit Agreement from the date when such expenses are so incurred to the date of actual payment thereof. Without limiting the generality of the foregoing, the liability of the Guarantor hereunder shall extend to all amounts which constitute part of the Liabilities and would be owed by the Borrower but for the fact that such amounts are unenforceable or not allowable due to any circumstance whatsoever or due to the existence of a bankruptcy, suspension of payments, reorganization or similar proceeding involving the Borrower.

### 3. **GUARANTEE ABSOLUTE**

- (a) This Guarantee shall constitute a guarantee of payment and of performance and not of collection, and the Guarantor specifically agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, before or as a condition of enforcing the obligations of the Guarantor under this Guarantee or requiring payment or performance of the Liabilities by the Guarantor hereunder, or at any time thereafter, that any Person: (i) file suit or proceed to obtain or assert a claim for personal judgment against the Borrower or any other Person that may be liable for any Liabilities; (ii) make any other effort to obtain payment or performance of any Liabilities from the Borrower or any other Person that may be liable for such Liabilities; (iii) foreclose against or seek to realize upon the Collateral or any other security now or hereafter existing for such Liabilities; (iv) exercise or assert any other right or remedy to which such Person is or may be entitled in connection with any Liabilities or any security or other guarantee therefor; or (v) assert or file any claim against the assets of any other Person liable for any Liabilities. Notwithstanding anything herein to the contrary, no provision of this Guarantee shall require the Guarantor to pay, perform or discharge any Liabilities prior to the time such Liabilities are due and payable. When making any demand hereunder against the Guarantor, none of the Security Trustee, the Facility Agent or any Lender need make a similar demand on the Borrower; **provided that** any failure by the Security Trustee, the Facility Agent or any Lender to make any such demand or to collect any payments from the Borrower shall not relieve the Guarantor of its obligations or liabilities hereunder and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Security Trustee, the Facility Agent and/or such Lender against the Guarantor. The Security Trustee, the Facility Agent and/or the Lenders may in all events pursue its rights under this Guarantee prior to or simultaneously with pursuing its various rights referred to in the Credit Agreement and the other Operative Documents, as the Security Trustee, the Facility Agent and/or such Lender may determine.

- (b) The Guarantor agrees that this Guarantee shall be continuing until the indefeasible payment in full of all Secured Obligations and the Guarantor guarantees that the Liabilities will be paid and performed strictly in accordance with the terms of the Operative Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Security Trustee, the Facility Agent and/or the Lenders with respect thereto. If for any reason the Borrower shall fail to fully and timely pay or perform and discharge any Liabilities to be paid or performed by the Borrower (whether affirmative or negative in character), the Guarantor shall promptly on demand by the Security Trustee, the Facility Agent and/or any Lender pay or perform or cause to be paid or performed, as the case may be, such Liabilities. Each of the obligations of the Guarantor under this Guarantee is separate and independent of each other obligation of the Guarantor under this Guarantee and separate and independent of the Liabilities, and the Guarantor agrees that a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guarantee, irrespective of whether any action is brought against the Borrower is joined in any such action or actions. The obligations of the Guarantor shall be continuing and irrevocable, absolute and unconditional, primary and original and immediate and not contingent and shall remain in full force and effect without regard to and not be released, discharged or in any way affected by any circumstance or condition (other than by payment in full of the Liabilities) including, without limitation, the occurrence of any one or more of the following:
- (i) any lack of validity or enforceability of any of the Liabilities under the Operative Documents or any document entered into in connection with the transactions contemplated thereby, any provision thereof, or any other agreement or instrument relating thereto or the absence of any action to enforce the same;
  - (ii) any failure, omission, delay or lack on the part of the Security Trustee, the Facility Agent and/or the Lenders to enforce, assert or exercise any right, power, privilege or remedy conferred on the Security Trustee, the Facility Agent and/or the Lenders in the Credit Agreement, the Security Agreement, or any other Operative Document, or the inability of the Security Trustee, the Facility Agent and/or the Lenders to enforce any provision of any Operative Document for any reason, or any other act or omission on the part of the Security Trustee, the Facility Agent or any Lender;
  - (iii) any change in the time, manner or place of performance or of payment, or in any other term of, all or any of the Liabilities, or any other modification, supplement, amendment or waiver of or any consent to departure from the terms and conditions of any of the Operative Document or any document entered into in connection with the transactions contemplated thereby;
  - (iv) any taking, exchange, release or non-perfection of the Collateral or any other collateral or security, or any taking, release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Liabilities or the acceptance of any security therefor;

- (v) the waiver by the Security Trustee, the Facility Agent and/or any Lender of the performance or observance by the Borrower of any of the Liabilities, the waiver of any default in the performance or observance thereof, any extension by the Security Trustee, the Facility Agent and/or any Lender of the time for payment or performance and discharge by the Borrower of any Liabilities or any extension, indulgence or renewal of any Liabilities;
- (vi) any bankruptcy, suspension of payments, insolvency, sale of assets, winding-up, dissolution, liquidation, receivership or reorganization of, or similar proceedings involving, the Borrower or its assets or any resulting release or discharge of any of the Liabilities;
- (vii) the recovery of any judgment against any Person or any action to enforce the same;
- (viii) any failure or delay in the enforcement of the Liabilities of any Person under the Operative Documents or any document entered into in connection with the transactions contemplated by the Operative Documents or any provision thereof;
- (ix) any set-off, counterclaim, deduction, defense, abatement, suspension, deferment, diminution, recoupment, limitation or termination available with respect to any Liabilities and, to the extent permitted by applicable law, irrespective of any other circumstances that might otherwise limit recourse by or against the Guarantor or any other Person;
- (x) the obtaining, the amendment or the release of or consent to any departure from the primary or secondary obligation of any other Person, in addition to the Guarantor, with respect to any Liabilities;
- (xi) any compromise, alteration, amendment, modification, extension, renewal, release or other change, or waiver, consent or other action, or delay or omission or failure to act, in respect of any of the terms, covenants or conditions of any Operative Document or any document entered into in connection with the transactions contemplated by any Operative Document, or any other agreement or any related document referred to therein, or any assignment or transfer of any thereof;
- (xii) any manner of application of Collateral or Proceeds thereof, to all or any of the Liabilities, or any manner of sale or other disposition of any Collateral, or any furnishing or acceptance of additional collateral;
- (xiii) any change in control in the ownership of the Borrower, any change, merger, demerger, consolidation, restructuring or termination of the corporate structure or existence of the Borrower;
- (xiv) to the fullest extent permitted by applicable law, any other circumstance which might otherwise constitute a defense available to, or a discharge of, a guarantor or surety with respect to any Liabilities;
- (xv) any default, failure or delay, whether as a result of actual or alleged force majeure, commercial impracticability or otherwise, in the performance of the



Liabilities, or by any other act or circumstances which may or might in any manner or to any extent vary the risk of the Guarantor, or which would otherwise operate as a discharge of the Guarantor;

- (xvi) the existence of any other obligation of the Guarantor, or any limitation thereof, in any Operative Document;
- (xvii) any regulatory change or other governmental action (whether or not adverse); or
- (xviii) the partial payment or performance of the Liabilities (whether as a result of the exercise of any right, remedy, power or privilege or otherwise) or the invalidity of any payment for any reason whatsoever.

Should any money due or owing under this Guarantee not be recoverable from the Guarantor due to any of the matters specified in paragraphs (i) through (xviii) above or for any other reason, then, in any such case, such money shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal debtor in respect thereof and not merely a guarantor and shall be paid by the Guarantor forthwith.

- (c) This Guarantee shall continue to be effective or be automatically reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Liabilities is rescinded or must otherwise be restored or returned by the Security Trustee, the Facility Agent and/or any Lender for any reason whatsoever, whether upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made, and the Guarantor agrees that it will indemnify the Security Trustee, the Facility Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and disbursement of counsel) incurred by any such Person in connection with such rescission or restoration. If an event permitting the exercise of remedies under the Operative Documents shall at any time have occurred and be continuing and such exercise, or any consequences thereof provided in any Operative Document, shall at such time be prevented by reason of the pendency against the Borrower of a case or proceeding under a bankruptcy or insolvency law, the Guarantor agrees that, for purposes of this Guarantee and its obligations hereunder, amounts payable under the Operative Documents shall be deemed to have been declared in default, with all attendant consequences as provided in the Operative Documents as if such declaration of default and the consequences thereof had been accomplished in accordance with the terms of the Credit Agreement and the other Operative Documents, and the Guarantor shall forthwith pay any amounts guaranteed hereunder, without further notice or demand.

#### 4. **WAIVER**

To the fullest extent permitted by applicable law, the Guarantor hereby expressly and irrevocably waives diligence, promptness, demand for payment or performance, filing of claims with any court, any proceeding to enforce any provision of the Operative Documents, notice of acceptance of and reliance on this Guarantee by the Security Trustee, the Facility Agent and each Lender, notice of the creation of any liabilities of the Borrower, any requirement that the Security Trustee, the Facility Agent or any Lender protect, secure, perfect or insure any security interest or Lien on the Collateral or any property subject thereto, any right to require a proceeding first against the

Borrower, whether to marshal any assets or to exhaust any right or take any action against the Borrower or any other Person or entity or any collateral or otherwise, any diligence in collection or protection of or realization upon any Liabilities, any obligation hereunder or any collateral security for any of the foregoing, any right of protest, presentment, notice or demand whatsoever, all claims of waiver, release, surrender, alteration or compromise, and all defenses, set-offs, counterclaims, recoupments, reductions, limitations, impairments or terminations, whether arising hereunder or otherwise.

5. **CERTAIN ACTIONS**

The Security Trustee, the Facility Agent and each Lender may, from time to time at its sole discretion and without notice to the Guarantor, take any or all of the following actions without affecting the obligations of the Guarantor hereunder: (i) retain or obtain a lien upon a security interest in any substitutions or replacements to the Collateral; (ii) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the Guarantor, with respect to any of the Liabilities or any obligation hereunder; (iii) with consent of the Borrower, extend or renew for one or more periods (regardless of whether longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of the Guarantor hereunder or any obligation of any nature of any other obligor (including the Security Trustee) with respect to any of the Liabilities; (iv) release or fail to perfect any Lien upon or security interest in, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or extend or renew for one or more periods (regardless of whether longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property; and (v) resort to the Guarantor for payment of any of the Liabilities, regardless of whether the Security Trustee, the Facility Agent or the Lender, as the case may be, shall have resorted to any property securing any of the Liabilities or any obligation hereunder or shall have proceeded against any other obligor primarily or secondarily obligated with respect to any of the Liabilities.

6. **SUBROGATION**

Any amounts received by the Security Trustee, the Facility Agent or any Lender from whatsoever source on account of the Liabilities may be applied by it toward the payment of such of the Liabilities, and in such order of application, as the Security Trustee, the Facility Agent or such Lender may from time to time elect. No payment made by or for the account of the Guarantor pursuant to this Guarantee shall entitle the Guarantor by subrogation, indemnity or otherwise to any payment by the Security Trustee, the Facility Agent or the Lender, as the case may be, from or out of any property of such Person, and the Guarantor shall not exercise any right or remedy against the Security Trustee, the Facility Agent or the Lender, as the case may be, or any property of such Person by reason of any performance by the Guarantor of this Guarantee.

7. **RIGHTS OF THIRD PARTIES; SET-OFF**

- (a) This Guarantee is made only for the benefit of, and shall be enforceable only by, the Security Trustee, the Facility Agent and each Lender, and this Guarantee shall not be

construed to create any right in any Person other than the Security Trustee, the Facility Agent and each Lender to be a contract in whole or in part for the benefit of any Person other than the Security Trustee, the Facility Agent and each Lender.

- (b) Upon the occurrence of any Event of Default, the Guarantor hereby irrevocably authorizes the Security Trustee, the Facility Agent, each Lender and each of their respective Affiliates, at any time and from time to time without notice to the Guarantor, any such notice being expressly waived by the Guarantor, to set-off and appropriate and apply any and all assets, at any time held or owing by the Guarantor or any of its Affiliates to, or for the credit of the account of the Guarantor, or any part thereof in such amounts as the Security Trustee, the Facility Agent or such Lender, as the case may be, may elect, against and on account of the obligations and liabilities of the Guarantor to the Security Trustee, the Facility Agent and each Lender hereunder of every nature and description of the Security Trustee, the Facility Agent and each Lender. The Security Trustee, the Facility Agent or applicable Lender shall notify the Guarantor promptly of any such set-off and the application made by them, **provided that** the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Security Trustee, the Facility Agent and each Lender under this Clause are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Security Trustee, the Facility Agent and the Lenders may have.

## 8. REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants to the Security Trustee, the Facility Agent and each Lender as follows:

### (a) Access to Information

The Guarantor has and will continue to have independent means of obtaining information concerning the Borrower's affairs, financial condition and business. None of the Security Trustee, the Facility Agent or any Lender shall have any duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the possession of the Security Trustee, the Facility Agent or any Lender.

### (b) Organization

It is a company duly organized and validly existing under the laws of the state of Colorado, with organizational power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted.

### (c) Due Qualification

It is duly licensed, qualified and authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such license, qualification or authorization except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, financial condition or prospects of the Guarantor.

(d) **Power and Authority; Due Authorization**

It has (i) all necessary power, authority and legal right to execute, deliver and perform its obligations under this Guarantee and (ii) duly authorized by all necessary organizational action such execution, delivery and performance of this Guarantee.

(e) **Binding Obligations**

This Guarantee constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(f) **No Violation**

The execution, delivery and performance of this Guarantee will not (i) conflict with, or result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under (A) the constituent documents of the Guarantor or (B) any indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which the Guarantor is a party or by which it or its property is bound, (ii) result in or require the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument or (iii) violate any law, judgment, writ, injunction, decree or any order, rule, regulation applicable to the Guarantor of any court or of any federal, state or foreign regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Guarantor or any of its properties.

(g) **Not Insolvent**

The execution, delivery and performance by the Guarantor of this Guarantee will not render the Guarantor insolvent, nor is it being made in contemplation of the Guarantor's insolvency; the Guarantor does not, in its reasonable judgment, have an unreasonably small capital for conducting its business as presently contemplated by it. The Guarantor is fully solvent (on a cash flow and balance sheet basis) and will be fully solvent immediately following the execution of this Agreement and the other Operative Documents.

(h) **No Default under Airbus Purchase Agreements or Engine Agreements**

No event is continuing in respect of the Guarantor which would constitute an incipient or actual default by either Guarantor under any Airbus Purchase Agreement, the A321neo Engine Purchase Agreement or the CFM Engine Agreement A320neo.

9. **COVENANTS**

- (a) The Guarantor shall observe certain policies and procedures relating to the Borrower's existence as separate companies as follows and shall do all things necessary to maintain its corporate existence separate and distinct from the Borrower. The Guarantor shall:

- (i) observe all formalities necessary to remain a legal entity separate and distinct from the Borrower;
- (ii) maintain its assets and liabilities separate and distinct from those of the Borrower in such a manner that it is not difficult to segregate, identify or ascertain such assets;
- (iii) maintain records, books and accounts separate from those of the Borrower (other than as otherwise set forth under the Operative Documents);
- (iv) pay its obligations in the ordinary course of business as a legal entity separate from the Borrower;
- (v) keep its funds separate and distinct from any funds of the Borrower, and receive, deposit, withdraw and disburse such funds separately from any funds of the Borrower;
- (vi) not agree to pay, assume, guarantee or become liable for any debt of, or otherwise pledge its assets for the benefit of the Borrower except as otherwise permitted under the Operative Documents;
- (vii) not hold out that the Borrower is a division of the Guarantor or any other Person or that the Guarantor is a division of the Borrower or any other Person;
- (viii) not induce any third party to rely on the creditworthiness of the Guarantor in order that such third party will contract with the Borrower (other than any guarantee of the Guarantor in favor of Airbus made in connection with the Airbus Purchase Agreements);
- (ix) allocate and charge fairly and reasonably any common overhead shared with the Borrower;
- (x) hold itself out as a separate entity from the Borrower, and correct any known misunderstanding regarding its separate identity;
- (xi) not conduct business in the name of the Borrower and ensure that all communications of the Borrower are made solely in the Borrower's name as the context may require;
- (xii) not acquire the securities of the Borrower or allow the Borrower to acquire securities of the Guarantor;
- (xiii) prepare separate financial statements and separate tax returns from the Borrower (**provided that** the Guarantor may publish financial statements that consolidate those of the Guarantor and its subsidiaries, if to do so is required by any applicable law or accounting principles from time to time in effect and subsidiaries of the Guarantor may file consolidated Tax returns with the Guarantor and its subsidiaries for Tax purposes); and
- (xiv) not enter into any transaction with the Borrower that is more favorable to the Guarantor than transactions that the Guarantor and its subsidiaries would have been able to enter into at such time on an arm's-length basis with a non-affiliated third party or vice versa.

- (b) The Guarantor shall not take any action or omit to take any action that would cause an incipient or actual default under any Airbus Purchase Agreement or any Engine Agreement.
- (c) The Guarantor shall ensure that the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, and this Guarantee remain in place and in full force and effect and that neither it nor any other Obligor shall breach any of the terms of any of such documents. The Guarantor shall ensure that no amendment, variation, waiver or other change is made to its memorandum and articles of association or other constituent documents, the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, or this Guarantee.
- (d) The Guarantor shall:
  - (i) promptly upon acquiring actual knowledge of the same, notify the Facility Agent of any default (whether by the Guarantor, any Affiliate of the Guarantor, Airbus or the Engine Manufacturer) under or cancellation, termination or rescission or purported cancellation, termination or rescission of any Airbus Purchase Agreement or any Engine Agreement specifying in reasonable detail the nature of such default, cancellation, rescission or termination;
  - (ii) not, without the Security Trustee's prior written consent, in any way modify, cancel, terminate or amend or consent to the modification, cancellation, termination or amendment of any Airbus Purchase Agreement or any Engine Agreement except to the extent permitted by the Credit Agreement;
  - (iii) not accept, and shall procure that the Borrower or any other Person does not accept, delivery of any Aircraft from Airbus before or concurrently with repaying to the Lenders all amounts owing in respect of the Loans relating to that Aircraft;
  - (iv) not enter into or consent to any change order or other amendment, modification or supplement to any Airbus Purchase Agreement or any Engine Agreement, in relation to the Aircraft, without the prior written consent and countersignature of the Security Trustee (acting at the unanimous direction of the Lenders) if such change order, amendment, modification or supplement would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;
  - (v) provide to the Security Trustee promptly after the execution of the same copies, certified by the Guarantor, of all material change orders (other than non charge change orders), amendments, modifications or supplements to the Assigned Purchase Agreements that would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;
  - (vi) provide to the Security Trustee promptly upon request, such information regarding the package of product support and training services as was agreed to be provided by Airbus to the Guarantor under the Assigned Purchase

Agreements and agrees not to take any action or omit to take any action which would reduce the product support and training services which would otherwise be available to Intrepid by Airbus with respect to the Aircraft under the Assigned Purchase Agreements; and

- (vii) not agree to any financial indebtedness cross default (in respect of it or any of its Affiliates) with Airbus that would give rise to a right for Airbus to terminate the Assigned Purchase Agreements.
- (e) The Guarantor shall not accept any repayment of any part of the Subordinated Loan Agreement while the Secured Obligations remain outstanding.

**10. SUCCESSORS AND ASSIGNS**

- (a) This Guarantee shall be binding upon the Guarantor and upon the Guarantor's successors and assigns and all references herein to the Guarantor or the Security Trustee shall be deemed to include any successor or successors whether immediate or remote, to such Person. The Guarantor shall not assign any of its rights or obligations hereunder without the prior written consent of the Security Trustee, the Facility Agent and each Lender.
- (b) This Guarantee shall inure to the benefit of the Security Trustee, the Facility Agent each Lender and their respective successors and assigns, and all references herein to the Security Trustee, the Facility Agent or any Lender shall be deemed to include any successors and assigns of such Person (whether or not reference in a particular provision is made to such successors and assigns).

**11. NOTICES**

All notices, demands or requests given pursuant to this Guarantee shall be in writing personally delivered, or sent by facsimile (with subsequent telephone confirmation of receipt thereof) or sent by internationally recognized overnight courier service, to the following addresses:

- (a) if to the Guarantor:  
Frontier Airlines, Inc.  
7001 Tower Road  
Denver, CO 80249  
Attention: SVP – General Counsel  
Phone: (###) ###-####  
Email: ###
- (b) if to the Security Trustee:  
50 South 200 East, Suite 110  
Salt Lake City, Utah 84111  
Telephone: ### ###-####  
Facsimile: ### ###-####  
Email: ###

Whenever any notice in writing is required to be given by the Guarantor or the Security Trustee, such notice shall be deemed given and such requirement satisfied when such notice is received, with such notice received if such notice is mailed by certified mail, postage prepaid, or is sent by facsimile, addressed as provided above.

Either party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other party.

**12. GOVERNING LAW; COUNTERPARTS**

THIS GUARANTEE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. This Guarantee may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

**13. WAIVER OF JURY TRIAL**

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTEE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

**14. JURISDICTION**

- (a) The Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guarantee, or for recognition or enforcement of any judgment, and the Guarantor irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guarantee shall affect any right that the Security Trustee or any Lender may otherwise have to bring any action or proceeding relating to this Guarantee against another party or its properties in the courts of any jurisdiction.
- (b) The Guarantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the



laying of venue of any suit, action or proceeding arising out of or relating to this Guarantee in any court referred to in paragraph (a) of this Clause. The Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

15. **SERVICE OF PROCESS**

Each party to this Guarantee irrevocably consents to service of process in the manner provided for the delivery of notices in Clause 11. Nothing in this Guarantee will affect the right of any party to this Guarantee to serve process in any other manner permitted by law. The Guarantor hereby irrevocably appoints and designates Corporation Services Company (the “**Agent for Service of Process**”), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Guarantor agrees that service of process upon such party shall constitute personal service of such process on such person. The Guarantor shall maintain the designation and appointment of the Agent for Service of Process at such address until all amounts payable under this Guarantee shall have been paid in full. If the Agent for Service of Process shall cease to so act, the Guarantor shall immediately designate and shall promptly deliver to the Security Trustee evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

[Signature page follows]

**IN WITNESS WHEREOF**, this Guarantee has been executed and delivered by the Guarantor's duly authorized officer as of the date first written above.

**FRONTIER AIRLINES, INC.**

By: /s/ Howard Diamond

Name: Howard Diamond

Title: Senior Vice President, General Counsel and Secretary

**ACCEPTED and AGREED:**

**BANK OF UTAH**

not in its individual capacity but solely  
as Security Trustee

By: /s/ Joseph H. Pugsley

Name: Joseph H. Pugsley

Title: Vice President

By: /s/ Michael Arsenault

Name: Michael Arsenault

Title: Vice President

[Signature Page - Sixth Amended and Restated Guarantee]

**C L I F F O R D**  
**C H A N C E**

**CLIFFORD CHANCE US LLP**

EXECUTION VERSION

DATED AS OF DECEMBER 22, 2020

FRONTIER AIRLINES HOLDINGS, INC.  
AS GUARANTOR

AND

BANK OF UTAH  
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY  
AS SECURITY TRUSTEE

---

SIXTH AMENDED AND RESTATED GUARANTEE IN  
RESPECT OF THE PDP FINANCING OF TWENTY-TWO  
(22) AIRBUS A320NEO AIRCRAFT AND TWENTY-  
FOUR (24) AIRBUS A321NEO AIRCRAFT

---

## CONTENTS

Clause	Page
1. Definitions	1
2. Guarantee	1
3. Guarantee Absolute	2
4. Waiver	5
5. Certain Actions	6
6. Subrogation	6
7. Rights of Third Parties; Set-Off	6
8. Representations and Warranties	7
9. Covenants	9
10. Successors and Assigns	12
11. Notices	12
12. Governing Law; Counterparts	13
13. Waiver of Jury Trial	13
14. Jurisdiction	13
15. Service of Process	14

**THIS SIXTH AMENDED AND RESTATED GUARANTEE** (as amended, modified or supplemented in accordance with the terms hereof, this “**Guarantee**”), dated as of December 22, 2020, is made

**BY:**

- (1) **FRONTIER AIRLINES HOLDINGS, INC.**, a Delaware corporation (together with its successors and its permitted assigns, the “**Guarantor**”);  
in favor of
- (2) **BANK OF UTAH**, not in its individual capacity but solely, as security trustee (in such capacity, the “**Security Trustee**”) for and on behalf of itself, the Facility Agent (as defined in the Credit Agreement referred to below) and each lender (each a “**Lender**” and collectively, the “**Lenders**”) which is a party to the Sixth Amended and Restated Credit Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the “**Credit Agreement**”), among Vertical Horizons, Ltd., as borrower (the “**Borrower**”), the Facility Agent, the Lenders and the Security Trustee.

**WITNESSETH:**

**WHEREAS:**

- (A) This Guarantee amends and restates in its entirety the Fifth Amended and Restated Guarantee dated as of March 19, 2020, by the Guarantor in favor of the Security Trustee;
- (B) The Borrower entered into the Credit Agreement for the purpose of financing certain pre-delivery payment obligations in respect of twenty-two (22) Airbus A320neo and twenty-four (24) Airbus A321neo Aircraft; and
- (C) It is a condition precedent to the entering into of the transactions contemplated by the Credit Agreement that the Guarantor shall have executed and delivered this Guarantee.

**NOW, THEREFORE**, in consideration of the premises and other consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby agrees as follows:

1. **DEFINITIONS**

- (a) Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Credit Agreement.
- (b) Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be modified, amended or supplemented from time to time in accordance with its terms and the terms of each other agreement restricting the modification, amendment or supplement thereof.

2. **GUARANTEE**

- (a) The Guarantor hereby irrevocably, absolutely and unconditionally guarantees, as primary obligor and as a guarantor of payment and not merely as surety or guarantor of collection, to the Security Trustee, the Facility Agent and each Lender, (i) the full and

prompt payment by the Borrower when due of the Secured Obligations incurred by the Borrower and pursuant to the Operative Documents, strictly in accordance with the terms of the Operative Documents, and (ii) the full and timely performance of, and compliance with, each and every duty, agreement, undertaking, indemnity and obligation of the Borrower under the Operative Documents strictly in accordance with the terms thereof, in each case, however created, arising or evidenced, whether direct or indirect, primary or secondary, absolute or contingent, joint or several and whether now or hereafter existing or due or to become due (such payment and other obligations described in paragraphs (i) and (ii) being referred to herein as the “**Liabilities**”).

- (b) The Guarantor further agrees to pay any and all reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of counsel) that may be paid or incurred by the Security Trustee, the Facility Agent and/or one or more of the Lenders in enforcing any rights with respect to, or collecting, any or all of the Liabilities or enforcing any rights with respect to, or collecting against, the Guarantor hereunder together with interest at the Past Due Rate specified in the Credit Agreement from the date when such expenses are so incurred to the date of actual payment thereof. Without limiting the generality of the foregoing, the liability of the Guarantor hereunder shall extend to all amounts which constitute part of the Liabilities and would be owed by the Borrower but for the fact that such amounts are unenforceable or not allowable due to any circumstance whatsoever or due to the existence of a bankruptcy, suspension of payments, reorganization or similar proceeding involving the Borrower.

### 3. **GUARANTEE ABSOLUTE**

- (a) This Guarantee shall constitute a guarantee of payment and of performance and not of collection, and the Guarantor specifically agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, before or as a condition of enforcing the obligations of the Guarantor under this Guarantee or requiring payment or performance of the Liabilities by the Guarantor hereunder, or at any time thereafter, that any Person: (i) file suit or proceed to obtain or assert a claim for personal judgment against the Borrower or any other Person that may be liable for any Liabilities; (ii) make any other effort to obtain payment or performance of any Liabilities from the Borrower or any other Person that may be liable for such Liabilities; (iii) foreclose against or seek to realize upon the Collateral or any other security now or hereafter existing for such Liabilities; (iv) exercise or assert any other right or remedy to which such Person is or may be entitled in connection with any Liabilities or any security or other guarantee therefor; or (v) assert or file any claim against the assets of any other Person liable for any Liabilities. Notwithstanding anything herein to the contrary, no provision of this Guarantee shall require the Guarantor to pay, perform or discharge any Liabilities prior to the time such Liabilities are due and payable. When making any demand hereunder against the Guarantor, none of the Security Trustee, the Facility Agent or any Lender need make a similar demand on the Borrower; **provided that** any failure by the Security Trustee, the Facility Agent or any Lender to make any such demand or to collect any payments from the Borrower shall not relieve the Guarantor of its obligations or liabilities hereunder and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Security Trustee, the Facility Agent and/or such Lender against the Guarantor. The Security Trustee, the Facility Agent and/or the Lenders may in all events pursue its rights under this Guarantee prior to or simultaneously with pursuing its various rights referred to in the Credit Agreement and the other Operative Documents, as the Security Trustee, the Facility Agent and/or such Lender may determine.

- (b) The Guarantor agrees that this Guarantee shall be continuing until the indefeasible payment in full of all Secured Obligations and the Guarantor guarantees that the Liabilities will be paid and performed strictly in accordance with the terms of the Operative Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Security Trustee, the Facility Agent and/or the Lenders with respect thereto. If for any reason the Borrower shall fail to fully and timely pay or perform and discharge any Liabilities to be paid or performed by the Borrower (whether affirmative or negative in character), the Guarantor shall promptly on demand by the Security Trustee, the Facility Agent and/or any Lender pay or perform or cause to be paid or performed, as the case may be, such Liabilities. Each of the obligations of the Guarantor under this Guarantee is separate and independent of each other obligation of the Guarantor under this Guarantee and separate and independent of the Liabilities, and the Guarantor agrees that a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guarantee, irrespective of whether any action is brought against the Borrower is joined in any such action or actions. The obligations of the Guarantor shall be continuing and irrevocable, absolute and unconditional, primary and original and immediate and not contingent and shall remain in full force and effect without regard to and not be released, discharged or in any way affected by any circumstance or condition (other than by payment in full of the Liabilities) including, without limitation, the occurrence of any one or more of the following:
- (i) any lack of validity or enforceability of any of the Liabilities under the Operative Documents or any document entered into in connection with the transactions contemplated thereby, any provision thereof, or any other agreement or instrument relating thereto or the absence of any action to enforce the same;
  - (ii) any failure, omission, delay or lack on the part of the Security Trustee, the Facility Agent and/or the Lenders to enforce, assert or exercise any right, power, privilege or remedy conferred on the Security Trustee, the Facility Agent and/or the Lenders in the Credit Agreement, the Security Agreement, or any other Operative Document, or the inability of the Security Trustee, the Facility Agent and/or the Lenders to enforce any provision of any Operative Document for any reason, or any other act or omission on the part of the Security Trustee, the Facility Agent or any Lender;
  - (iii) any change in the time, manner or place of performance or of payment, or in any other term of, all or any of the Liabilities, or any other modification, supplement, amendment or waiver of or any consent to departure from the terms and conditions of any of the Operative Document or any document entered into in connection with the transactions contemplated thereby;
  - (iv) any taking, exchange, release or non-perfection of the Collateral or any other collateral or security, or any taking, release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Liabilities or the acceptance of any security therefor;

- (v) the waiver by the Security Trustee, the Facility Agent and/or any Lender of the performance or observance by the Borrower of any of the Liabilities, the waiver of any default in the performance or observance thereof, any extension by the Security Trustee, the Facility Agent and/or any Lender of the time for payment or performance and discharge by the Borrower of any Liabilities or any extension, indulgence or renewal of any Liabilities;
- (vi) any bankruptcy, suspension of payments, insolvency, sale of assets, winding-up, dissolution, liquidation, receivership or reorganization of, or similar proceedings involving, the Borrower or its assets or any resulting release or discharge of any of the Liabilities;
- (vii) the recovery of any judgment against any Person or any action to enforce the same;
- (viii) any failure or delay in the enforcement of the Liabilities of any Person under the Operative Documents or any document entered into in connection with the transactions contemplated by the Operative Documents or any provision thereof;
- (ix) any set-off, counterclaim, deduction, defense, abatement, suspension, deferment, diminution, recoupment, limitation or termination available with respect to any Liabilities and, to the extent permitted by applicable law, irrespective of any other circumstances that might otherwise limit recourse by or against the Guarantor or any other Person;
- (x) the obtaining, the amendment or the release of or consent to any departure from the primary or secondary obligation of any other Person, in addition to the Guarantor, with respect to any Liabilities;
- (xi) any compromise, alteration, amendment, modification, extension, renewal, release or other change, or waiver, consent or other action, or delay or omission or failure to act, in respect of any of the terms, covenants or conditions of any Operative Document or any document entered into in connection with the transactions contemplated by any Operative Document, or any other agreement or any related document referred to therein, or any assignment or transfer of any thereof;
- (xii) any manner of application of Collateral or Proceeds thereof, to all or any of the Liabilities, or any manner of sale or other disposition of any Collateral, or any furnishing or acceptance of additional collateral;
- (xiii) any change in control in the ownership of the Borrower, any change, merger, demerger, consolidation, restructuring or termination of the corporate structure or existence of the Borrower;
- (xiv) to the fullest extent permitted by applicable law, any other circumstance which might otherwise constitute a defense available to, or a discharge of, a guarantor or surety with respect to any Liabilities;
- (xv) any default, failure or delay, whether as a result of actual or alleged force majeure, commercial impracticability or otherwise, in the performance of the



Liabilities, or by any other act or circumstances which may or might in any manner or to any extent vary the risk of the Guarantor, or which would otherwise operate as a discharge of the Guarantor;

- (xvi) the existence of any other obligation of the Guarantor, or any limitation thereof, in any Operative Document;
- (xvii) any regulatory change or other governmental action (whether or not adverse); or
- (xviii) the partial payment or performance of the Liabilities (whether as a result of the exercise of any right, remedy, power or privilege or otherwise) or the invalidity of any payment for any reason whatsoever.

Should any money due or owing under this Guarantee not be recoverable from the Guarantor due to any of the matters specified in paragraphs (i) through (xviii) above or for any other reason, then, in any such case, such money shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal debtor in respect thereof and not merely a guarantor and shall be paid by the Guarantor forthwith.

- (c) This Guarantee shall continue to be effective or be automatically reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Liabilities is rescinded or must otherwise be restored or returned by the Security Trustee, the Facility Agent and/or any Lender for any reason whatsoever, whether upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made, and the Guarantor agrees that it will indemnify the Security Trustee, the Facility Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and disbursement of counsel) incurred by any such Person in connection with such rescission or restoration. If an event permitting the exercise of remedies under the Operative Documents shall at any time have occurred and be continuing and such exercise, or any consequences thereof provided in any Operative Document, shall at such time be prevented by reason of the pendency against the Borrower of a case or proceeding under a bankruptcy or insolvency law, the Guarantor agrees that, for purposes of this Guarantee and its obligations hereunder, amounts payable under the Operative Documents shall be deemed to have been declared in default, with all attendant consequences as provided in the Operative Documents as if such declaration of default and the consequences thereof had been accomplished in accordance with the terms of the Credit Agreement and the other Operative Documents, and the Guarantor shall forthwith pay any amounts guaranteed hereunder, without further notice or demand.

#### 4. **WAIVER**

To the fullest extent permitted by applicable law, the Guarantor hereby expressly and irrevocably waives diligence, promptness, demand for payment or performance, filing of claims with any court, any proceeding to enforce any provision of the Operative Documents, notice of acceptance of and reliance on this Guarantee by the Security Trustee, the Facility Agent and each Lender, notice of the creation of any liabilities of the Borrower, any requirement that the Security Trustee, the Facility Agent or any Lender protect, secure, perfect or insure any security interest or Lien on the Collateral or any property subject thereto, any right to require a proceeding first against the

Borrower, whether to marshal any assets or to exhaust any right or take any action against the Borrower or any other Person or entity or any collateral or otherwise, any diligence in collection or protection of or realization upon any Liabilities, any obligation hereunder or any collateral security for any of the foregoing, any right of protest, presentment, notice or demand whatsoever, all claims of waiver, release, surrender, alteration or compromise, and all defenses, set-offs, counterclaims, recoupments, reductions, limitations, impairments or terminations, whether arising hereunder or otherwise.

5. **CERTAIN ACTIONS**

The Security Trustee, the Facility Agent and each Lender may, from time to time at its sole discretion and without notice to the Guarantor, take any or all of the following actions without affecting the obligations of the Guarantor hereunder: (i) retain or obtain a lien upon a security interest in any substitutions or replacements to the Collateral; (ii) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the Guarantor, with respect to any of the Liabilities or any obligation hereunder; (iii) with consent of the Borrower, extend or renew for one or more periods (regardless of whether longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of the Guarantor hereunder or any obligation of any nature of any other obligor (including the Security Trustee) with respect to any of the Liabilities; (iv) release or fail to perfect any Lien upon or security interest in, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or extend or renew for one or more periods (regardless of whether longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property; and (v) resort to the Guarantor for payment of any of the Liabilities, regardless of whether the Security Trustee, the Facility Agent or the Lender, as the case may be, shall have resorted to any property securing any of the Liabilities or any obligation hereunder or shall have proceeded against any other obligor primarily or secondarily obligated with respect to any of the Liabilities.

6. **SUBROGATION**

Any amounts received by the Security Trustee, the Facility Agent or any Lender from whatsoever source on account of the Liabilities may be applied by it toward the payment of such of the Liabilities, and in such order of application, as the Security Trustee, the Facility Agent or such Lender may from time to time elect. No payment made by or for the account of the Guarantor pursuant to this Guarantee shall entitle the Guarantor by subrogation, indemnity or otherwise to any payment by the Security Trustee, the Facility Agent or the Lender, as the case may be, from or out of any property of such Person, and the Guarantor shall not exercise any right or remedy against the Security Trustee, the Facility Agent or the Lender, as the case may be, or any property of such Person by reason of any performance by the Guarantor of this Guarantee.

7. **RIGHTS OF THIRD PARTIES; SET-OFF**

- (a) This Guarantee is made only for the benefit of, and shall be enforceable only by, the Security Trustee, the Facility Agent and each Lender, and this Guarantee shall not be

construed to create any right in any Person other than the Security Trustee, the Facility Agent and each Lender to be a contract in whole or in part for the benefit of any Person other than the Security Trustee, the Facility Agent and each Lender.

- (b) Upon the occurrence of any Event of Default, the Guarantor hereby irrevocably authorizes the Security Trustee, the Facility Agent, each Lender and each of their respective Affiliates, at any time and from time to time without notice to the Guarantor, any such notice being expressly waived by the Guarantor, to set-off and appropriate and apply any and all assets, at any time held or owing by the Guarantor or any of its Affiliates to, or for the credit of the account of the Guarantor, or any part thereof in such amounts as the Security Trustee, the Facility Agent or such Lender, as the case may be, may elect, against and on account of the obligations and liabilities of the Guarantor to the Security Trustee, the Facility Agent and each Lender hereunder of every nature and description of the Security Trustee, the Facility Agent and each Lender. The Security Trustee, the Facility Agent or applicable Lender shall notify the Guarantor promptly of any such set-off and the application made by them, **provided that** the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Security Trustee, the Facility Agent and each Lender under this Clause are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Security Trustee, the Facility Agent and the Lenders may have.

## 8. REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants to the Security Trustee, the Facility Agent and each Lender as follows:

### (a) Access to Information

The Guarantor has and will continue to have independent means of obtaining information concerning the Borrower's affairs, financial condition and business. None of the Security Trustee, the Facility Agent or any Lender shall have any duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the possession of the Security Trustee, the Facility Agent or any Lender.

### (b) Organization

It is a company duly organized and validly existing under the laws of the state of Delaware, with organizational power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted.

### (c) Due Qualification

It is duly licensed, qualified and authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such license, qualification or authorization except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, financial condition or prospects of the Guarantor.

(d) **Power and Authority; Due Authorization**

It has (i) all necessary power, authority and legal right to execute, deliver and perform its obligations under this Guarantee and (ii) duly authorized by all necessary organizational action such execution, delivery and performance of this Guarantee.

(e) **Binding Obligations**

This Guarantee constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(f) **No Violation**

The execution, delivery and performance of this Guarantee will not (i) conflict with, or result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under (A) the constituent documents of the Guarantor or (B) any indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which the Guarantor is a party or by which it or its property is bound, (ii) result in or require the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument or (iii) violate any law or any judgment, writ, injunction, decree, order, rule, regulation applicable to the Guarantor of any court or of any federal, state or foreign regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Guarantor or any of its properties.

(g) **Not Insolvent**

The execution, delivery and performance by the Guarantor of this Guarantee will not render the Guarantor insolvent, nor is it being made in contemplation of the Guarantor's insolvency; the Guarantor does not, in its reasonable judgment, have an unreasonably small capital for conducting its business as presently contemplated by it. The Guarantor is fully solvent (on a cash flow and balance sheet basis) and will be fully solvent immediately following the execution of this Agreement and the other Operative Documents.

(h) **No Default under Airbus Purchase Agreements or Engine Agreements**

No event is continuing in respect of the Guarantor which would constitute an incipient or actual default by either Guarantor under any Airbus Purchase Agreement, the A321neo Engine Purchase Agreement or the CFM Engine Agreement A320neo.

9. **COVENANTS**

- (a) The Guarantor shall observe certain policies and procedures relating to the Borrower's existence as separate companies as follows and shall do all things necessary to maintain its corporate existence separate and distinct from the Borrower. The Guarantor shall:
- (i) observe all formalities necessary to remain a legal entity separate and distinct from the Borrower;
  - (ii) maintain its assets and liabilities separate and distinct from those of the Borrower in such a manner that it is not difficult to segregate, identify or ascertain such assets;
  - (iii) maintain records, books and accounts separate from those of the Borrower (other than as otherwise set forth under the Operative Documents);
  - (iv) pay its obligations in the ordinary course of business as a legal entity separate from the Borrower;
  - (v) keep its funds separate and distinct from any funds of the Borrower, and receive, deposit, withdraw and disburse such funds separately from any funds of the Borrower;
  - (vi) not agree to pay, assume, guarantee or become liable for any debt of, or otherwise pledge its assets for the benefit of the Borrower except as otherwise permitted under the Operative Documents;
  - (vii) not hold out that the Borrower is a division of the Guarantor or any other Person or that the Guarantor is a division of the Borrower or any other Person;
  - (viii) not induce any third party to rely on the creditworthiness of the Guarantor in order that such third party will contract with the Borrower (other than any guarantee of the Guarantor in favor of Airbus made in connection with the Airbus Purchase Agreements);
  - (ix) allocate and charge fairly and reasonably any common overhead shared with the Borrower;
  - (x) hold itself out as a separate entity from the Borrower, and correct any known misunderstanding regarding its separate identity;
  - (xi) not conduct business in the name of the Borrower and ensure that all communications of the Borrower are made solely in the Borrower's name as the context may require;
  - (xii) not acquire the securities of the Borrower or allow the Borrower to acquire securities of the Guarantor;
  - (xiii) prepare separate financial statements and separate tax returns from the Borrower (**provided that** the Guarantor may publish financial statements that consolidate those of the Guarantor and its subsidiaries, if to do so is required by any applicable law or accounting principles from time to time in effect and subsidiaries of the Guarantor may file consolidated Tax returns with the Guarantor and its subsidiaries for Tax purposes); and

- (xiv) not enter into any transaction with the Borrower that is more favorable to the Guarantor than transactions that the Guarantor and its subsidiaries would have been able to enter into at such time on an arm's-length basis with a non-affiliated third party or vice versa.
- (b) The Guarantor shall not take any action or omit to take any action that would cause an incipient or actual default under any Airbus Purchase Agreement or any Engine Agreement.
- (c) The Guarantor shall ensure that the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, and this Guarantee remain in place and in full force and effect and that neither it nor any other Obligor shall breach any of the terms of any of such documents. The Guarantor shall ensure that no amendment, variation, waiver or other change is made to its memorandum and articles of association or other constituent documents, the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, or this Guarantee.
- (d) The Guarantor shall:
- (i) promptly upon acquiring actual knowledge of the same, notify the Facility Agent of any default (whether by the Guarantor, any Affiliate of the Guarantor, Airbus or the Engine Manufacturer) under or cancellation, termination or rescission or purported cancellation, termination or rescission of any Airbus Purchase Agreement or any Engine Agreement specifying in reasonable detail the nature of such default, cancellation, rescission or termination;
  - (ii) not, without the Security Trustee's prior written consent, in any way modify, cancel, terminate or amend or consent to the modification, cancellation, termination or amendment of any Airbus Purchase Agreement or any Engine Agreement except to the extent permitted by the Credit Agreement;
  - (iii) not accept, and shall procure that the Borrower or any other Person does not accept, delivery of any Aircraft from Airbus before or concurrently with repaying to the Lenders all amounts owing in respect of the Loans relating to that Aircraft;
  - (iv) not enter into or consent to any change order or other amendment, modification or supplement to any Airbus Purchase Agreement or any Engine Agreement, in relation to the Aircraft, without the prior written consent and countersignature of the Security Trustee (acting at the unanimous direction of the Lenders) if such change order, amendment, modification or supplement would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;
  - (v) provide to the Security Trustee promptly after the execution of the same copies, certified by the Guarantor, of all material change orders (other than non charge change orders), amendments, modifications or supplements to the Assigned Purchase Agreements that would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;

- (vi) provide to the Security Trustee promptly upon request, such information regarding the package of product support and training services as was agreed to be provided by Airbus to the Guarantor under the Assigned Purchase Agreements and agrees not to take any action or omit to take any action which would reduce the product support and training services which would otherwise be available to Intrepid by Airbus with respect to the Aircraft under the Assigned Purchase Agreements; and
  - (vii) not agree to any financial indebtedness cross default (in respect of it or any of its Affiliates) with Airbus that would give rise to a right for Airbus to terminate the Assigned Purchase Agreements.
- (e) The Guarantor shall not accept any repayment of any part of the Subordinated Loan Agreement while the Secured Obligations remain outstanding.

(f) **Financial Covenants**

The Guarantor shall:

- (i) at all times ensure that it has: (A) liquidity in the form of Unrestricted Cash and Cash Equivalents in an aggregate amount of not less than (i) so long as the Initial Lender's aggregate outstanding principal amount of Loans and Line of Credit Borrowings together with its aggregate Commitment is an amount greater than [\*\*\*], [\*\*\*] or (ii) if the Initial Lender's aggregate outstanding principal amount of Loans and Line of Credit Borrowings together with its aggregate Commitment is an amount less than or equal to [\*\*\*], [\*\*\*] and (B) Shareholders' Equity in an aggregate amount of not less than [\*\*\*]; and
- (ii) not make nor declare any Distribution unless its Shareholders' Equity is an aggregate amount of not less than [\*\*\*].

The Guarantor shall, on each date on which its financial statements are required to be delivered by the Borrower pursuant to Clause 10.15(a) and (b) of the Credit Agreement and on each date on which a Funding Notice is issued under the Credit Agreement, deliver to the Facility Agent a certificate in writing (which may be provided by e-mail) confirming compliance with this Clause 9(f), such certificate to be accompanied by supporting financial information for the Guarantor and the Group (which, in respect of the confirmation to be provided on the date of a Funding Notice, shall be the group management accounts most recently prepared and the knowledge of any officer of the Guarantor) and shall otherwise promptly notify the Security Trustee of any breach by the Guarantor of any of its obligations hereunder. For purposes of this Clause 9(f), the following definitions shall apply:

“**Distribution**” means any dividend or other distribution to any class of its shareholders.

“**Shareholders' Equity**” means the Guarantor's shareholders' equity as stated in its financial statements calculated in accordance with

GAAP.

**“Unrestricted Cash and Cash Equivalents”** means at any date in respect of the Guarantor, the sum of (a) the undrawn portion available under any revolving, delayed draw or similar credit facilities, in each case that have a maturity of one (1) year or more from such date, (b) available liquidity and (c) the cash and cash equivalents (in each case, as such terms are defined by GAAP) of the Guarantor on a consolidated based, that may be in each case (i) classified as “unrestricted” in accordance with GAAP on the consolidated balance sheets of the Guarantor or (ii) classified in accordance with GAAP as “restricted” on the consolidated balance sheets of the Guarantor solely in favor of the Security Trustee and the Lenders, provided that if the Guarantor agrees to any more onerous definition pursuant to any financial covenant in any agreement to which it is a party, this definition shall be deemed to be deleted and replaced with such other definition.

**10. SUCCESSORS AND ASSIGNS**

- (a) This Guarantee shall be binding upon the Guarantor and upon the Guarantor’s successors and assigns and all references herein to the Guarantor or the Security Trustee shall be deemed to include any successor or successors whether immediate or remote, to such Person. The Guarantor shall not assign any of its rights or obligations hereunder without the prior written consent of the Security Trustee, the Facility Agent and each Lender.
- (b) This Guarantee shall inure to the benefit of the Security Trustee, the Facility Agent each Lender and their respective successors and assigns, and all references herein to the Security Trustee, the Facility Agent or any Lender shall be deemed to include any successors and assigns of such Person (whether or not reference in a particular provision is made to such successors and assigns).

**11. NOTICES**

All notices, demands or requests given pursuant to this Guarantee shall be in writing personally delivered, or sent by facsimile (with subsequent telephone confirmation of receipt thereof) or sent by internationally recognized overnight courier service, to the following addresses:

- (a) if to the Guarantor:

Frontier Airlines Holdings, Inc.  
7001 Tower Road  
Denver, CO 80249  
Attention: SVP – General Counsel  
Phone: (###) ###-####  
Email: ###

- (b) if to the Security Trustee:

Bank of Utah  
50 South 200 East, Suite 110  
Salt Lake City, Utah 84111  
Telephone: ### ###-####  
Facsimile: ### ###-####  
Email: ###



Whenever any notice in writing is required to be given by the Guarantor or the Security Trustee, such notice shall be deemed given and such requirement satisfied when such notice is received, with such notice received if such notice is mailed by certified mail, postage prepaid, or is sent by facsimile, addressed as provided above.

Either party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other party.

**12. GOVERNING LAW; COUNTERPARTS**

THIS GUARANTEE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. This Guarantee may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

**13. WAIVER OF JURY TRIAL**

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTEE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

**14. JURISDICTION**

- (a) The Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guarantee, or for recognition or enforcement of any judgment, and the Guarantor irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guarantee shall affect any right that the Security Trustee or any Lender may otherwise have to bring any action or proceeding relating to this Guarantee against another party or its properties in the courts of any jurisdiction.

- (b) The Guarantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guarantee in any court referred to in paragraph (a) of this Clause. The Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

15. **SERVICE OF PROCESS**

Each party to this Guarantee irrevocably consents to service of process in the manner provided for the delivery of notices in Clause 11. Nothing in this Guarantee will affect the right of any party to this Guarantee to serve process in any other manner permitted by law. The Guarantor hereby irrevocably appoints and designates Corporation Services Company (the “**Agent for Service of Process**”), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Guarantor agrees that service of process upon such party shall constitute personal service of such process on such person. The Guarantor shall maintain the designation and appointment of the Agent for Service of Process at such address until all amounts payable under this Guarantee shall have been paid in full. If the Agent for Service of Process shall cease to so act, the Guarantor shall immediately designate and shall promptly deliver to the Security Trustee evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

[Signature page follows]

**IN WITNESS WHEREOF**, this Guarantee has been executed and delivered by the Guarantor's duly authorized officer as of the date first written above.

**FRONTIER AIRLINES HOLDINGS, INC.**

By: /s/ Howard Diamond  
Name: Howard Diamond  
Title: Senior Vice President, General Counsel and Secretary

**ACCEPTED and AGREED:**

**BANK OF UTAH**  
not in its individual capacity but solely  
as Security Trustee

By: /s/ Joseph H. Pugsley  
Name: Joseph H. Pugsley  
Title: Vice President

By: /s/ Michael Arsenault  
Name: Michael Arsenault  
Title: Vice President

[Signature Page - Sixth Amended and Restated Guarantee]

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.27(a)**  
EXECUTION VERSION

**Vertical Horizons, Ltd.**

as Buyer

and

**Bank of Utah**

**not in its individual capacity but solely as security trustee**

as Security Trustee

and

**Airbus S.A.S.**

as Airbus

**Amended and Restated Step-in Agreement**

Thirty-seven (37) Airbus A320neo Aircraft and fourteen (14) Airbus A321neo Aircraft

## Contents

1	Interpretation	1
2	Representations and Warranties	11
3	Assumption and Agreement	12
4	Undertakings of the Buyer	13
5	Undertakings of the Security Trustee	14
6	Undertakings of Airbus	16
7	Rights following service of Step-In Notice	19
8	Airbus Option	21
9	Liability of the Parties	22
10	Termination of the Relevant Rights	22
11	Indemnities	24
12	Onward Transfer of Rights	25
13	Notices	25
14	Confidentiality	27
15	Provisions severable	27
16	Amendments	27
17	Further Assurance	27
18	Third party rights	28
19	Entire agreement	28
20	Counterparts	28
21	Cape Town Convention	28
22	Governing Law and Jurisdiction	28
23	Service of Process	28
24	Limited Recourse	29
25	Limitation of Security Trustee Liability	30
Schedule 1	Pre-Delivery Payments, Scheduled Delivery Months	31
Schedule 2	Form of Letter of Release	45
Schedule 3	Form of Step-In Notice	47
Schedule 4	Form of Replacement Purchase Agreement	49
Appendix A	PDP Loan Agreement Extracts	50

## AMENDED AND RESTATED STEP-IN AGREEMENT

Dated 19 March 2020

### Between:

- (1) **Vertical Horizons, Ltd.**, a company incorporated pursuant to the laws of the Cayman Islands whose registered address and principal place of business is at the offices of Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1 9005, Cayman Islands (the **Buyer**);
- (2) **Bank of Utah**, not in its individual capacity but solely as security trustee for the Facility Agent and the Lenders (the **Security Trustee**); and
- (3) **Airbus S.A.S.**, registered in France and having its registered office at 2 rond-point Emile Dewoitine, 31700 Blagnac, France (**Airbus**).

### Recitals:

- (A) Pursuant to the Purchase Agreement, Airbus has agreed to sell and Frontier has agreed to purchase and take delivery of the Aircraft.
- (B) Pursuant to the Amended and Restated Assignment and Assumption Agreement, certain rights and obligations of Frontier in respect of the A320neo Aircraft, A320neo Incremental Aircraft and A321neo Aircraft were transferred by Frontier to the Buyer.
- (C) Pursuant to the Assigned Purchase Agreement, Airbus has agreed to sell and the Buyer has agreed to purchase and take delivery of the Aircraft.
- (D) Pursuant to the PDP Loan Agreement, the Lenders have agreed to make available to the Buyer certain facilities on the terms and conditions contained in the PDP Loan Agreement for the purposes of refinancing and financing the Pre-Delivery Payments paid or payable (as the case may be) to Airbus in relation to the Aircraft.
- (E) It is a condition of the disbursement of funds under the PDP Loan Agreement that the parties enter into this Amended and Restated Step-In Agreement which amends and restates the Original Step-In Agreement in the form of this Agreement and sets out the terms and conditions upon which Airbus agrees to grant and the Security Trustee agrees to assume the Relevant Rights and perform the Relevant Obligations in each case in respect of the Aircraft.

### It is agreed as follows:

#### 1 Interpretation

- 1.1 In this Agreement (including the Recitals), unless the context otherwise requires or unless otherwise defined or provided for in this Agreement, the following words and expressions shall have the respective meanings ascribed to them:

**A320neo Aircraft** means, as the context requires, all or any of (a) the A320neo Airframes, together with the Engines and the Manuals and Technical Records relating respectively thereto and (b) the A320neo Incremental Aircraft.

**A320neo Airframes** means, as the context requires, all or any of the thirty-one (31) Airbus A320neo aircraft which are the subject of this Agreement and bearing CAC-IDs [\*\*\*], together with all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Dates of such airframes.

**A320neo Incremental Aircraft** means, as the context requires, all or any of the A320neo Incremental Airframes, together with the Engines and the Manuals and Technical Records relating respectively thereto.

**A320neo Incremental Airframes** means, as the context requires, all or any of the six (6) Airbus A320neo aircraft which are the subject of this Agreement and bearing CAC-IDs [\*\*\*] together with all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Dates of such airframes

**A321neo Aircraft** means as the context requires, all or any of the A321neo Airframes, together with the Engines and the Manuals and Technical Records relating thereto.

**A321neo Airframe** means as the context requires, all or any of the fourteen (14) Airbus A321neo aircraft which is the subject of this Agreement and bearing CAC-IDs [\*\*\*] together with all Parts incorporated in, installed on or attached to such airframe on its Delivery Date.

**Affected Aircraft** has the meaning given to it in paragraph (a) of Clause 6.8.

**Affected Amounts** has the meaning given to it in paragraph (a) of Clause 6.8.

**Affiliate** means, with respect to any person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such person or any of the member companies of the same group as such person, as the case may be.

**Agreement** means this Agreement and all schedules, appendices, exhibits and annexes hereto as the same may be amended or supplemented from time to time.

**Airbus Termination Event** means (i) the occurrence of any event or the existence of any circumstance which entitles Airbus to terminate or cancel all or any part of the Assigned Purchase Agreement; or (ii) any breach by Frontier or Frontier Holdings of its obligations under the Guarantee executed by it that are, in the opinion of Airbus (acting reasonably), material.

**Airbus Termination Event Notice** means a notice served by Airbus in accordance with clause 6.4(a).

**Aircraft** means, together, the A320neo Aircraft and the A321neo Aircraft.

**Assigned Purchase Agreement** means the Purchase Agreement, as and to the extent assigned to and assumed by the Buyer pursuant to the Assignment and Assumption Agreement and as amended and restated by the Assignment and Assumption Agreement.

**Assignment and Assumption Agreement** means the amended and restated assignment and assumption agreement dated on or about the date of this Agreement and entered into between Airbus, Frontier and the Buyer in respect of the Purchase Agreement.

**BFE Transfer Documents** means, in respect of a Relevant Aircraft:

- (a) a BFE bill of sale pursuant to which full legal and beneficial title to the BFE free and clear of all Encumbrances is transferred to Airbus; and
- (b) a BFE indemnity letter including an acknowledgement that Airbus accepts no responsibility for the condition of the BFE and an indemnity in favour of Airbus for any Losses suffered or incurred by Airbus as a consequence of Airbus acquiring title to the BFE and/or transferring title to such BFE,

in each case in a form and substance reasonably satisfactory to Airbus issued by the Buyer and/or the Security Trustee.

**Business Day** means a day (other than a Saturday or a Sunday) on which banks are open for business in Toulouse, London (only in respect of determining LIBOR) and New York.

**Buyer Furnished Equipment** and **BFE** means all the items of equipment that are furnished by or on behalf of the Buyer and/or the Security Trustee in respect of a Relevant Aircraft and installed on such Relevant Aircraft by Airbus on or prior to the Delivery Date applicable to that Relevant Aircraft.

**Cape Town Convention** means the Convention on International Interests in Mobile Equipment and its Protocol on Matters specific to Aircraft Equipment concluded in Cape Town on 16 November 2001.

**Certificate of Acceptance** means in respect of a Relevant Aircraft, a certificate of acceptance relating to such Relevant Aircraft in the form set out in the Assigned Purchase Agreement or the Replacement Purchase Agreement.

**Decision Date** means, with respect to any Relevant Aircraft, the date falling [\*\*\*] after the occurrence of a Step-In Event [\*\*\*].

**Delivery**, with respect to any Relevant Aircraft:

- (a) with regard to any time prior to a Step-In, means the delivery of such Relevant Aircraft by Airbus to (i) the Buyer or its assignee pursuant to the terms and conditions set out in the Assigned Purchase Agreement or (ii) Frontier pursuant to the terms and conditions set out in the Re-Assigned Purchase Agreement; and
- (b) with regard to any time after a Step-In, means the delivery of such Relevant Aircraft by Airbus to the “Buyer” or its assignee pursuant to the terms and conditions set out in the Replacement Purchase Agreement.

**Delivery Date** means, in relation to each Relevant Aircraft, the date on which title to such Relevant Aircraft is transferred to the “Buyer” or its assignee under, and in accordance with the provisions of, the Assigned Purchase Agreement, the Re-Assigned Purchase Agreement or the Replacement Purchase Agreement.

**Encumbrance** means:

- (a) any mortgage, charge, pledge, assignment, title retention, lien or other encumbrance securing any obligation of any person or any other agreement or arrangement having a similar effect; or
- (b) any agreement or arrangement giving effect to any of the foregoing.



**Engines** means:

- (a) with respect to an A320neo Airframe, collectively the set of two (2) CFM International LEAP-X1A26 engines attached to such A320neo Airframe on the Delivery Date of such A320neo Airframe;
- (b) with respect to an A320neo Incremental Airframe, collectively the set of two (2) engines attached to such A320neo Incremental Airframe on the Delivery Date of such A320neo Incremental Airframe; and
- (c) with respect to an A321neo Airframe, collectively the set of two (2) engines attached to such A321neo Airframe on the Delivery Date of such A321neo Airframe.

**Facility Acceleration Event** means, by reason of the occurrence of a Loan Event of Default, the exercise by the Facility Agent of its rights under the PDP Loan Agreement to declare all amounts outstanding under the PDP Loan Agreement to be immediately due and payable.

**Facility Agent** means Citibank, N.A. as facility agent for and on behalf of the Lenders.

**Final Price** means the Final Price as defined in the Assigned Purchase Agreement or the Replacement Purchase Agreement.

**Finance Parties** means the Security Trustee, the Facility Agent and the Lenders and Finance Party means any one of them.

**Financed Pre-Delivery Payments** means, in relation to a Pre-Delivery Payment, the amount equal to that Pre-Delivery Payment or that part of that Pre-Delivery Payment which has been financed or refinanced or is to be financed or refinanced by the Lenders pursuant to the PDP Loan Agreement (whether or not initially paid by the Buyer) as set out (i) in the case of the A320neo Aircraft, in column 3 of Part A of Schedule 1 and (ii) in the case of the A321neo Aircraft, in column 3 of Part B of Schedule 1 and **Financed Pre-Delivery Payment** means any one (1) such payment.

**Frontier** means Frontier Airlines, Inc., a corporation incorporated and existing under the laws of the State of Colorado, the United States of America.

**Frontier Holdings** means Frontier Airlines Holdings, Inc., a corporation incorporated and existing under the laws of the State of Delaware, the United States of America.

**Guarantees** means, together:

- (a) the guarantee and indemnity dated 23 December 2014 between Frontier as guarantor and Airbus as beneficiary pursuant to which Frontier has agreed, amongst other things, to guarantee to Airbus the due and punctual performance by the Buyer of all of its obligations owed to Airbus under each Relevant Document to which it is a party; and
- (b) the guarantee and indemnity dated 23 December 2014 between Frontier Holdings as guarantor and Airbus as beneficiary pursuant to which Frontier Holdings has agreed, amongst other things, to guarantee to Airbus the due and punctual performance by the Buyer of all of its obligations owed to Airbus under each Relevant Document to which it is a party,

(each, a **Guarantee**).

**Indemnitees** has the meaning given to that term in Clause 11.

**Insolvency Event** means, in relation to a person, the occurrence of any of the following:

- (a) such person is unable or admits inability to pay its debts as they fall due or suspends making payments on all or a substantial part of its debts;
- (b) a moratorium or other protection from its creditors is declared or imposed in respect of all or a substantial part of the indebtedness of such person;
- (c) any corporate action on the part of such person is, or legal proceedings are, taken (including the making of an application, the presentation of a petition, the filing or service of a notice or the passing of a resolution) in relation to:
  - (i) the suspension of all or a substantial part of the payments, a moratorium of all or a substantial part of the indebtedness, winding-up, dissolution or administration of such person save, in the case of a winding-up, a winding up petition which is discharged, stayed or dismissed within thirty (30) days of its presentation;
  - (ii) the appointment of a liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of such person or all or a substantial part of the assets of such person; or
- (d) any expropriation, attachment, sequestration, distress or execution affects all or a substantial part of the assets of such person; or
- (e) any analogous event or circumstance to those described in paragraphs (a) to (d) above occurs in any jurisdiction.

**International Registry** means the registry established pursuant to the Cape Town Convention.

**Lenders** means the banks and financial institutions which are party to the PDP Loan Agreement as lenders from time to time, being as at the date of this Agreement, Citibank, N.A..

**Letter of Release** means a letter of release in the form set out in Schedule 2.

**LIBOR** has the meaning given to that term in the PDP Loan Agreement (as set out in Appendix B hereto).

**Loan Event of Default** has the meaning given to the term Event of Default in the PDP Loan Agreement (a complete list of which Events of Default as at the date hereof are set out in Appendix A) [\*\*\*].

**Losses** includes all losses, payments, damages, liabilities, claims, proceedings, actions, penalties, fines, duties, taxes, fees, rates, levies, charges, demands or other sanctions of a monetary nature, insurance premiums, judgements, costs and expenses.

**Manuals and Technical Records** means together, those records, logs, manuals, technical data and other materials and documents relating to each Relevant Aircraft, as shall be delivered pursuant to the Assigned Purchase Agreement or the Replacement Purchase Agreement.

**Material Event of Default** means:

- (a) [\*\*\*] the occurrence of an Insolvency Event in respect of the Buyer; or
- (b) the occurrence of the Loan Event of Default set out in paragraph (a) (*Non Payment*) of Appendix A, [\*\*\*]; or
- (c) the occurrence of a Facility Acceleration Event.

**Material Event of Default Notice** means a written notice from the Security Trustee given to Airbus in accordance with the provisions of Clause 5.5.

**Non-Financed Pre-Delivery Payments** means in relation to a Pre-Delivery Payment, the amount equal to that Pre-Delivery Payment or that part of that Pre-Delivery Payment which has been paid or is to be paid by the Buyer (and which has not been financed or refinanced by the Lenders under the PDP Loan Agreement) as set out (i) in the case of the A320neo Aircraft, in column 4 of Part A of Schedule 1 and (ii) in the case of the A321neo Aircraft, in column 4 of Part B of Schedule 1 and **Non-Financed Pre-Delivery Payment** means any one (1) such payment.

**Notice** means, with respect to a Relevant Aircraft:

- (a) a Step In Notice; or
- (b) a Letter of Release

as the case may be, in each case relating to such Relevant Aircraft.

**Option** means, in relation to any Relevant Aircraft, the option granted to Airbus pursuant to Clause 8.1.

**Option Date** means, in respect of an Option, the date upon which Airbus pays the Option Price to the Facility Agent.

**Option Period** means, in relation to any Relevant Aircraft, the period commencing on the date of the occurrence of a Step-In Event and ending on the date falling [\*\*\*] after service by the Security Trustee of a Step-In Notice relating to that Relevant Aircraft.

**Option Price** means, in respect of a Relevant Aircraft, an amount equal to the aggregate of:

- (a) all of the Financed Pre-Delivery Payments actually received by Airbus in respect of such Relevant Aircraft at the commencement of the relevant Option Period (without prejudice to Clause 11.2); and
- (b) interest on the amount referred to in paragraph (a) above calculated at the rate of [\*\*\*].

**Original Step-In Agreement** means the step-in agreement dated 23 December 2014, as amended by that certain letter agreement to the step-in agreement and the assigned A321 purchase agreement dated 18 May 2015, as amended by that certain amendment agreement to the step-in agreement and assigned purchase agreements dated 11 August 2015, as amended by that certain amendment agreement to the step-in agreement and assigned purchase agreements dated 16 December 2016, as further as amended by that certain amendment agreement to the step-in agreement and assigned purchase agreements dated 29 December 2017, as amended and restated by that certain amended and restated step-in agreement dated January 29, 2019, and as further amended by that certain omnibus amendment no. 1 dated August 16, 2019, in each case entered into among the Security Trustee, the Buyer and Airbus.

**Part** means an appliance, component, part, instrument, accessory, furnishing or other equipment of any nature, excluding any Buyer Furnished Equipment and the Engines, which is installed in, attached to or supplied with a Relevant Aircraft on the Delivery Date thereof.

**PDP Advance** means, in respect of a Relevant Aircraft, an advance of funds by the Facility Agent under the PDP Loan Agreement for the purposes of financing or re-financing a Pre-Delivery Payment which is due and payable or which has been paid under the Assigned Purchase Agreement.

**PDP Loan Agreement** means the fourth amended and restated PDP loan agreement dated on or about the date of this Agreement made between the Buyer, as borrower, the Lenders, the Security Trustee and the Facility Agent relating to the financing and/or refinancing of certain Pre-Delivery Payments in respect of the Aircraft.

**PDP Loan Margin** means [\*\*\*].

**PDP Payment Dates** means, in respect of each Aircraft, the dates when Pre-Delivery Payments are due as set out (i) in the case of the A320neo Aircraft, in column 1 of Part A of Schedule 1 and (ii) in the case of the A321neo Aircraft, in column 1 of Part B of Schedule 1 and **PDP Payment Date** means any one (1) such date.

**Permitted Transferee** means, any person to whom the Security Trustee intends to transfer the benefit and burden of the corresponding Relevant Rights and/or Relevant Obligations in accordance with this Agreement who has been approved in writing by Airbus (such approval not to be unreasonably withheld or delayed), it being agreed and acknowledged by the Security Trustee that Airbus shall be entitled to withhold its approval in respect of any person which is:

- (a) a person to whom it is illegal for Airbus to sell an aircraft or a party with which Airbus is prohibited by applicable law or regulation from doing business; or
- (b) a special purpose company or similar entity (unless such special purpose company or other entity has been guaranteed to the satisfaction of Airbus (acting reasonably) by an entity that otherwise satisfies the definition of a Permitted Transferee);
- (c) an airframe manufacturer or an engine manufacturer, or an entity directly or indirectly controlled by an airframe manufacturer or an engine manufacturer, or an Affiliate of any such persons; or

- (d) a person with which Airbus (acting reasonably) objects to doing business, either (i) by reason of the occurrence of a contractual or non-contractual dispute with that person or (ii) by reason of the default by such person or any of its Affiliates in the performance of any material obligation owed to Airbus under any contract; or
- (e) subject to or, in the reasonable opinion of Airbus, is likely to become the subject of an Insolvency Event prior to the Delivery of any Relevant Aircraft.

**Pre-Delivery Payments** means, in respect of each Aircraft, the amounts paid or payable by the Buyer under the Assigned Purchase Agreement (such payments being the pre-delivery payments paid or payable under the Purchase Agreement, as assigned to the Buyer) on specified dates, each as more particularly set out (i) in the case of the A320neo Aircraft, in column 2 of Part A of Schedule 1 and (ii) in the case of the A321neo Aircraft, in column 2 of Part B of Schedule 1 and **Pre-Delivery Payment** means any one (1) such payment.

**Purchase Agreement** means the A320neo aircraft purchase agreement dated 30 September 2011, as amended and supplemented from time to time (but excluding any letter agreements entered into from time to time in relation thereto), between Airbus (as seller) and Frontier (as buyer) with respect to, *inter alia*, the Aircraft (Frontier having acquired the rights and obligations of Republic Airways Holdings, Inc. thereunder pursuant to an assignment and assumption agreement dated 6 November 2013 between Republic Airways Holdings, Inc., Frontier and Airbus).

**Re-Assigned Purchase Agreement** means the Assigned Purchase Agreement, as re-assigned to and assumed by Frontier pursuant to the Re-Assignment and Assumption Agreement.

**Re-Assignment and Assumption Agreement** means the amended and restated re-assignment and re-assumption agreement in respect of the Assigned Purchase Agreement dated on or about the date of this Agreement and entered into between Frontier, the Buyer and Airbus with respect to the re-assignment to Frontier and re-assumption by Frontier of rights, interests, obligations and liabilities under the Assigned Purchase Agreement in respect of the Relevant Aircraft (as defined therein).

**Re-Assignment Event** has the meaning given to that term in the Re-Assignment and Assumption Agreement.

**Relevant Aircraft** means any Aircraft in respect of which a PDP Advance has been made.

**Relevant Documents** means this Agreement, the Assignment and Assumption Agreement, the Assigned Purchase Agreement, the Re-Assignment and Assumption Agreement, the Re-Assigned Purchase Agreement, each Guarantee and the Security Assignment (and, individually, each a **Relevant Document**).

**Relevant Obligations** means, in respect of a Relevant Aircraft, collectively:

- (a) the obligations of the Security Trustee under this Agreement;
- (b) the obligations of the “Buyer” under the Replacement Purchase Agreement (including the obligation to pay the Final Price to Airbus); and

- (c) the obligation of the Security Trustee after a Step-In and prior to Delivery to provide to Airbus a duly executed BFE Indemnity Letter in a form consistent with Airbus' then standard practice, having regard to the circumstances.

**Relevant Rights** means, in respect of a Relevant Aircraft, collectively:

- (a) the right to Step-In in accordance with this Agreement;
- (b) the right to receive from Airbus in accordance with the terms and conditions set out in the Replacement Purchase Agreement any payment or repayment of an amount equal to or in respect of any part of any Pre-Delivery Payments received by Airbus [\*\*\*]; and
- (c) the right to require Airbus in accordance with the terms and conditions set out in the Replacement Purchase Agreement to apply an amount equal to any such Pre-Delivery Payments relating to such Relevant Aircraft and received by Airbus and which have not pursuant to a final, non-appealable judgement been repaid by Airbus to the Buyer or any claimant acting through the Buyer (without prejudice to Clause 11.2), in partial satisfaction of the Final Price.

**Replacement Purchase Agreement** means, following a Step-In, the aircraft purchase agreement relating to each of the Step-In Aircraft that is an Aircraft, in the form set out in Schedule 4.

**Scheduled Delivery Month** means, in respect of each Aircraft, the month during which the Delivery Date is, at the date of this Agreement, scheduled to occur, as specified (i) in the case of the A320neo Aircraft, in column 6 of Part A of Schedule 1 and (ii) in the case of the A321neo Aircraft, in column 6 of Part B of Schedule 1.

**Secured Obligations** means any and all moneys and financial liabilities which are (or which are expressed to be) now or at any time hereafter due, owing or payable by the Buyer to any Finance Party in any currency, actually or contingently, with another or others, as principal or surety, on any account whatsoever in favour of any Finance Party in relation to any PDP Advance under or pursuant to the PDP Loan Agreement, the Security Assignment and this Agreement, including as a consequence of any breach, non-performance, disclaimer or repudiation by the Buyer (or by a liquidator, receiver, administrative receiver, administrator or any similar officer in respect of the Buyer) of any of such obligations; and any and all obligations which are (or which are expressed to be) now or at any time hereafter to be performed by the Buyer in favour of any Finance Party in relation to any PDP Advance pursuant to the PDP Loan Agreement, the Security Assignment and this Agreement.

**Security Assignment** means the fourth amended and restated mortgage and security agreement relating to the Assigned Purchase Agreement dated on or about the date of this Agreement made between the Buyer, the Facility Agent and the Security Trustee.

**Share Charge** means (i) the share charge in respect of the shares in the Buyer dated 23 December 2014 between Intertrust SPV (Cayman) Limited and the Security Trustee (ii); or any share charge over the shares in the Buyer made between Intertrust SPV (Cayman) Limited and the Security Trustee which replaces, but is not in addition to the original share charge, if the original share charge referred to in (i) above is found to be defective or unenforceable by the Security Trustee.

**Standstill Period** means a period ending [\*\*\*] after the date Airbus serves an Airbus Termination Notice (or if, in the event of an Insolvency Event having occurred in respect of the Buyer, the Security Trustee is stayed or otherwise prohibited by law or by order of a court with jurisdiction over such proceeding from sending a Step-In Notice, [\*\*\*] after the end of such stay or prohibition).

**Step-In** means, pursuant to the service by the Security Trustee of a Step-In Notice in accordance with the terms and conditions set out in this Agreement, the election by the Security Trustee to (i) step-in and purchase the Relevant Aircraft referred to in the Step-In Notice in accordance with the terms of the Replacement Purchase Agreement and (ii) assume the benefit and the burden of the Relevant Rights and the Relevant Obligations with respect to such Relevant Aircraft referred to in the Step-In Notice.

**Step-In Aircraft** means, following the occurrence of a Step-In Event, the Relevant Aircraft the Security Trustee has elected to purchase in accordance with the provisions of this Agreement and as identified in the Step-In Notice.

**Step-In Event** means:

- (a) the service by the Security Trustee of a Material Event of Default Notice in accordance with Clause 5.5; or
- (b) the service by Airbus of an Airbus Termination Event Notice.

**Step-In Notice** means the notice (if any) served by the Security Trustee pursuant to Clause 7.1 in the form set out in Schedule 3.

**Terminated Aircraft** has the meaning given to such term in Clause 7.3.

**Termination Event** means the occurrence of any of the events or circumstances set out in Clause 10.1.

**US Dollars** and **US\$** means the lawful currency of the United States of America.

1.2 In this Agreement:

- (a) references to Clauses, Appendices and Schedules are to be construed as references to the Clauses of, and the Appendices and Schedules to, this Agreement, references to sub-Clauses shall unless otherwise specifically stated be construed as references to the sub-Clauses of the Clause in which the reference appears and references to this Agreement include its Schedules;
- (b) references to this Agreement (or to any specified provisions of this Agreement) or any other document shall be construed as references to this Agreement, that provision or that document as in force for the time being and as amended in accordance with its terms, or, as the case may be, with the agreement of the relevant parties;
- (c) words importing the plural shall include the singular and vice versa;
- (d) headings to clauses or sections are for convenience only and are to be ignored in construing this Agreement;

- (e) references to a person shall be construed as including references to an individual, firm, company, corporation, unincorporated body of persons, any state or any agency thereof and shall include references to its successors, permitted transferees and permitted assigns;
- (f) references to any statute or statutory provision include any statute or statutory provision which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;
- (g) **liability** includes any obligation or liability (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise);
- (h) the words **other** and **otherwise** shall not be construed ejusdem generis with any foregoing words where a wider construction is possible;
- (i) the words **herein**, **hereof** and **hereunder**, and words of similar import shall be construed to refer to a document in its entirety and not to any particular provision of such document; and
- (j) any representation or agreement made in favour of the Security Trustee is so made in its capacity as security trustee and is made for the benefit of the Security Trustee, the Facility Agent and the Lenders.

## 2 Representations and Warranties

2.1 Each party to this Agreement hereby represents and warrants to the other parties that, as at the date of this Agreement:

- (a) it is duly incorporated and existing under the laws of its jurisdiction of incorporation and has the power and authority to enter into and perform its obligations under this Agreement and all necessary action has been taken by it to authorise the execution, delivery and performance of this Agreement;
- (b) no authorisations, consents or approvals are required to be obtained by it under the laws, rules and regulations of any governmental authorities or other official bodies in its jurisdiction of incorporation known to be applicable in connection with this Agreement; and
- (c) this Agreement constitutes its valid and legally binding obligation, enforceable in accordance with its terms subject to general principles of equity and any applicable law from time to time in effect relating to bankruptcy or liquidation or any other applicable law affecting generally the enforcement of creditors' rights.

2.2 The Buyer further represents and warrants to the Security Trustee and Airbus that, as at the date of this Agreement:

- (a) the execution and delivery of, the performance of its obligations under, and compliance by it with the provisions of the Security Assignment and this Agreement will not:
  - (i) conflict with any agreement, mortgage, bond or other instrument or treaty to which it is a party;



- (ii) contravene any existing applicable law of its jurisdiction of incorporation; or
  - (iii) contravene or conflict with any provision of its constitutional documents;
  - (b) its business is limited exclusively to the acquisition, financing, owning, leasing and disposal of the Aircraft in accordance with the transactions contemplated by the PDP Loan Agreement and the Relevant Documents to which it is a party and matters incidental thereto;
  - (c) the Assigned Purchase Agreement is in full force and effect and is enforceable against it in accordance with its terms subject to general principles of equity and any applicable law from time to time in effect relating to bankruptcy or liquidation or any other applicable law affecting generally the enforcement of creditors' rights;
  - (d) it is not in breach of any provision of the Assigned Purchase Agreement;
  - (e) other than pursuant to the Security Assignment, it has not created or allowed to subsist any Encumbrance over the whole or any part of its rights under the Assigned Purchase Agreement in respect of any of the Aircraft;
  - (f) the extracts of the PDP Loan Agreement set out in Appendix A to this Agreement are true and accurate in all respects; and
  - (g) the information set out in Schedule 1 is accurate and those Pre-Delivery Payments noted as having been paid on the date hereof have been paid to Airbus.
- 2.3 The Security Trustee represents and warrants to Airbus that the extracts of the PDP Loan Agreement set out in Appendix A to this Agreement are true and accurate in all respects on the date of this Agreement and Appendix A contains all events of default under the PDP Loan Agreement, the Security Assignment or any other agreement between the Security Trustee and the Buyer that relates to the financing of the Aircraft.
- 2.4 Airbus further represents and warrants to the Security Trustee and Buyer as follows:
- (a) [\*\*\*]
  - (b) [\*\*\*]

### 3 Assumption and Agreement

- 3.1 Airbus acknowledges receipt of the Security Assignment and, to the extent that the same is not inconsistent or in conflict with the provisions of this Agreement, consents to the granting of the Security Assignment. Airbus, the Buyer and the Security Trustee each agree (for the benefit solely of Airbus and the Security Trustee) that, in the event of any conflict or inconsistency between the provisions of the Security Assignment (insofar as it relates to the Assigned Purchase Agreement and associated rights) and the provisions of this Agreement, the provisions of this Agreement shall prevail.

- 3.2 [\*\*\*] the Security Trustee acknowledges in favour of Airbus that Airbus shall be entitled to continue to deal with the Buyer (to the exclusion of the Security Trustee) in connection with the Relevant Rights at all times until a Step-In Notice has been served and shall be entitled to conclusively assume (without obligation to make any enquiry) that any exercise by the Buyer in connection with the Relevant Rights and the Relevant Obligations prior to the service of a Step-In Notice has been in accordance with this Clause.
- 3.3 In consideration of the Lenders entering into the PDP Loan Agreement pursuant to which they have agreed, subject to the terms and conditions thereof, to finance the Financed Pre-Delivery Payments in relation to the Relevant Aircraft payable to Airbus on the relevant PDP Payment Dates, Airbus, the Security Trustee and the Buyer hereby agree that, subject to the terms and conditions of this Agreement and provided that Airbus has not previously delivered an Airbus Termination Notice under Clause 10.2 in respect of such Relevant Aircraft following the occurrence of a Termination Event, upon receipt by Airbus of a Step-In Notice in respect of a Relevant Aircraft:
- (a) the rights and obligations of Airbus to the Buyer under the Assigned Purchase Agreement that relates solely to such Relevant Aircraft shall cease;
  - (b) the Buyer shall remain fully liable to Airbus to perform all the obligations of the “Buyer” under the Assigned Purchase Agreement, subject to the operation of the Re-Assignment and Assumption Agreement;
  - (c) the Security Trustee shall assume and perform in favour of Airbus the Relevant Obligations and receive the benefit of and be entitled to exercise the Relevant Rights in each case that relate solely to such Relevant Aircraft and in accordance with the terms of the Replacement Purchase Agreement; and
  - (d) Airbus’ obligations and liabilities that relate solely to such Relevant Aircraft shall be owed solely to the Security Trustee subject to and in accordance with the terms of this Agreement and the Replacement Purchase Agreement (but not, for the avoidance of doubt, the Assigned Purchase Agreement).
- 3.4 It is a condition precedent to the obligations of Airbus under this Agreement that Airbus receives a copy of each Guarantee, the Assignment and Assumption Agreement, the Re-Assignment and Assumption Agreement and the Security Assignment, in each case duly executed by the parties thereto. Airbus hereby irrevocably confirms satisfaction of such condition precedent.
- 3.5 The condition specified in Clause 3.4 is inserted for the sole benefit of Airbus and may be waived in whole or in part and with or without conditions by Airbus at its sole discretion.

#### 4 Undertakings of the Buyer

- 4.1 Prior to the issuance of a Notice in respect of a Relevant Aircraft, the Buyer undertakes that it shall not without the prior consent of the Security Trustee, enter into any agreement with Airbus which would:
- (a) rescind, cancel or terminate any of the rights or obligations under the Assigned Purchase Agreement to the extent relating to such Relevant Aircraft; or

- (b) [\*\*\*] defer the Delivery Date of such Relevant Aircraft to the extent that the aggregate deferral in relation thereto does not exceed the date falling [\*\*\*] after the last day of its Scheduled Delivery Month,

provided that the consent of the Security Trustee shall not be required in order for the Buyer to agree with Airbus to advance the Scheduled Delivery Month of such Relevant Aircraft for any period of time.

- 4.2 Prior to the issuance of a Notice in respect of a Relevant Aircraft, the Buyer hereby undertakes to Airbus and the Security Trustee that it shall:
- (a) notify the Security Trustee promptly after any change in the Scheduled Delivery Month of such Relevant Aircraft has been agreed; and
  - (b) [\*\*\*], obtain (or cause to be obtained), maintain (or cause to be maintained) in full force and effect and comply in all material respects with the conditions and restrictions (if any) imposed in, or in connection with, such consents, authorisations, licences or approvals of governmental or public bodies or authorities or courts and do, or cause to be done, all other acts and things, which may from time to time be required or be desirable under law for the continued due performance of its obligations under the Relevant Documents to which it is a party.
- 4.3 The Buyer shall be responsible for all the documentation and transaction costs incurred in connection with the negotiation, preparation, execution and registration of the Relevant Documents including without limitation the legal fees and tax advisory fees of Airbus and the Finance Parties.
- 4.4 Following a Step-In the Buyer acknowledges that [\*\*\*].

## 5 Undertakings of the Security Trustee

- 5.1 Until such time as a Step-In Notice has been received by Airbus in respect of a Relevant Aircraft, the Security Trustee agrees and undertakes that:
- (a) it shall not, and shall not be entitled to, exercise or otherwise enforce any of the Relevant Rights or perform any of the Relevant Obligations in respect of such Relevant Aircraft (other than the performance of its obligations under this Agreement); and
  - (b) the Buyer shall be free to agree to advance the Scheduled Delivery Month of such Relevant Aircraft for any period of time without the consent of the Security Trustee; and
  - (c) the Buyer together with Airbus shall be free to defer the Delivery Date of such Relevant Aircraft to the extent the aggregate deferral in relation thereto does not exceed the date falling [\*\*\*] the last day of its Scheduled Delivery Month.

- 5.2 The Security Trustee agrees and undertakes that:
- (a) it shall only be entitled to exercise or otherwise enforce any of the Relevant Rights or to perform any of the Relevant Obligations relating to a Relevant Aircraft in accordance with the provisions of this Agreement and the Replacement Purchase Agreement; and
  - (b) the purchase price payable by it for a Step-In Aircraft shall be the Final Price as defined in and as calculated pursuant to the Replacement Purchase Agreement at the Delivery Date of such Step-In Aircraft.
- 5.3 The Security Trustee undertakes that:
- (a) prior to or contemporaneously with its service of the Step-In Notice relating to any Relevant Aircraft the Facility Agent shall have exercised its right to declare all amounts outstanding under the PDP Loan Agreement in respect of the Relevant Aircraft to be immediately due and payable and the Buyer shall have failed to pay all such amounts on the date the same are expressed to be due and payable pursuant to the PDP Loan Agreement; and
  - (b) unless to do so would be reasonably likely to be contrary to applicable law, prior to or contemporaneously with its service of the Step-In Notice relating to any Relevant Aircraft, the Security Trustee shall have (i) made demand under any guarantee provided by Frontier or Frontier Holdings which is now held by the Security Trustee as security for all or any other part of the Buyer's obligations under the PDP Loan Agreement and (ii) if security is hereafter created in favour of the Security Trustee as security for all or any part of the Buyer's obligations under the PDP Loan Agreement (for the avoidance of doubt other than the Share Charge and the Security Assignment), the Security Trustee shall have taken all steps reasonably available to it to enforce such security.
- 5.4 Nothing in this Agreement shall limit or restrict the ability of any Finance Party to exercise any rights they may have against the Buyer or any other person:
- (a) under the PDP Loan Agreement; or
  - (b) under or pursuant to any security or guarantee now or hereafter held by any Finance Party for all or any part of the Buyer's obligations under the PDP Loan Agreement,
- provided that it is agreed (for the benefit solely of Airbus and the Security Trustee) that, in the event of any conflict between the provisions of the PDP Loan Agreement and this Agreement, this Agreement shall prevail.
- 5.5 The Security Trustee undertakes to [\*\*\*].
- 5.6 The parties agree that for the purposes of this Agreement, Airbus shall not be deemed to have knowledge of and need not recognise any event, condition, right, remedy or dispute affecting the interest of the Buyer or any Finance Party under this Agreement or the PDP Loan Agreement until such time as Airbus shall have received written notice thereof from the Security Trustee or any Finance Party.

- 5.7 The Security Trustee hereby confirms to Airbus that, as of the date of this Agreement, it has not and it covenants that it shall not at any time after the date of this Agreement take the benefit of any form of Encumbrance over the shares (howsoever described) of the Buyer (whether pursuant to a share pledge or other similar document and whether pursuant to a single transaction or a series of transactions) other than the Share Charge (a **Prohibited Charge**) without the prior written consent of Airbus. Without prejudice to Airbus' entitlement to exercise any rights and/or remedies pursuant to the terms of this Agreement or at law in respect of a breach by the Security Trustee of the covenant set out above, the Security Trustee and the Buyer each agree that:
- (a) if the Security Trustee:
    - (i) in breach of the covenant set out above, takes the benefit of a Prohibited Charge and, thereafter, takes any steps to enforce or otherwise exercise any of its rights arising out of any such Prohibited Charge; or
    - (ii) commences enforcement of the Share Charge in circumstances where the Security Trustee has not served the Step-In Notice pursuant to which the Security Trustee has irrevocably confirmed to Airbus that it has elected to assume and exercise all of the rights and obligations under the Assigned Purchase Agreement relating to all undelivered Relevant Aircraft,  
  
Airbus shall, if it reasonably determines that such action has a material adverse effect on it, be entitled at any time thereafter to terminate or cancel this Agreement in respect of any or all of the Relevant Aircraft without liability to the Security Trustee or the Buyer [\*\*\*] in respect of any or all of the Relevant Aircraft (following which Clauses 6.4 to 6.6 shall apply, [\*\*\*]); and
  - (b) the creation of any Prohibited Charge or the commencement of any enforcement of the Share Charge, in each case other than as permitted by this Clause 5.7, shall constitute a Re-Assignment Event for the purposes of the Re-Assignment and Assumption Agreement and, as contemplated by clause 2.2 of the Re-Assignment and Assumption Agreement, Airbus may, by written notice to each of the Buyer and Frontier, terminate the Assignment and Assumption Agreement with respect to any or all undelivered Relevant Aircraft.
- 5.8 The Security Trustee and the Buyer shall not (without the prior written consent of Airbus, not to be unreasonably withheld or delayed) [\*\*\*]
- (i) [\*\*\*]
  - (ii) [\*\*\*]
  - (iii) [\*\*\*]

## 6 Undertakings of Airbus

- 6.1 Until such time as Airbus receives a Notice in respect of a Relevant Aircraft and served in accordance with the provisions of this Agreement, Airbus agrees for the benefit of the Security Trustee that it shall not, without the prior written consent of the Security Trustee, enter into any agreement with the Buyer to amend the provisions of the Assigned Purchase Agreement to the extent relating to a Relevant Aircraft in a manner which would be detrimental in any material respect to the rights of the Security Trustee in respect of the Relevant Rights or Relevant Obligations provided that:

- (a) Airbus and the Buyer may, in respect of any Relevant Aircraft, agree to:
- (i) defer the Delivery Date of any Relevant Aircraft to the extent that the aggregate deferral in relation thereto does not exceed the date falling [\*\*\*] after the last day of such Relevant Aircraft's Scheduled Delivery Month; and/or
  - (ii) advance the Delivery Date of any Relevant Aircraft for any period of time; and
- (b) this Clause 6.1 shall not (and shall not be construed to) restrict or otherwise limit the ability of Airbus to exercise its rights and to comply with its obligations under the Assigned Purchase Agreement to the extent relating to SCNs.
- 6.2 Airbus confirms, as at the date of this Agreement:
- (a) so far as Airbus is aware no Airbus Termination Event has occurred and is continuing; and
  - (b) Airbus has received from the Buyer the amounts specified in column 5 of (in the case of the A320neo Aircraft) Part A or (in the case of the A321neo Aircraft) Part B of Schedule 1 to this Agreement on account of the Pre-Delivery Payments in respect of the Relevant Aircraft and all of the information contained in Schedule 1 is accurate as at the date hereof.
- 6.3 Subject always to the terms of this Agreement and provided no Airbus Termination Notice has been given under Clause 10.2 following the occurrence of a Termination Event with respect to any Relevant Aircraft that is continuing, Airbus undertakes to the Security Trustee that, prior to the termination or cancellation of the Assigned Purchase Agreement (which termination or cancellation by Airbus shall be made subject to Clause 6.4), Airbus will not unless required to do so by applicable law (and not by contract), transfer title to any of the Relevant Aircraft that are the subject of the Assigned Purchase Agreement to any person other than, subject to the terms and conditions set out in this Agreement, the Security Trustee or a Permitted Transferee, other than in circumstances where (a) the Security Trustee or its Permitted Transferee has executed or is required under the terms of this Agreement to execute and has failed to do so, a Letter of Release with respect to such Relevant Aircraft or (b) there has occurred a Re-Assignment Event.
- 6.4 If an Airbus Termination Event occurs with respect to any Relevant Aircraft, Airbus undertakes that:
- (a) it shall, prior to exercising any rights to terminate or cancel the Assigned Purchase Agreement, notify the Security Trustee in writing (with a copy to the Buyer) of the occurrence of the Airbus Termination Event, which notification shall specify the steps or actions (if any) which would be required to be undertaken in order to remedy the Airbus Termination Event (an **Airbus Termination Event Notice**); and

- (b) subject to Clause 6.5, it shall not exercise any rights to terminate or cancel the Assigned Purchase Agreement to the extent relating to such Relevant Aircraft until such time as the Standstill Period has expired.
- 6.5 Notwithstanding the provisions of Clause 6.4, Airbus may exercise its rights under the Assigned Purchase Agreement to terminate the Assigned Purchase Agreement in part or in full at any time prior to the expiry of the Standstill Period, if, in the reasonable opinion of Airbus, it would be detrimental to the rights of Airbus as against the Buyer under the Assigned Purchase Agreement if such termination were delayed until the expiry of the Standstill Period. Following such termination, the provisions of Clause 6.6 shall apply as between the Security Trustee and Airbus.
- 6.6 If Airbus exercises its right to terminate or cancel the Assigned Purchase Agreement in respect of any Relevant Aircraft under the proviso to Clause 5.7 or Clause 6.5 prior to the expiry of the Standstill Period, or if the Assigned Purchase Agreement is rejected by the debtor or terminated by a bankruptcy court having jurisdiction in a proceeding under the United States Bankruptcy Code or in connection with any equivalent bankruptcy or insolvency proceedings in any other jurisdiction, Airbus agrees for the benefit of the Security Trustee that, as between Airbus and the Security Trustee and notwithstanding such termination or cancellation, the Security Trustee shall be entitled to serve a Step-In Notice prior to the expiry of the Standstill Period as if the Assigned Purchase Agreement were still in full force and effect. In such circumstances, following the service by the Security Trustee of a Step-In Notice the provisions of Clauses 7.4 to 7.5(b) shall apply as between Airbus and the Security Trustee.
- 6.7 If the Security Trustee has not served a Step-In Notice prior to the expiry of the Standstill Period, Airbus shall be entitled to exercise such rights as it then has to terminate or cancel the Assigned Purchase Agreement in respect of any or all of the relevant Aircraft without liability to the Security Trustee.
- 6.8
  - (a) With regard solely to those Relevant Aircraft in respect of which:
    - (i) [\*\*\*]
    - (ii) [\*\*\*][\*\*\*]  
The parties agree that provided that [\*\*\*].
  - (b) Following the occurrence of a Step-In, the parties acknowledge and agree that [\*\*\*].
  - (c) The Security Trustee agrees and acknowledges that [\*\*\*].
  - (d) The Buyer agrees and acknowledges [\*\*\*].
  - (e) [\*\*\*]
- 6.9 Upon becoming aware of the occurrence of an Airbus Termination Event, [\*\*\*].

7 **Rights following service of Step-In Notice**

7.1 Following the occurrence of a Step-In Event which is continuing and provided: (i) the Security Trustee has complied with the provisions of Clause 5.5; and (ii) no Airbus Termination Notice has been given under Clause 10.2 following the occurrence of a Termination Event in respect of the Relevant Aircraft and is continuing:

- (a) the Security Trustee shall, prior to the Decision Date, serve the Step-In Notice to Airbus (with a copy to the Buyer) with respect to any one or more of the Relevant Aircraft;
- (b) if the Security Trustee elects to serve the Step-In Notice, the Security Trustee shall not be entitled to exercise or otherwise deal with the Relevant Rights or the Relevant Obligations in respect of a Relevant Aircraft until such time as the Step-In Notice has been served in accordance with the terms of this Agreement and received by Airbus; and
- (c) The Security Trustee shall have the right to serve only one Step-In Notice which shall relate to one or more of the Relevant Aircraft.

7.2 It is hereby agreed by the Security Trustee that the Step-In Notice shall:

- (a) identify each of the Relevant Aircraft in respect of which the Step-In Notice is served;
- (b) provide reasonable details of the breach or event which has given rise to the relevant Step-In Event; and
- (c) with respect to each Relevant Aircraft referred to therein, irrevocably confirm to Airbus that the Security Trustee elects to assume and exercise all of the Relevant Rights and to perform the Relevant Obligations relating to that Relevant Aircraft.

7.3 It is agreed by the Security Trustee that with regard to each Relevant Aircraft in respect of which no Step-In Notice is served on or before the Decision Date for such Relevant Aircraft (each a **Terminated Aircraft** and together the **Terminated Aircraft**):

- (a) the Relevant Rights of the Security Trustee in and to such Terminated Aircraft shall automatically terminate;
- (b) the obligations and liabilities of Airbus to the Security Trustee in and to the Relevant Rights relating to such Terminated Aircraft shall automatically terminate and the Encumbrance of the Security Assignment in relation thereto shall be discharged;
- (c) the Security Trustee shall have no further right or obligation whatsoever against or towards Airbus with respect of the Relevant Rights and the Relevant Obligations relating to such Terminated Aircraft; and
- (d) Airbus shall have no further obligations under this Agreement with respect to such Terminated Aircraft.



The Security Trustee undertakes that, with regard to the Terminated Aircraft, it shall upon request execute and deliver to Airbus a Letter of Release on the earlier to occur of (i) the date of the Step-In Notice (if any) and (ii) the Decision Date.

- 7.4 Within [\*\*\*] of the date of delivery of a Step-In Notice with respect to any Relevant Aircraft, the Security Trustee shall notify Airbus in writing whether it or a Permitted Transferee is to be party to the Replacement Purchase Agreement. [\*\*\*]
- (a) the Security Trustee (or, if a Permitted Transferee has become the “Buyer” under the Replacement Purchase Agreement, the Permitted Transferee) shall thereafter be entitled to exercise all of the Relevant Rights relating to such Relevant Aircraft in accordance with the provisions of this Agreement and the Replacement Purchase Agreement provided the Security Trustee (or, if a Permitted Transferee has become the “Buyer” under the Replacement Purchase Agreement, the Permitted Transferee) assumes and complies with the Relevant Obligations corresponding to such Relevant Rights; and
  - (b) subject to and in accordance with the terms and conditions set out in the Replacement Purchase Agreement, Airbus shall, on such Relevant Aircraft’s Delivery Date, transfer to the Security Trustee or the Permitted Transferee (as applicable) title to the Relevant Aircraft in accordance with the terms and conditions set out in the Replacement Purchase Agreement.
- 7.5 The Buyer hereby irrevocably confirms that following a Step-In by the Security Trustee in respect of any Relevant Aircraft and provided Airbus has not delivered an Airbus Termination Notice under Clause 10.2 prior to the occurrence of such Step-In:
- (a) any application or reimbursement of the Pre-Delivery Payments in favour of or at the direction of the Security Trustee (or, if a Permitted Transferee has become the “Buyer” under the Replacement Purchase Agreement, the Permitted Transferee) shall discharge Airbus from its obligations to make or apply such payments in favour of or at the direction of the Buyer. In such circumstances, the Buyer further irrevocably agrees that it shall have no entitlement to and shall not claim against Airbus any right to apply or to require Airbus to reimburse to the Buyer or Frontier an amount equal to any such Pre-Delivery Payments so applied or reimbursed in favour of, or at the direction of, the Security Trustee (or, if a Permitted Transferee has become the “Buyer” under the Replacement Purchase Agreement, the Permitted Transferee); and
  - (b) any Delivery of a Relevant Aircraft to the Security Trustee or a Permitted Transferee (if applicable) shall discharge Airbus from its obligation to deliver such Relevant Aircraft to the Buyer. In such circumstances, the Buyer further irrevocably agrees that it shall have no entitlement to and shall not claim against Airbus any right to require Airbus to deliver such Relevant Aircraft to the Buyer.
- 7.6 Airbus undertakes that, following a Step-In and provided Airbus has not delivered an Airbus Termination Notice pursuant to Clause 10.2, Airbus shall, at the request of the Security Trustee, provide to the Security Trustee (or, if a Permitted Transferee has become the “Buyer” under the Replacement Purchase Agreement, the Permitted Transferee) a package of product support and training services in an amount which will be the lesser of (a) the amount the Seller is obligated to provide,

in relation to the Relevant Aircraft, to Frontier under the Purchase Agreement (to the extent Frontier has not consumed such services prior to the time of such request) and (b) the amount customarily provided by Airbus to the then operator of such Relevant Aircraft. The Security Trustee and Airbus agree to negotiate in good faith with a view to minimising the additional costs to Airbus associated with any such proposal. Without prejudice to the foregoing, in the event that Airbus (at its discretion) elects to propose any services in excess of the amount set out above, the Security Trustee agrees that Airbus shall be entitled to be compensated by the Security Trustee (or, if a Permitted Transferee has become the “Buyer” under the Replacement Purchase Agreement, the Permitted Transferee) for any additional cost incurred by Airbus in connection therewith (including any cost incurred as a consequence of having to duplicate any such services as may have already been performed in favour of the Buyer), such costs to be agreed between Airbus and the Security Trustee (or, if a Permitted Transferee has become the “Buyer” under the Replacement Purchase Agreement, the Permitted Transferee).

## 8 Airbus Option

- 8.1 The Security Trustee with the consent and approval of the Buyer, hereby grants Airbus the option to be released from Airbus’ obligations under this Agreement in respect of any Relevant Aircraft upon payment to the Security Trustee of the Option Price, provided in each case that the option may only be exercised during the Option Period. [\*\*\*]
- 8.2 If Airbus exercises an Option, Airbus shall pay to the Security Trustee the Option Price relating to the Relevant Aircraft no later than [\*\*\*] after the date of exercise of the relevant Option provided that the Security Trustee has provided Airbus with details of the bank account into which such payment should be made.
- 8.3 An Option, once exercised, shall be irrevocable in respect all the Relevant Aircraft to which it relates.
- 8.4 If Airbus exercises any Option pursuant to this Clause 7.6, upon payment of the Option Price by Airbus to the Security Trustee in respect of the applicable Relevant Aircraft:
- (a) the rights and interests of the Security Trustee in the Relevant Rights relating to such Relevant Aircraft shall automatically terminate;
  - (b) the Security Trustee shall have no further right or obligation whatsoever against or towards Airbus in respect of the Relevant Rights and Relevant Obligations relating to such Relevant Aircraft; and
  - (c) Airbus shall have no further right or obligation whatsoever against or towards Security Trustee in respect of the Relevant Rights relating to such Relevant Aircraft,
- and concurrently therewith, Security Trustee shall execute and deliver to Airbus and the Buyer, a Letter of Release.
- 8.5 The Option relating to the Relevant Aircraft shall automatically lapse if Airbus does not exercise the Option on or before expiry of the Option Period.

- 8.6 The Buyer acknowledges and consents to the Option with respect to the Relevant Aircraft and agrees that, upon payment of the Option Price by Airbus to the Security Trustee:
- (a) the Pre-Delivery Payments received by Airbus under the Assigned Purchase Agreement in respect of the Relevant Aircraft shall be reduced by an amount equal to the Option Price; and
  - (b) an amount equal to the Option Price for all applicable Relevant Aircraft shall immediately become due and payable by the Buyer under the Assigned Purchase Agreement as Pre-Delivery Payments.

**9 Liability of the Parties**

- 9.1 The Security Trustee shall have no obligation or liability under the Assigned Purchase Agreement by reason of, or arising out of, any Relevant Document.
- 9.2 Following a Step-In and until the actual and due performance by the Security Trustee of all the Relevant Obligations in respect of a Step-In Aircraft, the Buyer shall not be discharged from any of the obligations assumed by it under the Assigned Purchase Agreement by reason of or arising out of this Agreement and shall remain fully liable to Airbus to perform all of the obligations of the “Buyer” under the Assigned Purchase Agreement in respect of such Step-In Aircraft and each of the other Relevant Aircraft. Nothing in this Agreement or any other Relevant Document shall in any way affect the obligation of the Buyer to perform each of the obligations set out in the Assigned Purchase Agreement relating to any other Aircraft.
- 9.3 Without prejudice to the terms of this Agreement, each of the Buyer and the Security Trustee agree that nothing contained in any Relevant Document shall:
- (a) subject Airbus to any duplicate liability in respect of a Relevant Aircraft: (i) to the Buyer after receipt of a Notice and (ii) to the Security Trustee prior to receipt of a Notice relating to such Relevant Aircraft; or
  - (b) [\*\*\*]

**10 Termination of the Relevant Rights**

- 10.1 A Termination Event occurs if:
- (a) the Security Trustee does not serve the Step-In Notice in respect of the Relevant Aircraft on or before the Decision Date;
  - (b) the Security Trustee is required to serve a Letter of Release in respect of a Relevant Aircraft pursuant to any provision of this Agreement and has failed to do so within a reasonable time following request in writing from Airbus; or
  - (c) the Security Trustee or a Permitted Transferee (as applicable) does not enter into the Replacement Purchase Agreement [\*\*\*] pursuant to Clause 7.4.
- 10.2 Upon the occurrence of any Termination Event, and provided that such event has not been cured or waived, Airbus shall have the right to terminate all or part of this Agreement with respect to any or all Relevant Aircraft by notice (the **Airbus Termination Notice**) to the Security Trustee (copied to the Buyer) and from the date of such Airbus Termination Notice

- (a) the rights and interests of the Security Trustee in and to the Relevant Rights relating to such Relevant Aircraft shall terminate;
- (b) the obligations and liabilities of Airbus to the Security Trustee in and to the Relevant Rights relating to such Relevant Aircraft shall terminate;
- (c) the Security Trustee shall have no further right or obligation whatsoever against or towards Airbus in respect of the Relevant Rights and the Relevant Obligations relating to such Relevant Aircraft;
- (d) Airbus shall have no further obligations towards the Buyer or the Security Trustee under this Agreement with respect to such Relevant Aircraft;
- (e) at the cost and expense, if any, of the Buyer, the Security Trustee agrees to release any and all Encumbrances created by the Security Trustee in respect of such Relevant Aircraft; and

provided that if the events set out in Clause 10.1(a) occur, Airbus shall be automatically released from all its obligations under this Agreement in respect of all Relevant Aircraft without the need to give an Airbus Termination Notice.

10.3 The Security Trustee undertakes that:

- (a) [\*\*\*]
- (b) [\*\*\*]
- (c) [\*\*\*]
- (d) [\*\*\*]
- (e) on or before the Delivery Date for each Relevant Aircraft, provided:
  - (i) no Material Event of Default has occurred which is then continuing; and
  - (ii) the Buyer has paid to the Facility Agent all monies then due and payable by the Buyer to the Finance Parties pursuant to the PDP Loan Agreement (other than the repayment of principal outstanding and related interest under the PDP Loan Agreement that would be payable on the Delivery Date of the Aircraft, provided that the Facility Agent (acting reasonably) is satisfied that such amount will be paid to it by the Buyer contemporaneously with Delivery of the Relevant Aircraft),

[\*\*\*]

10.4 With regards to a Relevant Aircraft in respect of which a Letter of Release is executed by the Security Trustee (or is required to be executed by the Security Trustee pursuant to this Agreement and is not so executed) such Relevant Aircraft shall cease to be a “*Relevant Aircraft*” for the purposes of this Agreement and the Buyer shall continue to perform all of the obligations of the “*Buyer*” under the Assigned Purchase Agreement.

10.5 [\*\*\*]

## 11 Indemnities

11.1 The Buyer hereby indemnifies and holds Airbus harmless from and against any and all Losses suffered by Airbus in any way relating to or arising out of:

- (a) the entry into, and performance of, this Agreement; and
- (b) any action or inaction of the Buyer or the Security Trustee in connection with this Agreement,

except to the extent that any such Loss arises as a consequence of the gross negligence or wilful misconduct of Airbus or the breach by Airbus of any representation or warranty made by it under this Agreement.

11.2 If Airbus, having applied or reimbursed, as the case may be, an amount equal to any Pre-Delivery Payments then held by Airbus in accordance with the direction of the Security Trustee in any exercise by the Security Trustee of the Relevant Rights is subsequently obliged to comply with a final, non-appealable judgment to reimburse any Pre-Delivery Payments to the Buyer, the Security Trustee hereby undertakes, upon the first written demand of Airbus, to reimburse to Airbus, an amount equal to the amount so reimbursed to the Buyer, [\*\*\*]

- (a) [\*\*\*]
- (b) [\*\*\*]
- (c) [\*\*\*]

If Airbus becomes aware of any possibility of any proceedings or other events which may lead to the indemnity contained in this Clause 11.2 becoming applicable, [\*\*\*].

[\*\*\*]

11.3 The Security Trustee agrees to indemnify and hold Airbus and its officers, directors and employees (collectively, the **Indemnitees**) harmless from and against any and all Losses which are imposed upon or incurred by or asserted against such Indemnitee in any manner resulting from or arising out of the exercise (or purported exercise) by the Security Trustee of its rights or remedies under this Agreement if it is determined by a final judgment of a court of competent jurisdiction that the Security Trustee was not entitled to exercise such rights or remedies or that such rights or remedies were exercised contrary to the provisions of the Security Assignment, this Agreement, or applicable law.

The Buyer irrevocably agrees to indemnify the Security Trustee against any Losses incurred by the Security Trustee in complying with its obligations pursuant to Clause 11 of this Agreement except to the extent that any such Loss arises as a consequence of the gross negligence or wilful misconduct of the Security Trustee.

11.4 Any claim for payment by an Indemnitee under this Clause 11 shall be substantiated by the certificate of the Vice-President, Contracts Division of Airbus containing evidence of such claim, including if applicable, a copy of any relevant judgement.

11.5 The indemnities set out in this Clause 11 shall survive the execution and delivery of this Agreement and shall continue in full force and effect notwithstanding the occurrence of the Delivery Date in respect of any Relevant Aircraft.

## 12 Onward Transfer of Rights

12.1 Save for any transfer to a Permitted Transferee pursuant to this Clause 12 below, the Security Trustee may not assign, sell, transfer, delegate or otherwise deal with or dispose of any Relevant Right or Relevant Obligation relating to any Relevant Aircraft.

12.2 No transfer of the Relevant Rights and/or the Relevant Obligations applicable to any Relevant Aircraft by the Security Trustee to a Permitted Transferee shall be permitted or effective until and unless:

- (a) the Security Trustee shall have served a Step-In Notice on Airbus in accordance with the provisions of this Agreement;
- (b) Airbus and the Permitted Transferee have entered into arrangements satisfactory to Airbus (acting reasonably) pursuant to which, amongst other things, the Permitted Transferee irrevocably commits to: (i) step-in and purchase the Relevant Aircraft in accordance with the Replacement Purchase Agreement and (ii) assume the Relevant Rights and Relevant Obligations with respect to such Relevant Aircraft; and
- (c) Airbus confirms in writing to the Security Trustee that, with regard to the subject Relevant Aircraft: (i) the arrangements referred to in Clause 12.2(i) have been entered into; and (ii) the Security Trustee is released from its obligations under this Agreement (including its obligations under the Replacement Purchase Agreement for such Relevant Aircraft) with respect to such Relevant Aircraft.

12.3 Any purported assignment, sale, transfer, delegation or other disposal of any Relevant Rights or Relevant Obligations in contravention of the provisions of this Agreement shall be null and void and have no force or effect on or against Airbus.

## 13 Notices

13.1 Any notice or other communication given or made under this Agreement shall be in writing in the English language and, provided it shall be addressed as set out below, it shall be deemed to have been duly given as follows:

- (a) if sent by personal delivery, upon delivery at the address of the relevant party;
- (b) if sent by post, [\*\*\*] after being deposited in the post, postage prepaid, in a correctly addressed envelope;

(c) if sent by facsimile, when despatched during business hours (or if after business hours, the next Business Day) with correct confirmation printout, to the parties as follows:

(i) in the case of the Buyer to:

Vertical Horizons, Ltd.  
c/o Intertrust SPV (Cayman) Limited  
190 Elgin Avenue  
George Town  
Grand Cayman, KY1 9005  
Cayman Islands

Fax:            +# ### ## ###  
Email:         ###  
Attention:     Directors

with a copy to:

Frontier Airlines, Inc.  
7001 Tower Road  
Denver, CO 80249  
United States of America

Fax:            +# ### ## ###  
Attention:     SVP – General Counsel

(ii) in the case of the Security Trustee to:

Bank of Utah  
200 E. South Temple  
Suite 210  
Salt Lake City, UT 84111  
United States of America

Fax:            +# ### ## ###  
Attention:     Corporate Trust Services

(iii) in the case of Airbus to:

Airbus S.A.S.  
2 rond point Emile Dewoitine  
31700 Blagnac  
France

Fax:            +## # ## ## ## ##  
Attention:     Head of Contracts

Any party may change its contact details by giving [\*\*\*] prior written notice to the other parties.

13.2 Each party shall be entitled to rely on the information contained in any notice issued or served pursuant to this Agreement and shall not have to further enquire as to the accuracy of the information contained in any such notice.

14 **Confidentiality**

Each party agrees that it shall not disclose any information relating to any Relevant Document except:

- (a) as required by any applicable law or governmental regulations;
- (b) as required in connection with any legal proceedings arising from or in connection with any Relevant Document;
- (c) with the prior written consent of each other party hereto;
- (d) to its professional, legal and other advisors **provided that** such advisors are under a legal, ethical or professional duty to treat such information as confidential and not to disclose the same to third parties;
- (e) [\*\*\*]
- (f) [\*\*\*]
- (g) to any proposed Permitted Transferee **provided that** such proposed Permitted Transferee has executed a confidentiality agreement (in form and content satisfactory to Airbus) in favour of Airbus or has otherwise agreed in favour of Airbus to maintain confidentiality (in a manner satisfactory to Airbus),

subject, in the case of each Relevant Document (other than this Agreement), to the confidentiality provisions contained in such Relevant Document that apply as between the parties to such Relevant Document.

15 **Provisions severable**

Every provision contained in this Agreement shall be severable and distinct from every other such provision and if at any time any one or more of such provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining such provisions shall not in any way be affected thereby. Any provision of this Agreement which may prove to be or becomes illegal, invalid or unenforceable in whole or in part, shall so far as reasonably possible and subject to applicable laws, be performed according to the spirit and purpose of this Agreement.

16 **Amendments**

The parties agree that the provisions of this Agreement shall not be amended except by an instrument in writing executed by or on behalf of each of the Buyer, the Security Trustee and Airbus.

17 **Further Assurance**

The parties agree, at the cost and expense the Buyer (and in any event subject to its costs and expenses being paid), from time to time to do and perform, or cause to be done and performed, such other and further acts and execute and deliver or cause to be executed and delivered any and all such other instruments as may be required by law or reasonably requested by a party hereto in order to establish, maintain and protect the rights and remedies of the parties and to carry out and effect the intent and purpose of this Agreement.



18 **Third party rights**

The parties do not intend that any term of this Agreement shall be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to this Agreement. The parties may rescind, vary, waive, release, assign, novate or otherwise dispose of all or any of their respective rights or obligations under and to the extent permitted pursuant to the terms of this Agreement without the consent of any person who is not a party to this Agreement.

19 **Entire agreement**

This Agreement sets out the entire agreement between the parties. It supersedes all previous agreements between the parties on the subject matter of this Agreement. No other term, express or implied, forms part of this Agreement. No usage, custom or course of dealing forms part of or affects this Agreement.

20 **Counterparts**

This Agreement may be executed by the parties on separate counterparts, each of which when so executed shall be an original, and each such counterpart shall together constitute one and the same instrument.

21 **Cape Town Convention**

Prior to the Delivery Date of a Relevant Aircraft none of the Security Trustee or the Buyer shall seek, nor shall they be entitled, to register any interest in such Relevant Aircraft or this Agreement at the International Registry. [\*\*\*]

22 **Governing Law and Jurisdiction**

22.1 This Agreement is governed by English law. The parties hereto agree that the courts of England shall have exclusive jurisdiction to settle any dispute (a **Dispute**) arising from or connected with this Agreement.

22.2 The parties agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and accordingly that they will not argue to the contrary.

22.3 Each party waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of:

- (a) the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and
- (b) the issue of any process against its assets or revenues for the enforcement of a judgement or, in an action *in rem*, for the arrest, detention or sale of any of its assets or revenues.

23 **Service of Process**

23.1 Without prejudice to any other mode of service allowed under any relevant law, each of the parties to this Agreement irrevocably appoints:

- (a) in the case of the Buyer: Walkers at 6 Gracechurch Street, London EC3V 0AT, United Kingdom;

- (b) in the case of the Security Trustee: Walkers at 6 Gracechurch Street, London EC3V 0AT, United Kingdom; and
- (c) in the case of Airbus: Airbus Operations Limited, Pegasus House, Aerospace Avenue, Filton, Bristol, BS34 7PA, United Kingdom (Attention: Legal Department),

as its agent for service of process in relation to any proceedings before the English courts in connection with this Agreement.

23.2 Each party agrees that:

- (a) the addresses referred to in Clause 23.1 above may be revised provided at least five (5) Business Days prior written notice is given to the other parties; and
- (b) failure by a process agent to notify the relevant party of the process will not invalidate the proceedings concerned.

24 [\*\*\*]

24.1 [\*\*\*]

24.2 [\*\*\*]

24.3 [\*\*\*]

- (a) [\*\*\*]
  - (i) [\*\*\*]
  - (ii) [\*\*\*]
  - (iii) [\*\*\*]

(b) [\*\*\*]

(c) [\*\*\*]

(d) [\*\*\*]

24.4 [\*\*\*]

(a) [\*\*\*]

(b) [\*\*\*]

(c) [\*\*\*]

(d) [\*\*\*]

[\*\*\*]

- 24.5 [\*\*\*]
- 24.6 [\*\*\*]
- 24.7 [\*\*\*]
- 24.8 [\*\*\*]
- 25 [\*\*\*]  
[\*\*\*]
- 25.1 [\*\*\*]
- 25.2 [\*\*\*]
- 25.3 [\*\*\*]
- 25.4 [\*\*\*]

**IN WITNESS** whereof each of the parties has executed this Agreement as a deed the day and year first before written.

Schedule 1 Pre-Delivery Payments, Scheduled Delivery Months

Part A – A320neo Aircraft

***	***	***	***	***	***	***
***						
***						***
***						
***						
***						***
***						
***	***	***		***	***	***
***					***	
***	***	***		***	***	
	***	***		***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
***	***	***		***	***	***
***					***	
***	***	***		***	***	
	***	***		***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
***						
***						***
***						
***	***	***		***	***	***
***	***	***		***	***	***
***	***	***		***	***	***



***	***	***	***	***	***	***
***						***
***	***	***		***	***	
	***	***		***	***	
	***	***	***	***	***	
	***	***	***		***	
		***		***	***	
	***	***	***		***	
	***	***	***		***	
	***	***	***		***	
	***	***	***	***	***	
***	***	***		***	***	***
***						***
***						***
	***	***		***	***	
	***	***		***	***	
	***	***	***	***	***	
		***	***	***	***	
	***	***	***		***	
	***	***	***	***	***	
	***	***	***	***	***	
***	***	***		***	***	***
***						***
***	***	***		***	***	
	***	***		***	***	
	***	***	***	***	***	
		***		***	***	
	***	***	***		***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
***	***	***		***	***	***
***						***
***	***	***		***	***	
	***	***		***	***	
	***	***	***	***	***	
		***		***	***	
	***	***	***		***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
***	***	***		***	***	***



	***	***	***	***	***	***	***
	***	***	***	***	***	***	
	***	***	***	***	***	***	
***	***	***		***	***	***	***
***					***		
***	***	***		***	***		
	***	***		***	***		
	***	***		***	***		
	***	***	***		***		
		***		***	***		
	***	***	***		***		
	***	***	***	***	***		
	***	***	***	***	***		
	***	***	***	***	***		
***	***	***		***	***	***	***
***					***		
***	***	***		***	***		
	***	***		***	***		
	***	***	***	***	***		
	***	***	***	***	***		
		***	***		***		
	***	***	***		***		
	***	***	***	***	***		
	***	***	***	***	***		
***	***	***		***	***	***	***
***					***		
***	***	***		***	***		
	***	***		***	***		
	***	***	***	***	***		
	***	***	***	***	***		
***	***	***		***	***	***	***
***					***		
***	***	***		***	***		
	***	***		***	***		
	***	***	***	***	***		
	***	***	***	***	***		



***	***	***	***	***	***	***
					***	
		***	***	***	***	
***	***	***	***	***	***	
***	***	***	***	***	***	
***	***	***	***	***	***	
***	***	***	***	***	***	
***	***	***	***	***	***	***
***				***	***	
***	***	***		***	***	
***	***	***		***	***	
	***	***		***	***	
	***	***	***		***	
	***	***	***	***	***	
	***	***	***	***	***	
***	***	***		***	***	***
***				***	***	
***	***	***		***	***	
	***	***		***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
***	***	***		***	***	***
***				***	***	
***	***	***		***	***	
	***	***		***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
	***	***	***	***	***	
***	***	***		***	***	***
***				***	***	



	***	***	***	***	***	***	***
***						***	
***	***	***		***	***		
	***	***		***	***		
	***	***		***	***		
	***	***	***		***	***	
		***		***	***		
	***	***	***				
	***	***	***				
	***	***	***				
***	***	***		***	***		***
***					***		
***	***	***		***	***		
	***	***	***	***	***		
	***	***		***	***		
	***	***	***		***	***	
		***		***	***		
	***	***	***				
	***	***	***				
	***	***	***				
***	***	***		***	***		***
***					***		
***	***	***		***	***		
	***	***		***	***		
	***	***	***	***	***		
		***		***	***		
	***	***	***				
	***	***	***				
	***	***	***				
***	***	***		***	***		***
***	***	***		***	***		
***	***	***		***	***		
	***	***	***	***	***		
	***	***		***	***		
	***	***	***				
	***	***	***				
	***	***	***				
	***	***	***				
	***	***	***	***	***		

***	***	***	***	***	***	***
***	***	***		***	***	***
***	***	***		***	***	
***	***	***		***	***	
	***	***		***	***	
	***	***	***	***	***	
	***	***	***		***	
	***	***	***		***	
	***	***	***		***	
	***	***	***		***	
***	***	***		***	***	***
***	***	***		***	***	
***	***	***		***	***	
	***	***		***	***	
	***	***	***	***		
	***	***	***		***	
	***	***	***		***	
	***	***	***		***	
	***	***	***		***	
***	***	***		***	***	***
***	***	***		***	***	
***	***	***		***	***	
	***	***		***	***	
	***	***	***	***		
	***	***	***		***	
	***	***	***		***	
	***	***	***		***	
	***	***	***		***	
***	***	***		***	***	***
***	***	***		***	***	
***	***	***		***	***	
	***	***		***	***	
	***	***	***	***		
	***	***	***		***	
	***	***	***		***	
	***	***	***		***	
***	***	***		***	***	***
***	***	***		***	***	
***	***	***		***	***	

***	***	***	***	***	***	***
***	***			***	***	
***	***	***	***	***		
***	***	***	***			
***	***	***	***			
***	***	***	***			
***	***	***	***	***	***	***
***	***	***	***	***	***	***

Part B – A321neo Aircraft

	***	***	***	***	***	***	***
***	***	***			***	***	***
***	***	***			***	***	
***	***	***			***	***	
						***	
	***	***			***	***	
	***	***			***	***	
	***	***	***				
	***	***	***				
	***	***	***				
	***	***	***				
	***	***	***	***	***	***	
***	***	***			***	***	***
***	***	***	***		***	***	***
***	***	***			***	***	
	***	***			***	***	
	***	***	***		***		
	***	***	***				
	***	***	***				
	***	***	***				
	***	***	***	***	***	***	
***	***	***			***	***	***
***	***	***	***		***	***	***
***	***	***			***	***	
						***	
	***	***			***	***	
	***	***	***		***		
	***	***	***				
	***	***	***				
	***	***	***	***	***	***	
***	***	***			***	***	***
***	***	***	***		***	***	***
***	***	***			***	***	
						***	
	***	***			***	***	
	***	***	***		***		
	***	***	***				
	***	***	***				



***	***	***	***	***	***	***	***
***	***	***		***	***	***	***
***	***	***		***	***	***	
***	***	***		***	***	***	
	***	***		***	***	***	
	***	***	***	***			
	***	***	***	***			
	***	***	***	***			
	***	***	***	***			
	***	***	***	***	***	***	
***	***	***		***	***	***	***
***	***	***		***	***	***	
***	***	***		***	***	***	
	***	***		***	***	***	
	***	***	***	***			
	***	***	***	***			
	***	***	***	***			
	***	***	***	***	***	***	
***	***	***		***	***	***	***
***	***	***		***	***	***	
***	***	***		***	***	***	
	***	***		***	***	***	
	***	***	***	***			
	***	***	***	***			
	***	***	***	***			
	***	***	***	***	***	***	
***	***	***		***	***	***	***
***	***	***		***	***	***	
***	***	***		***	***	***	



	***	***	***	***	***	***	***
	***	***		***	***	***	
	***	***	***	***	***		
	***	***	***				
	***	***	***	***	***		
	***	***	***	***			
	***	***	***	***	***	***	
***	***	***		***	***	***	***
***	***	***		***	***	***	
***	***	***		***	***	***	
	***	***	***	***	***		
	***	***	***	***			
	***	***	***	***	***		
	***	***	***	***	***	***	
	***	***	***	***	***		
	***	***	***	***	***	***	

**Schedule 2 Form of Letter of Release**

To: **Vertical Horizons, Ltd.**  
c/o Intertrust SPV (Cayman) Limited  
190 Elgin Avenue  
George Town  
Grand Cayman, KY1 9005  
Cayman Islands

Fax: +# ### ### ####  
Attention: Directors

with a copy to:

Frontier Airlines, Inc.  
7001 Tower Road  
Denver, CO 80249  
United States of America

Fax: +# ### ### ####  
Attention: SVP – General Counsel

**Airbus S.A.S.**  
1 rond point Maurice Bellonte  
31707 Blagnac Cedex  
France

Fax: +## # ## ## ## ##  
Attention: Head of Contracts

Dated: [•]

Dear Sirs

**Amended and Restated Step-In Agreement made between (i) Vertical Horizons, Ltd., (ii) Bank of Utah, not in its individual capacity but solely as security trustee (“Security Trustee”) and (iii) Airbus S.A.S. (Airbus) relating to thirty-seven (37) Airbus A320neo Aircraft and fourteen (14) Airbus A321neo Aircraft (the “Aircraft”) dated [•] (the Agreement).**

We refer to the Agreement. Capitalised terms and expressions used in this Letter of Release not otherwise defined herein shall have the meanings given in the Agreement.

This Letter of Release relates to [• (•) [A320neo/A321neo] aircraft, MSN[s] •, CAC ID[s] •] (the **Released Aircraft**) which [is one of ] [are • (•) of] the Aircraft as defined in the Agreement.

With effect from the date of this Letter of Release, we hereby irrevocably confirm to Airbus and the Buyer that:

- 1 the Released Aircraft is released from the terms and conditions of the Agreement and the Agreement shall terminate with respect to the Released Aircraft;
- 2 we terminate all our right, title or interest in and to the Relevant Rights [(with respect to the Released Aircraft only)];

3 the Encumbrance of the Security Assignment created in respect of the Relevant Rights relating to the Released Aircraft is hereby released and the Relevant Rights relating to the Released Aircraft are free and clear of all Encumbrances attributable to the Security Trustee; and

4 Airbus is released from its duties, obligations and liabilities to us [(but only in respect to the Released Aircraft)] under the Agreement.

For the avoidance of doubt this release does not extend to the Buyer's other obligations to the Security Trustee or the Finance Parties pursuant the Security Assignment or the PDP Loan Agreement, including without limitation, its obligation to repay amounts owing thereunder, with respect to the Aircraft.

By countersigning this Letter of Release, Airbus releases the Security Trustee from its obligations under the Agreement with respect to the Released Aircraft.

[The Agreement shall remain in full force and effect and nothing in this Letter of Release is to be construed as a release of the Security Trustee rights, title and interest in and to the Relevant Rights with respect to any other Relevant Aircraft (as defined in the Agreement) arising pursuant to the Agreement.]

This Letter of Release shall be governed by and construed in accordance with the laws of England.

Please countersign this Letter of Release and confirm your agreement to the aforementioned.

Yours faithfully

**Executed as a Deed by** )  
**Bank of Utah** )  
**(not in its individual capacity but solely** )  
**as Security Trustee)** )  
 )  
and signed by [•] )  
its [•] )

in the presence of:

Name:

Address:

Acknowledged and agreed

\_\_\_\_\_  
By and on behalf of  
**Vertical Horizons, Ltd.**

**Schedule 3 Form of Step-In Notice**

To: **Airbus S.A.S.**  
1 rond point Maurice Bellonte  
31707 Blagnac Cedex  
France  
Fax: +## # ## ## ## ##  
Attention: Head of Contracts

Cc: **Vertical Horizons, Ltd.**  
c/o Intertrust SPV (Cayman) Limited  
190 Elgin Avenue  
George Town  
Grand Cayman, KY1 9005  
Cayman Islands  
Fax: +# ### ### #####  
Attention: Directors

with a copy to:

Frontier Airlines, Inc.  
7001 Tower Road  
Denver, CO 80249  
United States of America

Fax: +# ### ### #####  
Attention: SVP – General Counsel

Dated: [•]

Dear Sirs

**Amended and Restated Step-In Agreement made between (i) Vertical Horizons, Ltd., (ii) Bank of Utah, not in its individual capacity but solely as security trustee (“Security Trustee”) and (iii) Airbus S.A.S. (Airbus) relating to thirty-seven (37) Airbus A320neo Aircraft and fourteen (14) Airbus A321neo Aircraft dated [•] (the Agreement).**

We refer to the Agreement. Capitalised terms and expressions used in this Step-In Notice not otherwise defined herein shall have the meanings given in the Agreement.

This is the Step-In Notice for the purposes of the Agreement.

This Step-In Notice is being served pursuant to clause 7 of the Agreement as a result of:

[The occurrence of a Step-In Event arising from the service by [Airbus of a notice in accordance with clause 6.4 of the Agreement] [the Security Trustee of a Material Event of Default Notice in accordance with clause 5.5 of the Agreement and the Material Event of Default relating to such Material Event of Default have not been waived or cured for the purposes of clause 5.6 of the Agreement].

In accordance with clause 7 of the Agreement, the Security Trustee hereby irrevocably confirms to Airbus that it elects to assume and exercise the Relevant Rights and perform the Relevant Obligations relating to the following Relevant Aircraft (hereinafter the Step-In Aircraft):

[•]

This Step-In Notice is governed by and shall be construed in accordance with English law.

Yours faithfully

---

For and on behalf of:

**Bank of Utah not in its individual capacity but solely as Security Trustee**

By:

Title:

\*\*\*

**Clause 4 – Events of Default**

**4 Events of Default**

Each of the following events shall constitute an Event of Default which shall continue so long as, but only as long as, it shall not have been remedied:

- (a) *Non Payment.* The Borrower shall have failed to make a payment of any principal on any Loan Certificate within [\*\*\*] after the same shall have become due; or the Borrower shall have failed to make a payment of interest on any Loan Certificate within [\*\*\*] after the same shall have become due;
- (b) *Other Payments.* The Borrower shall have failed to make any payment of any amount owed to any Finance Party under the Operative Documents, including without limitation, any payment owed pursuant to Clause 5.2 or Clause 5.9 of the Credit Agreement, other than as provided under paragraph (a) of this Clause 4 after the same shall have become due and such failure shall continue for five (5) Business Days after the Borrower has received notice that such payment is due;
- (c) *Special Purpose Covenants.* The Borrower shall have failed to perform or observe, or caused to be performed and observed, any covenant or agreement to be performed or observed by it under Clause 10.3 of the Credit Agreement;
- (d) *Other Covenants.* The Borrower or either Guarantor shall have failed to perform or observe, or caused to be performed and observed, in any respect, any other covenant or agreement to be performed or observed by it under any Operative Document, and such failure (if capable of remedy) shall continue unremedied for a period of [\*\*\*] after Borrower's or either Guarantor's receipt of written notice from the Security Trustee or the Facility Agent; provided however that such grace period shall not apply if such breach gives rise to any reasonable likelihood of the sale, forfeiture or other loss of any of the Collateral or the Aircraft or any interest therein;
- (e) *Representations and Warranties.* Any representation or warranty made by the Borrower or either Guarantor in any Operative Document or any document or certificate furnished by any such Obligor in connection therewith or pursuant thereto shall prove to have been incorrect or misleading at the time made, which, if capable of cure, is not cured within [\*\*\*] after the Borrower or either Guarantor obtains knowledge thereof and to the extent such incorrect or misleading representation or warranty is materially adverse to the Security Trustee or any Lender;
- (f) *Voluntary Bankruptcy.* The commencement by the Borrower or either Guarantor of a voluntary case or winding up under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal, state or other bankruptcy, insolvency or other similar law in the United States or the Cayman Islands, or the consent by the Borrower or either Guarantor to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower or either

Guarantor or for all or substantially all of its property, or the making by the Borrower or either Guarantor of any assignment for the benefit of creditors of the Borrower or either Guarantor shall take any corporate action to authorize any of the foregoing (including, without limitation, by the passing of a shareholders' resolution for its involuntary winding up) or to authorize a general payment moratorium;

- (g) *Involuntary Bankruptcy.* The commencement of an involuntary case, winding up or other proceeding in respect of the Borrower or either Guarantor under the federal, bankruptcy laws, as now or hereafter constituted, or any other applicable federal state or other bankruptcy, insolvency or other similar law in the United States or the Cayman Islands or seeking the appointment of a liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Borrower or either Guarantor for all or substantially all of its property, or seeking the winding-up or liquidation of its affairs and the continuation of any such case or other proceeding remains undismissed and unstayed for a period of [\*\*\*], or an order, judgment or decree shall be entered in any proceeding by any court of competent jurisdiction appointing, without the consent of the Borrower or either Guarantor, a receiver, trustee or liquidator of the Borrower or either Guarantor, or for all or substantially all of its property, or sequestering of all or substantially all of the property of either Guarantor or the occurrence of such in respect of any property of the Borrower and any such order, judgment or decree or appointment or sequestration shall be final or shall remain in force undismissed, unstayed or unvacated for a period of [\*\*\*], after the date of entry thereof;
- (h) *Perfected Security Interest.* The Security Trustee shall cease to hold a valid and perfected security interest in any of the Collateral (except with respect to Permitted Liens);
- (i) *Breach of Assigned Purchase Agreements or Engine Agreement.* The Borrower or either Guarantor breaches or repudiates or evidences an intention to repudiate the terms of either Assigned Purchase Agreement, the Assignment and Assumption Agreement, the Servicing Agent, any Engine Agreement, or either Airbus Purchase Agreement, as applicable, and such breach is not cured within [\*\*\*];
- (j) *Cross Defaults.* For any reason, any Financial Indebtedness of either Guarantor (or any Financial Indebtedness which a Guarantor has agreed to guarantee) in an aggregate amount in excess of [\*\*\*] (or its equivalent in other currencies as determined by the Security Trustee), is not paid when due nor within any originally applicable grace period, and such Financial Indebtedness is declared to be due and payable prior to its specified maturity as a result of an event of default or termination event (howsoever described);
- (k) *Judgments:* any judgment against a Guarantor for an amount equal to or in excess of [\*\*\*] is not paid by the date required by the court, unless such judgment is appealable and is being contested in good faith and by appropriate proceedings by such Guarantor;



- 
- (l) *BFE Payments.* The Borrower or any Guarantor shall have failed to make the payment of any amount listed in Schedule VI to the Credit Agreement in respect of BFE for each Aircraft in respect of which a Loan is then outstanding when due;
  - (m) *Servicing Agreement.* An event occurs that entitles Frontier Airlines to terminate the Servicing Agreement pursuant to Clause 5.2 of the Servicing Agreement;
  - (n) *Step-In Agreement.* The occurrence of an Insolvency Event in respect of the Borrower or either Guarantor or a Step-In Event (as defined in the Step-In Agreement); and
  - (o) *Financial Covenants.* Either Guarantor shall have failed to perform, observe or comply with, or caused to be performed, observed and complied with, any covenant or agreement to be performed, observed or complied with by it under Clause 9(f) of the Guarantee.
-

## **Selected Definitions**

“**Administration Agreement**” means the administration agreement between the Borrower and the Agent dated as of December 18, 2014, together with the administrator fee letter dated as of December 18, 2014, to which, *inter alia*, Frontier Airlines is a party.

“**Advance**” means each Purchase Price Installment paid or payable by or on behalf of the Borrower in respect of each Aircraft in accordance with the terms of the Assigned Purchase Agreement which, for each Purchase Price Installment due on or after the Original Signing Date, is in the amount and payable on the date specified in Schedule III to the Credit Agreement.

“**Airbus**” means Airbus S.A.S., in its capacity as manufacturer of the Aircraft, and its successors and assigns.

“**Aircraft**” means each “Aircraft” identified as such for the purposes of the Credit Agreement.

“**Airbus Purchase Agreement**” means, with respect to each Aircraft, the A320neo aircraft purchase agreement dated as of September 30, 2011 between Airbus and Frontier Airlines, as amended and supplemented from time to time (but excluding any letter agreements entered into from time to time in relation thereto), to the extent related to the Aircraft and as the same may be further amended and supplemented from time to time.

“**Assigned Purchase Agreement**” means the Airbus Purchase Agreement as assigned and transferred to the Borrower and amended and restated in the terms set forth in Schedule 3 to the Assignment and Assumption Agreement.

“**Assignment and Assumption Agreement**” means the Amended and Restated Assignment and Assumption Agreement entered into among Frontier Airlines, the Borrower and Airbus in respect of the assignment, in part, of the Airbus Purchase Agreement to the Borrower in respect of the Aircraft.

“**Borrower**” means Vertical Horizons, Inc., a Cayman Islands exempted company, and its successors and permitted assigns.

“**Borrowing Date**” means (a) the Original Signing Date, (b) the AR Signing Date, (c) the Amendment No. 2 Signing Date, (d) the AR No. 2 Signing Date, (e) the AR No. 3 Signing Date, (f) the AR No. 4 Signing Date, the Initial Borrowing Date, (g) each date on which an Advance is payable in respect of an Aircraft under the related Assigned Purchase Agreement as specified in Schedule III to the Credit Agreement and (h) each date on which a Line of Credit is requested by the Borrower.

“**Business Day**” means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in London England and New York City, provided that, if such day relates to the giving of notices or quotes in connection with LIBOR, Business Day shall mean a day on which commercial banks are required or authorized to stay open in London England only.

“**Buyer Furnished Equipment**” or “**BFE**” means those items of equipment which are identified in the specification of an Aircraft in the related Assigned Purchase Agreement as being furnished by the “Buyer” and are listed in the Credit Agreement.

“**Collateral**” means, collectively, (i) all of the collateral subject to the granting clause in the Mortgage and (ii) the all of the collateral subject to the Share Charge.

**“Commitment Termination Date”** means the later of (i) December 31, 2021 and (ii) the Extension Date in the most recent Extension Notice.

**“Cost of Funds”** means (i) for any “stub” Interest Period described in clause (x) of the definition of “LIBOR”, a percentage per annum that equals the cost of funds of each Lender for such Interest Period (as determined by the Facility Agent from cost-of-funds quotations provided by the Lenders, as certificated thereby), and (ii) with respect to any other Interest Period, a rate per annum equal to the Lender’s cost of funds for such Interest Period determined in accordance with the Credit Agreement and calculated on the basis of a year of 360 days and the actual number of days elapsed.

**“Credit Agreement”** means that certain Credit Agreement entered into or to be entered into, as the context may require, between the Borrower, the Lenders, the Facility Agent and the Security Trustee, as amended and supplemented from time to time.

**“Delivery Date”** means, for any Aircraft, the date on which such Aircraft is to be delivered by Airbus and accepted by Borrower or its permitted assignee under the Assigned Purchase Agreement.

**“Effective Date”** has the meaning specified in Clause 2.3 of the Credit Agreement.

**“Engine Agreement”** means, (i) in respect of the A320neo Aircraft other than the Incremental A320neo Aircraft, each of (a) the Engine Manufacturer consent agreement dated as of the Effective Date, (b) the Engine Manufacturer consent agreement dated as of January 29, 2019, (c) the Engine Manufacturer consent agreement dated as of December 16, 2016 and (c) the Engine Manufacturer consent agreement dated as of August 11, 2015, and (ii) in respect of the A321neo Aircraft, the Engine Manufacturer consent agreement dated on or prior to the earlier of (i) the first Borrowing Date in respect of an A321neo Aircraft to occur after the Effective Date and (ii) April 15, 2020, in each case among the applicable Engine Manufacturer, Frontier Airlines and the Security Trustee substantially in the form of Exhibit D to the Credit Agreement.

**“Engine Manufacturer”** means (a) in respect of the A320neo Aircraft other than the Incremental A320neo Aircraft, CFM International, Inc., (b) in respect of the Incremental A320 neo Aircraft, the engine manufacturer certified by Frontier Airlines to the Facility Agent on or prior to the earlier of (i) the first Borrowing Date in respect of an Incremental A320neo Aircraft to occur after the Effective Date and (ii) April 15, 2020 and (c) in respect of the A321neo Aircraft, the engine manufacturer certified by Frontier Airlines to the Facility Agent on or prior to the earlier of (i) the first Borrowing Date in respect of an A321neo Aircraft to occur after the Effective Date and (ii) April 15, 2020.

**“Facility Agent”** means Citibank N.A. in its capacity as Facility Agent under the Credit Agreement and any successor thereto in such capacity.

**“Finance Parties”** means together the Lenders, the Facility Agent and the Security Trustee (each a **“Finance Party”**).

**“Financial Indebtedness”** means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

- (d) the amount of any liability in respect of any lease, lease purchase, installment sale, conditional sale, hire purchase or credit sale or other similar arrangement (whether in respect of aircraft, machinery, equipment, land or otherwise) entered into primarily as a method of raising finance or for financing the acquisition of the relevant asset;
- (e) payments under any lease with a term, including optional extension periods, if any, capable of exceeding two years (whether in respect of aircraft, machinery, equipment, land or otherwise) characterized or interpreted as an operating lease in accordance with the relevant accounting standards but either entered into primarily as a method of financing the acquisition of the asset leased or having a termination sum payable upon any termination of such lease;
- (f) any amount raised by receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis) including any bill discounting, factoring or documentary credit facilities;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (i) obligations (whether or not conditional) arising from a commitment to purchase or repurchase shares or securities where such commitment is or was in respect of raising finance;
- (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) through (j) above.

“**Frontier Airlines**” means Frontier Airlines, Inc..

“**Frontier Holdings**” means Frontier Airlines Holdings, Inc..

“**Guarantee**” means each Fifth Amended and Restated Guarantee dated as of the Effective Date and entered into by a Guarantor in favor of the Security Trustee on account of the obligations of the Borrower.

“**Guarantor**” means each of Frontier Airlines and Frontier Holdings.

“**Interest Payment Date**” means the date falling [\*\*\*] after the Original Signing Date and each such date which falls at [\*\*\*] intervals thereafter, *provided* that, if any such date shall not be a Business Day, then the relevant Interest Payment Date shall be the next succeeding Business Day; *provided, further*, that no Interest Payment Date may extend past the Termination Date and the last Interest Payment Date shall be the Termination Date.

“**Interest Period**” means, (1) in respect of a Loan (a) initially, the period commencing on the Original Signing Date or on the date that such Loan is made and ending on the first Interest Payment Date occurring thereafter, and (b) thereafter, the period commencing on the last day of the previous Interest Period and ending on the next Interest Payment Date or, if earlier, the first to occur of the Delivery Date of the Aircraft funded by such Loan and the Termination Date

and (2) in respect of a Line of Credit (a) initially, the period commencing on the date that such Line of Credit is made and ending on the first Interest Payment Date occurring thereafter, and (b) thereafter, the period commencing on the last day of the previous Interest Period and ending on the next Interest Payment Date or, if earlier, and the Termination Date.

“**Lender**” means each Lender identified in the Credit Agreement and any assignee or transferee of such Lender.

“**LIBOR**” means, with respect to any Interest Period, a rate per annum equal to (x) for the first (if for a period of less than one month) Interest Period and for any Interest Period under the last two sentences of Clause 5.2(d) of the Credit Agreement, the rate certified by the Lenders as their Cost of Funds for such period and (y) otherwise, (i) the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate Reuter’s Screen LIBOR 01 Page for a period equal or comparable to such Interest Period as of 11:00 A.M. (London time) on the day [\*\*\*] London business days prior to the first day of such Interest Period, or (ii) if the Thomson Reuter’s Screen LIBOR 01 Page or LIBOR 02 Page is not available but no Market Disruption Event exists, the arithmetic mean of the offered rates (rounded upwards to the nearest 1/16th of one percent) as supplied to the Facility Agent at its request quoted by the principal London offices of Citibank, N.A., HSBC Bank plc and Barclays Bank plc (or such other banks as may from time to time be agreed by the Borrower and the Facility Agent) for deposits to leading banks in the London Interbank Market as of 11:00 A.M. (London time) on the day [\*\*\*] London business days prior to the first day of such Interest Period for a period equal or comparable to such Interest Period, and if, in any case, that rate is less than zero, LIBOR shall be deemed to be zero.

“**Lien**” means any mortgage, pledge, lien, claim, encumbrance, lease, security interest or other lien of any kind on property.

“**Loan**” in respect of any Advance means the borrowing made by the Borrower on the Borrowing Date with respect to such Advance from each Lender.

“**Loan Certificates**” means the loan certificates issued pursuant to the Credit Agreement and any such certificates issued in exchange or replacement therefor pursuant to the Credit Agreement.

“**Market Disruption Event**” means, for each Interest Period:

- (a) the Facility Agent (acting on the advice of the Lenders) determines (which determination shall be binding and conclusive on all parties) that, by reason of circumstances affecting the London interbank market or any other applicable financial market generally, adequate and reasonable means do not exist for ascertaining LIBOR for such Interest Period; or
- (b) one or more Lenders collectively holding at least [\*\*\*] of the principal amount of the Loans advises the Facility Agent that (by reason of circumstances affecting the London interbank market or any other applicable financial market generally) LIBOR for such Interest Period will not adequately and fairly reflect the cost to such Lender of maintaining or funding its Loan for such Interest Period.

“**Mortgage**” means the Fourth Amended and Restated Mortgage and Security Agreement dated as of the Effective Date, among the Borrower, the Facility Agent and the Security Trustee.

---

**“Obligor”** means each of the Borrower, Frontier and Frontier Holdings.

**“Operative Documents”** means the Administration Agreement, the Credit Agreement, the Mortgage, the Loan Certificates, the Share Charge, the Guarantees, the Assigned Purchase Agreement, the Assignment and Assumption Agreement, the Step-In Agreement, the Engine Agreements, the Option Agreement, the Servicing Agreement, the Subordinated Loan Agreement, any fee letter and any amendments or supplements of any of the foregoing.

**“Option Agreement”** means the Option Agreement, dated as of the Original Signing Date, between Frontier Airlines and the Borrower.

**“Original Signing Date”** means December 23, 2014.

**“Parent”** means Intertrust SPV (Cayman) Limited, a Cayman Islands company (as trustee of the Vertical Horizons, Ltd.).

**“Permitted Lien”** means any Lien permitted under the Credit Agreement.

**“Purchase Price Installment”** has the meaning given to the term Pre-Delivery Payment Amount in the Assigned Purchase Agreement.

**“Security Trustee”** means Bank of Utah, not in its individual capacity but solely as Security Trustee on behalf of the Facility Agent and the Lenders under the Credit Agreement, and any successor thereto in such capacity.

**“Servicing Agreement”** means the Servicing Agreement entered into or to be entered into, as the context may require, between the Borrower and Frontier Airlines.

**“Share Charge”** means the Share Charge entered into or to be entered into, as the context may require, among the Parent and the Security Trustee.

**“Step-In Agreement”** means the Amended and Restated Step-In Agreement dated as of the Effective Date among the Borrower, as assignor, the Security Trustee, as assignee, and Airbus in the form of Exhibit C to the Credit Agreement.

**“Subordinated Loan Agreement”** means the Subordinated Loan Agreement, dated as of the Original Signing Date, between Frontier Airlines and the Borrower and the Subordinated Promissory Note dated the Original Signing Date, issued by the Borrower thereunder.

**“Termination Date”** means the date that is [\*\*\*] following the then-current Commitment Termination Date.

**Execution page 1**

**Step-In Agreement**

**Frontier / Citibank**

**The Buyer**

Executed as a Deed by  
**Vertical Horizons, Ltd.**  
and signed by Evert Brunekreef

)  
) /s/ Evert Brunekreef  
)  
)  
)  
)  
)  
)

being a person/persons who in  
accordance with the  
laws of the Cayman Islands is acting  
under the authority of the company  
in the presence of:

Name: /s/ Shyvon Hydes  
Address: Shyvon Hydes  
190 Elgin Avenue, George Town, Grand Cayman  
Cayman Islands

**The Security Trustee**

Executed as a Deed by  
**Bank of Utah not in its individual  
capacity but solely as Security Trustee**  
and signed by Kade Baird

)  
)  
)  
)  
) /s/ Kade Baird  
)

its Assistant Vice President  
being a person/persons who in  
accordance with the laws of the State of  
Utah is/are acting under the authority of  
the company  
in the presence of:

Name: Marie Stapley /s/ Marie Stapley  
Legal Assistant  
Address: 50 South 200 East Suite 110  
Salt Lake City, UT 84111

**Execution page 2**

**Step-In Agreement**

**Frontier / Citibank**

**Airbus**

Executed as a Deed by Airbus S.A.S. )  
and signed by Benoît de Saint-Exupéry )  
 ) /s/ Benoît de Saint-Exupéry \_\_\_\_\_  
its Senior Vice President, Contracts )  
being a person/persons who in )  
accordance with the laws of France is/are )  
acting under the authority of the company )  
in the presence of: )

Name: /s/ Fanny Lopez \_\_\_\_\_  
Address: Fanny Lopez  
1 rond point Maurice Bellonte  
31707 Blagnac



**Dated May 4, 2020**

**AMENDMENT TO STEP-IN AGREEMENT**

between

**Vertical Horizons, Ltd.**

as Buyer

and

**Bank of Utah**

**not in its individual capacity but solely as security trustee**

as Security Trustee

and

**Airbus S.A.S.**

as Airbus

relating to the PDP financing of  
thirty-four (34) A320neo aircraft and seven (7) A321neo aircraft

THIS AMENDMENT AGREEMENT (this “**Agreement**”) is made on May 4, 2020

**BETWEEN**

- (1) **VERTICAL HORIZONS, LTD.**, a company incorporated pursuant to the laws of the Cayman Islands whose registered address and principal place of business is at the offices of Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1 9005, Cayman Islands (the “**Buyer**”);
- (2) **BANK OF UTAH**, not in its individual capacity but solely as security trustee for the Facility Agent and the Lenders (the “**Security Trustee**”); and
- (3) **AIRBUS S.A.S.**, registered in France and having its registered office at 2 Rond-Point Emile Dewoitine, 31700 Blagnac, France (“**Airbus**”),  
(each a “**Party**”, and together, the “**Parties**”).

**RECITALS**

- (A) In connection with the pre-delivery payment financing of thirty-four (34) A320neo aircraft and seven (7) A321neo aircraft, Frontier, the Buyer and Airbus entered into an amended and restated assignment and assumption agreement dated 19 March 2020 (the “**Assignment and Assumption Agreement**”); and the Parties entered into an amended and restated step-in agreement dated 19 March 2020 (the “**Step-In Agreement**”).
- (B) Pursuant to an amendment agreement dated on or about the date hereof and made between Frontier, the Buyer and Airbus, the Assignment and Assumption Agreement and the Assigned Purchase Agreement have been amended to defer the Delivery Date of certain of the Aircraft (the “**Delivery Deferral**”) and to re-assign certain of the Aircraft from the Assigned Purchase Agreement to the Purchase Agreement (the “**Re-Assignment**”).
- (C) In connection with the Delivery Deferral and the Re-Assignment, the Parties wish to amend the Step-In Agreement in accordance with the terms and conditions of this Agreement.

**IT IS AGREED AS FOLLOWS:**

**1. INTERPRETATION**

- 1.1 In this Agreement (including the recitals), unless the context otherwise requires or unless otherwise defined or provided for in this Agreement, capitalised words and expressions shall have the respective meanings ascribed to them in the Step-In Agreement.

1.2 The provisions of clause 1.2 of the Step-In Agreement shall apply to this Agreement as if set out herein in full, *mutatis mutandis*.

1.3 Each Party hereby agrees that each document executed by it and any document appended to any such document is amended in accordance with this Agreement and that all of those documents shall be construed accordingly.

## 2. CONDITIONS PRECEDENT

It is a condition to the amendment of the Step-In Agreement in accordance with the terms and conditions of this Agreement that Airbus shall have received from both Frontier Holdings and Frontier the duly executed Guarantors' confirmation.

## 3. AMENDMENT

3.1 On and from the date of the satisfaction of the conditions precedent pursuant to Clause 2 above (the "**Effective Date**"), each of the following terms defined in clause 1.1 of the Step-In Agreement shall be construed as amended on or about the date hereof:

- Assignment and Assumption Agreement;
- Assigned Purchase Agreement;
- Re-Assignment and Assumption Agreement;
- Re-Assigned Purchase Agreement; and
- Guarantees.

3.2 On and from the Effective Date, in clause 1.1 of the Step-In Agreement, the following definitions shall be amended and restated as follows:

**"A320neo Airframes** means, as the context requires, all or any of the thirty-one (31) Airbus A320neo aircraft which are the subject of this Agreement and bearing CAC-IDs [\*\*\*] together with all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Dates of such airframes.

**A320neo Incremental Airframes** means, as the context requires, all or any of the three (3) Airbus A320neo aircraft which are the subject of this Agreement and bearing CAC-IDs [\*\*\*] together with all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Dates of such airframes.

**A321neo Airframe** means as the context requires, all or any of the seven (7) Airbus A321neo aircraft which is the subject of this Agreement and bearing CAC-IDs [\*\*\*] together with all Parts incorporated in, installed on or attached to such airframe on its Delivery Date."

3.3 On and from the Effective Date, schedule 1 (*Pre-Delivery Payments, Scheduled Delivery Months*) to the Step-In Agreement shall be amended and restated as set forth in Schedule 1 hereto.



***	***			***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***

- 3.6 On and from the Effective Date, the table in exhibit D of schedule 4 (*Form of Replacement Purchase Agreement*) to the Step-In Agreement shall be amended and restated as per Schedule 2 hereto.
- 3.7 The Buyer's obligation to notify the Security Trustee of the Delivery Deferral (under clause 4.2(a) of the Step-In Agreement) shall be deemed to be fulfilled upon the Effective Date.

**4. MISCELLANEOUS**

- 4.1 Each party repeats its representations and warranties under the Step-In Agreement on the date hereof.
- 4.2 The provisions of clause 13 (*Notices*) to (and including) clause 21 (*Cape Town Convention*) of the Step-In Agreement shall apply to this Agreement as if set out herein in full, *mutatis mutandis*.
- 4.3 The Step-In Agreement shall be deemed to be supplemented and amended by this Agreement to the extent herein provided with all other provisions thereof remaining unchanged, and as so supplemented and amended shall continue in full force and effect.
- 4.4 In the event of any inconsistency between the terms and conditions of the Step-In Agreement and the present Agreement, the latter shall prevail to the extent of such inconsistency, whereas the part not concerned by such inconsistency shall remain in full force.
- 4.5 This Agreement is governed by English law.
- 4.6 The provisions of clause 22 (*Governing Law and Jurisdiction*) and the provisions of clause 23 (*Service of Process*) of the Step-In Agreement shall apply to this Agreement as if set out herein in full, *mutatis mutandis*.

**IN WITNESS** whereof each of the Parties has executed this Agreement as a deed the day and year first before written.



---

**Schedule 2**

**Exhibit D**  
**Pre-Delivery Payments**

**Execution Page (1/3)**  
**Amendment to Step-In Agreement**

Executed as a deed by  
**Vertical Horizons, Ltd.**  
and signed by Evert Brunekreef

)  
)  
)  
) /s/ Evert Brunekreef

its Director  
being a person/persons who in  
accordance with the laws of the Cayman  
Islands is/are acting under the authority of  
the company  
in the presence of:

)  
)  
)  
)

Name:

Evert Brunekreef  
190 Elgin Avenue, George Town, Grand Cayman  
KY1-9005, Cayman Islands

Address:



**Execution Page (2/3)**  
**Amendment to Step-In Agreement**

Executed as a deed by  
**Bank of Utah, not in its individual  
capacity but solely as Security Trustee**  
and signed by Jon Croasmun

)  
)  
)  
) /s/ Jon Croasmun  
\_\_\_\_\_

its Senior Vice President  
being a person/persons who in  
accordance with the laws of the State of  
Utah is/are acting under the authority of  
the company  
in the presence of:

)  
)  
)  
)  
)  
)  
)

Name:

/s/ Marie Stapley  
\_\_\_\_\_

Address:

Marie Stapley  
Legal Assistant  
50 South 200 East Suite 110  
Salt Lake City, UT 84111

**Execution Page (3/3)**  
**Amendment to Step-In Agreement**

Executed as a deed by )  
**Airbus S.A.S.** )  
and signed by Benoît de Saint-Exupéry )  
 ) /s/ Benoît de Saint-Exupéry \_\_\_\_\_  
its Senior Vice President, Contracts )  
being a person/persons who in )  
accordance with the laws of France is/are )  
acting under the authority of the company )  
in the presence of: )

Name: Benoît de Saint-Exupéry  
2 Rond-Point Emile Dewoitine  
Address: 31700 Blagnac, France

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.27(c)**

Dated 15 December 2020

**AMENDMENT TO STEP-IN AGREEMENT**

**Vertical Horizons, Ltd.**  
as Buyer

**Bank of Utah**  
**not in its individual capacity but solely as security trustee**  
as Security Trustee

**Airbus S.A.S.**  
as Airbus

Pre-Delivery Payment Financing  
A320neo Purchase Agreement dated 30 September 2011

THIS AMENDMENT AGREEMENT (this “**Agreement**”) is made as a deed on 15 December 2020

**BETWEEN**

- (1) **VERTICAL HORIZONS, LTD.**, a company incorporated pursuant to the laws of the Cayman Islands whose registered address and principal place of business is at the offices of Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1 9005, Cayman Islands (the “**Buyer**”);
- (2) **BANK OF UTAH**, not in its individual capacity but solely as security trustee for the Facility Agent and the Lenders (the “**Security Trustee**”); and
- (3) **AIRBUS S.A.S.**, registered in France and having its registered office at 2 Rond-Point Emile Dewoitine, 31700 Blagnac, France (“**Airbus**”), (each a “**Party**”, and together, the “**Parties**”).

**RECITALS**

- (A) In connection with the pre-delivery payment financing of thirty-four (34) A320neo aircraft and seven (7) A321neo aircraft, Frontier, the Buyer and Airbus entered into an amended and restated assignment and assumption agreement dated 19 March 2020, which has been amended by an agreement between the same parties dated 4 May 2020 (the “**Assignment and Assumption Agreement**”); and the Parties entered into an amended and restated step-in agreement dated 19 March 2020, which has been amended by an agreement between the Parties dated 4 May 2020 (the “**Step-In Agreement**”).
- (B) Pursuant to an assignment, re-assignment and amendment agreement dated on or about the date hereof and made between Frontier, the Buyer and Airbus, certain aircraft have been assigned from the Purchase Agreement to the Assigned Purchase Agreement (the “**Assignment**”), certain Aircraft have been re-assigned from the Assigned Purchase Agreement back to the Purchase Agreement (the “**Re-Assignment**”) and the Assigned Purchase has been amended (the “**Amendment**”).
- (C) In connection with the Assignment, the Re-Assignment and the Amendment, the Parties wish to amend the Step-In Agreement in accordance with the terms and conditions of this Agreement.

**IT IS AGREED AS FOLLOWS:**

**1. INTERPRETATION**

- 1.1 In this Agreement (including the recitals), unless the context otherwise requires or unless otherwise defined or provided for in this Agreement, capitalised words and expressions shall have the respective meanings ascribed to them in the Step-In Agreement.

*Amendment to Step-In Agreement  
Vertical / BoU / Airbus – PDP Financing*

1.2 The provisions of clause 1.2 of the Step-In Agreement shall apply to this Agreement as if set out herein in full, *mutatis mutandis*.

1.3 Each Party hereby agrees that each document executed by it and any document appended to any such document is amended in accordance with this Agreement and that all of those documents shall be construed accordingly.

## 2. CONDITIONS PRECEDENT

It is a condition to the amendment of the Step-In Agreement in accordance with the terms and conditions of this Agreement that Airbus shall have received from both Frontier Holdings and Frontier the duly executed Guarantors' confirmation.

## 3. AMENDMENT TO STEP-IN AGREEMENT

3.1 On and from the date of the satisfaction of the conditions precedent pursuant to Clause 2 above (the "**Effective Date**"), each of the following terms defined in clause 1.1 of the Step-In Agreement shall be construed as amended on or about the date hereof:

- PDP Loan Agreement
- Assignment and Assumption Agreement;
- Assigned Purchase Agreement;
- Re-Assignment and Assumption Agreement;
- Purchase Agreement
- Re-Assigned Purchase Agreement; and
- Guarantees.

3.2 On and from the Effective Date, in clause 1.1 of the Step-In Agreement, the following definitions shall be amended and restated as follows:

**A320neo Airframes** means, as the context requires, all or any of the twenty-two (22) Airbus A320neo aircraft which are the subject of this Agreement and bearing CAC-IDs [\*\*\*] together with all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Dates of such airframes.

**A320neo Incremental Airframes** means, as the context requires, all or any of the three (3) Airbus A320neo aircraft which are the subject of this Agreement and bearing CAC-IDs [RESERVED] together with all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Dates of such airframes.

*Amendment to Step-In Agreement*

*Vertical / BoU / Airbus – PDP Financing*





Such A320 Airframe Base Price and A321 Airframe Base Price have each been established in accordance with the average economic conditions prevailing in [\*\*\*].”

- 4.5 On and from the Effective Date, in clause 0.1 of schedule 4 (*Form of Replacement Purchase Agreement*) to the Step-In Agreement, the definitions of “A320 SCN Budget” and “A321 SCN Budget” shall be amended and restated as follows:

“**A320 SCN Budget** in respect of each A320 Aircraft scheduled to be delivered in the year [\*\*\*] means the amount of [\*\*\*] ([\*\*\*]), being the cost in delivery condition [\*\*\*] Dollars of the SCNs which the Buyer and the Seller have assumed to be applicable to each A320 Airframe as delivered hereunder and which cost is included in the Airframe Base Price set out in Clause 3.1.”

“**A321 SCN Budget** means the amount of [\*\*\*] ([\*\*\*]), being the cost in delivery condition [\*\*\*] Dollars of the SCNs which the Buyer and the Seller have assumed to be applicable to each A321 Airframe as delivered hereunder and which cost is included in the Airframe Base Price set out in Clause 3.1.”

- 4.6 On and from the Effective Date, Part 1 of Exhibit A to schedule 4 (*Form of Replacement Purchase Agreement*) to the Step-In Agreement shall be amended and restated as per Schedule 3 hereto. Accordingly reference to “Exhibit A” in the table of contents of schedule 4 (*Form of Replacement Purchase Agreement*) to the Step-In Agreement shall be amended and restated as follows:

“Exhibit A      Part 1 – Airframe Price Revision Formula

(for Aircraft scheduled to be delivered in the year [\*\*\*]) Part 2A – Propulsion System Price Revision Formula – CFM International

Part 2B – Propulsion System Price Revision Formula – IAE LLC”

## 5. MISCELLANEOUS

- 5.1 Each party repeats its representations and warranties under the Step-In Agreement on the date hereof.
- 5.2 The provisions of clause 13 (*Notices*) to (and including) clause 21 (*Cape Town Convention*) of the Step-In Agreement shall apply to this Agreement as if set out herein in full, *mutatis mutandis*.
- 5.3 The Step-In Agreement shall be deemed to be supplemented and amended by this Agreement to the extent herein provided with all other provisions thereof remaining unchanged, and as so supplemented and amended shall continue in full force and effect.
- 5.4 In the event of any inconsistency between the terms and conditions of the Step-In Agreement and the present Agreement, the latter shall prevail to the extent of such inconsistency, whereas the part not concerned by such inconsistency shall remain in full force.

*Amendment to Step-In Agreement*

*Vertical / BoU / Airbus – PDP Financing*



---

5.5 This Agreement is governed by English law.

5.6 The provisions of clause 22 (*Governing Law and Jurisdiction*) and the provisions of clause 23 (*Service of Process*) of the Step-In Agreement shall apply to this Agreement as if set out herein in full, *mutatis mutandis*.

**IN WITNESS** whereof each of the Parties has executed this Agreement as a deed the day and year first before written.

*Amendment to Step-In Agreement*

*Vertical / BoU / Airbus – PDP Financing*

---

**SCHEDULE 1**

**Schedule 1**

**Pre-Delivery Payments, Scheduled Delivery Months**

*Amendment to Step-In Agreement  
Vertical / BoU / Airbus – PDP Financing*

---

**SCHEDULE 2**

**Exhibit D**  
**Pre-Delivery Payments**

*Amendment to Step-In Agreement*  
*Vertical / BoU / Airbus – PDP Financing*

**SCHEDULE 3**

**Exhibit A**

**Part 1**

**Airframe Price Revision Formula  
(for Aircraft Scheduled to be Delivered in the year [\*\*\*)**

*Amendment to Step-In Agreement  
Vertical / BoU / Airbus – PDP Financing*

**Execution Page (1/3)**  
**Amendment to Step-In Agreement**

Executed as a deed by  
**Vertical Horizons, Ltd.**  
and signed by Evert Brunekreef

)  
)  
)  
) /s/ Evert Brunekreef

Its director  
being a person/persons who in  
accordance with the laws of the Cayman  
Islands is/are acting under the authority of  
the company  
in the presence of:

)  
)  
)  
)

Name:

/s/ Matthew Rich  
Matthew Rich  
190 Elgin Avenue, George Town,  
Cayman Islands, KY1-9005, Grand Cayman

Address:

*Amendment to Step-In Agreement*  
*Vertical / BoU / Airbus – PDP Financing*

**Execution Page (2/3)**  
**Amendment to Step-In Agreement**

Executed as a deed by  
**Bank of Utah, not in its individual  
capacity but solely as Security Trustee**  
and signed by Michael Arsenault

)  
)  
)  
) /s/ Michael Arsenault  
\_\_\_\_\_

its Vice President  
being a person/persons who in  
accordance with the laws of the State of  
Utah is/are acting under the authority of  
the company  
in the presence of:

)  
)  
)  
)  
)  
)  
)  
) /s/ Deborah Gough  
\_\_\_\_\_

Name:

Deborah Gough  
Legal Assistant

Address:

50 South 200 East  
Salt Lake City, Utah 84111

*Amendment to Step-In Agreement*  
*Vertical / BoU / Airbus – PDP Financing*

**Execution Page (3/3)**  
**Amendment to Step-In Agreement**

Executed as a deed by

**Airbus S.A.S.**

and signed by Benoît de Saint-Exupéry

)

)

) /s/ Benoît de Saint-Exupéry

its Senior Vice President, Contracts

)

being a person/persons who in

)

accordance with the laws of France is/are

)

acting under the authority of the company

)

in the presence of:

)

Name:

/s/ Fanny Lopez

Fanny Lopez

Address:

1 Rond Point Maurice Bellonte

31707 Blagnac, France

*Amendment to Step-In Agreement*

*Vertical / BoU / Airbus – PDP Financing*

Dated as of December 23, 2014

FRONTIER AIRLINES, INC.

and

VERTICAL HORIZONS, LTD.

\_\_\_\_\_  
SUBORDINATED LOAN AGREEMENT  
\_\_\_\_\_



**TABLE OF CONTENTS**

	<b>Page</b>
Clause 1. Definitions and Interpretation	1
Clause 2. The Facility	3
Clause 3. Drawdown and Subordinated Promissory Note.	3
Clause 4. Interest and Consolidation.	3
Clause 5. Repayment.	4
Clause 6. Voluntary Termination.	4
Clause 7. Subordination.	4
Clause 8. Representations and Warranties.	5
Clause 9. Undertakings	6
Clause 10. Events of Default.	6
Clause 11. Miscellaneous.	7
Clause 12. Finance Party Not a Party.	9
Clause 13. Limitation on Liability	9

## SECOND SUBORDINATED LOAN AGREEMENT

THIS SUBORDINATED LOAN AGREEMENT (the "**Agreement**") is made as of December 23, 2014 between FRONTIER AIRLINES, INC., a company incorporated in Colorado (the "**Frontier**"); and Vertical Horizons, Ltd., a Cayman Islands company (the "**Borrower**").

WHEREAS, Frontier has agreed to make available to the Borrower a term loan facility upon the terms and subject to the conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

### Clause 1. **Definitions and Interpretation.**

1.1 **Definitions.** Except as otherwise defined herein capitalized terms used herein shall have the same meanings as ascribed to them in Annex A to the Credit Agreement and the following terms shall have the following meanings:

"**Advance**" means each amount advanced by Frontier to the Borrower hereunder, from time to time, in an amount equal to:

(a) the relevant amount of interest due by the Borrower under and pursuant to each Loan Certificate and the Credit Agreement (an "**Interest Advance**");

(b) any relevant Equity Contribution (a "**Equity Contribution Advance**"); and

(c) any other amounts payable by the Borrower in connection with the Operative Documents, any other amounts required by the Borrower that are payable by the Borrower in respect of its operational and corporate maintenance costs and any other amounts, costs, losses, charges or expenses of the Borrower of whatever nature that may be payable by the Borrower in connection with the Operative Documents or otherwise (an "**Amount Payable Advance**") from time to time;

"**Commitment Period**" means the period from the date hereof until discharge in full of the Secured Obligations;

"**Consent**" includes any approval, authorization, consent, exemption, license, permission or registration by, of or from any governmental or other authority or any other person;

"**Credit Agreement**" means the credit agreement dated as of December 23, 2014 between the Borrower and, *inter alia*, Bank of Utah, as Security Trustee;

"**Drawdown Date**" means each date upon which an Advance is made by Frontier hereunder;

“**Facility**” means this loan facility the terms and conditions of which are set out in this Agreement;

“**Facility Amount**” means an aggregate principal amount outstanding of not more than the total amount of Advances to be made hereunder;

“**Interest Payment Date**” means the date falling 90 days after the date hereof and each such date which falls at 90 day intervals thereafter, *provided* that, if any such date shall not be a Business Day, then the relevant Interest Payment Date shall be the next succeeding Business Day; *provided, further*, that no Interest Payment Date may extend past the Termination Date and the last Interest Payment Date shall be the Termination Date;

“**Interest Period**” means with respect to an Advance and unless otherwise agreed by the Parties, a period of three months but so that (i) the first such period shall commence on and shall include the Drawdown Date therefor and shall end on but shall exclude the first Interest Payment Date following such Drawdown Date and (ii) each subsequent period shall commence on and shall include the last day of the previous one and end on but exclude the last day of that period; **provided, that** if any Interest Period ends on a day which is not a Business Day, the last day of the Interest Period shall be the immediately preceding Business Day; **provided further that** the final Interest Period shall end on the final Interest Payment Date;

“**Margin**” means the Applicable Margin, as defined in the Credit Agreement;

“**Party**” means a party to this Agreement;

“**Security Agreement**” means the mortgage and security agreement dated as of the date hereof between the Borrower, Bank of Utah as Security Trustee and Citibank N.A. or an affiliate as Facility Agent;

“**Senior Obligations**” means the Secured Obligations; and

“**Subordinated Promissory Note**” means a subordinated promissory note, executed on behalf of the Borrower, substantially in the form set out in the Schedule to this Agreement.

1.2 **Interpretation.** In this Agreement:

1.2.1 references to clauses are to be construed as references to the clauses of this Agreement;

1.2.2 references to this Agreement (or to any specified provisions of this Agreement) or any other document shall be construed as references to this Agreement, that provision or that document as in force for the time being and as amended in accordance with its terms, or, as the case may be, with the agreement of the relevant parties;

1.2.3 words importing the plural shall include the singular and vice versa;

1.2.4 headings to clauses or sections are for convenience only and are to be ignored in construing this Agreement;

1.2.5 references to a person shall be construed as including references to an individual, firm, company, corporation, unincorporated body of persons or any state or any agency thereof and shall include references to its successors, permitted transferees and permitted assigns;

1.2.6 references to any statute or statutory provision include any statute or statutory provision which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;

1.2.7 liability includes any obligation or liability (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise);

1.2.8 the words other and otherwise shall not be construed *ejusdem generis* with any foregoing words where a wider construction is possible; and

1.2.9 the words herein, hereof and hereunder, and words of similar import shall be construed to refer to a document in its entirety and not to any particular provision of such document.

Clause 2. **The Facility.** Upon the terms and subject to the conditions of this Agreement, Frontier agrees to make available to the Borrower a term loan multi draw facility during the Commitment Period of up to but not exceeding the Facility Amount.

Clause 3. **Drawdown and Subordinated Promissory Note.**

3.1 On each Interest Payment Date and as otherwise required by the Borrower, the relevant Interest Advance shall be made by Frontier to the Borrower or, if directed by the Borrower, to the Security Trustee.

3.2 Any relevant Equity Contribution Advance or, as the context may require, Amount Payable Advance shall be made by Frontier to the Borrower or as the Borrower may direct on the date upon which such equivalent amount is payable by the Borrower pursuant to or in connection with the Operative Documents or otherwise.

3.3 On the date hereof, the Borrower shall issue the Subordinated Promissory Note to Frontier. The Borrower shall be entitled to draw Advances against the Subordinated Promissory Note. Frontier shall record the amounts that are owing pursuant to this Agreement and the Subordinated Promissory Note but failure by Frontier to do so shall not affect the Borrower's obligation to repay the Advances made hereunder.

Clause 4. **Interest and Consolidation.**

4.1 Subject always to the provisions of Clause 13 and unless otherwise agreed by the Parties, interest:

4.1.1 will accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a year of 360 days;

4.1.2 on each Advance will accrue during each Interest Period at a rate *per annum* equal to Frontier's cost of funds from time to time as notified by Frontier to the Borrower plus the Margin;

4.1.3 on each Advance shall be capitalized on each Interest Payment Date; and

4.1.4 accrued in respect of each Advance allocable to an Aircraft shall become payable on the Delivery Date of such Aircraft.

4.2 If two or more Interest Periods relating to Advances provided hereunder end at the same time then on the last day of those Interest Periods those Advances may, at Frontier's discretion, be consolidated into a single Advance.

4.3 Unless otherwise agreed by the Parties, should any amount of principal and/or interest due hereunder be outstanding on the Termination Date they shall become due and payable on such date.

Clause 5. **Repayment.** The principal balance of each Advance outstanding in respect of a specified Aircraft shall, unless otherwise agreed by the Parties, become due and payable on the Delivery Date of such Aircraft.

Clause 6. **Voluntary Termination.** Frontier may at any time without notice to the Borrower terminate its obligation to make Advances hereunder following the satisfaction of the Senior Obligations.

Clause 7. **Subordination.**

7.1 Frontier acknowledges and agrees that its rights as lender in respect of the Facility shall be subject and subordinate to and, at all times shall rank in priority behind, the rights, claims and/or interests now or hereafter existing of the Finance Parties under the Credit Agreement and each of the other Operative Documents entered into in connection therewith.

7.2 The Parties acknowledge and agree that, notwithstanding anything to the contrary contained herein or in the Subordinated Promissory Note, until the payment and discharge in full of the Senior Obligations:

7.2.1 the Finance Parties shall be entitled to receive payment in full of all amounts constituting the Senior Obligations prior to Frontier becoming entitled to receive any payment under this Agreement; and

7.2.2 the obligations of the Borrower under this Agreement are subject and subordinate to all other obligations of the Borrower, under the Operative Documents and otherwise; and

7.2.3 in the event of any bankruptcy, insolvency or any similar process of the Borrower or Frontier or in the event of any winding-up proceedings or any order seeking reorganization or liquidation of the Borrower or Frontier (whether or not involving insolvency or bankruptcy) then (a) the Finance Parties shall be entitled to receive payment in full of all

amounts constituting the Senior Obligations prior to Frontier becoming entitled to receive, or make any demand for, any payment under this Agreement, and to that end the Finance Parties shall be entitled to receive for application in payment thereof any payment or distribution of any kind or character, whether in cash or property or securities and (b) any payment or distribution of assets of the Borrower of any kind or character, whether in cash, property or securities, by set off or otherwise, to which Frontier would be entitled but for the provisions of this Clause 7, including any such payment or distribution that may be payable or deliverable by reason of the payment of any other indebtedness of the Borrower being subordinated to the payment of this Agreement, shall be paid by the liquidator, liquidating trustee, examiner or agent or other person making such payment or distribution, whether a liquidator, trustee in bankruptcy, a receiver or liquidating trustee, examiner or otherwise, directly to the Security Trustee to the extent necessary to pay all the Senior Obligations in full.

7.3 If any payment or distribution of any character, whether in cash, securities or other property, in respect of this Agreement shall (despite these subordination provisions) be received by or on account of Frontier except as permitted under the Credit Agreement before all the Senior Obligations shall have been paid in full, including any such payment or distribution arising out of the exercise by Frontier of a right of set off or counterclaim and any such payment or distribution received by reason of any other indebtedness of the Borrower being subordinated to this Agreement, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the Security Trustee by Frontier, to the extent necessary to pay all the Senior Obligations in full.

7.4 The Borrower and Frontier shall, at any time and from time to time and at the Borrower's expense (a) promptly execute and deliver all further instruments, documents and agreements, and (b) take all further action that may be necessary or desirable, or that any Finance Party may reasonably request, in order to protect any right or interest granted or purported to be granted hereby or to enable such Finance Party to exercise its rights and remedies under this Clause 7 or in respect of the Senior Obligations.

7.5 Until all the Senior Obligations shall have been paid in full Frontier shall not (a) ask for, demand, sue for, take, accept or receive from the Borrower, by set off or in any other manner, any amounts due hereunder or (b) seek any other remedy allowed at law or in equity against the Borrower for breach of its obligations under this Agreement.

7.6 The Borrower and Frontier confirm and acknowledge that the terms of this Clause 7 shall survive the termination of this Agreement.

Clause 8. **Representations and Warranties.** To induce Frontier to enter into this Agreement and to make each Advance, the Borrower hereby makes the following representations and warranties to Frontier as of the date hereof:

(a) **Status:** it is duly formed, validly existing and in good standing under the laws of the Cayman Islands as a separate legal entity with limited liability and unlimited duration which is subject to suit in its own name and has the power and authority to own its property and assets and to carry on its business as it is being conducted;

(b) **Power and authority:** it has the power for and has taken all necessary action to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder and the transactions contemplated hereby;

(c) **Legal obligation:** this Agreement constitutes or will when executed constitute its legal, valid and binding obligation enforceable in accordance with its terms;

(d) **Non-conflict:** neither the execution or delivery of this Agreement nor the borrowing of any portion of the Facility Amount nor the performance by it of any of its obligations under this Agreement will:

(i) contravene any law or regulation or judicial or official order;

(ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or other instrument to which it is a party or is subject or by which it is bound;

(iii) violate any provision of its memorandum or articles of association or other constitutional documents; or

(iv) cause any limitation on its powers or the powers of its board of directors (whether in respect of borrowings or otherwise) to be exceeded.

Clause 9. **Undertakings.**

9.1 The Borrower undertakes with Frontier that, so long as the Borrower remains under any obligation under this Agreement or any amounts or obligations are outstanding under this Agreement:

(a) it will obtain, maintain in full force and effect and comply with all Consents and any conditions thereof necessary or desirable for the carrying on by it of its business in the ordinary course and the use of the Facility; and

(b) it will carry on and conduct its business in a proper and efficient manner and in conformity with all statutes, regulations and by-laws applicable thereto.

9.2 Frontier agrees to pay all costs, charges and expenses associated with the winding up of the affairs of the Borrower and the corporate dissolution of the Borrower following the satisfaction of all of the Borrower's obligations under the Operative Documents.

Clause 10. **Events of Default.** Upon the acceleration of any Loan consequent upon the occurrence of an Event of Default or otherwise Frontier may by notice to the Borrower declare that:

(a) subject always to the subordination provisions of Clause 7.2, each Advance and all amounts of interest associated therewith has become immediately due and payable, whereupon the Borrower shall subject to the terms and conditions of this Agreement, forthwith repay the same together with all other sums payable under this Agreement; and/or

(b) subject always to the subordination provisions of Clause 7.2, each Advance has become due and payable on demand, whereupon each Advance and all amounts of interest associated therewith and all other sums payable under this Agreement shall at all times after such declaration be due and payable forthwith on demand.

Clause 11. **Miscellaneous.**

11.1 **Consent and Agreement.** In consideration of the Borrower granting the Frontier Option (as defined in the Option Agreement), upon the exercise by Frontier of the Frontier Option in respect of an Aircraft, Frontier agrees that all Advances and other amounts payable hereunder in respect of such Aircraft shall be deemed satisfied.

11.2 **Assignment.** Neither Party may assign or transfer all or any part of its rights, benefits and/or obligations under this Agreement.

11.3 **Waiver.** No omission or delay on the part of Frontier in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or of any other right, power or privilege. The rights and remedies herein provided are cumulative with, and not exclusive of, any rights or remedies provided by law.

11.4 **Severance.** If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

11.5 **Costs.** All costs and other expenses, including legal fees and expenses, incurred by each of the Parties in connection with the negotiation, preparation and execution of this Agreement shall be for the account of the party incurring the same.

11.6 **Counterparts.** This Agreement may be executed in any number of counterparts in which case this Agreement shall be as effective as if all signatures and other executions on the counterparts were on a single copy of this Agreement and any Party may enter this Agreement by executing a counterpart.

11.7 **Notices.** All notices, demands or requests given pursuant to this Agreement shall be in writing personally delivered, or sent by facsimile or sent by internationally recognized overnight courier service and shall be deemed to have been received in the case of a fax at the time of dispatch with a confirmed transmission report, in the case of a letter when delivered personally or five Business Days after it has been dispatched and in the case of overnight courier the morning of the day following its dispatch. All such notices should be sent to the following address:



if to Frontier:

7001 Tower Road  
Denver, CO 80249

Attention: SVP – General Counsel  
Phone: (###) ###-####  
Email: ###

if to the Borrower:

c/o Intertrust SPV (Cayman) Limited 190 Elgin Avenue  
George Town  
Grand Cayman, KY1-9005  
Cayman Islands

Attention: Directors  
Email: ###  
Fax: +# ### ### ####

Each of the Borrower and Frontier hereby irrevocably appoints and designates Corporation Service Company (in such capacity, the “**Agent for Service of Process**”), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Borrower and Frontier agree that service of process upon such party shall constitute personal service of such process on such person. The Borrower and Frontier shall maintain the designation and appointment of the Agent for Service of Process at such address until all obligations have been performed hereunder. If the Agent for Service of Process shall cease to so act, the Borrower and Frontier shall immediately designate and shall promptly deliver to the Security Trustee evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

11.8 **Operational and Corporate Maintenance Costs.** The Borrower shall, to the extent possible, pre approve the amount of any operational and corporate maintenance costs with Frontier in advance of incurring the same and shall consider in good faith any suggestions or concerns Frontier may have in respect of the same. The Borrower shall use reasonable endeavors to maintain its operational and corporate maintenance costs at a reasonable level.

11.9 **Governing Law and Jurisdiction.**

11.9.1 This Agreement shall in all respects be governed by, and construed in accordance with, the law of the State of New York.

11.9.2 Each Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each Party irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each Party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Party may otherwise have to bring any action or proceeding relating to this Agreement against another Party or its properties in the courts of any jurisdiction.

11.9.3 Each Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in this Clause 11.9. Each Party hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

11.9.4 Each Party irrevocably consents to service of process in the manner provided for in Clause 11.7. Nothing in this Agreement will affect the right of any Party to serve process in any other manner permitted by law.

11.10 EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER.

Clause 12. **Finance Party Not a Party.** Any Finance Party under the Credit Agreement may enforce the terms and provisions of this Agreement that are expressed to be for the benefit of or given by a Party to or in favor of such Finance Party.

Clause 13. **Limitation on Liability.**

13.1 Notwithstanding anything contained in this Agreement to the contrary each party hereto agrees that, recourse against the other party with respect to this Agreement shall be limited to the assets of such other party, as they may exist from time to time and each party agrees not to seek before any court or governmental agency to have any shareholder, director or officer of the other party held liable, in their personal or individual capacities, for any actions or inactions of such party or any obligations or liability of such party under this Agreement other than in the case of gross negligence or willful misconduct.

13.2 Each party agrees that with respect to any actions or inactions of the other party or any obligations or liability of the other party under this Agreement, it shall not commence any case, proceeding, proposal or other action under any existing or future law of any jurisdiction relating to the bankruptcy, insolvency, reorganization, arrangement in the nature of insolvency proceedings, adjustment, winding-up, liquidation, dissolution or analogous relief with respect to the other party.

13.3 Nothing in this Clause 13 shall:

13.3.1 be construed to limit the exercise of remedies pursuant to this Agreement in accordance with its terms; or

13.3.2 be construed to waive, release, reduce, modify or otherwise limit the obligations and liabilities of any guarantor of the Borrower's obligations or liabilities hereunder.

13.4 The provisions of this Clause 13 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

FRONTIER AIRLINES, INC.

By: /s/ James G. Dempsey

Name: James G. Dempsey

Title: Chief Financial Officer

[Citi/FrontierA32I/A320neo PDP  
Subordinated Loan Agreement]

By: /s/ Otelia Scott

Name: Otelia Scott

Title: Director

[Citi/FrontierA321/A320neo PDP  
Subordinated Loan Agreement]

---

**SCHEDULE**

**Form of Subordinated Promissory Note**

**FIFTH AMENDED AND RESTATED CFMI ENGINE BENEFITS AGREEMENT A320NEO AIRCRAFT**

**THIS FIFTH AMENDED AND RESTATED CFMI ENGINE BENEFITS AGREEMENT**, dated as of March 19, 2020 (this “**Agreement**”), is among Vertical Horizons, Ltd., a Cayman Islands company (the “**Borrower**”), CFM International, Inc., a Delaware corporation (the “**Engine Manufacturer**” or “**CFMI**”), Bank of Utah, not in its individual capacity but solely as Security Trustee for the Lenders under the Credit Agreement (together with its successors and assigns in such capacity, the “**Security Trustee**”), and Frontier Airlines, Inc., a Colorado limited liability company (“**Frontier**”).

**WHEREAS**, this Agreement amends and restates in its entirety the fourth amended and restated CFMI engine benefits agreement A320neo aircraft dated as of January 29, 2019, among the Borrower, the Engine Manufacturer, the Security Trustee and Frontier;

**WHEREAS**, pursuant to the Fifth Amended and Restated Credit Agreement, dated as of the date hereof among the Borrower, the Lenders from time to time party thereto, Citibank, N.A., as facility agent, and the Security Trustee (as amended, supplemented or otherwise modified from time to time in accordance with the applicable provisions thereof, the “**Credit Agreement**”; capitalized terms used herein and not otherwise defined herein being used herein as defined in the Credit Agreement) the Lenders have agreed to reimburse the Borrower for, and finance further, certain pre-delivery payments made and to be made to Airbus with respect to [\*\*\*] Airbus model A320neo aircraft, pursuant to the Assigned Purchase Agreement (the “**Aircraft**”);

**WHEREAS**, the Engine Manufacturer has agreed to supply and Airbus has agreed to install on the Aircraft two CFMI Model LEAP-1A engines (each, an “**Engine**” and collectively, the “**Engines**”);

**WHEREAS**, pursuant to the Fifth Amended and Restated Mortgage and Security Agreement dated as of the date hereof between the Borrower and the Security Trustee (as amended, supplemented or otherwise modified from time to time in accordance with the applicable provisions thereof, the “**Security Agreement**”), the Borrower has pledged to the Security Trustee, among other things, all of the Borrower’s right, title and interest in and to the Assigned Purchase Agreement relating to the Aircraft; and

**WHEREAS**, it is a condition precedent to each Lender’s funding of Loans in respect of the Aircraft under the Credit Agreement to the Borrower that, among other things, the Engine Manufacturer shall have executed and delivered this Agreement;

**THEREFORE**, in consideration of the payment of [\*\*\*], and for other good and valuable consideration, the receipt of and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meaning:

“**Engine Warranties**” means the Engine Manufacturer’s [\*\*\*] as set forth in the Engine Manufacturer’s Engine Warranty Plan which forms a part of the General Terms Agreement, and as limited by the applicable terms of the General Terms Agreement and such Engine Warranty Plan, in the form of Attachment A hereto.

“**General Terms Agreement**” means Agreement No. 1 dated October 17, 2011 by and between the Engine Manufacturer and Frontier, including the “Engine Warranty Plan” at Exhibit A thereto, insofar as such Engine Warranty Plan relates to the Engine Warranties, but excluding any and all letter agreements attached thereto (which do not detract or limit the Engine Warranties in any material respect), to the extent that such General Terms Agreement and such Exhibit relate to the Engine Warranties, as such General Terms Agreement may hereafter be amended, supplemented and modified to the extent permitted by the terms of this Agreement to the extent relating to the Engines.

2. **Agreements.** Under the General Terms Agreement, the Engine Manufacturer has agreed to support certain CFMI Model LEAP-1A engines and spare parts therefor purchased by Frontier from the Engine Manufacturer, as installed on certain Airbus Model A320neo aircraft. The Engine Manufacturer hereby confirms to Frontier, the Borrower and the Security Trustee (i) that the Engine Warranties, as and to the extent that such relate to the Engines included as part of any Aircraft delivered to the Borrower or the Security Trustee (or its designee) by Airbus, shall inure to the benefit of the Borrower or the Security Trustee, as the case may be (except, in the case of any Engine, from and after the release from the lien of the Security Agreement of the collateral relating to the Aircraft that includes such Engine and/or at such time as the Borrower no longer has a right to purchase the related Aircraft under the Assigned Purchase Agreement) to the same extent as if originally named “Airline” in the General Terms Agreement and (ii) it consents to the collateral assignment by the Borrower to the Security Trustee of its rights under this Agreement, and agrees that the Security Trustee’s rights under Section 2(i) and such assignment shall not give rise to any duties or obligations whatsoever on the part of the Security Trustee owing to the Engine Manufacturer except for the Security Trustee’s agreement that in exercising any right under the General Terms Agreement with respect to such Engines, or in making any claim with respect to such Engines, the terms and conditions of such General Terms Agreement relating to the Engines and the Engine Warranties shall apply to and be binding upon the Security Trustee to the same extent as Frontier and/or the Borrower; provided, that the Engine Manufacturer shall not owe any liability or obligation under the Engine Warranties more than once in total. Except as expressly provided in this Agreement, nothing contained in this Agreement shall subject the Engine Manufacturer to any obligation or liability to which it would not otherwise be subject under the General Terms Agreement or modify in any respect the Engine Manufacturer’s contract rights thereunder. In no event shall the Engine Manufacturer be subject to any multiple or duplicative liability or obligation under the General Terms Agreement. The Engine Manufacturer shall have no obligation to recognize an assignment by Security Trustee of its rights with respect to the Engine Warranties in connection with a transfer of an Engine (i) unless Security Trustee has given the Engine Manufacturer written notice of such assignment and the assignee is a Permitted Transferee, or (ii) if the Engine Manufacturer is prohibited by law from dealings with the purported assignee. The Engine Warranties will be kept confidential in accordance with Section 18 of the Credit Agreement.



To the extent that there is any inconsistency in the terms of the assignment provided for in the Security Agreement and this Agreement, the terms of this Agreement shall govern.

**“Permitted Transferee”** means the Facility Agent, the Lenders and any person to whom the Facility Agent intends to transfer the rights granted to it pursuant to this Agreement and who has been approved in writing by CFMI (such approval not to be unreasonably withheld or delayed); provided that such approval will not be required if such third party is a Lender, a sub-participant of a Lender, or any of their affiliates; it being understood by the Security Trustee and CFMI that it shall only be reasonable for CFMI to refuse its approval in respect of any person proposed by the Security Trustee: (i) who is a person to whom it is illegal for CFMI to sell an engine or a party with which CFMI is prohibited by applicable law or regulation from doing business; or (ii) who is a special purpose company or similar entity (unless such special purpose company or other entity has been guaranteed to the satisfaction of CFMI by an entity that otherwise satisfies the definition of a Permitted Transferee); or (iii) who is a competitor to CFMI or its affiliates in their capacity as Engine OEMs, including, without limitation, an engine manufacturer or an airframe manufacturer or an affiliate of any such person; or (iv) who is a person with which CFMI, acting reasonably, objects to doing business generally either (A) by reason of the occurrence of a contractual or non-contractual dispute with that person or (B) by reason of the default by such person or any of its affiliates in the performance of any material obligation owed to CFMI under any contract.

3. Representations and Warranties. The Engine Manufacturer hereby represents and warrants that (a) the Engine Manufacturer is a corporation organized and existing and in good standing under the law of the State of Delaware, (b) the making, and performance in accordance with the respective terms of, this Agreement have been duly authorized by all necessary corporate action on the part of the Engine Manufacturer, do not require any stockholder approval, contravene the Engine Manufacturer’s certificate of incorporation or bylaws or any indenture, credit agreement or other contractual agreement to which the Engine Manufacturer is a party or by which it is bound and, to the best knowledge of the Engine Manufacturer, do not contravene any law binding on the Engine Manufacturer, and (c) the Engine Warranties constituted, as of the date on which they were made and at all times thereafter the legal, valid and binding obligations of the Engine Manufacturer enforceable against the Engine Manufacturer in accordance with its terms, and this Agreement is the legal, valid and binding obligation of the Engine Manufacturer, enforceable against the Engine Manufacturer in accordance with its terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), which principles do not make the remedies available at law or in equity with respect to this Agreement inadequate for the practical realization of the benefits intended to be provided hereby.

4. Acknowledgment of Security Trustee. The Security Trustee hereby confirms to the Engine Manufacturer that in exercising any right under the General Terms Agreement with respect to the Engines, or in making any claim with respect to the Engines, the terms and conditions of this Agreement, the General Terms Agreement, the Engine Warranties and the Exclusion of Liabilities provisions of the Engine Warranties, including, without limitation, Exhibit A thereto, shall apply to and be binding upon the Security Trustee to the same extent as the Borrower. The Engine Manufacturer hereby represents and warrants to the Security Trustee that the provisions of the General Terms Agreement other than the Engine Warranties do not detract from or limit the Engine Warranties in any material respect or adversely affect the rights of the Security Trustee hereunder.

5. Aircraft Allowance. The Engine Manufacturer hereby agrees for the benefit of Frontier, the Borrower and the Security Trustee that it will provide the entity taking delivery of the Aircraft an allowance for the Aircraft in an amount of [\*\*\*] (the “**Aircraft Allowance**”).

The Aircraft Allowance is stated in [\*\*\*], and shall be subject to adjustment for escalation to the date of delivery of each shipset of Engines to Airbus in accordance with the escalation formula set forth in Attachment B hereto.

Such allowance will be earned upon delivery of each shipset of Engines to Airbus and will be made available within [\*\*\*] following receipt of written notice from the Borrower or Security Trustee (or a nominee taking delivery in accordance with the purchase agreement with Airbus) that it has taken delivery of each Aircraft in accordance with the purchase agreement with Airbus.

If requested in writing by the Borrower at least [\*\*\*] prior to scheduled Aircraft delivery date, CFMI will provide the Aircraft Allowance directly to Airbus. The Borrower or the Security Trustee shall continue to advise CFMI of any delivery date changes. If CFMI actually provides the Aircraft Allowance to Airbus and the actual delivery date is delayed more than [\*\*\*] from the date CFMI provides the Aircraft Allowance then the following will occur under the following circumstances:

(a) The Borrower will request that Airbus immediately return the Aircraft Allowance to CFMI and CFMI will hold the Aircraft Allowance and pay it to Airbus when the Borrower and Airbus confirm that the Aircraft is ready for delivery; and

(b) If the delay of the Aircraft delivery is solely a result of the fault of the Borrower to perform its obligations under the purchase agreement with Airbus and Airbus has not returned the Aircraft Allowance to GE, then the Borrower will pay to CFMI interest on the Aircraft Allowance, calculated from the date of payment to Airbus to the earlier of the date (i) Airbus returns the Aircraft Allowance to GE; or (ii) the date of actual Aircraft delivery. Interest will be computed at [\*\*\*].

6. Escalation Cap Installed Engines and Allowances. CFMI agrees to provide Frontier, the Borrower and the Security Trustee, as a special allowance, the following price adjustment cap. The below escalation calculations will also apply to all Aircraft Allowance payments through their escalation period.

If the price adjustment due to escalation as calculated under Attachment B is less than or equal to [\*\*\*], the Engine price will be adjusted by the changes in the escalation calculated in Attachment B. If the price adjustment due to escalation as calculated under Attachment B is greater than [\*\*\*] then the price adjustment due to escalation will be an amount equal to [\*\*\*].

However, in the event the price adjustment due to escalation as calculated under Attachment B is greater than [\*\*\*], then the price adjustment due to escalation will be an amount equal to the value calculated above, [\*\*\*].

Notwithstanding previous agreements with Airbus, the price of Engines delivered directly to Airbus from CFMI for installation on the Aircraft shall be subject to escalation [\*\*\*], in accordance with Attachment B and subject to the Escalation Cap. In the event the price calculated per Attachment B is greater than the price calculated according to the Escalation Cap, CFMI shall provide the entity taking delivery of the Aircraft a credit in an amount equal to the difference. This credit shall be in addition to the Aircraft Allowance and shall be made available to the entity taking delivery of the Aircraft at the same time and in the same manner as the Aircraft Allowance.

7. Confidentiality. This Agreement and its contents are confidential and, as such, shall not be disclosed by any party to this Agreement to any third party other than:

(a) with the prior written consent of the Engine Manufacturer;

(b) pursuant to any applicable law or in connection with any proceeding arising out of or in connection with the Security Agreement, provided however that the Security Trustee shall provide the Engine Manufacturer reasonable notice prior to disclosing this Agreement and allow the Engine Manufacturer the opportunity to seek protective orders;

(c) to any successor, permitted assign or permitted transferee of such party, provided they agree in writing to not disclose this agreement without the prior written consent of the Engine Manufacturer;

(d) to Citibank, N.A. and any other Lender, provided that any other Lender agrees in writing to not disclose this Agreement without the prior written consent of the Engine Manufacturer; or

(e) to the legal advisers of such party, provided they agree in writing to not disclose this agreement without the prior written consent of the Engine Manufacturer.

8. Section References. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

9. Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

10. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

11. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

12. Entire Agreement. The Engine Manufacturer's obligations hereunder are unconditional and this Agreement supersedes any previous arrangements between the parties in relation to the matters set forth herein.

[This space intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

**FRONTIER AIRLINES, INC.**

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel

**CFM INTERNATIONAL, INC., as Engine  
Manufacturer**

By: /s/ Sharyn Cones

Name: Sharyn Cones

Title: Deputy VP Contracts

**BANK OF UTAH, as Security Trustee**

By: /s/ Kade Baird

Name: Kade Baird

Title: Assistant Vice President

By: /s/ Jon Croasmun

Name: Jon Croasmun

Title: Senior Vice President

**VERTICAL HORIZONS, LTD.**

By: /s/ Evert Brunekreef

Name: Evert Brunekreef

Title: Director

**ATTACHMENT A**

**ENGINE WARRANTIES**

**ENGINE WARRANTY PLAN**

**ATTACHMENT I**  
**CFM56 WARRANTY PARTS LIST**

**ATTACHMENT B**

**ESCALATION FORMULA**

CFM-LEAP-X1A



\*\*\*\*\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.30(a)**

**AMENDED AND RESTATED  
SIGNATORY AGREEMENT  
(U.S. Transactions)**

**AMENDED AND RESTATED  
SIGNATORY AGREEMENT  
(U.S. Visa and MasterCard Transactions)**

This Amended and Restated Signatory Agreement (this "Signatory Agreement"), dated as of November 5, 2013, is by and among Frontier Airlines Holdings Inc., a company organized under the laws of the State of Delaware (hereafter "Holdings"), Frontier Airlines, Inc., a company organized under the laws of the State of Colorado ("Frontier") and together with Holdings, "Carrier"), and U.S. Bank National Association, a national banking association, ("Member"). Carrier and Member shall be collectively referred to as the "Parties" and individually each a "Party". Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the MTOS, as defined in Section 1 below.

**RECITALS**

WHEREAS, Frontier, an air carrier engaged in the transportation of passengers by air, desires to make available to its customers a convenient means of purchasing air transportation, both on a current and time payment basis, through the use of Cards;

WHEREAS, Member is a member of Visa U.S.A. Inc. and MasterCard International (the "Applicable Card Associations") and is qualified to enter into contractual relationships with merchants such as Carrier who wish to honor Cards which bear the service marks of the Applicable Card Associations in the United States (the "Applicable Transactions"); and the Applicable Card Associations contemplate that Cards will be issued by financial institutions who are members in the respective systems and that such Cards will be honored by merchants who have signed agreements with member financial institutions;

WHEREAS, Frontier, Republic Airways Holdings Inc. ("Republic") and Member are parties to that certain Signatory Agreement (U.S. Visa and MasterCard Transactions) dated as of May 27, 2010 (as amended, the "Prior Agreement"); and

WHEREAS, in connection with the sale by Republic of its interests in Holdings, the parties hereto desire to amend and restate the Prior Agreement to substitute Holdings for Republic.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing Recitals, which are incorporated herein, the mutual covenants contained herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereby covenant and agree to be bound as follows:

Section 1. Incorporation of MTOS. The Master Terms of Service attached hereto as Exhibit A (the "MTOS") and the Value Added Services Schedule, the Fee Schedule, and the Exposure Protection Schedule attached hereto as Schedules 1, 2, and 3 respectively (collectively, the "Schedules") are incorporated into and are a part of this Agreement and each Party acknowledges, affirms and agrees that it is bound by the terms of the MTOS. Each reference in the MTOS to "the Signatory Agreement" means this Signatory Agreement with Member as named in the preamble hereof. Each reference in this Signatory Agreement, the MTOS or the Schedules hereto to "the Agreement" or "this Agreement" mean this Signatory Agreement, the MTOS and the Schedules attached hereto, which form part of this Agreement and shall have effect as if set out in full in the body of this Agreement, collectively.

Section 2. Processing Services. Carrier hereby requests that Member process Applicable Transactions on behalf of Carrier and provide the services described in this Agreement, and Member agrees to process, or cause to be processed, the Applicable Transactions and provide such services, or cause them to be provided, in compliance with the terms and conditions of this Agreement, the Operating Regulations and applicable requirements of law.

Section 3. Commencement Date. Member shall commence processing Applicable Transactions under this Agreement on the Effective Date.

Section 4. Effective Date. This Agreement shall become effective upon (i) execution, and delivery to the other Parties, of this Signatory Agreement by each Party hereto and (ii) the delivery of a notice from Republic to Member indicating that the sale transaction by Republic of its interest in Holdings has closed. The date on which this Agreement becomes effective shall be the effective date (the "Effective Date"). If the notice identified in the first sentence of this paragraph is not delivered by February 1, 2014 this Agreement shall be null and void and the Prior Agreement shall continue.

Section 5. Applicable Country; Settlement Currency. The "Applicable Country" for this Agreement is the United States of America. All settlements with respect to Applicable Transactions shall be in U.S. dollars.

Section 6. Settlement Account. The Settlement Account for Applicable Transactions submitted under this Agreement shall be such account at a financial institution located in the United States of America as may be designated from time to time by Carrier.

Section 7. Exclusivity. During the term of this Agreement, Member retains the exclusive right to process all Applicable Transactions in the United States of America other than any onboard sales. Submission of Transactions and payment from any location must be handled in compliance with all applicable government laws, rules and regulations.

Section 8. Effect of Insolvency Proceeding. Notwithstanding anything contained in the MTOS to the contrary, upon and after the occurrence of an Insolvency Event, Member may, at its option, require as a condition to the processing of any Applicable Transactions submitted to it relating to sales made by Carrier prior to or after the institution of such proceedings, the entry of an order by the court having the jurisdiction of any such proceeding, authorizing Carrier to issue, and Member to process, Applicable Transactions for sales made by Carrier prior to or after the institution of such proceeding.

Section 9. Notices. All notices permitted or required to be sent pursuant to this Agreement shall be addressed as set forth below and sent in accordance with the MTOS:

TO CARRIER: Frontier Airlines Holdings Inc.  
ATTENTION: 7001 Tower Road  
Denver, CO 80249  
Fax: \_\_\_\_\_

TO MEMBER: U.S. Bank National Association  
800 Nicollet Mall  
Minneapolis, MN 55402

ATTENTION: Risk Management  
Fax: (612) 303-9204

Section 10. Term. This Agreement shall become effective as of the Effective Date pursuant to Section 4 of this Signatory Agreement and continue in effect, unless earlier terminated pursuant to Section 15 of the MTOS for an initial term of two (2) years from the Effective Date and shall automatically renew for successive terms of one year thereafter unless either party provides written notice to the other no later than ninety (90) days prior to the end of the then current term of its determination to terminate this Agreement, in which case the Agreement shall terminate as of the expiration of the then current term.

Section 11. Joint Obligations; Right to Deal with Holdings. Holdings and Frontier each unconditionally and absolutely guarantees full and prompt performance of all obligations of the other under this Agreement when due, whether according to the present terms or any change or changes in the terms, covenants and conditions. These guarantees are continuing guarantees of the payment thereof, are not limited to a guarantee of collection and shall remain in full force and effect until the termination and payment in full of the Obligations. Member may remit all amounts payable under the Agreement to Holdings which shall be solely responsible for any remittances to Frontier. Member may deal with Holdings and Frontier in all respects as if Holdings were the sole "Carrier" under the Agreement, including without limitation, the giving of all notices to Holdings required to be given by Member under the Agreement to Carrier, reliance upon all notices given by Holdings as being notices for both entities, the treatment and aggregation of all Reserved Funds, the Deposit and the Aggregate Protection without distinguishing between funds attributable to transactions of Holdings and those of Frontier, and the drawing of no distinction between the obligations of Holdings and Frontier hereunder.

Section 12. Surety Waivers. Each of Holdings and Frontier waives demand, notice, protest, notice of acceptance of this Agreement, notice of payments made, collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and any collateral provided by either Holdings or Frontier, each assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, comprising or adjusting of any thereof, all in such manner and at such time or times as Member may deem advisable. Member shall have no duty as to the collection or protection of any collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto. Each of Holdings and Frontier further waives any and all other suretyship defenses.

Section 13. Amendment and Restatement of the Prior Agreement. This Agreement amends and restates the Prior Agreement in its entirety. Any obligations outstanding under the Prior Agreement shall be deemed outstanding under this Agreement and any Deposit held under the Prior Agreement shall be considered part of the Deposit under this Agreement. Republic shall have no rights, duties, liabilities or obligations under this Agreement (all of such rights being assigned to, and all such duties, liabilities, and obligations being assumed by, Holdings pursuant to this Agreement) and Holdings represents and warrants to Member that it (or its equity owners) provided fair value to Republic in connection with the assumption of all of Republic's rights, duties, liabilities and obligations under the Prior Agreement. Republic is hereby released from all duties, liabilities and obligations under the Prior Agreement.

Section 14. Entirety. This Agreement (including the MTOS and the Schedules attached hereto) constitutes the entire understanding and agreement among the Parties with respect to the subject matter herein contained, and there are no other agreements, representations, warranties or understanding, oral or written, expressed or implied, that are not merged herein and superseded hereby. This Agreement shall not be amended, supplemented, modified or changed in any manner, except as provided in writing and signed by the Parties hereto.

Section 15. Governing Law. This Agreement and any matter arising from or in connection with it shall be governed by and construed in accordance with the internal laws of the State of Minnesota, without regard to its conflict of law principles.

Section 16. Waiver of Jury Trial . EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES TO THE EXTENT PERMITTED BY LAW ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 17. Counterparts; Facsimile; PDF. The Agreement and any and all related documents may be executed in any number of counterparts, each of which, when so executed, then delivered or transmitted by facsimile or by email in Portable Document Format ("PDF"), shall be deemed to be an original, and all of which taken together shall constitute but one and the same instrument. In particular, the Agreement and any and all related documents may be executed by facsimile or PDF, and signatures on a facsimile or PDF copy hereof shall be deemed authorized original signatures.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested to by their duly authorized officers as of the day and year written.

CARRIER:

FRONTIER AIRLINES HOLDINGS INC.

By (Print Name): Robert N. Ashcroft  
Signature: /s/ Robert N. Ashcroft  
Title: SVP Finance  
Date: November 5, 2013

FRONTIER AIRLINES, INC.

By (Print Name): Robert N. Ashcroft  
Signature: /s/ Robert N. Ashcroft  
Title: SVP Finance  
Date: November 5, 2013

MEMBER:

U.S. BANK NATIONAL ASSOCIATION

By (Print Name): John R. Follert  
Signature: /s/ John R. Follert  
Title: Its Authorized Representative  
Date: November 5, 2013

[Signature Page to Signatory Agreement]

By signing below, Republic confirms Republic's assignment to Holdings of Republic's rights, duties, liabilities and obligations under this Agreement.

Acknowledged and Agreed:

REPUBLIC AIRWAYS HOLDINGS INC.

By (Print Name): Ethan J. Blank  
Signature: /s/ Ethan J. Blank  
Title: VP, General Counsel  
Date: November 5, 2013

[Signature Page to Signatory Agreement]

---

**Exhibit A**  
**to Amended and Restated Signatory Agreement**  
**(U.S. Visa and MasterCard Transactions)**  
**dated as of November 5, 2013**  
**by and among**  
**Frontier Airlines Holdings Inc.,**  
**Frontier Airlines, Inc., and**  
**U.S. Bank National Association**

Master Terms of Service

See attached.



---

**MASTER TERMS OF SERVICE**

**TABLE OF CONTENTS**

SECTION 1.	DEFINITIONS.	1
SECTION 2.	RULES AND REGULATIONS.	7
SECTION 3.	HONORING CARDS.	8
SECTION 4.	CARDHOLDER ACCOUNT INFORMATION; SECURITY PROGRAM COMPLIANCE.	14
SECTION 5.	RETURNED UNUSED TRAVEL COSTS; CREDIT ADJUSTMENT.	15
SECTION 6.	SUBMISSION OF ELECTRONIC SALES RECORDS AND ELECTRONIC CREDIT RECORDS.	16
SECTION 7.	ELECTRONIC TRANSMISSION.	18
SECTION 8.	CHARGEBACKS.	19
SECTION 9.	REPRESENTATIONS AND WARRANTIES.	20
SECTION 10.	SERVICE MARKS AND TRADEMARKS.	22
SECTION 11.	AUDIT.	23
SECTION 12.	DISPUTES WITH CARDHOLDERS.	23
SECTION 13.	ASSIGNMENT; DELEGATION OF DUTIES.	23
SECTION 14.	INDEMNIFICATION; LIMIT ON LIABILITY.	24
SECTION 15.	TERMINATION AND WAIVER.	25
SECTION 16.	NOTICES.	26
SECTION 17.	RULES AND REGULATIONS; APPLICABLE LAW.	27
SECTION 18.	REIMBURSEMENT BY CARRIER.	27
SECTION 19.	COST AND EXPENSES.	28
SECTION 20.	ASSISTANCE.	28
SECTION 21.	REPORTING.	28
SECTION 22.	GENERAL.	30
SECTION 23.	REMEDIES CUMULATIVE.	30
SECTION 24.	CONFIDENTIALITY.	30
SECTION 25.	FORCE MAJEURE.	31
SECTION 26.	JUDGMENT CURRENCY.	32

Exhibits and Schedules

Exhibit A	Payment Days
Schedule 1	Value Added Services Schedule
Schedule 2	Fee Schedule
Schedule 3	Exposure Protection Schedule

**MASTER TERMS OF SERVICE**

**PREAMBLE**

These Master Terms of Service (“MTOS”) are to the Amended and Restated Signatory Agreement, dated as of November 5, 2013 (the “Signatory Agreement”) by and among Frontier Airlines Holdings Inc., a company organized under the laws of the State of Delaware (hereafter “Holdings”), Frontier Airlines, Inc., a company organized under the laws of the State of Colorado (“Frontier” and together with Holdings, “Carrier”) and the applicable Member.

Carrier, a certified air carrier engaged in the transportation of passengers by air, desires to make available to its customers a convenient means of purchasing air transportation through the use of Cards. The MTOS and the other terms of the Agreement govern Carrier’s receipt of Card processing services.

**SECTION 1. DEFINITIONS.**

1.1 For the purpose of this Agreement, the terms below shall have the following meanings:

\*\*\*\*\* – \*\*\*\*\*, Inc. and its successors and assigns that hold the rights to the \*\*\*\*\* technology.

Affiliate – With respect to any Party, any Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such Party. The term control (including the terms “controlled by” and “under common control with”) means the possession, directly, of the power to direct or cause the direction of the management and policies of the Person in question.

Agent – A business organization duly licensed (if so required) and authorized to perform functions of a travel agent who is not an employee of Carrier and who has been duly designated, appointed and authorized by Carrier to act as a travel agent on behalf of Carrier.

Agreement – The Signatory Agreement, the MTOS, and all schedules and exhibits attached thereto or attached to the MTOS. Each reference to “the Agreement” or “this Agreement” contained herein shall constitute a reference to, collectively, (a) the applicable Signatory Agreement, (b) each schedule or exhibit attached to such Signatory Agreement, and (c) the MTOS and each schedule or exhibit attached to the MTOS.

Applicable Country – Any country in which Transactions are being transacted pursuant to and as permitted by this Agreement, as identified in the Signatory Agreement.

Applicable Rate – The Applicable Rate (using a 365-day year) shall be determined in accordance with the following chart for each Settlement Currency:

U.S. Dollars  
Canadian Dollars

Settlement Currency

Applicable Rate  
\*\*\*\*\*  
\*\*\*\*\*

Authorization – The process whereby Carrier requests permission for the Card to be used for a particular Transaction.

AVS – Address verification service.

Billing Settlement Processor – A bank settlement plan or similar entity that aggregates Transactions for such regions or Applicable Countries as the Parties may mutually agree and submits Transactions on behalf of Carrier.

Business Day – With respect to Transactions submitted to Member, any weekday, Monday through Friday, except when any such day is a legal holiday recognized by Member.

Card – (i) Any card (other than a Debit Card) bearing the service mark of a Credit Card Association or other evidence of an account, including an account number, issued under the auspices of a Credit Card Association, which Carrier expressly chooses to accept or accepts through the presentment of a Sales Record to Member for processing and (ii) any Debit Card.

Card Associations – The Credit Card Associations and the EFT Networks and any other card association that may in the future be designated by mutual agreement of Member and Carrier.

Card Issuer – Any bank or financial institution that is a member of a Card Association and issues a Card.

Cardholder – Any person authorized to use a Card by the Card Issuer.

Cardholder Account Information – As defined in Section 4.1.

Carrier – As defined in the Preamble.

Carrier Website – The website Carrier has established or may establish from time to time for the purpose of selling goods and services in the Applicable Countries.

Chargeback – Any (i) amount claimed from or not paid to Member for any reason stipulated in the applicable Operating Regulations, or (ii) refusal to pay or reversal of any payment by a Card Issuer in relation to a Transaction for any reason stipulated in the applicable Operating Regulations or (iii) amount claimed from Carrier by Member in relation to a Transaction as stipulated in the applicable Operating Regulations.

Commencement Date – As defined in the Signatory Agreement.

CNP Transactions – A Transaction which is accepted and processed where the Cardholder is not present or the Card is not provided physically to Carrier at the time the Transaction occurs (for example, internet, mail order or telephone order).

Credit Card Associations – Visa U.S.A. Inc., Visa International, Inc., MasterCard International Incorporated and any other national card association that may in the future be designated by mutual agreement of the Member and Carrier.

Credit Record – A record, whether paper or electronic, approved by Member, which is used to evidence a refund or adjustment of a purchase made through the use of a Card, and which will be credited to a Cardholder account.

Debit Card – A card or device bearing the symbol(s) of one or more EFT Networks or Credit Card Associations, or other evidence of an account, issued under the auspices of a Card Association, which may be used to purchase goods and services from Carrier and to pay the amount due to Carrier by an electronic debit to the Cardholder's designated deposit account, and which Carrier expressly chooses to accept or accepts through the presentation of a Sales Record to Member for processing.

Deposit – The aggregate of (a) Reserved Funds and (b) any cash remitted and pledged by Carrier to Member or any other Secured Party pursuant to or in connection with this Agreement to secure the Obligations hereunder, and obligations under any Other Signatory Agreements that incorporate the MTOS (if so provided in the applicable Exposure Protection Schedule), and all additions to such aggregate made from time to time and all monies, securities, investments and instruments purchased therewith and all interest, profits or dividends accruing thereon and proceeds thereof. In the event that Transactions are settled in multiple currencies, Member may require separate Deposits in such currencies.

Effective Date – The date set forth as the "Effective Date" in the Signatory Agreement that is part of this Agreement.

EFT Networks – (i) Interlink Network, Inc., Maestro U.S.A., Inc., STAR Networks, Inc., NYCE Payments Network, LLC, PULSE Network LLC, ACCEL/Exchange Network, Alaska Option Services Corporation, Armed Forces Financial Network, Credit Union 24, Inc., NETS, Inc. and SHAZAM, Inc. and (ii) any other organization or association that hereinafter authorizes Member or its Affiliates to authorize, capture, and/or settle Transactions effected with Debit Cards, and any successor organization or association to any of the foregoing.

Electronic Credit Record – An electronic Credit Record.

Electronic Data Capture or "EDC" – Any means by which payment information (e.g. Electronic Sales Record or Electronic Credit Record) is transmitted electronically to Member for processing.

Electronic Record – An Electronic Credit Record or an Electronic Sales Record.

Electronic Sales Record – An electronic Sales Record.

Exposure Protection Schedule – The “Exposure Protection Schedule” attached to the Signatory Agreement that is part of this Agreement.

Fee Schedule – The “Fee Schedule” attached to the Signatory Agreement that is part of this Agreement.

Frontier – As defined in the Preamble.

Holdings – As defined in the Preamble.

Insolvency Event – (i) The commencement of any bankruptcy, insolvency, moratorium, liquidation, judicial reorganization proceeding, dissolution, arrangement, or proceeding under any creditors’ rights law or other similar proceeding by or against the applicable Party, (ii) any application for, consent by the Party, or acquiescence by the Party in, the appointment of any trustee, receiver, or other custodian for Carrier or a substantial part of its property, (iii) any appointment of a trustee, receiver or other custodian for the Party or a substantial part of its property, or (iv) any assignment by the Party for the benefit of creditors.

ISP – An internet service provider.

Internet PIN Pad – A secure program provided by Acculynk that displays and allows entry on an alphanumeric graphical PIN-pad which conforms with the applicable Operating Regulations and requirements established from time to time by Member, and through which a Cardholder may enter a PIN.

Judgment Currency – As defined in Section 27.

MasterCard – MasterCard International Incorporated.

Member – The financial institution (or, to the extent allowed by the applicable Operating Regulations, a subsidiary or an Affiliate of a financial institution) designated as Member in the Signatory Agreement.

MTOS – As defined in the Preamble.

Net Activity – For any day on which funds are to be remitted to Carrier under Section 6.2 hereof with respect to Transactions to be settled in the same currency, the net aggregate amount of (i) the aggregate amount of the Sales Records submitted to Member prior to such date of remittance of funds that are to be settled to Carrier in the same currency, plus (ii) adjustments in favor of Carrier in the same currency, minus (iii) the amount of any then outstanding Credit Records and Chargebacks to Carrier for which Member has not been reimbursed, minus (iv) the processing fees set out in the Fee Schedule, minus (v) any adjustments in favor of Member in the same currency, minus (vi) any other obligations of Carrier to Member arising under this Agreement, minus (vii) if applicable, any net addition to Reserved Funds on such date (or plus any net subtraction from Reserved Funds on such date).

Obligations – As defined in the Exposure Protection Schedule.

Operating Regulations – The operating regulations of a Card Association as amended or supplemented from time to time.

Other Signatory Agreements – As defined in the Exposure Protection Schedule.

Parties – As defined in the Signatory Agreement.

\*\*\*\*\* – A software-only service provided by \*\*\*\*\* that enables the use of Debit Cards with its corresponding PIN to pay for purchases of Travel Costs from Carrier.

PCI – Payment Card Industry (PCI) Data Security Standard, including any amendments thereto or replacements thereof.

Person – Any natural person, corporation, partnership, limited partnership, limited liability company, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision or any other entity, whether acting in an individual, fiduciary or other capacity.

PIN – A Personal Identification Number.

POS Device – A Terminal or other point-of-sale device at a Carrier location that conforms with the requirements established from time to time by Member and the applicable Card Association.

Processing Date – Any date on which Member processes a Transaction using its merchant processing system.

Relevant Authorities – Any governmental or other agencies or any regulatory authorities with jurisdiction over, or otherwise material to, the business, assets, or operations of Carrier.

Reserved Funds – All funds paid by a Card Association on account of Sales Records submitted to Member by Carrier pursuant to this Agreement and held by Member pursuant to the provisions of the Exposure Protection Schedule.

Retained Documents – As defined in Section 7.2.

Sales Record – A record, whether paper or electronic, which is used to evidence Travel Costs purchased by a Cardholder through the use of a Card and which is processed by Member pursuant to the Agreement.

Secured Party – As defined in the Exposure Protection Schedule.

Settlement Account – A deposit account at a financial institution designated by Carrier as the account to be debited or credited, as applicable, for Net Activity.

Settlement File – The settlement file summarizing Travel Costs and Transactions submitted by Carrier by electronic transmission to Member in such form or format as the Parties may agree.

Signatory Agreement – As defined in the Preamble.

Terms and Conditions of Sale – As defined in Section 3.14(b).

Terminal – A point-of-transaction terminal that conforms with the requirements established from time to time by Member and the applicable Card Association capable of (i) reading the account number encoded on the magnetic stripe, (ii) comparing the last four digits of the encoded account number to the manually key-entered last four digits of the embossed account number, and (iii) transmitting the full, unaltered contents of the magnetic stripe in the Authorization message.

Third-Party Terminal – A terminal, other point-of-sale device, or software provided to Carrier by any entity other than Member or an authorized designee of Member.

Transaction – The purchase by, or refund to, a Cardholder, using a Card for any goods or services provided by Carrier pursuant to this Agreement in the Applicable Countries.

Transaction Date – The actual date on which the Cardholder purchases goods or services with a Card, or on which a Credit Record is issued from Carrier through use of a Card.

Travel Costs – Any one, or any combination of, the following items:

- (a) the purchase of a ticket for air travel for travel along any of Carrier's routes;
- (b) the purchase of a ticket for air travel over the lines of other carriers;
- (c) the payment of airport taxes, fees and surcharges in connection with the purchase of any item specified in this section;
- (d) the payment of excess baggage and other baggage charges;
- (e) the purchase of air freight and air cargo services offered by Carrier;
- (f) the purchase of small package delivery services offered by Carrier;
- (g) the purchase of travel services (including accommodation) on tours sold by or through Carrier in conjunction with the furnishing of air travel;
- (h) the purchase of air travel for pets on Carrier's flights;
- (i) the payment of dues associated with Carrier's airport or other club system;
- (j) the purchase of goods sold and delivered on, or in association with, Carrier's flights;



(k) the purchase of goods sold via direct mail catalog or by direct mail by Carrier; and

(l) the purchase of goods or services associated with the foregoing, including without limitation, sales of preferred seating and flight change fees.

Travel Costs shall also mean such other goods or services as Carrier and Member may agree to include in writing. Travel Costs shall not include charter services.

Value Added Services – Any product or service provided by a third party unaffiliated with Member to assist Carrier in processing Transactions, including internet payment gateways, integrated Terminals, global distribution systems, inventory management and accounting tools, loyalty programs, fraud prevention programs, and any other product or service that participates, directly or indirectly, in the flow of Transaction data.

Value Added Services Schedule – The Value Added Services Schedule attached to the Signatory Agreement.

1.2 In the Agreement unless the context otherwise requires:

(a) Any reference to a statute, statutory instrument, regulation or order shall be construed as a reference to such statute, statutory instrument, regulation or order as amended or re-enacted from time to time.

(b) The words “hereof,” “herein” and “hereunder” and words of similar impact when used in the Agreement shall refer to the Agreement as a whole and not to any particular provision of the Agreement. References to Sections, Exhibits, Schedules and like references are to the Agreement unless otherwise expressly provided. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation,” regardless of whether the phrase “without limitation” is included in the applicable provision. Unless the context in which used herein otherwise clearly requires “or” has the inclusive meaning represented by the phrase “and/or,” even if the phrase “and/or” is not included in the applicable provision. The singular includes the plural and vice versa, regardless of whether “(s)” is used with the applicable word or phrase. The terms “will,” “shall,” “must,” and “agree” have the same meaning and force.

## SECTION 2. RULES AND REGULATIONS.

2.1 Carrier and Member each acknowledge that the respective systems of the Card Associations are governed by their respective Operating Regulations and that all Transactions hereunder are subject to such Operating Regulations, as applicable, as the same may be amended from time to time. To the extent there is a conflict between applicable Operating Regulations and the terms of this Agreement, the Operating Regulations shall control. To the extent there is a conflict between applicable law and applicable Operating Regulations, the applicable law shall control. For purposes of the foregoing, a conflict shall be deemed to exist only if (i) compliance with the terms of this Agreement is impossible without a breach of the applicable Operating Regulations or (ii) compliance with the applicable Operating Regulations is impossible without a breach of applicable law. Unless permitted by the applicable Operating Regulations, Carrier shall not establish minimum or maximum Transaction amounts as a condition for honoring Cards.

2.2 Carrier and Member each shall be responsible for any liability arising out of or related to its own failure to observe, perform or otherwise comply with the applicable provisions of the Operating Regulations. Carrier agrees that it shall be responsible for any fees, charges, fines, penalties or other assessments that Member is required to pay a Card Association as a consequence of Carrier's failure to comply with the applicable Operating Regulations. Member agrees that it shall be responsible for any fees, charges, fines, penalties or other assessments that Carrier is required to pay a Card Association as a consequence of Member's failure to comply with the applicable Operating Regulations.

### SECTION 3. HONORING CARDS.

3.1(a) In the case of Transactions transacted in U.S. dollars under the Signatory Agreement between Carrier and Member, Carrier may choose to accept (i) only the consumer credit/business credit products of Visa and/or MasterCard; (ii) only the consumer debit/prepaid products of Visa and/or MasterCard; or (iii) both the consumer credit/business credit products and consumer debit/prepaid products of Visa and/or MasterCard. Carrier must indicate in writing its decision to accept a limited category of products at the time of entry into this Agreement. If Carrier chooses to accept only one of the categories of products but later submits a Transaction outside of the selected category, Member is not required to reject the Transaction and Carrier will be charged standard fees and expenses for that category of products. Further, if Carrier chooses a limited acceptance option, it must still honor all international cards presented for payment. If Carrier decides to implement a limited acceptance policy, it shall display appropriate signage to communicate that policy to Cardholders. Except as may be permitted by applicable local law and Operating Regulations, Carrier will not impose a surcharge for purchases made with the Card nor shall Carrier establish minimum or maximum transaction amounts as a condition for honoring Cards.

(b) Notwithstanding anything else contained in this Agreement, and upon written notification from Member that Member or its Affiliates agree to accept \*\*\*\*\* Transactions, Carrier may submit for processing hereunder \*\*\*\*\* Transactions, and Member agrees to process such transactions. Carrier understands and agrees that Member's ability to accept \*\*\*\*\* Transactions under this Agreement is dependent upon Member or its Affiliates continuing to have agreements in place with \*\*\*\*\* and the EFT Networks. Carrier acknowledges that even if Member agrees to accept \*\*\*\*\* Transactions, Member may not be able to accept Transactions for Debit Cards on all the EFT Networks. Carrier may not submit any other PIN-based Debit Card Transactions under this Agreement other than \*\*\*\*\* Transactions. If at any time Member can no longer process \*\*\*\*\* Transactions because (i) Member or Member's Affiliates do not have the required enforceable contracts with \*\*\*\*\* or the EFT Networks or (ii) \*\*\*\*\* cannot or will not perform under its contracts with Member or Affiliates of Member, then Member shall notify Carrier thereof, and Carrier may not submit any \*\*\*\*\* Transactions for processing after receipt of such notice. Member shall not be deemed in breach of the Agreement or otherwise have any liability to Carrier as a result of its inability to process \*\*\*\*\* Transactions due to the lack of the required contracts with \*\*\*\*\* or the EFT Networks or the inability or unwillingness of \*\*\*\*\* to perform under such contracts.

(c) In submitting \*\*\*\*\* Transactions to Member, Carrier agrees as follows:

- a. During the Transaction process, Carrier will employ an \*\*\*\*\* PIN Pad with \*\*\*\*\* technology to maintain the confidentiality of the Cardholder's Debit Card information and PIN.
- b. Carrier shall use \*\*\*\*\* technology when initiating every \*\*\*\*\* Transaction so as to prevent the unauthorized recording or disclosure of a Cardholder's PIN.
- c. Carrier shall require that each holder of a Debit Card enter his or her PIN on a \*\*\*\*\* PIN Pad when initiating a \*\*\*\*\* Transaction.

If Member has agreed to accept \*\*\*\*\* Transactions pursuant to this Section 3.1, Carrier shall support \*\*\*\*\* Transactions for purchases and refunds, but may not support purchases with cashback or balance inquiries. At the time of any \*\*\*\*\* Transaction, Carrier shall provide each Cardholder a Transaction receipt containing, at a minimum, the following information:

- Amount of the Debit Card Transaction,
- Date of Transaction receipt issuance or date of departure,
- Truncated Debit Card number or another account number or code that uniquely identifies the Cardholder,
- Carrier's name, and
- Transaction reference number or authorization number.

Carrier may perform a refund Transaction for a \*\*\*\*\* Transaction only if the original PIN-based Debit Card Transaction was performed through \*\*\*\*\*.

When requested by any EFT Network, Carrier will immediately take action to: (i) eliminate any fraudulent or improper Transactions identified by the EFT Network, (ii) suspend processing of \*\*\*\*\* Transactions until such fraudulent or improper Transactions are addressed, or (iii) entirely discontinue acceptance of \*\*\*\*\* Transactions.

Carrier understands that \*\*\*\*\* Transactions conducted with an \*\*\*\*\* PIN Pad are high risk and there is a significant risk that a Cardholder's PIN may be tracked or improperly disclosed if \*\*\*\*\* technology is not employed with the \*\*\*\*\* PIN Pad. Carrier understands that Member does not provide such security technology and that it is solely Carrier's responsibility to employ such technology. Member acknowledges that \*\*\*\*\* is a contractor of an Affiliate of Member and it shall be the obligation of Member to obtain \*\*\*\*\* services through such Affiliate. Carrier indemnifies Member against any claims made by a holder of a Debit Card regarding the unauthorized disclosure of such Cardholder's PIN in any Transactions submitted to Member for processing, except to the extent caused by (a) the negligence, willful misconduct, grossly negligent acts or omission, or breach of this Agreement, Operating Regulations, or any applicable laws or regulations by Member, its Affiliates, \*\*\*\*\*, or an EFT Network or (b) any data breach of the data security systems of Member or its Affiliates. All \*\*\*\*\* Transactions shall be included in the flight calendar under the Exposure Protection Schedule and otherwise included when

determining \*\*\*\*\* Exposure. Carrier shall be responsible for submitting to Member the flight data information for each \*\*\*\*\* Transaction necessary to allow Member to include such Transactions in the \*\*\*\*\* Exposure (as defined in the Exposure Protection Schedule) calculation.

Carrier and Member recognize that the Operating Regulations applicable to Chargebacks on \*\*\*\*\* Transactions under the EFT Networks and applicable law may differ from the rules set forth in this Agreement and the Operating Regulations applicable to Transactions with the Credit Card Associations. Carrier and Member agree that any rules contained under this Agreement applicable to Chargebacks shall be deemed modified to the extent necessary to comply with conflicting Operating Regulations or applicable law.

3.2 Carrier shall use reasonable efforts to cause all Agents to permit Cardholders to charge Travel Costs only in accordance with the terms and conditions of the Agreement and in compliance with applicable Operating Regulations. Carrier shall use reasonable efforts to cause compliance by Agents with all of the terms and conditions of the Agreement to be performed by Carrier or Agents. Notwithstanding any such reasonable efforts by Carrier, Carrier shall be responsible for: (i) any failure by any Agent in performing the applicable provisions of the Agreement; and (ii) the settlement of Sales Records and Credit Records completed by Agents.

3.3 Before honoring a Card, Carrier shall do the following to determine whether the Card is valid: (a) where possible, examine the format of each Card presented in connection with a purchase for authenticity and confirm, by checking the effective date and the expiration date as stated on the face of the Card, that the Card has become effective and has not expired; and (b) obtain Authorization. Neither Carrier nor any Agent shall impose a requirement on Cardholders to provide any personal information such as a home or business telephone number, home or business address, driver's license number, or a photocopy of a driver's license as a condition for honoring Cards unless such information is required or permitted under specific circumstances cited in the Agreement. Notwithstanding the foregoing, with respect to Transactions that are not conducted face-to-face, Carrier may request from a Cardholder the information necessary to complete an address verification service request. Neither Carrier nor any Agent shall make a photocopy of a Card under any circumstances, nor shall a Cardholder be required to provide a photocopy of the Card as a condition for honoring the Card. Neither Carrier nor any Agent shall require a Cardholder, as a condition for honoring the Card, to sign a statement that in any way waives the Cardholder's rights to dispute the Transaction. Carrier may require passengers to present personal information, including a driver's license, passport, or other picture identification, for purposes of complying with Carrier's policy or applicable law.

3.4(a) Carrier or Agent shall obtain Authorization for the total amount of the Travel Costs before completing any Card sales Transaction (which in the case of Transactions involving paper submissions pursuant to Section 6.2(d) may require telephone Authorization). Such Authorization may be provided by any third party provider acceptable to Member. Authorization verifies that the Card number is valid, the Card has not been reported lost or stolen at the time of the Card sales Transaction, and confirms that the amount of credit or funds requested for the Card sales Transaction is available. Carrier or Agent will follow any reasonable instructions received during Authorization. Upon receipt of

Authorization, Carrier or Agent may consummate only the Card sales Transaction authorized and must note the Authorization code on the Sales Record. For all ticket by mail, telephone or internet Card sales, Carrier must obtain the Card expiration date and forward that date as part of the Authorization.

(b) Authorization does not: (i) guarantee Carrier final payment for a Card sales Transaction; (ii) guarantee that the Card sales Transaction will not be disputed later by the Cardholder as any Card sales Transaction is subject to Chargeback; or (iii) protect Carrier in the event of a Chargeback regarding unauthorized Card sales Transactions or disputes involving the quality of goods or services. Authorization will not waive any provision of the Agreement or otherwise validate a fraudulent sales Transaction or a sales Transaction involving the use of an expired Card.

(c) In a Card sales Transaction in which a Card is presented electronically, if Carrier's Terminal is unable to read the magnetic stripe on the Card, Carrier must key-enter the Transaction into the POS Device for processing and obtain: (i) a physical imprint of the Card using a manual imprinter; and (ii) the Cardholder's signature on the imprinted Sales Record.

3.5 Neither Carrier nor any Agent shall make any Card sale to any customer in any of the following circumstances (with the exception of ticket by mail, internet or telephone pursuant to Section 3.8 of the Agreement and ticket by automated machine pursuant to Section 3.9 or purchased through other CNP Transactions): (a) a Card is not presented at the time of sale; (b) the signature on the Sales Record does not appear to correspond to the signature appearing in the signature panel on the reverse side of the Card, or the Cardholder does not resemble the person depicted in any picture which appears on the Card; (c) the signature panel on the Card is blank and is not signed in accordance with the procedures specified in Section 3.6; and (d) no Authorization is received. Any Carrier or Agent completing a Transaction under the conditions in this Section 3.5 shall be responsible for such Sales Record or Credit Record regardless of any Authorization.

3.6 If the signature panel of the Card is blank, in addition to requesting Authorization, Carrier or Agent must: (a) review positive identification to determine that the user is the Cardholder; (b) indicate such positive identification (including any serial number and expiration date) on the Sales Record; and (c) require that the Cardholder sign the signature panel of the Card prior to completing the Transaction. If a Cardholder presents a Card that bears an embossed "valid from" date and the Transaction Date is prior to the "valid from" date, Carrier or Agent shall not complete the Transaction. A card embossed with a "valid from" date in month/year format shall be considered valid on the first day of the embossed month and year. A card embossed with a "valid from" date in month/day/year format is considered valid on the embossed date

3.7(a) Each Card sale shall be evidenced by a Sales Record. Each Sales Record shall be imprinted with the Card unless: (i) the Sales Record results from a Transaction involving Terminals which produce electronic Transaction records; (ii) the Transaction is a CNP Transaction; (iii) an imprinter is not available; or (iv) if for any other reason the Sales Record cannot be imprinted with a Card (if Authorization is obtained), including Transactions by mail, telephone or automated machine. If an imprinter is not available, the information on the Card and merchant plate shall be reproduced legibly on the Sales Record in sufficient detail to identify the parties to such sale. Such information shall include at least the date of sale, amount, Cardholder's name and account number and Carrier's name and place of business.

(b) Carrier shall include all items of Travel Costs purchased in a single Transaction in the total amount on a single Sales Record or Transaction record except for individual tickets issued to each passenger, when required by Carrier policy.

(c) Each Sales Record shall include on its face the items needed to complete the Settlement File required by the Member. Each Sales Record shall be signed by the Cardholder (except where the sale is made pursuant to CNP Transaction or automated machine transaction), which signature shall appear to be the same as the signature on the Card presented, as determined by Carrier or Agent. The Cardholder shall not be required to sign a Sales Record until the final Transaction amount is known and indicated in the "Total" column.

(d) Carrier shall not effect a Transaction for only part of the amount due on a single Sales Record except when the balance of the amount due is paid by the Cardholder at the time of sale in cash, by check, with another card or Card, or any combination thereof.

(e) If Carrier or Agent honors the Card, Carrier or Agent honoring the Card will deliver to the customer a true and completed copy of the Sales Record. The Card account number must be truncated on all Cardholder-activated copies of Sales Records. Truncated digits should be replaced with a fill character such as "x," "\*", or "#," and not with blank spaces or numeric characters. All POS Devices must suppress all but the last four digits of the Card account number and the entire expiration date on the Cardholder's copy of the Electronic Sales Records generated from POS Devices (including Cardholder activated).

3.8 Carrier or Agent may enter into Transactions in accordance with Carrier's or such Agent's ticket by CNP Transaction program. In each such case, Carrier or Agent will complete the Sales Record (in accordance with Section 3.7) and include on the Sales Record the effective date and expiration date of the Card as obtained from the Cardholder together with words to reflect "mail order" or the letters "MO" or "telephone order" or the letters "TO," or "internet order" or the letters "IO," as appropriate. Carrier must obtain an Authorization code for all such Transactions. If a Carrier or Agent completes a Transaction without imprinting the Card or using a Terminal, Carrier shall be deemed to warrant the true identity of the Cardholder as the authorized holder of such Card unless Carrier or Agent has obtained independent evidence of the Cardholder's true identity and has noted such evidence on the applicable Sales Record.

3.9 In the case of sales of tickets by automated machine, such Transaction records must include at least the following information: (i) the account number; (ii) Carrier or Agent's name; (iii) the automated machine's location code or town, city, county, state or province; (iv) the amount of the Transaction in the applicable currency; and (v) the Transaction Date.

3.10(a) Carrier or Agent may use POS Devices or other data capture services acceptable to Member to obtain Authorization and to capture Electronic Sales Record data to submit to a Card Association by reading data encoded on either tracks 1 or 2 on the magnetic stripe of Cards in accordance with applicable Operating Regulations. POS Devices are prohibited from printing or displaying more information than that which is permitted by the applicable Operating Regulations and applicable laws and regulations.

(b) Whenever Carrier has knowledge that the embossed account number is not the same as the encoded account number, Carrier is required to: (i) decline the Transaction; (ii) attempt to retain the Card in accordance with Section 3.12 by reasonable and peaceful means; (iii) note the physical description of the Cardholder; (iv) notify Member; and (v) forward any recovered Card in accordance with the procedures specified in Section 3.13.

(c) When the embossed account number is the same as the encoded account number, Carrier must follow normal Authorization procedures as described in this Section 3.

3.11 Neither Carrier nor any Agent shall make a cash disbursement to any Cardholder with respect to a Transaction.

3.12 Carrier or Agent shall use commercially reasonable efforts to retain a Card by reasonable and peaceful means if: (a) Carrier is requested to do so in an Authorization response message; (b) if the four printed digits above the embossed account number on a Card do not match the first four embossed digits; or (c) if Carrier has reasonable grounds to believe a Card is counterfeit, fraudulent or stolen.

3.13 In any case in which Carrier recovers a Card, Carrier shall send such Card to the address stated below:

Bank Card Center  
Attn: Card Recovery  
P. O. Box 6318  
Fargo, ND 58125-6318

3.14 The following provisions govern CNP Transactions:

(a) Carrier acknowledges that in order to accept and process CNP Transactions, Carrier must (i) implement and adhere to security measures designed to ensure secure transmission of the data provided by the Cardholder in purchasing Travel Costs and effecting payment over the internet as required by the applicable Operating Regulations and applicable requirements of law; (ii) where possible, verify the address of the Cardholder via AVS; (iii) at any time when Carrier participates in Verified by Visa or MasterCard Secure Code requirements, Carrier shall provide to Member the data elements included in such requirements; and (iv) ensure that, to the extent that the Carrier Website is hosted by an ISP, the ISP meets the minimum security measures and technology requirements.

(b) Carrier shall at all times during the term of this Agreement, display on the Carrier Website clear terms and conditions and procedures (the "Terms and Conditions of Sale"). The Terms and Conditions of Sale shall give a complete and accurate description of the Travel Costs offered by Carrier. Carrier Website must include clear details of Carrier's return policy, customer service, contact details (including mail/email/phone/fax), currency accepted, delivery policy and country of Carrier's domicile for every nexus and operation of Carrier. Carrier shall also comply with all and any requirements or guidelines in respect of internet usage issued from time to time by all relevant Card Associations, together with the requirements of applicable laws and regulations.

(c) The Carrier Website will clearly inform the Cardholder that the Cardholder is committing to payment before he or she selects the "Pay Now" button. The Carrier Website will afford the Cardholder an unambiguous option to cancel the payment instruction at this stage.

(d) Carrier acknowledges that in certain jurisdictions it may be unlawful for Carrier to sell the Travel Costs and that Member cannot accept any liability for the consequences of Carrier trading in such jurisdictions.

(e) Carrier is prohibited from entering Cardholder details into a Terminal manually where those details have been provided to Carrier via the internet.

(f) Carrier shall promptly inform Member of every security breach, suspected fraudulent card(s) and suspicious activity on Carrier's security system or through Carrier Website that may relate to Transactions.

(g) Member shall not in any way be liable for any claim in connection with any representations contained in the Carrier Website, webpage(s), advertisement(s) or printed matter relating to Carrier's products or services.

(h) Carrier hereby acknowledges that CNP Transactions are in all cases at Carrier's own risk. Carrier is fully liable for all Chargebacks, fines, assessments, penalties and losses related to CNP Transactions even where Carrier has complied with this Agreement and where the Transaction in question has been authorized. All communication costs related to CNP Transactions are Carrier's responsibility. Carrier acknowledges that Member does not manage the CNP payment gateway or the telecommunication links and that it is Carrier's responsibility to manage that link.

#### **SECTION 4. CARDHOLDER ACCOUNT INFORMATION; SECURITY PROGRAM COMPLIANCE.**

4.1 The Parties and each Agent shall treat all information relating to any Card, including Cardholder name and identification information, PIN (if applicable), account number information in any form, imprinted Sales Records, carbon copies of imprinted Sales Records, mailing lists, tapes, or other media, obtained by reason of any Transaction or otherwise ("Cardholder Account Information"), as confidential information and shall protect such materials from disclosure to any third person, except as expressly permitted in this Agreement. The Parties shall at all times only store, process and use Cardholder information in accordance with the requirements of any applicable data processing laws and Operating Regulations; provided, that nothing in the Agreement shall restrict Carrier's storage or use of customer information gathered by it in the ordinary course of its business. The Parties shall not, without the consent of the Cardholder, sell, purchase, provide or exchange Cardholder Account Information to or with any third person, other than

(a) Carrier's agents, employees and representatives, network providers or Card processors for the purpose of assisting Carrier in completing the Transaction;



(b) Member's employees and representatives and agents for the purpose of performing under this Agreement and in compliance with the applicable Operating Regulations and requirements of law;

(c) the applicable Card Association or Card Issuer in compliance with this Agreement and the applicable Operating Regulations; or

(d) in accordance with applicable law.

4.2 All Value Added Services being provided to Carrier are set forth on the Value Added Services Schedule attached to the Signatory Agreement, and Carrier will disclose in writing to Member any new Value Added Services to be provided to Carrier after the Effective Date prior to using the same. All Value Added Services shall comply with all applicable requirements of law and the Operating Regulations, including PCI. Carrier will comply with the requirements of PCI and any modifications to, or replacements of PCI that may occur from time to time, be liable for the acts and omissions of each third party offering such Value Added Services and will be responsible for ensuring compliance by the third party offering such Value Added Services with all applicable requirements of law and Operating Regulations, including PCI. Carrier will indemnify and hold harmless Member from and against any loss, cost, or expense incurred in connection with or by reason of Carrier's use of any Value Added Services. Member will not be responsible for the Value Added Services not provided by it.

4.3 If Carrier uses Value Added Services for the purposes of data capture or authorization, Carrier agrees: (a) that the third party providing such services will be its agent in the delivery of Transactions to Member via a data processing system or network similar to Member's; and (b) to assume full responsibility and liability for any failure of that third party to comply with applicable requirements of law and the Operating Regulations or this Agreement. Member will not be responsible for any losses or additional fees incurred by Carrier as a result of any error by a third party agent or by a malfunction in a Third Party Terminal.

4.4 Member will establish and maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of the Cardholder Account Information. These safeguards will be designed to protect the security, confidentiality and integrity of the Cardholder Account Information, ensure against any anticipated threats or hazards to its security and integrity, and protect against unauthorized access to or use of such information or associated records which could result in substantial harm or inconvenience to any Cardholder. Without limiting the foregoing, Member shall maintain adequate back-up systems and disaster recovery systems to reasonably protect Cardholder Account Information or any similar data maintained by Member and to allow Member to continue to fulfill its obligations hereunder in the event of any natural disaster or other similar event.

#### SECTION 5. **RETURNED UNUSED TRAVEL COSTS; CREDIT ADJUSTMENT.**

5.1 Carrier will maintain a fair and uniform policy for the return or exchange of tickets or other Travel Costs for credit adjustments. On the date Carrier accepts the return of unused tickets or other Travel Costs or otherwise allows an adjustment to the Travel Costs which were the subject of a previous Card sale, Carrier will date and otherwise properly complete a Credit Record and submit it to Member for processing hereunder in accordance with the timeframes required by the applicable Operating Regulations and law.

5.2 Carrier will make no cash refunds in connection with such credit adjustments, except to the extent it may be required to effect a cash refund pursuant to the involuntary refund requirements of applicable laws, rules, regulations, or tariffs.

5.3 If a Cardholder disputes the receipt of the proper amount of the cash refund, Carrier shall, within the terms established in Section 8 for Chargebacks, furnish Member with such documentary evidence of such refund.

5.4 The submission of a Credit Record will not impair the right of Chargeback of Member against Carrier in an amount not to exceed the excess of (a) the amount of the Sales Record over, (b) the amount of the Credit Record submitted by Carrier.

5.5 Carrier shall not accept monies from a Cardholder for the purpose of preparing and depositing a credit voucher that will effect a deposit to the Cardholder's account. Carrier shall not process a credit voucher without having completed a previous purchase Transaction with the same Cardholder.

**SECTION 6. SUBMISSION OF ELECTRONIC SALES RECORDS AND ELECTRONIC CREDIT RECORDS.**

6.1 Carrier shall establish and maintain one Settlement Account for each currency permitted pursuant to this Agreement. Each Settlement Account shall be maintained in an office of the financial institution designated by Carrier which is acceptable to Member, and shall be subject to Member's customary practices and procedures applicable to accounts of that nature and shall be subject to the terms of this Agreement. Carrier shall provide to Member all information necessary to facilitate remittance of funds to each Settlement Account. All settlements with respect to Transactions submitted in the currency of a given Applicable Country shall be denominated in the lawful currency or currencies specified in the Signatory Agreement that is part of this Agreement.

6.2(a) Neither Carrier nor Agent may present for processing or entry to any Card Association, directly or indirectly, any Sales Record or Credit Record which was not originated as a result of a Transaction between the Cardholder and Carrier.

(b) Neither Carrier nor Agent may deposit for entry to any Card Association, directly or indirectly, any Sales Record or Credit Record that it knows or reasonably should have known under the circumstances to be (i) fraudulent or (ii) not authorized by the Cardholder. With respect to this requirement, Carrier or an Agent shall be responsible for the actions of their respective employees and agents while acting in their employ or as agents.

(c) Except as set forth in the last sentence of this Section 6.2(c), neither Carrier nor Agent may present for processing or entry to any Card Association any Sales Record or Credit Record representing a Transaction all or part of which had been previously charged back to Member and subsequently returned to Carrier. Carrier may, at its option, pursue payment from the customer outside the Card Association system. Should Carrier exercise this option and the Cardholder acknowledges the debt, and chooses to pay the amount in full using its Card, Carrier may present a Sales Record in such amount to Member for processing.

(d) Carrier or Agent shall submit to Member for processing each Sales Record in accordance with the timeframes required by the applicable Operating Regulations. The method of billing for all Electronic Sales Records and Electronic Credit Records processed through any Billing Settlement Processor must be by electronic transmission and shall include itinerary records consisting of departure dates. If Carrier is unable to submit Sales Records and Credit Records originating at Carrier's sales locations, including airport locations, ticket-by-mail centers, and other sales locations, by means of a summary electronically transmitted as provided in Sections 6.5 and 7.1, Carrier may submit such Sales Records and Credit Records to Member by means of a paper summary and detail thereof to Member's designated processing center, or by means of a Terminal that generates an electronic transmission to Member's designated Terminal processor.

(e) Member will deposit, or cause to be deposited, on each Business Day, via federal wire transfer, in the case of U.S. dollar Transactions, and SWIFT, in the case of Canadian dollar Transactions, into the applicable Settlement Account for each applicable currency, an amount equal to the amount of Net Activity relating to such currency for each Business Day, subject to Member's receipt of the incoming transmission of Sales Records and Credit Records by the time and on the day specified in Exhibit A.

(f) At any time that the aggregate amount of Net Activity results in an amount due Member, the aggregate amount due may be deducted, recouped or set off from amounts subsequently payable to Carrier under this Agreement on account of Sales Records irrespective of the currency in which payment to Carrier is to be made; provided, that, Member may, at its option (i) require an immediate wire transfer from Carrier of the amount due, or (ii) apply, set off against or recoup from any Deposit amount maintained pursuant to this Agreement the amount due from Carrier under this Agreement. Carrier will, upon demand by Member, pay interest on the amount due from Carrier under this Agreement for the period such amount remains unpaid after the applicable due date, calculated at a per annum rate equal to the Applicable Rate. Carrier acknowledges that this Agreement is a "net payment agreement" and that the right of Member to net out obligations due from Carrier under this Agreement from amounts payable to Carrier hereunder (including from or as represented by the Deposit amount) is a right of recoupment. Carrier further acknowledges that Member has entered into the Agreement in reliance upon such right.

(g) In the event that Carrier is party to more than one Signatory Agreement that incorporates the MTOS, amounts owed by Carrier under a Signatory Agreement may be recovered by Member under such Signatory Agreement from amounts due to Carrier under any Other Signatory Agreement, including amounts attributable to any Deposit. Carrier authorizes each Member under each Signatory Agreement to remit any amounts payable to Carrier under such Signatory Agreement to any Member under any Other Signatory Agreement to pay Carrier's obligations to Member thereunder.

(h) Amounts deposited in a Settlement Account or otherwise credited to Carrier (including, without limitation, amounts credited against Carrier's obligations to Member for fees, costs and expenses hereunder) in respect of any Sales Record pursuant to this Agreement and Carrier's right to payment of Reserved Funds shall be provisional until the payment made to Member by the Card Association in respect of such Sales Record shall become final (i.e., all rights of Chargeback or other rights of the Cardholder or Card issuer to obtain reimbursement of such payment from Member shall have expired).

6.3 Processing fees shall be as set forth in the Fee Schedule attached to the Signatory Agreement that is part of this Agreement. Any adjustments made by the Card Associations (or by any third-party that provides authorization services) to any fees or assessments included on the Fee Schedule shall be passed through to Carrier without markup by Member. Except as provided for in the preceding sentence, the rates and fees set forth on the Fee Schedule may not be adjusted without the written consent of Carrier.

6.4 Member will provide Carrier with Transaction reports each Business Day that correspond to Net Activity for such Business Day and that will summarize sales, returns (refunds), Chargebacks, processing fees, and adjustments with adequate detail to allow Carrier to perform account reconciliation.

6.5 Carrier shall cause Agents to submit Electronic Sales Records and Electronic Credit Records to Member in the form of the Settlement File by electronic transmission as provided in Sections 6.2(d) and 7.1 through Carrier's accounting office or the appropriate processing center of the area or Billing Settlement Processor of which Carrier is a member. Carrier or the appropriate processing center, as the case may be, shall submit the Electronic Sales Records and Electronic Credit Records to Member in accordance with the terms of the Agreement.

6.6 If Carrier utilizes Electronic Data Capture services pursuant to this Section 6.6 to transmit Electronic Sales Records and Electronic Credit Records for Transactions through a Terminal, Carrier agrees to utilize such EDC services in accordance with applicable Operating Regulations. Carrier may designate a third person as its agent to deliver to Member or directly to Card Associations Transactions captured at the point of sale by such agent. If Carrier elects to designate such an agent, Carrier must provide Member prior written notice of such election. Carrier understands and agrees that Member is responsible to make payment to Carrier for only those Transaction amounts delivered by such agent to the Card Associations, less amounts withheld by Member pursuant to the Agreement, and Carrier is responsible for any failure by such agent to comply with any applicable Operating Regulations, including any such failure that results in a Chargeback.

#### SECTION 7. **ELECTRONIC TRANSMISSION.**

7.1(a) When Electronic Sales Records and Electronic Credit Records are submitted to Member electronically, other than Electronic Sales Records and Electronic Credit Records originating from Terminals, as provided in Section 6.6, and processed by Member's Terminal processor, such Electronic Sales Records and Electronic Credit Records shall be submitted to Member by means of a summary of all Travel Costs by electronic transmission compatible with the computer system of Member and shall comply with Section 6.2 of the Agreement. Each such electronic transmission shall contain, at a minimum, the information required for each Electronic Sales Record by Section 3.7 and shall be made in the form of the Settlement File or any other format acceptable to Member in its sole discretion, provided, however, that (i) Carrier will not change the format of such electronic submissions

without first obtaining Member's consent and (ii) if Carrier requests a change in format with respect to such electronic submissions, Member may test such electronic submissions (in the requested format) prior to consenting to such change in format, and such testing by Member shall not constitute consent to such format change and shall not in any way limit Member's right to withhold consent with respect to such format change.

(b) If an electronic transmission of Travel Costs does not meet the requirements of the approved format, Member shall use reasonable efforts to advise Carrier within eight hours of receipt of same.

(c) Any acceptance by Member of an electronic transmission of Travel Costs which does not comply with the appropriate format or, if in the appropriate format, does not contain the information in respect to each Travel Cost summarized therein required by the terms of the Agreement, shall not constitute a waiver of, or preclude Member from exercising, the right of Chargeback.

7.2 Carrier shall retain, or cause to be retained, each original Sales Record and Credit Record and any other documentation necessary for Member to satisfy applicable Operating Regulations ("Retained Documents") relating to those Transactions transmitted to Member directly by Carrier, in each case for at least \*\*\*\*\* from the date each such Retained Document is submitted to Member for processing. Promptly upon Carrier's receipt of Member's request for the same, but in no event later than \*\*\*\*\* following Carrier's receipt of such request, Carrier shall deliver to Member a copy, or the original if specifically requested by Member (provided, that Carrier shall have no obligation to provide an original document in any case in which the Transaction did not result in any tangible documentation (e.g., a CNP Transaction) or if Carrier has destroyed such original after creating a microfiche or other acceptable copy thereof as set forth below), of the requested document.

Notwithstanding the foregoing, either Carrier or Member may elect to hold in its custody Retained Documents for no more than \*\*\*\*\* provided such Party retains a microfilmed or microfiched (or other mutually acceptable medium) copy of such documents for at least \*\*\*\*\* from the date on which each such document is submitted to Member for processing.

## SECTION 8. CHARGEBACKS.

8.1 Member is not obligated to accept any Sales Record which does not comply in every respect with the terms and conditions of this Agreement, or which does not comply in all respects with the applicable Operating Regulations.

8.2 Carrier agrees to pay Member the amount of each Chargeback and, in the case of amounts that have not been paid to Carrier, acknowledges Carrier has no right to receive amounts attributable to Chargebacks. Member may deduct and retain any amount due to Member from Carrier on account of Chargebacks from amounts otherwise payable to Carrier under this Agreement. The provisions of Section 6.2 with respect to payment of Carrier's obligations to Member will apply in the event the amount of Net Activity results in an amount due Member.

8.3 So long as a Chargeback claim is in the process of dispute resolution pursuant to the applicable Operating Regulations, Carrier shall not make any other claim or take any proceedings against the Cardholder in relation to the related Transaction or the underlying contract of sale or service. For clarity, the foregoing shall not preclude Carrier from continuing to work toward a consensual resolution with any Cardholder of the dispute that is the basis for the Chargeback.

8.4 In connection with the processing of Chargeback claims, Member shall be entitled to rely and act on any agreements, requests, instructions, permissions, approvals, demands or other communications given by Carrier (whether orally, via email or in writing) and Member shall not be liable to Carrier for any loss or damage incurred or suffered by it as a result of such action.

#### SECTION 9. **REPRESENTATIONS AND WARRANTIES.**

9.1 Carrier represents and warrants to Member that:

(a) Carrier has full and complete power and authority to enter into and perform under the Agreement and has obtained, and there remain in effect, all necessary licenses, resolutions and filings which are necessary for Carrier to perform its obligations under the Agreement.

(b) Carrier's sales Transactions and credit refund procedures comply in all material respects with all applicable laws and regulations of any governmental authority which are pertinent to such Card sales or refunds.

(c) Carrier's execution and performance of the Agreement will not violate any provision of Carrier's organizational or charter documents, or any indenture, contract, agreement or instrument to which it is a party or by which it is bound and the Agreement constitutes the legal, valid and binding obligation of Carrier, enforceable in accordance with its terms.

(d) Carrier is duly organized and in good standing under laws of the jurisdiction specified in the first paragraph of the Signatory Agreement that is part of the Agreement and is qualified to do business in each jurisdiction where the nature of its activities or the character of its properties makes such qualification necessary or desirable and the failure to so qualify would have a material adverse affect on its assets or operations.

(e) Carrier's and its subsidiaries' (if any) audited, consolidated financial statements and its unaudited, consolidated financial statements, as heretofore furnished to Member, have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with those of the preceding year, and fairly present the financial condition of Carrier as of such date and the result of its operations and the changes in financial position for the period then ended. There have been no material adverse changes in the condition or operations, financial or otherwise, of Carrier since the date of the financial statements furnished to Member prior to the execution of this Agreement, except as previously disclosed to Member in writing and excludes changes from general economic, regulatory, or political conditions or changes, financial market fluctuations, and general or seasonal changes in the air transportation industry. Neither the financial statements described herein nor any other certificate, written statement, budget, exhibit or report, including written information and reports relating to Card sales for Travel Costs, furnished by Carrier in

connection with or pursuant to the Agreement contains any untrue statement of a material fact or omits to state any material fact necessary in order to make statements contained therein not misleading. Certificates or written statements furnished by Carrier to Member consisting of projections or forecasts of future results or events have been prepared in good faith and based on good faith estimates and assumptions of the management of Carrier and Carrier has no reason to believe that such projections or forecasts are not reasonable. To the best knowledge of Carrier, after due inquiry by a responsible officer of Carrier, all factual information hereafter furnished to Member by Carrier in writing (other than factual information provided by the Cardholders) will be true and accurate in all material respects on the date as of which such information is dated or certified and no such information will contain any material misstatement of fact or will omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(f) There is no action, suit or proceeding at law or equity, or before or by any town, city, county, state, federal, provincial or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, pending or to the knowledge of Carrier, threatened against Carrier or any of its property which, if determined adversely to Carrier could materially adversely affect the present or prospective financial condition of Carrier or affect its ability to perform hereunder and Carrier is not in default with respect to any final judgment, writ, injunction, decree, rule or regulation of any court or town, city, county, state, federal or provincial governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign where the effect of such default could materially adversely affect the present or prospective financial condition of Carrier.

(g) Carrier has not failed to comply in material respects with its agreements with any Relevant Authorities or other Billing Settlement Processor, which failure would have a material adverse affect on the ability of Carrier to perform normal flight operations and otherwise comply with the terms of this Agreement.

(h) Any Transactions submitted under this Agreement shall not relate to the provision of services or goods to a country where there may be, or are, any restrictions, regulations, sanctions or laws prohibiting or restricting the provision of any such services or goods.

(i) No consideration other than as set out in this Agreement has been provided by Carrier in return for entering into this Agreement.

The foregoing representations and warranties shall be deemed to be made each time Carrier submits a Sales Record or Credit Record to Member for processing.

9.2 Carrier further represents and warrants to Member each time Carrier submits a Sales Record or Credit Record to Member for processing that (a) all Transactions submitted for processing hereunder are bona fide, (b) no Transaction involves the use of a Card for any purpose other than the purchase of goods or services in the ordinary course of business from Carrier, and (c) no Transaction involves: (i) a Cardholder obtaining cash from Carrier or (ii) except as specifically provided for herein, Carrier accepting a Card to collect or refinance an existing debt or previous Card charges. If at any time any of the representations set forth in this Section 9.2 is found to be inaccurate as applied to any Transaction (or series of Transactions), then Carrier shall (x) be responsible for the amount of the resulting Chargeback, and (y) have the right promptly to establish a remedial plan reasonably acceptable to Member the purpose of which shall be to cure the basis for such inaccuracy.

9.3 Member represents and warrants to Carrier that:

(a) It has full and complete power and authority to enter into and perform under this Agreement and has obtained, and there remain in effect, all necessary licenses, resolutions and filings which are necessary for it to perform its obligations under this Agreement.

(b) Its processing practices and procedures comply in all material respects with all applicable laws and regulations of any governmental authority which are pertinent to such practices and procedures.

(c) Its execution and performance of this Agreement will not violate any provision of its organizational or charter documents, or any indenture, contract, agreement or instrument to which it is a party or by which it is bound and this Agreement constitutes its legal, valid and binding obligation of Member, enforceable in accordance with the terms of this Agreement.

(d) It is duly organized and in good standing under laws of the jurisdiction of its organization and is qualified to do business in each jurisdiction where the nature of its activities or the character of its properties makes such qualification necessary or desirable and the failure to so qualify would have a material adverse effect on its assets or operations.

**SECTION 10. SERVICE MARKS AND TRADEMARKS.**

10.1 Except for mere reference to the company name of Carrier in presentations to other merchants for the provision of processing services by Member, Member shall not display or show the trademarks, service marks, logos, or company names of Carrier in promotion, advertising, press releases, or otherwise without first having obtained Carrier's written consent.

10.2 Carrier may indicate in any advertisement, display or notice that the services of a specific Card Association are available. If Carrier has elected to not honor specific Cards pursuant to Section 3.1 hereof, Carrier may use Card Association trademarks and service marks on promotional, printed, or broadcast materials for the sole purpose of indicating which Cards are accepted by Carrier. Notwithstanding anything in the Agreement to the contrary, any use of Card Association trademarks and service marks by Carrier must be in compliance with the applicable Operating Regulations. Carrier's promotional materials shall not indicate, directly or indirectly, that any Card Association or Member endorses or guarantees any of Carrier's goods or services.

10.3 Carrier and Member acknowledge that no Party hereto will acquire any right, title or interest in or to any other Party's trademarks, service marks, logos or company names and such properties shall remain the exclusive property of the respective parties or their Affiliates. Upon termination of the Agreement, the Parties hereto will discontinue all reference to or display of the other Party's trademarks, service marks, logos and company names.



**SECTION 11. AUDIT.**

11.1 In the event of reasonable suspicion that Carrier or any of its officers, employees or agents are involved in any fraudulent or unlawful activity connected with this Agreement, Member shall have the right, on not less than \*\*\*\*\* notice, to inspect Carrier's Transaction records relating to this Agreement, in connection with which Carrier authorizes Member and its authorized agent(s) to examine or audit such records.

11.2 During the term hereof and for \*\*\*\*\* thereafter, Carrier and Member shall have the right at reasonable times and upon reasonable notice to audit, copy or make extracts of the records of the other pertaining to the transactions between or among them under the Agreement to determine the accuracy of the amounts which have been or are to be paid, refunded or credited by one party to the other in accordance with the provisions hereof.

11.3 Carrier shall obtain an audit from a third party acceptable to Member of the physical security, information security and operational facets of Carrier's business and provide to Member and, if applicable, the requesting Card Association, a copy of the audit report resulting therefrom (a) upon Member's request, or upon the request of a Card Association, promptly following any security breach on Carrier's system at Carrier's expense, (b) at any time upon request of a Card Association at Carrier's expense and (c) if no security breach has occurred on Carrier's system, upon request of Member, at Member's expense; provided that, with respect to this clause (c), such an audit may not be required more than \*\*\*\*\* per calendar year.

**SECTION 12. DISPUTES WITH CARDHOLDERS.**

12.1 Carrier will handle all claims or complaints by a Cardholder with regard to Travel Costs or Transactions.

12.2 Any dispute between Carrier and a Cardholder arising out of the contract of air carrier shall be subject to settlement, in Carrier's discretion, directly by Carrier without liability, cost, or loss to Member.

**SECTION 13. ASSIGNMENT; DELEGATION OF DUTIES.** This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. Consent of Carrier shall not be required as to an assignment by Member to any Affiliate or parent of Member, so long as such Affiliate or parent has equivalent resources and experience in merchant acquiring/processing as Member (which shall be deemed to be the case if such Affiliate acquires the assets and personnel of Member that constituted Member's acquiring processing business immediately prior to such assignment). No party hereto shall make any other assignments of this Agreement without the prior written consent of the other parties hereto, which consent shall not be unreasonably withheld. Member, in its sole discretion, with prior notice to Carrier, may designate and authorize any Affiliate(s) of Member to take any action required or allowed by Member or to undertake any duties or fulfill any of its obligations hereunder, and in such case such Affiliate(s) shall be entitled to the rights and benefits of Member hereunder. Notwithstanding any such designation and authorization, Member shall remain liable for any breach or failure to perform hereunder by any such Affiliate(s) of Member hereunder.

**SECTION 14. INDEMNIFICATION; LIMIT ON LIABILITY.**

14.1 Carrier shall indemnify and hold Member harmless from and against any and all claims, losses, liability, costs, damages, and expenses on account of or arising out of claims, complaints, disputes, settlement, litigation, arbitration, governmental inquiry or other proceeding pertaining or alleged to pertain thereto and instituted by (a) a Cardholder with regard to Travel Costs or Transactions, and any and all disputes between Carrier and any Cardholder arising out of the common carrier passenger relationship, except to the extent resulting from the negligence, willful misconduct, or breach or violation of this Agreement, applicable Operating Regulations, or any applicable laws or regulations by Member or any of its Affiliates, or (b) any Person to the extent resulting from any willful misconduct or grossly negligent acts or omissions of Carrier or its Affiliates, or any breach by Carrier or any of its Affiliates of any provision of any of the Agreement, the applicable Operating Regulations or any applicable laws and regulations.

14.2 Member will promptly notify Carrier of any third party claim that may entitle Member to indemnification (whether pursuant to this Section 14 or another provision of this Agreement) and allow Carrier the right to assume the defense of any such claim; provided, that, (a) legal advisors retained by Carrier shall be reasonably acceptable to Member, and (b) a delay in delivery of such notice to Carrier shall not limit Carrier's indemnification obligations hereunder. Member will not settle any such claim without Carrier's written consent. In the event that Carrier does not assume the defense of any such claim, Carrier must assist in the collection of information, preparation, negotiation and the defense of any such claim. Nothing herein shall limit Member's right of Chargeback as defined in Section 8 of the Agreement.

14.3 Member shall indemnify and hold Carrier harmless from and against any and all claims, losses, liability, costs, damages and expenses of any Person on account of or arising out of any claims, complaints, disputes, settlement, litigation, arbitration, governmental inquiry or other proceeding instituted by such Person and alleging or arising from (a) the willful misconduct or grossly negligent acts or omissions of Member or any of its Affiliates, or (b) any breach by Member or any of its Affiliates of any provision of any of the Agreement, the applicable Operating Regulations or any applicable laws and regulations, or (c) any breach of the data security systems of Member or its Affiliates pertaining to, or any other unintentional release of, Cardholder Account Information. Carrier will promptly notify Member of any third-party claim that may entitle Carrier to indemnification (whether pursuant to this Section 14 or another provision of this Agreement) and allow Member the right to assume the defense of any such claim; provided, that, (i) legal advisors retained by Member shall be reasonably acceptable to Carrier, and (ii) a delay in delivery of such notice to Member shall not limit Member's indemnification obligations hereunder. Carrier will not settle any such claim without Member's written consent. In the event that Member does not assume the defense of any such claim, Member must assist in the collection of information, preparation, negotiation and the defense of any such claim.

14.4 Any other provisions contained herein to the contrary notwithstanding, it is hereby agreed that the indemnity provisions set forth in this Section 14 shall survive termination of the Agreement and remain in effect with respect to any occurrence or claim arising out of or in connection with the Agreement.

14.5 In no event will Member be liable for any indirect or consequential loss or damage (howsoever arising) even if such loss was reasonably foreseeable. In no event will Carrier be liable for any indirect or consequential loss or damage, howsoever arising, even if such loss was reasonably foreseeable. Any right of Member to obtain lost profits shall be limited to an amount no greater than the sum of \*\*\*\*\* multiplied by the number of months remaining on the term of the Agreement. The foregoing damages limitation shall not apply with respect to any third-party claims otherwise subject to indemnification hereunder or from any damages resulting from a Party's breach of its obligations under Section 4 or Section 24.

14.6 Any exchange rate losses due to a refund or Chargeback being processed shall be borne by Carrier.

#### SECTION 15. **TERMINATION AND WAIVER.**

15.1 [Intentionally Omitted]

15.2 Carrier may terminate the Agreement (a) without notice to Member upon (i) the occurrence of any Insolvency Event with respect to Member, or (ii) Member's commitment of or participation in any material systematic, systemic or recurring fraudulent activity related to Member's credit and debit card processing business which is directed or approved by senior management of Member, or (b) on \*\*\*\*\* written notice to Member if (i) Member shall commit a material default under the Agreement and shall fail or refuse to remedy such material default within \*\*\*\*\* after receipt of written notice specifying the nature of such default, or to commence to remedy such material default within such period if the same is curable but cannot reasonably be remedied within such period, or shall fail to complete within \*\*\*\*\* after receipt of such written notice any remedy commenced during the original \*\*\*\*\* notice period, or (ii) any representation or warranty made by Member proves to be incorrect when made in any material respect, and Member fails or refuses to remedy such default within \*\*\*\*\* after receipt of written notice specifying the nature of such default, or to commence to remedy such material default within such period if the same is curable but cannot reasonably be remedied within such period, or shall fail to complete within \*\*\*\*\* after receipt of such written notice any remedy commenced during the original \*\*\*\*\* notice period.

15.3 Member may terminate the Agreement without notice to Carrier upon (a) the occurrence of any Insolvency Event with respect to Carrier, (b) Carrier's commitment of or participation in any material systematic, systemic or recurring fraudulent activity which is directed or approved by senior management of Carrier or (c) Carrier violates Member's rights of exclusivity pursuant to the Signatory Agreement that is part of this Agreement.

15.4 Member may terminate the Agreement on \*\*\*\*\* written notice to Carrier based upon (a) the imposition, or an attempted imposition, of a lien in favor of any person other than Member, whether voluntary or involuntary, on the Deposit or any portion thereof or any property of Carrier subject to the lien or security interest of Member pursuant to this Agreement, or the imposition of any freeze on any property of Carrier subject to the lien or security interest of Member or any other Secured Party; (b) the imposition of any material restriction on or material impairment of any of Member's rights under the Agreement, including any restriction of the rights with respect to the Deposit provided pursuant to the Exposure Protection Schedule; (c) failure by Carrier to pay any of the Obligations when due or to remit funds to Member when required pursuant to the Agreement; (d) failure by Carrier to provide any of the financial statements and reports described in Section 21; or (e) failure by Carrier to provide to Member the data necessary to calculate Gross Exposure under the Exposure Protection Schedule; provided, that, Member shall not terminate the Agreement pursuant to this Section 15.4 if Carrier cures such default within the \*\*\*\*\* day notice period specified in this Section 15.4.

15.5 Member may terminate the Agreement on \*\*\*\*\* written notice to Carrier if:

(a) Carrier (i) fails to maintain all licenses, permits and certificates necessary for it to conduct flight operations or (ii) materially breaches any requirement of any applicable Operating Regulations, and Carrier fails or refuses to remedy any of the foregoing defaults within \*\*\*\*\* after receipt of written notice specifying the nature of such default, or to commence to remedy such default within such period if the same is curable but cannot reasonably be remedied within such period, or shall fail to complete within \*\*\*\*\* after receipt of such written notice any remedy commenced during the original \*\*\*\*\* notice period; or

(b) any representation or warranty made by Carrier proves to be incorrect when made in any material respect, and Carrier fails or refuses to remedy such default within \*\*\*\*\* after receipt of written notice specifying the nature of such default, or to commence to remedy such material default within such period if the same is curable but cannot reasonably be remedied within such period, or shall fail to complete within \*\*\*\*\* after receipt of such written notice any remedy commenced during the original \*\*\*\*\* notice period.

(c) Carrier shall commit any other material default under the Agreement and shall fail or refuse to remedy such material default within \*\*\*\*\* after receipt of written notice specifying the nature of such default, or to commence to remedy such material default within such period if the same is curable but cannot reasonably be remedied within such period, or shall fail to complete within \*\*\*\*\* after receipt of such written notice any remedy commenced during the original \*\*\*\*\* notice period.

In the case of any material default described in this Section 15 with respect to which Carrier fails to provide notice in accordance with Section 21.3, any period for remedy under Section 15.5 shall begin on the date that such notice should have been provided by Carrier to Member.

15.6 No termination of the Agreement (whether under this Section 15 or any other provision of the Agreement) shall affect the rights or obligations of any party which may have arisen or accrued prior to such termination, including without limitation claims of Member for Chargebacks related to Transactions that occurred prior to any termination.

15.7 No waiver of any provision hereunder shall be binding unless such waiver shall be in writing and signed by the party alleged to have waived such provisions.

**SECTION 16. NOTICES.** All notices permitted or required by the Agreement shall be in writing (regardless of whether the applicable provision expressly requires a writing), served by personal delivery (including any courier service), certified or registered mail, or facsimile transmission at the address or facsimile number of the parties set out in the Signatory Agreement or as otherwise notified in writing by any party to the other for such purpose, and shall be deemed to be effectively served, delivered, given, and received on such party if served by personal delivery on the day of delivery or rejection (including any courier service), if served by certified or registered mail on the day of delivery or rejection as evidenced by the return receipt, or if served by facsimile transmission on the date of confirmation of transmission.

SECTION 17. **RULES AND REGULATIONS; APPLICABLE LAW.** Each of the Parties acknowledges that the respective systems of the Card Associations are governed by their respective Operating Regulations and that all transactions hereunder are subject to such Operating Regulations and that each Party is obligated to comply with the Operating Regulations applicable to it. Carrier further acknowledges that Member has entered into the Agreement in reliance upon the applicability of the Operating Regulations of applicable Card Associations to the transactions hereunder and Carrier's performance thereunder. Each Party shall comply in all material respects with all applicable laws and regulations.

SECTION 18. **REIMBURSEMENT BY CARRIER.**

18.1 Carrier will reimburse Member for any fees, charges, fines, assessments, penalties, and Chargebacks that Member may be required to pay a Card Association with respect to the actions or inactions of Carrier in connection with the Agreement or that Member may incur with regard to any Transaction(s) processed pursuant to the Agreement or arising out of any failure of Carrier to perform in compliance with applicable Operating Regulations, applicable laws and regulations, or the requirements of PCI or any act or omission by any third party service provider to Carrier or any other party to a contract with Carrier; provided, that, Carrier shall have no obligation for any such amount incurred that is attributable to Member's failure to comply with the Operating Regulations or this Agreement provided that such failure to comply is not caused by Carrier. Without limiting the generality of the foregoing, Carrier will reimburse Member for Transactions required to be paid by Member by virtue of applicable Operating Regulations as such Operating Regulations may be applied by the applicable Card Associations. Any losses suffered by Member on account of delay by Member in processing Chargebacks subsequent to cessation or substantial curtailment of flight operations of Carrier shall be reimbursed by Carrier to the extent such delay results from materially increased volume of disputes stemming from such cessation or curtailment.

18.2 Member shall have the right to deduct, set off against, or recoup from the amount of any reimbursement hereunder from any payment otherwise due to Carrier under this Agreement. If Member is unable to so collect such amount, Carrier shall pay Member the full amount or any uncollected part thereof within \*\*\*\*\* after receipt of an invoice from Member. Member, at its option, may apply, set off against or recoup from the Deposit amount (if any) such amount necessary to satisfy Carrier's obligations hereunder. In the case of any payment by Member made to a third party for which Carrier reimbursed Member, Carrier may choose to recover the amount involved or otherwise resolve the cause of the reimbursement in its sole discretion; provided, that, Member shall have no obligation to recover such amount or take any other actions relating thereto. Without limiting the foregoing, Carrier acknowledges that Reserved Funds are funds provisionally credited to Member pursuant to the applicable Operating Regulations, subject to Chargeback as provided therein, and that pursuant to the Exposure Protection Schedule such funds will not be credited (provisionally or otherwise) to Carrier but will be held by Member subject to subsequent credit as provided in the Exposure Protection Schedule and are subject to Chargeback in accordance with the applicable Operating Regulations.

SECTION 19. **COST AND EXPENSES.** Carrier shall reimburse Member for all costs and expenses, including reasonable attorneys' fees and expenses of outside counsel to Member, paid or incurred by Member in connection with the enforcement or preservation of Member's rights hereunder. Member shall reimburse Carrier for all costs and expenses, including reasonable attorneys' fees and expenses of outside counsel to Carrier, paid or incurred by Carrier in connection with the enforcement of Carrier's rights hereunder. All costs and expenses to be paid under this Section 19 shall be payable on demand and, in the case of Member, are secured by the Deposit and all collateral pledged to Member hereunder. Member, at its option, may deduct the amounts owed to it from any amount otherwise due Carrier from Member or apply, set off against or recoup from the Deposit such amount necessary to satisfy Carrier's obligations hereunder. This Section 19 shall survive termination of the Agreement.

SECTION 20. **ASSISTANCE.**

20.1 No Party to this Agreement shall unreasonably withhold any documentation required by another Party to the Agreement in connection with the defense of any claim asserted in connection with the Agreement.

20.2 Subject to compliance with any applicable privacy and data security and processing laws, Member may provide Cardholder's name and address in accordance with the provisions of Section 4.1 for each Chargeback when it is included in the Cardholder's documentation received by Member.

SECTION 21. **REPORTING.** Until any obligation of Member to perform hereunder shall have expired or been terminated and all obligations of Carrier to Member hereunder shall have been satisfied, Carrier shall furnish to Member the following reports, notices and financial statements, which shall be in English and shall be stated in United States dollars unless an alternative currency is indicated in the Signatory Agreement that is part of the Agreement.

21.1 Promptly after filing with the Securities and Exchange Commission in accordance with the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended, but in any event within \*\*\*\*\* after the end of each fiscal year of Carrier, Carrier shall provide copies of its the consolidated financial statements of Carrier and its subsidiaries, for the immediately preceding fiscal year, consisting of at least statements of income, cash flow and changes in stockholders' equity, and a consolidated balance sheet as at the end of such year, stating Carrier's unrestricted cash (including cash equivalents) balance, certified without qualification by independent certified public accountants of recognized standing selected by Carrier and reasonably acceptable to Member (and commencing with the first year immediately following the Effective Date, setting forth in each case in comparative form corresponding figures from the previous annual audit).

21.2 Promptly after filing with the Securities and Exchange Commission in accordance with the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended, but in any event within \*\*\*\*\* after the end of each fiscal quarter, Carrier shall provide copies of its consolidated statements of income, cash flow and changes in stockholders' equity for Carrier and its subsidiaries, if any, for such quarter and for the period from the beginning of such fiscal year to the end of such quarter, and a consolidated balance sheet of Carrier and its subsidiaries, if any, as at the end of such quarter,

stating Carrier's unrestricted cash (including cash equivalents) balance, accompanied by consolidating statements for such period (and commencing with the first year immediately following the Effective Date, setting forth in comparative form figures for the corresponding period for the preceding fiscal year) and a certificate signed by the chief financial officer of Carrier (a) stating that such financial statements present fairly the financial condition of Carrier and its subsidiaries and that the same have been prepared in accordance with generally accepted accounting principles and (b) certifying as to Carrier's compliance with all statutes and regulations applicable to Carrier, respectively, except noncompliance that could not reasonably be expected to have a material adverse effect on the financial condition or business operations of Carrier.

21.3 Within \*\*\*\*\* of an officer of Carrier becoming aware of any material default by Carrier under the Agreement, a notice from Carrier describing the nature thereof and what action Carrier proposes to take with respect thereto.

21.4 Within \*\*\*\*\* of an officer of Carrier becoming aware of the same, notice of any pending or threatened action, suit or proceeding at law or equity, or before or by any town, city, county, state, provincial or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, against Carrier or any of its property which, if determined adversely to Carrier could materially adversely affect the present or prospective financial condition of Carrier or affect its ability to perform hereunder. Carrier shall have no obligation to provide any such notice in respect of any threatened action, suit or proceeding unless Carrier reasonably concludes that such threat is credible and reasonably likely to succeed.

21.5 Subject only to applicable confidentiality requirements or requirements of applicable law, within \*\*\*\*\* after any (a) modification of any agreement that is relevant to Carrier's performance under this Agreement with any Relevant Authorities or a Billing Settlement Processor that could materially adversely affect the present or prospective financial condition of Carrier or impair its ability to perform hereunder, or (b) receipt by Carrier of notice from any Relevant Authorities or a Billing Settlement Processor of such Relevant Authorities' or Billing Settlement Processor's intention to terminate, suspend or modify, any agreement with Carrier, or the actual termination or suspension of any such agreement, but only to the extent that such termination, suspension or modification could materially adversely affect Carrier's ability to perform hereunder, a notice from Carrier of such termination, modification or receipt of notice and such information with respect to the same as Member may reasonably request. Such notice shall be provided whether Carrier is a party to an agreement with any Relevant Authorities or a Billing Settlement Processor on the Effective Date or thereafter becomes party to an agreement with any Relevant Authorities or a Billing Settlement Processor.

21.6 Upon the occurrence of an Insolvency Event, Carrier shall include Member on the initial list and matrix of creditors Carrier files with any bankruptcy authority whether or not a claim may exist at the time of filing.

21.7 Subject only to any applicable confidentiality restrictions, promptly upon the failure to pay, whether by acceleration or otherwise, any payment obligation of Carrier pursuant to any aircraft lease, notice of such failure and information concerning the amount of the obligation and the actual or likely consequences of such failure.

21.8 Within \*\*\*\*\* after the merger or consolidation of Carrier, or entry by Carrier into any analogous reorganization or transaction, with any other corporation, company or other entity or the sale, transfer, lease or other conveyance of all or any substantial part of Carrier's assets, (i) notice of such event, (ii) a description of the parties involved and (iii) subject only to any applicable confidentiality restrictions, the structure of the reorganization or transaction.

21.9 Promptly upon a responsible officer of Carrier becoming aware (or at the time a responsible officer of Carrier should reasonably have become aware) of any material adverse change in the condition or operations, financial or otherwise (excluding changes from general economic, regulatory, or political conditions or changes, financial market fluctuations, and general or seasonal changes in the air transportation industry), of Carrier (such determination being in the reasonably opinion of such officer), notice of such material adverse change.

21.10 Such other information with respect to the financial condition and operations of Carrier as Member may reasonably request.

## SECTION 22. **GENERAL.**

22.1 No failure or delay on the part of Member or Carrier in exercising any power or right under the Agreement shall operate as a waiver of such power or right.

22.2 Section headings are included herein for convenience of reference only and shall not constitute a part of the Agreement for any other purpose.

22.3 Nothing in the Agreement or in the course of conduct between the parties shall be construed as creating a principal and agent partnership or joint venture relationship between the parties hereto.

SECTION 23. **REMEDIES CUMULATIVE.** All remedies, rights, powers, and privileges, either under the Agreement or by law or otherwise afforded to a Party, shall be cumulative and not exclusive of any other such remedies, rights, powers and privileges. Each Party may exercise all such remedies in any order of priority.

## SECTION 24. **CONFIDENTIALITY.**

24.1 Carrier shall use reasonable efforts to ensure that the Agreement and information about Member and its operations, affairs and financial condition, not generally disclosed to the public or to trade and other creditors, which is furnished to Carrier pursuant to the provisions hereof is used only for the purposes of the Agreement and any other relationship between Member and Carrier and shall not be divulged to any person other than Carrier, its Affiliates and their respective officers, directors, employees and agents, except (a) to their attorneys and accountants in connection with the Agreement, (b) for due diligence purposes in connection with significant transactions or dealings involving Carrier and which are outside the ordinary course of Carrier's business, including investments, acquisitions or financing, to other potential parties to such dealings or transactions or their professional advisors, subject to confidentiality agreements no less protective than these confidentiality provisions and redaction of such information as Member may deem proprietary, (c) in connection with the enforcement of the rights of Carrier hereunder or otherwise in connection



with applicable litigation, and (d) as may otherwise be required by any court or law enforcement or regulatory authority having jurisdiction over Carrier or by any applicable law, rule, regulation or judicial process, the opinion of Carrier's legal advisors concerning the making of such disclosure to be binding on the parties hereto; provided, that, in the event that Carrier determines that it is required to disclose any such information whether pursuant to a judicial order or to applicable law, Carrier agrees, to the extent legally permissible, to provide Member with \*\*\*\*\* prior written notice (or such shorter prior notice as shall be reasonable and practicable in the circumstances) of such determination and the basis for such determination prior to making disclosure so that Member may consider whether to seek an appropriate protective order or to waive compliance with the requirements of this Section 24. Carrier shall not incur any liability to Member by reason of any disclosure permitted by this Section 24.

24.2 Member shall use reasonable efforts to ensure that the Agreement and information about Carrier and its operations, affairs and financial condition, not generally disclosed to the public or to trade and other creditors, which is furnished to Member pursuant to the provisions hereof is used only for the purposes of the Agreement and any other relationship between Member and Carrier and shall not be divulged to any person other than Member, its Affiliates and its officers, directors, employees and agents, except (i) to its attorneys and accountants in connection with the Agreement, (ii) for due diligence purposes in connection with significant transactions or dealings involving Member and which are outside the ordinary course of Member's business, including investments, acquisitions or financing, to other potential parties to such dealings or transactions or their professional advisors, subject to confidentiality agreements no less protective than these confidentiality provisions and redaction of such information as Carrier may deem proprietary, (iii) in connection with the enforcement of the rights of Member hereunder or otherwise in connection with applicable litigation, and (iv) as may otherwise be required by any court or law enforcement or regulatory authority having jurisdiction over Member or by any applicable law, rule, regulation or judicial process, the opinion of legal advisors to Member concerning the making of such disclosure to be binding on the parties hereto; provided, that in the event that Member determines that it is required to disclose any such information whether pursuant to a judicial order or to applicable law, Member, to the extent legally permissible, agrees to provide Carrier with \*\*\*\*\* prior written notice (or such shorter prior notice as shall be reasonable and practicable in the circumstances) of such determination and the basis for such determination prior to making disclosure so that Carrier may consider whether to seek an appropriate protective order or to waive compliance with the requirements of this Section 24. Member shall not incur any liability to Carrier by reason of any disclosure permitted by this Section 24.

24.3 Carrier hereby authorizes Member to disclose to the Card Associations Carrier's name and address and any and all other information as may be required pursuant to any applicable Operating Regulations, and to list Carrier as one of its customers.

#### SECTION 25. **FORCE MAJEURE.**

25.1 Any delay in the performance by any party hereto of its obligations (except for payment of monies when due) shall be excused during the period and to the extent that such performance is rendered impossible or impracticable due to any one or more of the following: acts of God, fires or other casualty, flood or weather condition, earthquakes, acts of a public

enemy, acts of war, terrorism, insurrection, riots or civil commotion, explosions, strikes, boycotts, unavailability of parts, equipment or materials through normal supply sources, the failure of any utility to supply its services for reasons beyond the control of the party whose performance is to be excused, or other cause or causes beyond such party's reasonable control.

25.2 If any Party is affected by a force majeure event, it shall immediately notify in writing the other Parties of the nature and extent of the circumstances and the Parties shall discuss and agree on the action to be taken.

SECTION 26. **JUDGMENT CURRENCY.** Carrier agrees that any judgment concerning this Agreement granted in favor of Member shall be paid in the currency such judgment is rendered in (the "Judgment Currency"). If Carrier fails to pay a judgment as described in the preceding sentence, Carrier agrees to indemnify Member against any loss incurred by Member as a result of the rate of exchange at which any amount recovered against Carrier (by way of recoupment, setoff or otherwise) is converted to the Judgment Currency. The foregoing indemnity shall constitute a separate and independent obligation of Carrier and shall apply irrespective of any indulgence granted to Carrier from time to time and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

**Exhibit A**  
**to Master Terms of Service**  
**to Signatory Agreement**  
**by and among**  
**Frontier Airlines Holdings Inc.**  
**Frontier Airlines, Inc., and**  
**U.S. Bank National Association**

**Payment Schedule**

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

Days that United States government offices and agencies are not open (weekends and federal holidays) will affect settlement times.

---

**Schedule 1**  
**to Amended and Restated Signatory Agreement**  
**(U.S. Visa and MasterCard Transactions)**  
**dated as of November 5, 2013**  
**by and among**  
**Frontier Airlines Holdings Inc.,**  
**Frontier Airlines, Inc., and**  
**U.S. Bank National Association**

\*\*\*\*\*

---

**Schedule 2**  
**to Amended and Restated Signatory Agreement**  
**(U.S. Visa and MasterCard Transactions)**  
**dated as of November 5, 2013**  
**by and among**  
**Frontier Airlines Holdings Inc.,**  
**Frontier Airlines, Inc., and**  
**U.S. Bank National Association**

Fee Schedule

See attached.

(U.S. Transactions)

## FEE SCHEDULE

This schedule is the Fee Schedule to the Amended and Restated Signatory Agreement, dated as of November 5, 2013 (the "Signatory Agreement"). References to "the Agreement" and "this Agreement" shall mean the Signatory Agreement, together with the Master Terms of Service incorporated therein (the "MTOS") and all Schedules, Exhibits and other attachments to the Signatory Agreement and the MTOS.

Carrier agrees to pay Member charges for transactions according to the following processing fee schedule. Member will edit all submissions and qualify Carrier for the best available Card Association interchange rate based on the date provided by Carrier, subject to submission of Sales Records in the format required by the Agreement. All dollar references shall be deemed to be to the applicable settlement currency identified in the Agreement. All terms not otherwise defined herein that are capitalized and used herein shall have the meanings given to them in the Agreement.

- A. Other than with respect to \*\*\*\*\* Transactions, interchange percentage and per item fees shall be calculated on \*\*\*\*\* Card Sales and \*\*\*\*\* Card Transactions, respectively, and shall be in the percentages and amounts published by the applicable Card Associations from time to time. \*\*\*\*\*
- B. Other than with respect to \*\*\*\*\* Transactions, Card Association assessments shall be calculated on \*\*\*\*\* Card Sales and/or \*\*\*\*\* Card Transactions in the amounts published by the applicable Card Associations from time to time.
- C. Other than with respect to \*\*\*\*\* Transactions, in addition to the amounts due under Sections A and B above, Carrier shall pay Member a fee of (i) \*\*\*\*\* on Gross Card Sales submitted by Carrier in an applicable period and (ii) \*\*\*\*\* per item on Gross Card Transactions during such period.
- D. Subject to Section I below, a fee for all \*\*\*\*\* Transactions is currently set at \*\*\*\*\* of all \*\*\*\*\* Transaction Sales during the applicable period. \*\*\*\*\* Subject to Section I below, in addition, Carrier shall be charged a \*\*\*\*\* per item fee based upon \*\*\*\*\* Transactions. \*\*\*\*\*
- E. If paper Sales Records or Credit Records are submitted to Member for processing, an additional \*\*\*\*\* per item fee will be assessed.
- F. Voice authorizations shall be passed through to Carrier at \*\*\*\*\* per item or via "Automated Response Unit (ARU)" at \*\*\*\*\* per item via an operator and \*\*\*\*\* per item for address verification service ("AVS").
- G. Card Authorization and data capture costs will be passed through to Carrier at Member's cost. The cost of Authorizations will depend upon the method used for obtaining Authorizations.
- H. Member will assess a \*\*\*\*\* handling fee for each and every Chargeback received by Member during any \*\*\*\*\* period in which there is at least a \*\*\*\*\* ratio of Chargebacks received by Member to net sales volume. Carrier acknowledges and agrees that such fees constitute reasonable compensation to

---

Member for the services provided Member in connection with the handling of Chargebacks, taking into account, among other things, the costs and expenses, whether direct or indirect, and whether out-of-pocket or attributable to an increased administrative burden, incurred or suffered by Member as a result of such Chargeback activity. As an accommodation to Carrier, Member will charge the handling fee specified herein only when the ratio of Chargebacks to net sales volume equals or exceeds \*\*\*\*\* during any applicable period.

- I. The rates, fees and assessments specified above (other than the fee set forth in (C)) also will be adjusted from time to time to reflect and correspond to increases or decreases in applicable rates, fees and assessments established and levied by the Card Associations or by third-party vendors that provide Authorization services.

---

**Schedule 3**  
**to Amended and Restated Signatory Agreement**  
**(U.S. Visa and MasterCard Transactions)**  
**dated as of November 5, 2013**  
**by and among**  
**Frontier Airlines Holdings Inc.,**  
**Frontier Airlines, Inc., and**  
**U.S. Bank National Association**

Exposure Protection Schedule

See attached.

(U.S. Transactions)



---

**EXPOSURE PROTECTION SCHEDULE**

## EXPOSURE PROTECTION SCHEDULE

This Exposure Protection Schedule is to the Amended and Restated Signatory Agreement, dated as of November 5, 2013 (the "Signatory Agreement"). References to "the Agreement" and "this Agreement" shall mean the Signatory Agreement, together with the Master Terms of Service incorporated therein (the "MTOS") and all Schedules, Exhibits and other attachments to the Signatory Agreement and the MTOS.

### **1. Certain Definitions.**

All terms not otherwise defined herein that are capitalized and used herein shall have the meanings given to them in the Agreement. References to Sections in "this Agreement" or "the Agreement" mean any such Section in the MTOS. As used in this Exposure Protection Schedule, the following terms shall have the meanings indicated:

Aggregate Protection – The sum of (i) the Deposit, (ii) the amount remaining to be drawn upon any valid and outstanding Letter of Credit, and (iii) the proceeds of any previous draw on a Letter of Credit held by Member and not applied to any Obligations or credited to the Deposit.

Carrier's Rights – Any and all rights that Carrier has or may at any time acquire in any Sales Records, any Deposit amount or any right to payment under the Agreement.

Deposit – The aggregate of (a) Reserved Funds and (b) any cash remitted and pledged by Carrier to Member pursuant to or in connection with the Agreement to secure the Obligations hereunder, and all additions to such aggregate made from time to time and all monies, securities, investments and instruments purchased therewith and all interest, profits and/or dividends accruing thereon and proceeds thereof. Separate Deposits may be maintained in the event there are multiple currencies, in such currencies.

Existing Flight Calendar – As defined in Section 8 of this Exposure Protection Schedule.

Gross Exposure – As defined in Section 8 of this Exposure Protection Schedule.

Letter of Credit – One or more valid and outstanding irrevocable standby letters of credit that are (i) issued for the benefit of Member, (ii) in form and substance acceptable to Member, as determined by Member in its reasonable discretion, and (iii) issued by a financial institution acceptable to Member, as determined by Member in its reasonable discretion (which may include taking into account regulatory limitations imposed on Member regarding exposure to particular institutions).

Lien – Any mortgage, pledge, security interest, encumbrance, lien, hypothecation or charge of any kind (including any agreement to provide any of the foregoing), any conditional sale or other title retention agreement or any lease in the nature thereof, or any filing or agreement to file a financing statement as debtor on any property leased to any Person under a lease which is not in the nature of a conditional sale or title retention agreement.

**Material Adverse Occurrence** – Any occurrence of any nature whatsoever (including, without limitation, any adverse determination in any litigation, arbitration or governmental investigation or proceeding), which, in the reasonable determination of Member, materially adversely effects the then present financial condition of Carrier or the prospective financial condition of Carrier, or materially impairs the ability of Carrier to perform its obligations under the Agreement.

**Methodology** – As defined in Section 3 of this Exposure Protection Schedule.

**Obligations** – All of Carrier’s obligations under the Agreement and the Other Signatory Agreements, whether now existing or hereafter arising (including any of the foregoing obligations that arise prior to or after any Insolvency Event and any obligations arising pursuant to this Exposure Protection Schedule).

**Other Signatory Agreement** – Any agreement (other than the Agreement), executed by at least Carrier and Member or one of its affiliates, which substantially incorporates the MTOS.

**Required Amount** – The amount of the Aggregate Protection to be maintained under this Agreement which shall be equal to \*\*\*\*\*;

**Secured Parties** – Any of (i) Member and (ii) such entity having the same designation or acting in the same capacity under any Other Signatory Agreement.

## **2. Exposure Protection**

- (a) Upon commencement of the Agreement, Member may retain and hold all funds paid to Member by a Card Association on account of Sales Records submitted by Carrier to Member as Reserved Funds until the amount of the Aggregate Protection equals the Required Amount, as determined in accordance with Sections 3 and 8 of this Exposure Protection Schedule. In lieu of retaining Reserved Funds, or in addition to retaining and holding Reserved Funds, Member, in its sole discretion, may demand that Carrier, and Carrier shall upon such demand, remit to Member within \*\*\*\*\* of Member’s demand immediately available funds to hold as the Deposit in an amount that when added to amounts (if any) retained and held by or on behalf of Member as the Deposit causes the amount of the Aggregate Protection to equal the Required Amount. The Deposit amount shall be subject to adjustment as provided in Section 3 of this Exposure Protection Schedule. Member will hold the Deposit as security for the due and punctual payment of and performance by Carrier of the Obligations.
- (b) Carrier grants to each of Member and all other Secured Parties a Lien on the Deposit and all other Carrier’s Rights to secure the payment and performance by Carrier of all Obligations. Each Secured Party shall act as agent for itself and all other Secured Parties to the extent that any Secured Party control or possesses the Deposit and other Aggregate Protection or is named as a Secured Party on any filing, registration or recording. Carrier hereby acknowledges that notwithstanding the foregoing grant of a Lien, Reserved Funds represent only a future right to payment owed to Carrier under the Agreement, payment

- (c) of which is subject to the terms and conditions of the Agreement and to Carrier's complete and irrevocable fulfillment of its obligations and duties under the Agreement and do not constitute funds of Carrier.
- (d) Carrier further agrees that during the term of the Agreement, Carrier shall not grant, or attempt to grant, to any other Person or suffer to exist in favor of any other Person any Lien or other interest in Carrier's Rights (if any) or in any proceeds thereof unless any such Lien or other interest and the priority thereof are subject to a subordination agreement in favor of Member and all other Secured Parties and satisfactory to Member.
- (e) Carrier hereby acknowledges that Member disputes the existence of any interest of Carrier in any rights to payment from Cardholders or Card Issuers arising out of the Sales Records and further acknowledges that to the extent it may have an interest therein, such interest is subordinate to the interests of the Secured Parties and of any of their respective subrogees.
- (f) Carrier will do all acts and things, and will execute, endorse, deliver, file, register or record all instruments, statements, declarations or agreements (including pledges, assignments, security agreements, financing statements, continuation statements, etc.) reasonably requested by Member, in form reasonably satisfactory to Member, to establish, perfect, maintain and continue the perfection and priority of the security interest of the Secured Parties in all Carrier's Rights and in all proceeds of the foregoing. Carrier will pay the reasonable costs and expenses of all filings and recordings, including taxes thereon or fees with respect thereto and all searches reasonably necessary or deemed necessary by Member, to establish and determine the validity and the priority of such security granted in favor of Member. Carrier hereby irrevocably appoints Member (and all persons, officers, employees or agents designated by Member), its agent and attorney-in-fact to do all such acts and things contemplated by this paragraph in the name of Carrier. Without limiting the foregoing, Carrier hereby authorizes Member to file one or more financing statements or continuation statements in respect hereof, and amendments thereto, relating to any part of the collateral described herein without the signature of Carrier. A carbon, photographic or other reproduction of the Agreement or of a financing statement shall be sufficient as a financing statement and may be filed in lieu of the original in any or all jurisdictions which accept such reproductions.

### 3. Adjustments to Deposit

- (a) Member will use the Methodology described in Section 8 of this Exposure Protection Schedule (the "Methodology") to calculate Gross Exposure each Business Day. Carrier acknowledges that Member has explained to it and it understands Member's Methodology for determining Gross Exposure and the amount of the Aggregate Protection and hereby agrees to be bound by such Methodology and the determinations made by Member as a result thereof; *provided, however*, that Carrier may, in good faith, dispute any determination made by Member by delivery of notice thereof to Member, and the parties shall use commercially reasonable efforts to resolve the dispute as expeditiously as possible. Among other things, Carrier understands that Gross

- (b) Exposure includes the value of Travel Costs for goods or services sold to Cardholders who used their Cards to purchase such goods or services with respect to which Carrier has not yet provided such goods or services. Member and Carrier may change the Methodology by mutual written agreement.
- (c) The amount of the Deposit shall be increased or decreased each Business Day, as appropriate, based on the Methodology so that the amount of the Aggregate Protection will at all times equal the Required Amount. Any necessary increases to the Deposit may be made, at Member's sole discretion, by Member withholding as Reserved Funds an amount up to \*\*\*\*\* of amounts otherwise payable to Carrier under Section 6.2 of the MTOS until the amount of the Aggregate Protection is at least equal to the Required Amount; provided, that if there are insufficient funds available from the daily settlement to fully fund the Deposit in the Required Amount, then Carrier shall send such additional funds by federal wire transfer, to an account designated by Member, on the first (1st) Business Day after Carrier's receipt of notice from Member that an increase is required and the amount thereof. If the Member agrees to permit increases to the amount of the Deposit by wire transfer and the funds required to increase the amount of the Deposit so that the Aggregate Protection is equal to the Required Amount are not transferred to Member as required by this Section 3, Member may immediately withhold on a daily basis as Reserved Funds an amount up to \*\*\*\*\* of amounts otherwise payable to Carrier under Section 6.2 of the MTOS until the amount of the Aggregate Protection at least equals the Required Amount. Member shall remit to Carrier from the Deposit the amount necessary to reduce the amount of the Aggregate Protection to equal the Required Amount on each Business Day in accordance with Section 6.2 of the MTOS.
- (d) The amount of the Deposit to be maintained hereunder may be reduced in accordance with Section 9 of this Exposure Protection Schedule pursuant to which Member accepts Letter of Credit in lieu of all or a portion of the Deposit so long as the Aggregate Protection equals the Required Amount.
- (e) Although Member has the right at all times to require that the amount of the Aggregate Protection equal the Required Amount, Member may, from time to time, in its sole discretion make remittances to Carrier or release portions of any Letter of Credit such that the Aggregate Protection is less than the Required Amount. The duration of any such reduction is within the sole discretion of Member. At any time that the amount of the Aggregate Protection is less than the Required Amount Member, in its sole discretion, may again require that the amount of the Aggregate Protection equal the Required Amount. Any required increase may be made as provided in Section 3(b) of this Exposure Protection Schedule as determined by Member. Any reductions in the amount of the Aggregate Protection as described in this paragraph shall not be deemed a course of dealing nor give rise to any rights by Carrier in the future to require that the amount of the Aggregate Amount be less than the Required Amount. As of the Effective Date, Member has exercised the discretion permitted by this Section 3(d) and hereby requires that the Required Amount only equal \*\*\*\*\*. If Member determines that the Required Amount be increased, it will give Carrier \*\*\*\*\* notice of the amount

of increase and Member will identify to Carrier the basis for its change in the Required Amount.

- (f) If an event or series of events occurs that can reasonably be determined to have a positive effect on Carrier's present and prospective financial condition, then at any time after \*\*\*\*\* after the Effective Date, Carrier may no more than once each quarter submit a written request to Member to review the Required Amount for consideration of a reduction in the percentage of Gross Exposure required to be maintained as the amount of the Aggregate Protection (a "Modification Request"). Member shall review the Modification Request and information presented by Carrier and use commercially reasonable efforts to respond to such request within \*\*\*\*\*. Any determination of whether to agree to the Modification Request shall be made in the sole reasonable discretion of Member.

#### **4. Control of Deposit**

Carrier acknowledges that (i) funds remitted to Member by Carrier, and (ii) funds paid by Card Associations and held by Member or any Secured Party as the Deposit may be commingled with other funds of Member or such Secured Party, and further acknowledges that all such funds, and any investment of funds shall be in the name and control of Member or such Secured Party, and, except for crediting of interest as contemplated by Section 5 below, Carrier shall have no interest in any securities, instruments or other contracts or any interest, dividends or other earnings accruing thereon or in connection therewith. It is the understanding of the Parties that, notwithstanding any other provision of the Agreement to the contrary, until Member is required to pay the then remaining balance of the Deposit pursuant Section 7, (a) the sole obligations of Member to make payments to Carrier from the Deposit shall be the obligations to (i) pay to Carrier amounts equal to the amounts attributable to Travel Costs with respect to which Carrier has provided goods or services net of any Obligations owed Carrier to any Secured Party, and (ii) remit to Carrier amounts necessary to reduce the amount of the Aggregate Protection to equal the Required Amount, as set forth in Section 3(b) of this Exposure Protection Schedule, and (b) such obligations to make payment to Carrier are at all times subject to the terms of the Agreement.

#### **5. Investment**

All amounts held as the Deposit will be deemed to earn a yield equal to the Applicable Rate. The amount so earned shall be credited to the Deposit.

#### **6. Right of Offset; Recoupment; Application**

At any time that an amount is due Member or any other Secured Party from Carrier, and Member or such other Secured Party does not obtain payment of such amount due as provided in the Agreement, Member (on behalf of itself and any other Secured Party) shall have the right to apply, recoup or set off any amounts otherwise owed by Member or any other Secured Party to Carrier hereunder, including, without limitation, any amounts attributable to the Deposit, to the amount owed by Carrier. Where any application, recoupment or set off requires the conversion of one currency

into another, Member shall be entitled to effect such conversion in accordance with its prevailing practice and Carrier shall bear all exchange risks, losses, commissions and other bank charges which may thereafter arise.

**7. Retention of Deposit After Cessation**

Notwithstanding any other provision of the Agreement to the contrary, during the period not to exceed \*\*\*\*\* from the earlier of termination of this Agreement or the date upon which Carrier permanently ceases flight operations, Member may retain the Deposit and Letters of Credit until such time as the Member reasonably determines that Carrier has no further Obligations or potential Obligations (excluding indemnification obligations for which no claim has been asserted) without any obligation to remit funds to Carrier until such time. For clarity, Member acknowledges that, unless Carrier has ceased or substantially reduced its flight operations, they shall release the Deposit to Carrier pursuant to Section 3(b) of this Exposure Protection Schedule as the Gross Exposure reduces pursuant to the Methodology set forth in Section 8 of this Exposure Protection Schedule so long as the Aggregate Protection equals the Required Amount and any remaining balance shall be released on or before \*\*\*\*\* from the earlier of termination of this Agreement or the date upon which Carrier permanently ceases flight operations.

**8. Methodology**

“Gross Exposure” shall be calculated by the Member on a daily basis as follows:

- (a) \*\*\*\*\*
- (b) \*\*\*\*\*
- (c) \*\*\*\*\*
- (d) \*\*\*\*\*
- (e) \*\*\*\*\*
- (f) \*\*\*\*\*
- (g) \*\*\*\*\*

**9. Standby Letter of Credit**

- (a) The amount of the Aggregate Protection which Member may maintain pursuant to this Exposure Protection Schedule shall include the sum of (a) the amount remaining to be drawn upon any valid and outstanding Letter of Credit, in lieu of maintaining the amount of the Deposit in an amount equal to the Required Amount and (b) the proceeds of any previous draw on a Letter of Credit held by Member and not applied. Any such letter of credit shall be in form and substance acceptable to Member and issued by a financial institution acceptable to Member, as determined by Member in its reasonable discretion (which may include taking into account regulatory limitations imposed on Member regarding exposure to particular institutions). Notwithstanding any

initial acceptance of a Letter of Credit, Member reserves the right at any time to either (i) demand delivery of a substitute Letter of Credit issued by different institution or (ii) withhold as Reserved Funds amounts necessary so that the Deposit equals the Required Amount if, in Member's reasonable discretion (which may include taking into account regulatory limitations imposed on Member regarding exposure to particular institutions), it determines that it cannot or will not continue to accept non-payment risk from the institution obligated on a Letter of Credit previously delivered to Member. At such time as the Member may no longer draw on a Letter of Credit, Member may require that the Deposit equal the Required Amount.

- (b) Upon the occurrence of any event that gives rise to Member's right under this Agreement (i) to make demand on Carrier for payment to Member, (ii) to apply amounts represented by the Deposit to Obligations of Carrier or (iii) otherwise to retain and not pay to Carrier amounts paid to Member by a Card Association on account of Sales Records submitted to Member by Carrier, then Member, at its option, may draw on any Letter of Credit issued for Member's benefit (for itself and as agent for any other Secured Party) with respect to the Agreement without first taking any of the actions described in clauses (i), (ii) and (iii) above.
- (c) In addition to Member's rights as set forth above, Member, at its option, may draw (in one or more draws) up to the full amount remaining undrawn on a Letter of Credit upon the occurrence of any one or more of the following events or as otherwise provided below: (a) the occurrence of an Insolvency Event; (b) receipt by Member of notification from the issuer of the Letter of Credit that such issuer has elected not to renew the Letter of Credit; (c) notification of termination of the Agreement by either party; (d) a substantial number of the scheduled flights of Carrier fail to operate on any particular day; or (e) Member, in its reasonable discretion, determines that it cannot or will not continue to accept non-payment risk from the institution obligated on a Letter of Credit previously delivered to Member (which may include taking into account regulatory limitations imposed on Member regarding exposure to particular institutions). In addition, Member may draw upon a Letter of Credit pursuant to any other condition for draw provided in the Letter of Credit, and, in any event, on or after the thirtieth day prior to expiration of the Letter of Credit. No failure to draw, or delay in making a draw, on a Letter of Credit shall impair Member's right to draw thereon at a later time.
- (d) Carrier acknowledges that, except for its right to receive the excess proceeds of any Letter of Credit upon the expiration of the period specified in Section 7 of this Exposure Protection Schedule, it has no interest in any proceeds of any draw on any Letter of Credit issued for the benefit of Member or any Secured Party and that upon any draw on any Letter of Credit, Member shall be entitled to hold the proceeds thereof for payment of the Obligations under the Agreement and apply such proceeds in payment thereof as and when Member deems appropriate. Member shall have no obligation to remit to any person or entity any excess proceeds of any draw on the Letter of Credit until expiration of the period specified in Section 7 of this Exposure Protection Schedule. In the event of any dispute between Carrier and the issuer of such Letter of Credit



or any subrogee thereof, or any other person or entity with respect to entitlement to any proceeds of the Letter of Credit, Member may retain all such proceeds until final resolution of such dispute by a court of competent jurisdiction, subject to Member's right to retain and apply proceeds in payment of the Obligations. In the event that Member draws on a Letter of Credit and holds the proceeds thereof at a time when Carrier is conducting normal flight operations, Member shall include such proceeds in its calculation of coverage for the Required Amount and make remittances to Carrier in accordance with Section 3 of this Exposure Protection Schedule as if the proceeds were part of the Deposit. Any excess proceeds of a Letter of Credit, as determined by Member in good faith after taking into account all Obligations of Carrier to Member and the other Secured Parties, shall be remitted to Carrier or as otherwise directed by a court of law.

## FIRST OMNIBUS AMENDMENT TO SIGNATORY AGREEMENTS

THIS FIRST OMNIBUS AMENDMENT TO SIGNATORY AGREEMENTS (this "Amendment") is entered into as of March 1, 2016, by and among Frontier Airlines Holdings, Inc. (hereafter "Holdings"), Frontier Airlines, Inc. ("Frontier" and together with Holdings, "Carrier"), U.S. Bank National Association, ("U.S. Bank"), U.S. Bank National Association acting through its Canadian branch ("U.S. Bank Canada"), and Elavon Canada Company ("Elavon Canada").

### RECITALS

A. Carrier and U.S. Bank are parties to an Amended and Restated Signatory Agreement (U.S. Transactions) dated as of November 5, 2013 (as the same has been amended and supplemented from time to time, the "U.S. Agreement") pursuant to which U.S. Bank processes certain payments made to Carrier in the United States using Cards (as such term is defined in the U.S. Agreement) bearing the servicemark of Visa U.S.A., Inc., MasterCard International Incorporated or an EFT Network.

B. Carrier, U.S. Bank Canada and Elavon Canada are parties to an Amended and Restated Signatory Agreement (Canadian Transactions) dated as of November 5, 2013 (as the same has been amended and supplemented from time to time, the "Canadian Agreement" and together with the U.S. Agreement, the "Processing Agreements") pursuant to which U.S. Bank Canada processes certain payments made to Carrier in Canada using Cards bearing the servicemark of Visa U.S.A., Inc., VISA International Inc. or an EFT Network and Elavon Canada processes certain payments made to Carrier in Canada using Cards bearing the servicemark of MasterCard International Incorporated.

C. Carrier and each of U.S. Bank, U.S. Bank Canada, and Elavon Canada (collectively, the "Processors") desire to modify certain of the terms set forth in the Processing Agreements and have therefore agreed to enter into this amendment.

### AGREEMENT

**NOW, THEREFORE**, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto covenant and agree to be bound as follows:

**Section 1. Capitalized Terms** . Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the applicable Processing Agreement, unless the context shall otherwise require.

#### **Section 2. Amendments**

##### **(a) Amendment to Term of U.S. and Canadian Processing Agreements**

Section 10 of the Signatory Agreement to each Processing Agreement is amended and restated in its entirety to read as follows: 10. Term This Agreement shall become effective as of the Effective Date and continue in effect until March 1, 2018 (unless earlier terminated pursuant to Section 15 of the MTOS), and shall automatically renew for successive terms of one year thereafter unless either party provides written notice to the other no later than forty five (45) days prior to the end of the then current term of its determination to terminate this Agreement, in which case the Agreement shall terminate as of the expiration of the then current term.

(b) **Amendment to Exclusivity Provisions.** Section 7 to the Signatory Agreement under each of the Processing Agreements is amended by adding the following sentence immediately after the first sentence in such Section:

Notwithstanding the foregoing, in the event that Member (i) declares the occurrence of a General Triggering Event under subsections (b), (c) or (d) of the definition of a General Triggering Event (as defined in the Exposure Protection Schedule) and (ii) requires as a result thereof that the Aggregate Protection be in an amount greater than \*\*\*\*\*, then commencing \*\*\*\*\* thereafter, Carrier shall not be bound by the exclusivity limitations set forth in the preceding sentence.

(c) The Fee Schedule attached to each Processing Agreement is amended and restated in its entirety in the form attached hereto as Exhibit A.

(d) The Exposure Protection Schedule attached to each Processing Agreement is amended and restated in its entirety in form attached hereto as Exhibit B.

**Section 3. Representations and Warranties of Carrier .** Carrier hereby represents and warrants to the Processors that on and as of the date hereof and after giving effect to this Amendment:

(a) All of Carrier's representations and warranties contained in the Processing Agreements are true, correct and complete in all respects as of the date hereof as though made on and as of such date; provided, that references to financial statements shall be to the most recent financial statements of such type delivered to U.S. Bank by Carrier.

(b) Carrier has the power and legal right and authority to enter into this Amendment and has duly authorized as appropriate the execution and delivery of this Amendment and none of the agreements contained herein contravene or constitute a default under any agreement, instrument or indenture to which Carrier is a party or a signatory or a provision of Carrier's organizational documents or, to the best of Carrier's knowledge, any other agreement or requirement of law, or result in the imposition of any lien on any of its property under any agreement binding on or applicable to Carrier or any of its property except, if any, in favor of the Processors.

(c) Carrier is duly organized and in good standing under the laws of the jurisdiction of its organization and is qualified to do business in each jurisdiction where the nature of its activities or the character of its properties makes such qualification necessary or desirable and the failure to so qualify would have a material adverse effect on the assets or operations of Carrier.

(d) Upon the effective date of this Amendment, this Amendment and the Processing Agreements, as supplemented and amended hereby, will constitute the legal, valid and binding obligations of Carrier enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and to the exercise of judicial discretion in accordance with general principles of equity.

**Section 4. Representations and Warranties of the Processors** . Each Processor represents and warrants to Carrier that (i) it has full and complete power and authority to enter into and perform under this Amendment, (ii) it has obtained, and there remain in effect, all necessary licenses, resolutions and filings which are necessary for it to perform its obligations under this Amendment and (iii) upon the effective date of this Amendment, this Amendment and the applicable Processing Agreement, as supplemented and amended hereby, will constitute the legal, valid and binding obligations of the Processor enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and to the exercise of judicial discretion in accordance with general principles of equity.

**Section 5. Ratification of Agreement; Acknowledgment** . Except as expressly modified under this Amendment, all of the terms, conditions, provisions, agreements, requirements, promises, obligations, duties, covenants and representations of Carrier and the Processors under the Processing Agreements are hereby ratified by Carrier and the Processors respectively. All references contained in a Processing Agreement and the Schedules thereto to “Agreement” shall mean the applicable Processing Agreement as supplemented and amended hereby.

**Section 6. Merger and Integration, Superseding Effect** . This Amendment, from and after the date hereof, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter thereof, and supersedes and has merged into it all prior oral and written agreements, on the same subjects by and between the parties hereto with the effect that this Amendment shall control with respect to the specific subjects hereof and thereof.

**Section 7. Governing Law** . This Amendment shall be governed by and construed in accordance with the laws of the State of Minnesota.

**Section 8. Counterparts** . This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and all of which counterparts of this Amendment when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date and year first above written.

FRONTIER AIRLINES HOLDINGS, INC.

By (Print Name): Howard Diamond

Signature: /s/ Howard Diamond

Title: SVP, General Counsel & Secretary

FRONTIER AIRLINES, INC.

By (Print Name): Howard Diamond

Signature: /s/ Howard Diamond

Title: SVP, General Counsel & Secretary

U.S. BANK NATIONAL ASSOCIATION

By (Print Name): Brett L. Turner

Signature: /s/ Brett L. Turner

Title: Its Authorized Representative

[Signature Page to First Omnibus Amendment]

U.S. BANK NATIONAL ASSOCIATION, acting through its  
Canadian branch

By (Print Name): Brett L. Turner

Signature: /s/ Brett L. Turner

Title: Its Authorized Representative

ELAVON CANADA COMPANY

By (Print Name): Brett L. Turner

Signature: /s/ Brett L. Turner

Title: Its Authorized Representative

[Signature Page to First Omnibus Amendment]

## FEE SCHEDULE

This schedule is the Fee Schedule to the Amended and Restated Signatory Agreement, dated as of November 5, 2013 (the “Signatory Agreement”). References to “the Agreement” and “this Agreement” shall mean the Signatory Agreement, together with the Master Terms of Service incorporated therein (the “MTOS”) and all Schedules, Exhibits and other attachments to the Signatory Agreement and the MTOS.

Carrier agrees to pay Member charges for transactions according to the following processing fee schedule. Member will edit all submissions and qualify Carrier for the best available Card Association interchange rate based on the date provided by Carrier, subject to submission of Sales Records in the format required by the Agreement. All dollar references shall be deemed to be to the applicable settlement currency identified in the Agreement. All terms not otherwise defined herein that are capitalized and used herein shall have the meanings given to them in the Agreement.

- A. Carrier shall pay Member the interchange percentage, switch fees, per item fees and other costs imposed by the Card Associations calculated on \*\*\*\*\* Card Sales and \*\*\*\*\* Card Transactions, respectively, in the percentages and amounts published by the applicable Card Associations from time to time. \*\*\*\*\*
- B. Carrier shall pay Member the Card Association assessments calculated on \*\*\*\*\* Card Sales and/or \*\*\*\*\* Card Transactions in the amounts published by the applicable Card Associations from time to time.
- C. Other than with respect to \*\*\*\*\* Transactions, in addition to the amounts due under Sections A and B above, Carrier shall pay Member a fee of (i) \*\*\*\*\* on \*\*\*\*\* Card Sales submitted by Carrier in an applicable period and (ii) \*\*\*\*\* per item on \*\*\*\*\* Card Transactions during such period.
- D. For \*\*\*\*\* Transactions, in addition to the amounts due under Sections A and B above, Carrier shall pay Member (a) all fees and other per item charges that may be imposed by \*\*\*\*\* in connection with the provision of its services in connection with Carrier’s \*\*\*\*\* Transactions and (b) a fee of \*\*\*\*\* on \*\*\*\*\* Card Sales submitted by Carrier in an applicable period.
- E. If paper Sales Records or Credit Records are submitted to Member for processing, an additional \*\*\*\*\* per item fee will be assessed.
- F. Voice authorizations shall be passed through to Carrier at \*\*\*\*\* per item or via “Automated Response Unit (ARU)” at \*\*\*\*\* per item via an operator and \*\*\*\*\* per item for address verification service (“AVS”).
- G. Card Authorization and data capture costs will be passed through to Carrier at Member’s cost. The cost of Authorizations will depend upon the method used for obtaining Authorizations.

- H. Member will assess a \*\*\*\*\* handling fee for each and every Chargeback received by Member during any \*\*\*\*\* period in which there is at least a \*\*\*\*\* ratio of Chargebacks received by Member to net sales volume. Carrier acknowledges and agrees that such fees constitute reasonable compensation to Member for the services provided to Member in connection with the handling of Chargebacks, taking into account, among other things, the costs and expenses, whether direct or indirect, and whether out-of-pocket or attributable to an increased administrative burden, incurred or suffered by Member as a result of such Chargeback activity. As an accommodation to Carrier, Member will charge the handling fee specified herein only when the ratio of Chargebacks to net sales volume equals or exceeds \*\*\*\*\* during any applicable period.
- I. The rates, fees and assessments specified above (other than the fee set forth in (C)) also will be adjusted from time to time to reflect and correspond to increases or decreases in applicable rates, fees and assessments established and levied by the Card Associations or by third-party vendors that provide Authorization services.
- J. Any fees received pursuant to this Fee Schedule, or settled through the Settlement Account by Member will be without any deduction for or on account of any tax or other withholdings imposed by any governmental, fiscal or other authority unless required by law. If Carrier is obliged by law to make any such deduction, it will pay to Member or Member will deduct through the Settlement Account on instruction of the Carrier such additional amounts as are necessary to ensure receipt by Member of the full amount of fees Member would have received in the absence of this obligation.



**EXPOSURE PROTECTION SCHEDULE**

This Exposure Protection Schedule is to the Amended and Restated Signatory Agreement, dated as of November 5, 2013 (the "Signatory Agreement"). References to "the Agreement" and "this Agreement" shall mean the Signatory Agreement, together with the Master Terms of Service incorporated therein (the "MTOS") and all Schedules, Exhibits and other attachments to the Signatory Agreement and the MTOS.

**1. Certain Definitions.**

All terms not otherwise defined herein that are capitalized and used herein shall have the meanings given to them in the Agreement. References to Sections in "this Agreement" or "the Agreement" mean any such Section in the MTOS. As used in this Exposure Protection Schedule, the following terms shall have the meanings indicated:

Aggregate Protection – The sum of (i) the Deposit, (ii) the amount remaining to be drawn upon any valid and outstanding Letter of Credit, and (iii) the proceeds of any previous draw on a Letter of Credit held by Member and not applied to any Obligations or credited to the Deposit.

Carrier's Rights – Any and all rights that Carrier has or may at any time acquire in any Sales Records, any Deposit amount or any right to payment under the Agreement.

Daily Cash Expense – shall mean as of any date of determination, the result of dividing (i) the sum of the operating expenses, minus depreciation and amortization, and minus non-cash special charges or non-cash extraordinary items for the last four quarters by (ii) 365 days (or 366 for a leap year).

Deposit – The aggregate of (a) Reserved Funds and (b) any cash remitted and pledged by Carrier to Member pursuant to or in connection with the Agreement to secure the Obligations hereunder, and all additions to such aggregate made from time to time and all monies, securities, investments and instruments purchased therewith and all interest, profits and/or dividends accruing thereon and proceeds thereof. Separate Deposits may be maintained in the event there are multiple currencies, in such currencies.

General Triggering Event – Any of the following shall be a General Triggering Event:

- (a) the occurrence of an Insolvency Event by or against Holdings or Frontier;
- (b) excepting transactions as to which Member shall have given its prior written consent, the merger, consolidation or amalgamation of Holdings or Frontier or entry by Holdings or Frontier into any analogous reorganization, amalgamation or transaction with any unaffiliated corporation, company or other entity or as a result of which Holdings or Frontier is not the surviving entity;
- (c) excepting transactions as to which Member shall have given its prior written consent, the sale, transfer, lease or other conveyance of all or substantially all of Holdings' or Frontier's assets;

- (d) excepting transactions as to which Member shall have given its prior written consent, any Person or group acquires or obtains beneficial ownership of securities (including options) having a majority of the ordinary voting power of Holdings or Frontier or the directors of Holdings or Frontier constituting that percentage necessary to approve corporate action not being either (i) current directors, (ii) directors designated or approved by such current directors or (iii) directors approved by such current or replacement directors;
- (e) the occurrence of a material default under this Agreement;
- (f) a Material Adverse Occurrence; or
- (g) Carrier fails to timely deliver the Compliance Certificate as required by Section 11 of this Exposure Protection Schedule.

Gross Exposure – As defined in Section 8 of this Exposure Protection Schedule.

Letter of Credit – One or more valid and outstanding irrevocable standby letters of credit that are (i) issued for the benefit of Member, (ii) in form and substance acceptable to Member, as determined by Member in its reasonable discretion, and (iii) issued by a financial institution acceptable to Member, as determined by Member in its reasonable discretion (which may include taking into account regulatory limitations imposed on Member regarding exposure to particular institutions).

Lien – Any mortgage, pledge, security interest, encumbrance, lien, hypothecation or charge of any kind (including any agreement to provide any of the foregoing), any conditional sale or other title retention agreement or any lease in the nature thereof, or any filing or agreement to file a financing statement as debtor on any property leased to any Person under a lease which is not in the nature of a conditional sale or title retention agreement.

Material Adverse Occurrence – Any occurrence of any nature whatsoever (including, without limitation, any adverse determination in any litigation, arbitration or governmental investigation or proceeding), which, in the reasonable determination of Member, materially adversely effects the then present financial condition of Holdings or Frontier or the prospective financial condition of Holdings or Frontier, or materially impairs the ability of Holdings or Frontier to perform its obligations under the Agreement.

Methodology – As defined in Section 3 of this Exposure Protection Schedule.

Obligations – All of Carrier's obligations under the Agreement and the Other Signatory Agreements, whether now existing or hereafter arising (including any of the foregoing obligations that arise prior to or after any Insolvency Event and any obligations arising pursuant to this Exposure Protection Schedule).

Other Signatory Agreement – Any agreement (other than the Agreement), executed by at least Carrier and Member or one of its affiliates, which substantially incorporates the MTOS.

**Performance Triggering Event** – The occurrence of an event in which the consolidated Unrestricted Cash of Carrier as of the last day of any month falls below the sum of (i) \*\*\*\*\*.

**Required Amount** – The amount of the Aggregate Protection to be maintained under this Agreement which shall be equal to:

- (a) so long as no General Triggering Event or Performance Triggering Event has occurred and is continuing, the Required Amount shall be \*\*\*\*\*.
- (b) if a Performance Triggering Event has occurred and no General Triggering Event has occurred, the Required Amount shall be determined based upon the chart set forth below

<b>Unrestricted Cash Amount based upon monthly <u>reporting</u></b>	<b>Required Amount as a Percentage of <u>Gross Exposure</u></b>
*****	*****
*****	*****
*****	*****
*****	*****

- (c) during the continuance of any General Triggering Event, the Required Amount shall be equal to \*\*\*\*\*.

**Secured Parties** – Any of (i) Member and (ii) such entity having the same designation or acting in the same capacity under any Other Signatory Agreement.

**Unrestricted Cash** – As of the date of determination, the sum of the amount of unrestricted cash and cash equivalents of Carrier, not subject to any Lien or other restriction, except for rights of setoff for customary returned items asserted by the depository institution in which such cash is deposited, as determined by GAAP, plus the value of any short term investments (those with maturity dates of one year or less), as of any date of determination of Carrier. For the avoidance of doubt, no amounts held as part of the Aggregate Protection shall be counted in the calculation of Unrestricted Cash.

**2. Exposure Protection**

- (a) Upon commencement of the Agreement, Member may retain and hold all funds paid to Member by a Card Association on account of Sales Records submitted by Carrier to Member as Reserved Funds until the amount of the Aggregate Protection equals the Required Amount, as determined in accordance with Sections 3 and 8 of this Exposure Protection Schedule. In lieu of retaining Reserved Funds, or in addition to retaining and holding

Reserved Funds, Member, in its sole discretion, may demand that Carrier, and Carrier shall upon such demand, remit to Member within \*\*\*\*\* of Member's demand immediately available funds to hold as the Deposit in an amount that when added to amounts (if any) retained and held by or on behalf of Member as the Deposit causes the amount of the Aggregate Protection to equal the Required Amount. The Deposit amount shall be subject to adjustment as provided in Section 3 of this Exposure Protection Schedule. Member will hold the Deposit as security for the due and punctual payment of and performance by Carrier of the Obligations.

- (b) Carrier grants to each of Member and all other Secured Parties a Lien on the Deposit and all other Carrier's Rights to secure the payment and performance by Carrier of all Obligations. Each Secured Party shall act as agent for itself and all other Secured Parties to the extent that any Secured Party control or possesses the Deposit and other Aggregate Protection or is named as a Secured Party on any filing, registration or recording. Carrier hereby acknowledges that notwithstanding the foregoing grant of a Lien, Reserved Funds represent only a future right to payment owed to Carrier under the Agreement, payment of which is subject to the terms and conditions of the Agreement and to Carrier's complete and irrevocable fulfillment of its obligations and duties under the Agreement and do not constitute funds of Carrier.
- (c) Carrier further agrees that during the term of the Agreement, Carrier shall not grant, or attempt to grant, to any other Person or suffer to exist in favor of any other Person any Lien or other interest in Carrier's Rights (if any) or in any proceeds thereof unless any such Lien or other interest and the priority thereof are subject to a subordination agreement in favor of Member and all other Secured Parties and satisfactory to Member.
- (d) Carrier hereby acknowledges that Member disputes the existence of any interest of Carrier in any rights to payment from Cardholders or Card Issuers arising out of the Sales Records and further acknowledges that to the extent it may have an interest therein, such interest is subordinate to the interests of the Secured Parties and of any of their respective subrogees.
- (e) Carrier will do all acts and things, and will execute, endorse, deliver, file, register or record all instruments, statements, declarations or agreements (including pledges, assignments, security agreements, financing statements, continuation statements, etc.) reasonably requested by Member, in form reasonably satisfactory to Member, to establish, perfect, maintain and continue the perfection and priority of the security interest of the Secured Parties in all Carrier's Rights and in all proceeds of the foregoing. Carrier will pay the reasonable costs and expenses of all filings and recordings, including taxes thereon or fees with respect thereto and all searches reasonably necessary or deemed necessary by Member, to establish and determine the validity and the priority of such security granted in favor of Member. Carrier hereby irrevocably appoints Member (and all persons, officers, employees or agents designated by Member), its agent and attorney-in-fact to do all such acts and things contemplated by this paragraph in the name of Carrier. Without limiting the foregoing, Carrier hereby authorizes Member to file one or more financing statements or continuation statements in respect hereof, and amendments

thereto, relating to any part of the collateral described herein without the signature of Carrier. A carbon, photographic or other reproduction of the Agreement or of a financing statement shall be sufficient as a financing statement and may be filed in lieu of the original in any or all jurisdictions which accept such reproductions.

### 3. Adjustments to Deposit

- (a) Member will use the Methodology described in Section 8 of this Exposure Protection Schedule (the "Methodology") to calculate Gross Exposure each Business Day. Carrier acknowledges that Member has explained to it and it understands Member's Methodology for determining Gross Exposure and the amount of the Aggregate Protection and hereby agrees to be bound by such Methodology and the determinations made by Member as a result thereof; *provided, however*, that Carrier may, in good faith, dispute any determination made by Member by delivery of notice thereof to Member, and the parties shall use commercially reasonable efforts to resolve the dispute as expeditiously as possible. Among other things, Carrier understands that Gross Exposure includes the value of Travel Costs for goods or services sold to Cardholders who used their Cards to purchase such goods or services with respect to which Carrier has not yet provided such goods or services. Member and Carrier may change the Methodology by mutual written agreement.
- (b) The amount of the Deposit shall be increased or decreased each Business Day, as appropriate, based on the Methodology so that the amount of the Aggregate Protection will at all times equal the Required Amount. Any necessary increases to the Deposit may be made, at Member's sole discretion, by Member withholding as Reserved Funds an amount up to \*\*\*\*\* of amounts otherwise payable to Carrier under Section 6.2 of the MTOS until the amount of the Aggregate Protection is at least equal to the Required Amount; provided, that if there are insufficient funds available from the daily settlement to fully fund the Deposit in the Required Amount, then Carrier shall send such additional funds by federal wire transfer, to an account designated by Member, on the first (1st) Business Day after Carrier's receipt of notice from Member that an increase is required and the amount thereof. If the Member agrees to permit increases to the amount of the Deposit by wire transfer and the funds required to increase the amount of the Deposit so that the Aggregate Protection is equal to the Required Amount are not transferred to Member as required by this Section 3, Member may immediately withhold on a daily basis as Reserved Funds an amount up to \*\*\*\*\* of amounts otherwise payable to Carrier under Section 6.2 of the MTOS until the amount of the Aggregate Protection at least equals the Required Amount. Member shall remit to Carrier from the Deposit the amount necessary to reduce the amount of the Aggregate Protection to equal the Required Amount on each Business Day in accordance with Section 6.2 of the MTOS.

- (c) The amount of the Deposit to be maintained hereunder may be reduced in accordance with Section 9 of this Exposure Protection Schedule pursuant to which Member accepts Letter of Credit in lieu of all or a portion of the Deposit so long as the Aggregate Protection equals the Required Amount.
- (d) Although Member has the right at all times to require that the amount of the Aggregate Protection equal the Required Amount, Member may, from time to time, in its sole discretion make remittances to Carrier or release portions of any Letter of Credit such that the Aggregate Protection is less than the Required Amount. The duration of any such reduction is within the sole discretion of Member. At any time that the amount of the Aggregate Protection is less than the Required Amount Member, in its sole discretion, may again require that the amount of the Aggregate Protection equal the Required Amount. Any required increase may be made as provided in Section 3(b) of this Exposure Protection Schedule as determined by Member. Any reductions in the amount of the Aggregate Protection as described in this paragraph shall not be deemed a course of dealing nor give rise to any rights by Carrier in the future to require that the amount of the Aggregate Amount be less than the Required Amount.

#### **4. Control of Deposit**

Carrier acknowledges that (i) funds remitted to Member by Carrier, and (ii) funds paid by Card Associations and held by Member or any Secured Party as the Deposit may be commingled with other funds of Member or such Secured Party, and further acknowledges that all such funds, and any investment of funds shall be in the name and control of Member or such Secured Party, and, except for crediting of interest as contemplated by Section 5 below, Carrier shall have no interest in any securities, instruments or other contracts or any interest, dividends or other earnings accruing thereon or in connection therewith. It is the understanding of the Parties that, notwithstanding any other provision of the Agreement to the contrary, until Member is required to pay the then remaining balance of the Deposit pursuant Section 7, (a) the sole obligations of Member to make payments to Carrier from the Deposit shall be the obligations to (i) pay to Carrier amounts equal to the amounts attributable to Travel Costs with respect to which Carrier has provided goods or services net of any Obligations owed Carrier to any Secured Party, and (ii) remit to Carrier amounts necessary to reduce the amount of the Aggregate Protection to equal the Required Amount, as set forth in Section 3(b) of this Exposure Protection Schedule, and (b) such obligations to make payment to Carrier are at all times subject to the terms of the Agreement.

#### **5. Investment**

All amounts held as the Deposit will be deemed to earn a yield equal to the Applicable Rate. The amount so earned shall be credited to the Deposit.

#### **6. Right of Offset; Recoupment; Application**

At any time that an amount is due Member or any other Secured Party from Carrier, and Member or such other Secured Party does not obtain payment of such amount due as provided in the Agreement, Member (on behalf of itself and any other Secured Party) shall have the right to apply, recoup or set off any amounts otherwise owed by Member or any other Secured Party to Carrier hereunder, including, without limitation, any amounts attributable to the Deposit, to the amount owed by Carrier.

Where any application, recoupment or set off requires the conversion of one currency into another, Member shall be entitled to effect such conversion in accordance with its prevailing practice and Carrier shall bear all exchange risks, losses, commissions and other bank charges which may thereafter arise.

**7. Retention of Deposit After Cessation**

Notwithstanding any other provision of the Agreement to the contrary, during the period not to exceed \*\*\*\*\* from the earlier of termination of this Agreement or the date upon which Carrier permanently ceases flight operations, Member may retain the Deposit and Letters of Credit until such time as the Member reasonably determines that Carrier has no further Obligations or potential Obligations (excluding indemnification obligations for which no claim has been asserted) without any obligation to remit funds to Carrier until such time. For clarity, Member acknowledges that, unless Carrier has ceased or substantially reduced its flight operations, they shall release the Deposit to Carrier pursuant to Section 3(b) of this Exposure Protection Schedule as the Gross Exposure reduces pursuant to the Methodology set forth in Section 8 of this Exposure Protection Schedule so long as the Aggregate Protection equals the Required Amount and any remaining balance shall be released on or before \*\*\*\*\* from the earlier of termination of this Agreement or the date upon which Carrier permanently ceases flight operations.

**8. Methodology**

“Gross Exposure” shall be calculated by the Member on a daily basis as follows:

- (a) \*\*\*\*\*
- (b) \*\*\*\*\*
- (c) \*\*\*\*\*
- (d) \*\*\*\*\*
- (e) \*\*\*\*\*
- (f) \*\*\*\*\*
- (g) \*\*\*\*\*

**9. Standby Letter of Credit**

- (h) The amount of the Aggregate Protection which Member may maintain pursuant to this Exposure Protection Schedule shall include the sum of (a) the amount remaining to be drawn upon any valid and outstanding Letter of Credit, in lieu of maintaining the amount of the Deposit in an amount equal to the Required Amount and (b) the proceeds of any previous draw on a Letter of Credit held by Member and not applied. Any such letter of credit shall be in form and substance acceptable to Member and issued by a financial institution acceptable to Member, as determined by Member in its reasonable discretion (which may include taking into account regulatory limitations imposed on Member regarding exposure to particular institutions). Notwithstanding any initial acceptance of a Letter of Credit, Member reserves the right at any time

to either (i) demand delivery of a substitute Letter of Credit issued by different institution or (ii) withhold as Reserved Funds amounts necessary so that the Deposit equals the Required Amount if, in Member's reasonable discretion (which may include taking into account regulatory limitations imposed on Member regarding exposure to particular institutions), it determines that it cannot or will not continue to accept non-payment risk from the institution obligated on a Letter of Credit previously delivered to Member. At such time as the Member may no longer draw on a Letter of Credit, Member may require that the Deposit equal the Required Amount.

- (i) Upon the occurrence of any event that gives rise to Member's right under this Agreement (i) to make demand on Carrier for payment to Member, (ii) to apply amounts represented by the Deposit to Obligations of Carrier or (iii) otherwise to retain and not pay to Carrier amounts paid to Member by a Card Association on account of Sales Records submitted to Member by Carrier, then Member, at its option, may draw on any Letter of Credit issued for Member's benefit (for itself and as agent for any other Secured Party) with respect to the Agreement without first taking any of the actions described in clauses (i), (ii) and (iii) above.
- (j) In addition to Member's rights as set forth above, Member, at its option, may draw (in one or more draws) up to the full amount remaining undrawn on a Letter of Credit upon the occurrence of any one or more of the following events or as otherwise provided below: (a) the occurrence of an Insolvency Event; (b) receipt by Member of notification from the issuer of the Letter of Credit that such issuer has elected not to renew the Letter of Credit; (c) notification of termination of the Agreement by either party; (d) a substantial number of the scheduled flights of Carrier fail to operate on any particular day; or (e) Member, in its reasonable discretion, determines that it cannot or will not continue to accept non-payment risk from the institution obligated on a Letter of Credit previously delivered to Member (which may include taking into account regulatory limitations imposed on Member regarding exposure to particular institutions). In addition, Member may draw upon a Letter of Credit pursuant to any other condition for draw provided in the Letter of Credit, and, in any event, on or after the thirtieth day prior to expiration of the Letter of Credit. No failure to draw, or delay in making a draw, on a Letter of Credit shall impair Member's right to draw thereon at a later time.
- (k) Carrier acknowledges that, except for its right to receive the excess proceeds of any Letter of Credit upon the expiration of the period specified in Section 7 of this Exposure Protection Schedule, it has no interest in any proceeds of any draw on any Letter of Credit issued for the benefit of Member or any Secured Party and that upon any draw on any Letter of Credit, Member shall be entitled to hold the proceeds thereof for payment of the Obligations under the Agreement and apply such proceeds in payment thereof as and when Member deems appropriate. Member shall have no obligation to remit to any person or entity any excess proceeds of any draw on the Letter of Credit until expiration of the period specified in Section 7 of this Exposure Protection Schedule. In the event of any dispute between Carrier and the issuer of such Letter of Credit or any subrogee thereof, or any other person or entity with respect to



entitlement to any proceeds of the Letter of Credit, Member may retain all such proceeds until final resolution of such dispute by a court of competent jurisdiction, subject to Member's right to retain and apply proceeds in payment of the Obligations. In the event that Member draws on a Letter of Credit and holds the proceeds thereof at a time when Carrier is conducting normal flight operations, Member shall include such proceeds in its calculation of coverage for the Required Amount and make remittances to Carrier in accordance with Section 3 of this Exposure Protection Schedule as if the proceeds were part of the Deposit. Any excess proceeds of a Letter of Credit, as determined by Member in good faith after taking into account all Obligations of Carrier to Member and the other Secured Parties, shall be remitted to Carrier or as otherwise directed by a court of law.

#### **10. Deposit Upon Termination of the Agreement.**

In the event that any Party gives notice to the other Party of termination of the Agreement or non-renewal, or in the absence of a notice, the Agreement is terminated or a Party attempts to terminate the Agreement, and at such time the Aggregate Protection maintained is less than \*\*\*\*\*, Member may make a reasonable determination of Chargebacks and other obligations of Carrier under the Agreement that may arise or be asserted from and after such date ("Projected Exposure"). If the amount of Projected Exposure exceeds the amount of the Aggregate Protection then held or posted, Member may, in its sole discretion, demand that Carrier, and Carrier shall upon such demand, immediately remit to Member in immediately available funds for Member to hold as part of the Aggregate Protection an amount sufficient to cause the amount of the Aggregate Protection to equal Projected Exposure. Upon failure by Carrier to remit such funds by the close of business on the first Business Day after any such demand is made, Member in its sole discretion may withhold as Reserved Funds an amount up to \*\*\*\*\* of amounts otherwise payable to Carrier under Section 6.2 of the MTOS until the amount of the Aggregate Protection is at least equal to Projected Exposure. Member may retain the Aggregate Protection pursuant to the provisions of Section 7 of this Exposure Protection Schedule, except that during such period (i) the amount of the Aggregate Protection shall equal Projected Exposure and (ii) payments shall be remitted to Carrier on each Business Day in the amount by which the amount of the Aggregate Protection exceeds Projected Exposure. Upon and after the occurrence of an event that would cause the Required Amount to be in excess of the Projected Exposure, even if the same shall occur after termination or non-renewal, the amount of the Aggregate Protection shall not be less than the Required Amount. The provisions of Section 3 of this Exposure Protection Schedule with respect to increases to the Aggregate Protection shall apply in any such circumstance.

#### **11. Compliance Certificate.**

Carrier shall furnish U.S. Bank, as soon as practicable, and in any event no later than \*\*\*\*\* after the end of each month, a Compliance Certificate in the form attached hereto as Attachment 1 (the "Compliance Certificate"). Such Compliance Certificates shall be signed by the chief financial officer, controller, or treasurer of Carrier. If U.S. Bank advises Carrier of a discrepancy between the information contained in a Compliance Certificate and the information in Carrier's financial statements, Carrier shall be available to U.S. Bank to explain the discrepancy and shall provide supplemental information to U.S. Bank, as reasonably necessary, to support the information contained in such Compliance Certificate.

COMPLIANCE CERTIFICATE  
TWELVE MONTH PERIOD ENDING \_\_\_\_\_, 201\_

This Compliance Certificate is being submitted pursuant to Section 11 of the Exposure Protection Schedule to the Amended and Restated Signatory Agreement, dated as of November 5, 2013 (the "Signatory Agreement") for the above-referenced twelve month period (the "Period"). Capitalized terms used herein and not defined herein shall have the meanings given such terms in the Exposure Protection Schedule. The undersigned, being the **[insert title]** of Carrier hereby certifies, with respect to all of the following, that, to the best of his/her knowledge after reasonable investigation as of the date of this Compliance Certificate, the following information is true and correct and was compiled from the books and records of Carrier, as applicable, in accordance with the terms of the Agreement.

1. Days of Cash

A. Amount of ***** Cash as of the last day of the month	\$ _____
B. Amount of ***** Exposure as of the last day of the month	\$ _____
C. Difference of A less B	\$ _____
D. Daily ***** Expense	\$ _____
E. Result of C divided by D	_____

2. Triggering Events

No Triggering Event has occurred and is continuing except:

[describe Triggering Event]

Dated \_\_\_\_\_, \_\_\_\_\_

FRONTIER AIRLINES, INC.

By \_\_\_\_\_

Name \_\_\_\_\_

Title: **[CFO, Controller or Treasurer]**

### THIRD OMNIBUS AMENDMENT TO SIGNATORY AGREEMENTS

THIS THIRD OMNIBUS AMENDMENT TO SIGNATORY AGREEMENTS (this "Amendment") is entered into as of the last date set forth on the signature page hereto, by and among Frontier Airlines Holdings, Inc. ("Holdings"), Frontier Airlines, Inc. ("Frontier" and together with Holdings, "Carrier"), U.S. Bank National Association, a national banking organization, ("U.S. Bank"), U.S. Bank National Association acting through its Canadian branch, ("U.S. Bank Canada"), and Elavon Canada Company ("Elavon Canada," and together with U.S. Bank and U.S. Bank Canada, the "Members" and each a "Member"), Carrier and the Members shall be collectively referred to as the "Parties" and individually each a "Party".

#### RECITALS

A. Carrier and U.S. Bank are parties to an Amended and Restated Signatory Agreement (U.S. Transactions) dated as of November 5, 2013 (as the same has been amended and supplemented from time to time, the "U.S. Agreement") pursuant to which U.S. Bank processes certain payments made to Carrier in the United States using Cards ( as such term is defined in the U.S. Agreement) bearing the servicemark of Visa U.S.A., Inc., MasterCard International Incorporated or an EFT Network.

B. Carrier, U.S. Bank Canada and Elavon Canada are parties to an Amended and Restated Signatory Agreement (Canadian Transactions) dated as of November 5, 2013 (as the same has been amended and supplemented from time to time, the "Canadian Agreement" and together with the U.S. Agreement, the "Processing Agreements") pursuant to which U.S. Bank Canada processes certain payments made to Carrier in Canada using Cards bearing the servicemark of Visa U.S.A., Inc., VISA International Inc. or an EFT Network and Elavon Canada processes certain payments made to Carrier in Canada using Cards bearing the servicemark of MasterCard International Incorporated.

C. Carrier and each Member desire to modify certain of the terms set forth in the Processing Agreements and have therefore agreed to enter into this Amendment.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby covenant and agree to be bound as follows:

**1. Capitalized Terms.** Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the applicable Processing Agreement, unless the context shall otherwise require.

**2. Amendments.**

(a) Term. Section 10 of the Signatory Agreement to each Processing Agreement is amended and restated in its entirety to read as follows:

Section 10. Term. This Agreement shall become effective as of the Effective Date and continue in effect until May 1, 2020 (unless earlier terminated

pursuant to Section 15 of the MTOS), and shall automatically renew for successive terms of one year thereafter unless either party provides written notice to the other no later than forty five (45) days prior to the end of the then current term of its determination to terminate this Agreement, in which case the Agreement shall terminate as of the expiration of the then current term.

(b) Fee Schedule. The Fee Schedule attached to each Processing Agreement is amended and restated in its entirety in the form attached hereto as Exhibit A.

(c) Exposure Protection. The definition of “Required Amount” in the Exposure Protection Schedule attached to each Processing Agreement is amended and restated in its entirety to read as follows:

Required Amount – The amount of the Aggregate Protection to be maintained under this Agreement which shall be equal to:

- (a) so long as no General Triggering Event or Performance Triggering Event has occurred and is continuing, the Required Amount shall be [\*\*\*].
- (b) if a Performance Triggering Event has occurred and no General Triggering Event has occurred, the Required Amount shall be determined based upon the chart set forth below

<u>Unrestricted Cash Amount based upon monthly reporting</u>	<u>Required Amount as a Percentage of Gross Exposure</u>
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

- (c) during the continuance of any General Triggering Event, the Required Amount shall be equal to [\*\*\*].

**3. Representations and Warranties of Carrier.** Carrier hereby represents and warrants to Members that on and as of the date hereof and after giving effect to this Amendment:

(a) Carrier has the power and legal right and authority to enter into this Amendment and has duly authorized as appropriate the execution and delivery of this Amendment and none of the agreements contained herein contravene or constitute a default under any agreement, instrument or indenture to which Carrier is a party or a signatory or a provision of Carrier’s organizational documents or, to the best of Carrier’s

knowledge, any other agreement or requirement of law, or result in the imposition of any lien on any of its property under any agreement binding on or applicable to Carrier or any of its property except, if any, in favor of Members.

(b) Carrier is duly organized and in good standing under the laws of the jurisdiction of its organization and is qualified to do business in each jurisdiction where the nature of its activities or the character of its properties makes such qualification necessary or desirable and the failure to so qualify would have a material adverse effect on the assets or operations of a Carrier.

(c) Upon the effective date of this Amendment, this Amendment and the Processing Agreement, as modified hereby, will constitute the legal, valid and binding obligations of Carrier enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and to the exercise of judicial discretion in accordance with general principles of equity.

**4. Representations and Warranties of Members.** Each Member represents and warrants to Carrier that (i) it has full and complete power and authority to enter into and perform under this Amendment, (ii) it has obtained, and there remain in effect, all necessary licenses, resolutions and filings which are necessary for it to perform its obligations under this Amendment and (iii) upon the effective date of this Amendment, this Amendment and the applicable Processing Agreement, as supplemented and amended hereby, will constitute the legal, valid and binding obligations of the Member enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and to the exercise of judicial discretion in accordance with general principles of equity.

**5. Ratification of Processing Agreement; Acknowledgment.** Except as expressly modified under this Amendment, all of the terms, conditions, provisions, agreements, requirements, promises, obligations, duties, covenants and representations of Carrier and Members, respectively, under the applicable Processing Agreement are hereby ratified by Carrier and Members, respectively. All references contained in the applicable Processing Agreement and the Schedules thereto to "Agreement" shall mean the Processing Agreement as supplemented and amended hereby.

**6. Merger and Integration, Superseding Effect.** This Amendment, from and after the date hereof, embodies the entire agreement and understanding between the parties hereto, and supersedes and has merged into it all prior oral and written agreements, on the same subjects by and between the parties hereto with the effect that this Amendment, shall control with respect to the specific subjects hereof and thereof.

**7. Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of Minnesota.

**8. Counterparts.** This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and all of which counterparts of this Amendment when taken together, shall constitute one and the same instrument.

---

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed and attested to by their duly authorized officers as of the day and year written.

FRONTIER AIRLINES HOLDINGS, INC.

By: /s/ Barry Biffle  
Name: Barry Biffle  
Title: President and CEO  
Date: April 16, 2018

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Brett L. Turner  
Name: Brett L Turner  
Title: Its Authorized Representative  
Date: 5/1/2018

ELAVON CANADA COMPANY

By: /s/ Brett L. Turner  
Name: Brett L Turner  
Title: Its Authorized Representative  
Date: 5/1/2018

FRONTIER AIRLINES, INC.

By: /s/ Barry Biffle  
Name: Barry Biffle  
Title: President and CEO  
Date: April 16, 2018

U.S. BANK NATIONAL ASSOCIATION,  
acting through its Canadian branch

By: /s/ Brett L. Turner  
Name: Brett L Turner  
Title: Its Authorized Representative  
Date: 5/1/2018

[Signature Page to Third Omnibus Amendment]

**FEE SCHEDULE**



#### FOURTH OMNIBUS AMENDMENT TO SIGNATORY AGREEMENTS

THIS FOURTH OMNIBUS AMENDMENT TO SIGNATORY AGREEMENTS (this "Amendment") is entered into as of the last date set forth on the signature page hereto, by and among Frontier Airlines Holdings, Inc. ("Holdings"), Frontier Airlines, Inc. ("Frontier" and together with Holdings, "Carrier"), U.S. Bank National Association, a national banking organization, ("U.S. Bank"), U.S. Bank National Association acting through its Canadian branch, ("U.S. Bank Canada"), and Elavon Canada Company ("Elavon Canada," and together with U.S. Bank and U.S. Bank Canada, the "Members" and each a "Member"). Carrier and the Members shall be collectively referred to as the "Parties" and individually each a "Party".

#### RECITALS

A. Carrier and U.S. Bank are parties to an Amended and Restated Signatory Agreement (U.S. Visa and MasterCard Transactions) dated as of November 5, 2013, as amended by that certain First Omnibus Amendment to Signatory Agreements dated as of March 1, 2016, that certain Second Omnibus Amendment to Signatory Agreements dated as of October 3, 2016, and that certain Third Omnibus Amendment to Signatory Agreements dated as of May 1, 2018 (as the same has been amended and supplemented from time to time, the "U.S. Agreement") pursuant to which U.S. Bank processes certain payments made to Carrier in the United States using Cards (as such term is defined in the U.S. Agreement) bearing the servicemark of Visa U.S.A., Inc., MasterCard International Incorporated or an EFT Network.

B. Carrier, U.S. Bank Canada and Elavon Canada are parties to an Amended and Restated Signatory Agreement (Canadian Transactions) dated as of November 5, 2013, as amended by that certain First Omnibus Amendment to Signatory Agreements dated as of March 1, 2016, that certain Second Omnibus Amendment to Signatory Agreements dated as of October 3, 2016, and that certain Third Omnibus Amendment to Signatory Agreements dated as of May 1, 2018 (as the same has been amended and supplemented from time to time, the "Canadian Agreement" and together with the U.S. Agreement, the "Processing Agreements") pursuant to which U.S. Bank Canada processes certain payments made to Carrier in Canada using Cards bearing the servicemark of Visa U.S.A., Inc., VISA International Inc. or an EFT Network and Elavon Canada processes certain payments made to Carrier in Canada using Cards bearing the servicemark of MasterCard International Incorporated.

C. Carrier and each Member desire to modify certain of the terms set forth in the Processing Agreements and have therefore agreed to enter into this Amendment.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby covenant and agree to be bound as follows:

**1. Capitalized Terms.** Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the applicable Processing Agreement, unless the context shall otherwise require.

**2. Amendments.**

(a) Title. The title of the U.S. Agreement as it appears on the first page thereof is amended and restated to read “Signatory Agreement (U.S. Transactions)”. All references in the Processing Agreements to “Amended and Restated Signatory Agreement (U.S. Visa and Mastercard Transactions)” are amended to state “Amended and Restated Signatory Agreement (U.S. Transactions)”.

(b) Recitals (U.S. Processing Agreement). The second recital of the U.S. Processing Agreement is amended and restated in its entirety to read as follows:

WHEREAS, Member is a member of Visa U.S.A. Inc., MasterCard International and the Discover Network (the “Applicable Card Associations”) and is qualified to enter into contractual relationships with merchants such as Carrier who wish to honor Cards which bear the service marks of the Applicable Card Associations in the United States (the “Applicable Transactions”); and the Applicable Card Associations contemplate that Cards will be issued by financial institutions who are members in the respective systems and that such Cards will be honored by merchants who have signed agreements with member financial institutions;

(c) Recitals (Canadian Processing Agreement). The second recital of the Canadian Processing Agreement is amended and restated in its entirety to read as follows:

WHEREAS, VISA Member is a member of Visa, Inc. and MasterCard Member is a member of MasterCard International, and VISA Member is entitled to process transactions for the Discover Network (collectively, the “Applicable Card Associations”) and each is qualified to enter into contractual relationships with merchants such as Carrier who wish to honor Cards which bear the service marks of the Applicable Card Associations in Canada (the “Applicable Transactions”); and the Applicable Card Associations contemplate that Cards will be issued by financial institutions who are members in the respective systems and that such Cards will be honored by merchants who have signed agreements with member financial institutions;

(d) Processing Services. Section 2 of the Canadian Processing Agreement is amended and restated in its entirety to read as follows:

Section 2. Processing Services. Carrier hereby requests that Member process Applicable Transactions on behalf of Carrier and provide the services described in this Agreement, and Member agrees to process, or cause to be processed, the Applicable Transactions and provide such services, or cause them to be provided, in compliance with the terms and conditions of this Agreement,

the Operating Regulations and applicable requirements of law. For the avoidance of doubt, VISA Member shall serve as the “Member” for all VISA Transactions and Discover Network Transactions and MasterCard Member shall serve as “Member” for all MasterCard Transactions and each reference to “Member” in this Signatory Agreement, the MTOS, the Fee Schedule, and the Exposure Protection Schedule shall be interpreted in such context.

(e) Exclusivity. Section 7 of the Canadian Processing Agreement is amended and restated in its entirety to read as follows:

Section 7. Exclusivity. During the term of this Agreement, VISA Member retains the exclusive right to process all VISA Transactions and Discover Network Transactions in Canada other than any on-board sales and MasterCard Member retains the exclusive right to process all MasterCard Transactions in Canada other than any on-board sales. Submission of Transactions and payment from any location must be handled in compliance with all applicable government laws, rules and regulations. Notwithstanding the foregoing, in the event that Member (i) declares the occurrence of a General Triggering Event under subsections (b), (c) or (d) of the definition of a General Triggering Event (as defined in the Exposure Protection Schedule) and (ii) requires as a result thereof that the Aggregate Protection be in an amount greater than [\*\*\*], then commencing [\*\*\*] thereafter, Carrier shall not be bound by the exclusivity limitations set forth in the preceding sentence.

(f) Term. Section 10 of the Signatory Agreement to each Processing Agreement is amended and restated in its entirety to read as follows:

Section 10. Term. This Agreement shall become effective as of the Effective Date and continue in effect until April 1, 2023 (unless earlier terminated pursuant to Section 15 of the MTOS), and shall automatically renew for one term of two years thereafter and thereafter successive terms of one year unless either party provides written notice to the other no later than forty five (45) days prior to the end of the then current term of its determination to terminate this Agreement, in which case the Agreement shall terminate as of the expiration of the then current term.

(g) MTOS – Credit Card Associations. The definition of “Credit Card Associations” in Section 1.1 of the MTOS attached as Exhibit A to each Processing Agreement is amended and restated in its entirety to read as follows:

Credit Card Associations — Visa U.S.A. Inc., Visa International, Inc., MasterCard International Incorporated, the Discover Network, and any other national card association that may in the future be designated by mutual agreement of the Member and Carrier.

(h) MTOS – Discover Network. Section 1.1 of the MTOS attached as Exhibit A to each Processing Agreement is amended by inserting the definition of “Discover Network” in appropriate alphabetical order therein, to read in its entirety as follows:

Discover Network – The payment network operated and maintained by DFS Services LLC, which network shall include for the avoidance of doubt, Cards bearing the servicemarks of Discover and/or Diners Club International.

(i) MTOS – Honoring Cards. Section 3.1(a) of each MTOS attached as Exhibit A [to each Processing Agreement] is amended and restated in its entirety to read as follows:

3.1 (a) In the case of Transactions transacted in U.S. dollars under the Signatory Agreement between Carrier and Member, Carrier may choose to accept (i) only the consumer credit/business credit products of Visa and/or MasterCard and/or the Discover Network; (ii) only the consumer debit/prepaid products of Visa and/or MasterCard and/or the Discover Network; or (iii) both the consumer credit/business credit products and consumer debit/prepaid products of Visa and/or MasterCard and/or the Discover Network. Carrier must indicate in writing its decision to accept a limited category of products at the time of entry into this Agreement. If Carrier chooses to accept only one of the categories of products but later submits a Transaction outside of the selected category, Member is not required to reject the Transaction and Carrier will be charged standard fees and expenses for that category of products. Further, if Carrier chooses a limited acceptance option, it must still honor all international cards presented for payment. If Carrier decides to implement a limited acceptance policy, it shall display appropriate signage to communicate that policy to Cardholders. Except as may be permitted by applicable local law and Operating Regulations, Carrier will not impose a surcharge for purchases made with the Card nor shall Carrier establish minimum or maximum transaction amounts as a condition for honoring Cards.

(j) MTOS – Security Measures. Section 3.14(a) of each MTOS attached as Exhibit A to each Processing Agreement is amended and restated in its entirety to read as follows:

(a) Carrier acknowledges that in order to accept and process CNP Transactions, Carrier must (i) implement and adhere to security measures designed to ensure secure transmission of the data provided by the Cardholder in purchasing Travel Costs and effecting payment over the internet as required by the applicable Operating Regulations and applicable requirements of law; (ii) where possible, verify the address of the Cardholder via AVS; (iii) at any time when Carrier participates in Verified by Visa, MasterCard Secure Code, or Discover ProtectBuy requirements, Carrier shall provide to Member the data elements included in such requirements; and (iv) ensure that, to the extent that the Carrier Website is hosted by an ISP, the ISP meets the minimum security measures and technology requirements.

(k) Fee Schedule. The Fee Schedule attached as Schedule 2 to each Processing Agreement is amended and restated in its entirety in the form attached hereto as Exhibit A.

(l) Exposure Protection. The definition of "Required Amount" in the Exposure Protection Schedule attached to each Processing Agreement is amended and restated in its entirety to read as follows:

Required Amount – The amount of the Aggregate Protection to be maintained under this Agreement which shall be equal to:

- (a) so long as no General Triggering Event or Performance Triggering Event has occurred and is continuing, the Required Amount shall be [\*\*\*].
- (b) if a Performance Triggering Event has occurred and no General Triggering Event has occurred, the Required Amount shall be determined based upon the chart set forth below

<u>Unrestricted Cash Amount based upon monthly reporting</u>	<u>Required Amount as a Percentage of Gross Exposure</u>
[***]	[***]
[***]	[***]
[***]	[***]

- (c) during the continuance of any General Triggering Event, the Required Amount shall be equal to [\*\*\*].

**3. Representations and Warranties of Carrier.** Carrier hereby represents and warrants to Members that on and as of the date hereof and after giving effect to this Amendment:

(a) Carrier has the power and legal right and authority to enter into this Amendment and has duly authorized as appropriate the execution and delivery of this Amendment and none of the agreements contained herein contravene or constitute a default under any agreement, instrument or indenture to which Carrier is a party or a signatory or a provision of Carrier's organizational documents or, to the best of Carrier's knowledge, any other agreement or requirement of law, or result in the imposition of any lien on any of its property under any agreement binding on or applicable to Carrier or any of its property except, if any, in favor of Members.

(b) Carrier is duly organized and in good standing under the laws of the jurisdiction of its organization and is qualified to do business in each jurisdiction where the nature of its activities or the character of its properties makes such qualification necessary or desirable and the failure to so qualify would have a material adverse effect on the assets or operations of a Carrier.

(c) Upon the effective date of this Amendment, this Amendment and the Processing Agreement, as modified hereby, will constitute the legal, valid and binding obligations of Carrier enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and to the exercise of judicial discretion in accordance with general principles of equity.

**4. Representations and Warranties of Members.** Each Member represents and warrants to Carrier that (i) it has full and complete power and authority to enter into and perform under this Amendment, (ii) it has obtained, and there remain in effect, all necessary licenses, resolutions and filings which are necessary for it to perform its obligations under this Amendment and (iii) upon the effective date of this Amendment, this Amendment and the applicable Processing Agreement, as supplemented and amended hereby, will constitute the legal, valid and binding obligations of the Member enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and to the exercise of judicial discretion in accordance with general principles of equity.

**5. Ratification of Processing Agreement; Acknowledgment.** Except as expressly modified under this Amendment, all of the terms, conditions, provisions, agreements, requirements, promises, obligations, duties, covenants and representations of Carrier and Members, respectively, under the applicable Processing Agreement are hereby ratified by Carrier and Members, respectively. All references contained in the applicable Processing Agreement and the Schedules thereto to "Agreement" shall mean the Processing Agreement as supplemented and amended hereby.

**6. Merger and Integration, Superseding Effect.** This Amendment, from and after the date hereof, embodies the entire agreement and understanding between the parties hereto, and supersedes and has merged into it all prior oral and written agreements, on the same subjects by and between the parties hereto with the effect that this Amendment, shall control with respect to the specific subjects hereof and thereof.

**7. Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of Minnesota.

**8. Counterparts.** This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and all of which counterparts of this Amendment when taken together, shall constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

**FEE SCHEDULE**

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed and attested to by their duly authorized officers as of the day and year written.

FRONTIER AIRLINES HOLDINGS, INC.

By: /s/ Howard Diamond  
Name: Howard Diamond  
Title: General Counsel  
Date: March 31, 2020

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond  
Name: Howard Diamond  
Title: General Counsel  
Date: March 31, 2020

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Brett L. Turner  
Name: Brett L Turner  
Title: Its Authorized Representative  
Date: 4/1/20

U.S. BANK NATIONAL ASSOCIATION,  
acting through its Canadian branch

By: /s/ Brett L. Turner  
Name: Brett L Turner  
Title: Its Authorized Representative  
Date: 4/1/20

ELAVON CANADA COMPANY

By: /s/ Brett L. Turner  
Name: Brett L Turner  
Title: Its Authorized Representative  
Date: 4/1/20

[Signature Page to Fourth Omnibus Amendment]





**RATE PER FLIGHT HOUR AGREEMENT**  
**FOR**  
**CFM56-5B ENGINE SHOP MAINTENANCE SERVICES**  
**BETWEEN**  
**CFM INTERNATIONAL, INC.**  
**AND**  
**FRONTIER AIRLINES, INC.**

Service Agreement Number: 1-0000001328  
Date:

**This proposal is valid for written acceptance by Customer until July 30, 2015 but may be withdrawn by CFM International Inc. at any time prior thereto without any reason, and before Customer's written acceptance has been received by CFM International Inc.**

*PROPRIETARY INFORMATION NOTICE*

*The information contained in this document is CFM Proprietary Information and is disclosed in confidence. It is the property of CFM and will not be used, disclosed to others or reproduced without the express written consent of CFM. If consent is given for reproduction in whole or in part, this notice and the notice set forth on each page of this document will appear in any such reproduction. Export control laws may also control the information contained in this document. Unauthorized export or re-export is prohibited.*

V01052015



## TABLE OF CONTENTS

<b>1. DEFINITIONS</b>	<b>3</b>
<b>2. SCOPE OF THE SERVICE AGREEMENT</b>	<b>3</b>
<b>3. TERM OF THE SERVICE AGREEMENT</b>	<b>3</b>
<b>4. ENGINES AND OPERATING PARAMETERS</b>	<b>3</b>
<b>5. CFM SERVICE PROGRAM</b>	<b>4</b>
5.1 COVERED SERVICES	4
5.2 SUPPLEMENTAL SERVICES	6
<b>6. ENGINE SHOP VISIT</b>	<b>7</b>
6.1 CFM FULFILMENT	7
6.2 PROCEDURE	7
6.3 WORKSCOPE	8
6.4 TITLE AND RISK OF LOSS TO PARTS OR MATERIAL	9
6.5 ENGINE CONFIGURATION	9
<b>7. PRICES</b>	<b>9</b>
7.1 COVERED SERVICES PRICING	9
7.2 SUPPLEMENTAL SERVICES PRICING	11
7.3 SERVICE CREDITS	11
7.4 CROSS DEFAULT AND CROSS COLLATERALIZATION	11
<b>8. INVOICING AND PAYMENT TERMS</b>	<b>11</b>
8.1 INVOICING FOR POPULAR AND RESTORED RATE SERVICES	11
8.2 INVOICING FOR SUPPLEMENTAL SERVICES	11
8.3 PAYMENT TERMS	11
<b>9. WARRANTY AND LIMITATION OF LIABILITY</b>	<b>12</b>
9.1 WORKMANSHIP WARRANTIES	12
9.2 ASSIGNMENT OF WARRANTIES	13
9.3 PRE-EXISTING WARRANTIES	13
9.4 SUPERSEDING WARRANTIES	13
<b>10. DELIVERY – REDELIVERY</b>	<b>14</b>
10.1 DELIVERY	14
10.2 PACKAGING	14
10.3 SHIPPING STANDS	14
10.4 REDELIVERY	14
<b>11. TURN AROUND TIME</b>	<b>14</b>
11.1 QUALIFIED SHOP VISITS	14
11.2 SUPPLEMENTAL SERVICES	15
11.3 TURN AROUND TIME REMEDY	15
<b>12. ADDITION TO/ REMOVAL FROM SERVICE AGREEMENT</b>	<b>15</b>
12.1 ADDITION OF ENGINES	15
12.2 REMOVAL OF ENGINES	15
12.3 EFH MINIMUM	16
<b>13. COMMUNICATION</b>	<b>17</b>
<b>14. GENERAL TERMS AND CONDITIONS</b>	<b>17</b>



**THIS RATE PER FLIGHT HOUR AGREEMENT FOR ENGINE SHOP MAINTENANCE SERVICES** (this "Service Agreement") is made this 29th day of August, 2017, (the "Date of Execution") by and between CFM International, Inc. a (hereinafter referred to as ("CFM"), a corporation organized under the laws of New York, and jointly owned by the General Electric Company, a New York corporation (hereinafter referred to as ("GE") and SAFRAN Aircraft Engines, a French company (hereinafter referred to as ("SAFRAN") and Frontier Airlines, Inc., a corporation organized under the laws of Colorado (hereinafter referred to as ("Customer") having a principal place of business at 7001 Tower Road, Denver, Colorado 80249, United States of America. CFM and Customer are also referred to in this Service Agreement as the "Parties" or individually as a "Party".

**WHEREAS**, Customer desires to enter into a service agreement with CFM whereby CFM will perform or cause to be performed the maintenance, repair, and overhaul ("MRO") of certain CFM56-5B engines operated by Customer and CFM desires to provide such MRO services to Customer; and

**WHEREAS**, the Parties desire to evidence such agreement as provided below.



**NOW THEREFORE**, in consideration of the mutual covenants herein contained, the Parties agree as follows:

**1 DEFINITIONS**

Capitalized terms used in this Service Agreement and not otherwise defined have the meanings set forth in Exhibit A.

**2 SCOPE OF THE SERVICE AGREEMENT**

This Service Agreement contains the terms and conditions applicable to the sale by CFM and the purchase by Customer of the CFM Service Program.

CFM will provide the Covered Services on the basis of a combination of a Popular Rate and a Restored Rate per Engine Flight Hour covering each Engine during the Term (as defined below).

CFM will provide non-Covered Services on a Supplemental Services basis during the Term.

During the Term of this Service Agreement, CFM shall be the exclusive provider of the CFM Service Program (as outlined in Article 5 herein) and Engine Parts. For clarity of the foregoing exclusivity clause, the Covered Services and Supplemental Services described herein are not intended to include any on-wing maintenance or line maintenance to an Engine, including [\*\*\*]. Instead, such clause is intended to only apply to Covered Services.

**3 TERM OF THE SERVICE AGREEMENT**

The Term of this Service Agreement will commence on the first Installed Engine Entry Into Service date (the "Commencement Date").

Each Installed Engine will be covered by this Service Agreement for the period beginning on the Engine's Entry Into Service and ending after a period of [\*\*\*] for each CFM56-5B3 rated Engine and a period of [\*\*\*] for any CFM56-5B4 Engine (with respect to each Engine, its "Coverage Period"). The Term for each Engine shall apply based on the Engine thrust at Entry into Service except for the case of the firm Spare Engine #3 to be upgraded to CFM56-5B3 by [\*\*\*].

Spare Engines per Exhibit B shall be eligible for Services under this Service Agreement from the date on which each Spare Engine is delivered to Customer by CFM until the date on which the Term expires for the last Installed Engine operated at the as-delivered Spare Engine thrust within its respective Group (I, II, or III).

This Service Agreement will continue, unless sooner terminated as provided herein, for a period ending on the earlier to occur of the completion of the Coverage Period described above or ,February 28, 2030 (the "Term").

**4 ENGINES AND OPERATING PARAMETERS**

The Engines eligible to be covered by this Service Agreement are defined in Exhibit B. [\*\*\*].

The Service Agreement is based on the Engine delivery schedule Engine quantities, operating parameters, the assumption that the Engines will be operated primarily in North America and other listed factors [\*\*\*].



## 5 **CFM SERVICE PROGRAM**

### 5.1 Covered Services

#### 5.1.1 Qualified Shop Visits

A Qualified Shop Visit is any maintenance or repair of an Engine that cannot be performed on-wing, as determined by CFM, in order to:

- a. Correct a deficiency or performance deterioration which has created an Unserviceable condition according to criteria defined in the Aircraft Maintenance Manual (“AMM”), and/or the Fault Isolation Manual (“FIM”), and/or the Troubleshooting Manual (“TSM”) and/or CFM Service Bulletins,
- b. Comply with an Airworthiness Directive (“AD”) issued by the FAA or EASA, which is related to a CFM approved Part or Repair,
- c. Install LLP due to Life Expiration. Residual life on LLP shall not be higher than [\*\*\*]; however, CFM may perform the Qualified Shop Visit sooner than [\*\*\*] remaining on a case by case basis based on Customer’s operational constraints if appropriate commercial arrangements are agreed to by the Parties in advance of the Engine removal.
- d. Comply with a written recommendation of the CFM Program Manager.
- e. [\*\*\*].

The shop visit of an Engine Delivered by Customer against or without the advice and consent of the CFM Program Manager or his delegate (as defined in CFM’s procedures manual) may not be considered a Qualified Shop Visit, and the shop visit may be charged to Customer as Supplemental Services, if after Delivery of the Engine CFM determines the Engine does not qualify for a QSV as set forth in this Service Agreement. CFM shall provide 24x7 support through CFM’s Customer Support Center for providing technical support, trouble shooting and consent by the CFM Program Manager or his delegate (as defined and prescribed in CFM’s procedures manual). Furthermore, for a shop visit to be a Qualified Shop Visit, the Customer must comply with CFM’s and AMM’s recommended on-wing maintenance guides specifically including any requirements for a core water wash program as directed by the CFM Program Manager, and compliance with on-wing maintenance and troubleshooting per CFM’s and the AMM’s written recommendations.

#### **The Covered Services for a Qualified Shop Visit include:**

- a. All labor, replacement material, material handling charges and any vendor fees required to perform Engine reconditioning and repair to return a Serviceable Engine to Customer,
- b. Engine testing, oil and fuel,
- c. Incorporation of Airworthiness Directives issued by the AAA which are related to a CFM approved Part or Repair, and CFM published category 1 through 6 Service Bulletins,
- d. Inspection, repair and replacement of Life Limited Parts,
- e. Removal, visual inspection, repair if non-Serviceable (up to the BER value), and reinstallation of the LRUs set forth in Exhibit F that are removed from the Engine for access reasons,
- f. Removal, visual inspection and reinstallation, if serviceable, of neutral Quick Engine Change (“QEC”) components,
- g. [\*\*\*],
- h. [\*\*\*],
- i. [\*\*\*]



### 5.1.2 Transportation

[\*\*\*]. For avoidance of doubt, risk of loss shall pass in accordance with the definitions of Delivery and Redelivery. Transportation costs for shipment of parts and components during the course of a shop visit are covered by CFM [\*\*\*].

### 5.1.3 Engine Management Services and Diagnostic Services

CFM will provide the following diagnostics services:

- a. Engine condition data will be automatically processed by diagnostics software 24 hours a Day, 7 Days a week (“24x7”) when received at the designated CFM facility. CFM will be responsible for operating and maintaining the diagnostics software and the necessary facilities. Customer shall have access to the CFM Customer Web Center web-based tools for reviewing Engine condition data and assessing Engine health.
- b. Customer Notification Reports (“CNR”) for Engine condition monitoring trend shift observation, including engineering review, analysis, and recommendations will be provided to Customer, as required, on a 24x7 basis.
- c. Monthly Engine thrust derate report.
- d. Access to diagnostics engineers for Engine diagnostic support and consultation as required.
- e. Periodic teleconference to review reports and program status.
- f. Weekly Engine health trend summary and analysis reports.

Customer acknowledges and agrees that any such information provided to Customer by CFM for use in troubleshooting and managing operations is advisory only, and that CFM is not responsible for line maintenance or other actions or consequences resulting from such advice, and that Customer is solely responsible for identifying and resolving any aircraft or Engine faults or adverse trends.

### 5.1.4 Continuous Engine Operational Data

To the extent Customer is not restricted by contract or regulation, Customer shall provide CFM with access to Continuous Engine Operational Data (CEOD) on a monthly basis, unless the Aircraft is modified with wireless/remote data transmission capabilities, in which case Customer agrees to provide CEOD on a daily, weekly, or monthly basis as applicable. CFM agrees to protect CEOD from unauthorized use or unauthorized or accidental disclosure in by the exercise of the same degree of care as it employs to protect its own information of a like nature. Subject to the foregoing, any CEOD may be used by CFM, its parent companies and affiliates for internal purposes including: 1) technical fleet and engine analysis, and 2) development of and improvements to CFM products and services, provided that the parent companies and affiliates of CFM are subject to the same confidentiality obligations as CFM. Notwithstanding any provision to the contrary, it is expressly understood and agreed that any Derivative Data generated by CFM is and will remain the property of CFM.



Customer's failure to provide CEOD, with the exception of mechanical or telecommunication failures outside Customer's control, may result in denial of a Qualified Shop Visit if in CFM's opinion such data could have prevented an Engine removal or minimized the Workscope required.

5.1.5 [\*\*\*]

## 5.2 Supplemental Services

- a) Any and all Services not specifically included as Popular/Restored Rate per Engine Flight Hour Services,
- b) Any Services provided for during an Engine shop visit that is not a Qualified Shop Visit.
- c) Any service required as a consequence of non-compliance with CFM's on-wing maintenance and troubleshooting recommendations. [\*\*\*].
- d) Any labor, material, material handling charges to repair or replace any QEC, or any Service Bulletin related to QEC.
- e) Any material, material handling charges and any fees associated with the replacement of LRUs (it being agreed that Customer shall have the right to provide new and/or used serviceable parts for installation into the Engine by CFM during any Supplemental Services),
- f) Incorporation of Airworthiness Directives issued by the AAA which are related to a non-CFM approved Part or Repair, and CFM published Service Bulletins beyond Category 6 Service Bulletins.
- g) Any correction of Major FOD [\*\*\*],
- h) Any labor, material, material handling charges and any fees to repair or replace an out of warranty [\*\*\*].
- i) Any labor, material, material handling charges and any fees associated with upgrade programs or conversion to another thrust rating,
- j) Services required as a result of:
  - i. An Aircraft Accident or Aircraft Incident,
  - ii. An Act of God, military action or terrorist activity, either directly or indirectly,
  - iii. Improper or negligent installation, operation, removal, storage or maintenance of an Engine not in conformance with the AMM or CFM manuals unless such improper or negligent act was performed by CFM,
  - iv. Experimental test applied to the Engine, unless performed by CFM,
  - v. The use of a non-CFM approved LRU, part or repair,
  - vi. [\*\*\*].
  - vii. Operations of the Aircraft/Engines not in accordance with the AFM



- k) Maintenance or repair of Engine transportation stands and container.

Supplemental Services will be charged in accordance with Article 7.2. Customer shall have the right to approve any Supplemental Services, such approval to not be unreasonably delayed, in writing prior to commencement of work.

## 6 **ENGINE SHOP VISIT**

### 6.1 CFM Fulfilment

CFM may, at CFM's sole discretion, delegate to or purchase from any CFM Designated Repair Station, part or all of any obligation, right or benefit of CFM for the performance of the CFM Service Program in conformance with the Repair Specification.

A CFM Designated Repair Station must be on Customer's Op Spec before CFM can require that Customer ship an Engine to the Designated Repair Station for repair or maintenance under this Service Agreement. CFM will provide Customer with all reasonably requested information on each Designated Repair Station and allow Customer reasonable access and reasonable time taking into consideration Customer's operational constraints after CFM requests Customer to add such Designated Repair Station to Customer's Op Spec) to such facilities to perform its duties as the airline operator certificate holder to add a Designated Repair Station to Customer's Op Spec.

The CFM Designated Repair Station shall be any of overhaul facilities as set forth in Exhibit H. Customer shall maintain approvals and qualifications at both GE Engine Services and SAFRAN facilities. CFM reserves the right at any time to change the DRS. Should CFM change the DRS, Customer's obligations under this Service Agreement, including transportation expenses, will be no greater than if such Services were performed at the Original DRS.

### 6.2 Procedure

- a) Customer shall Deliver the Engine to the CFM Designated Repair Station.
- b) Customer shall issue a purchase order to CFM and, to the extent CFM accepts the purchase order, which acceptance shall not be unreasonably withheld or delayed, CFM shall process the performance of the Services in accordance with the Customer requirements specified in such purchase order, provided that, in any event, the terms and conditions of this Service Agreement shall take precedence over any terms and conditions set forth on such purchase order.
- c) Customer shall provide all applicable Engine records, as required by the AAA or as reasonably requested by CFM, and the shop visit data listed in Exhibit C.
- d) Following Delivery of each Engine at the CFM Designated Repair Station, together with the documents described in Paragraphs (b), and (c) above, CFM shall perform a visual inspection of the Engine, including its QEC, and perform or cause to be performed the Induction of the Engine and shall proceed with the Services requested by such purchase order in accordance with Paragraph (b) above.
- e) CFM will inform Customer as to whether the shop visit meets the criteria for a Qualified Shop Visit within a commercially reasonable period of time.
- f) Upon Delivery, CFM will notify Customer of any components or LRU's missing from the Engine. CFM will at Customer's election (a) replace such missing items at Customer's expense as Supplemental Services, unless (i) Customer notifies CFM in writing within [\*\*\*] after receiving CFM's notice that Customer wishes to furnish such missing items; and (ii) Customer delivers such missing items to the CFM Designated Repair Station within [\*\*\*], or (b) allow Customer to retrieve the Engine with missing items as mutually agreed to by the Parties.





- g) CFM shall Redeliver a Serviceable Engine to Customer.
- h) CFM will prepare and package the Serviceable Engine in shipping stands or containers provided by Customer at the time of Delivery in accordance with CFM's standard commercial practices.
- i) CFM shall provide Customer with copies of all work records required by AAA as agreed to in writing by CFM and Customer. Such work records shall at a minimum include (i) delivery of a mini pack of records to Customer at the time of return of the Engine to Customer and (ii) delivery to Customer within [\*\*\*] of the date of the return of the Engine to Customer of the full package of work records.

### 6.3 Workscope

For each Qualified Shop Visit, CFM will develop a Workscope based on Customer's Repair Specification, including CFM recommended Service Bulletins for that specific Workscope. CFM shall charge Customer for any additional work requirements requested by Customer, which exceed the Workscope defined by CFM, as Supplemental Services.

LLP Minimum Build will be [\*\*\*], and any LLP which do not meet such Minimum Build shall be replaced. Each LLP replaced in the Engine as part of Covered Services shall be replaced with a new LLP manufactured by CFM.

Customer acknowledges that CFM does not have information regarding non-CFM approved material and repairs and their design characteristics, manufacturing, material or any potential system effects arising from their use and maintenance. Customer further acknowledges that CFM, as the OEM of the Engine, only has knowledge and expertise on the components and repairs CFM has developed within the whole Engine, taking into account the system effects environment and continued airworthiness support.

Accordingly, Customer recognizes and agrees that CFM is not able to make technical assessments or recommendations with respect to non-CFM approved material and repairs, nor support or maintain such materials or repairs. The terms and conditions of the Services reflected in the present Service Agreement are predicated on CFM's capabilities as described above.

Non-CFM Parts and Repairs. In the event that non-Type Certificate Holder ("TCH") approved material or repairs are exposed during the shop visit, CFM will replace, on a Supplemental Services basis, with TCH-approved hardware based on current CFM policies and procedures. Customer will be notified of the disposition. LLP hardware operated with influencing non-TCH materials or repairs per Chapter 5 of the appropriate CFM approved shop manual will be considered influenced by unknown operational conditions and replacement will be made by CFM. Any resulting adverse effects to Engine TAT at the shop will be mutually agreed, and the original TAT (if any) will be increased by the agreed Days. Non-TCH approved material or repairs that are not exposed during a shop visit may remain in an Engine at CFM's discretion, with prior consultation with Customer. If, however, these and any other Non-TCH approved materials or repairs, or LLP hardware operated with influencing non-TCH materials or repairs, cause an Unserviceable condition or Engine removal, the shop visit will not be considered a Qualified Shop Visit and the costs associated with such events will not be covered by the warranties provided in this Service Agreement.



Engines already qualified for the TRUEngine program that are maintained under this Service Agreement will maintain their TRUEngine status. Other engines added to the Service Agreement will be added to the TRUEngine program upon meeting qualification requirements as the result of Services and inspections performed during this Service Agreement.

CFM may, at its option, propose to Customer the replacement of an Engine with a new or used engine for either program or commercial reasons in lieu of performing a Qualified Shop Visit. Any such replacement engine shall be in a similar or higher configuration as the removed Engine and will enter the Services Agreement as a replacement for the removed Engine. No Reconciliation shall be required.

#### 6.4 Title and Risk of Loss to Parts or Material

CFM furnished parts and material incorporated into an Engine will be deemed to have been sold to Customer and title to such parts and material will pass to Customer upon incorporation into such Engine. Risk of loss or damage to such parts and material will pass to Customer upon Redelivery of the Engine.

For parts replaced under Covered Services or parts replaced by Rotable parts, title to and risk of loss of any parts (including LLP and Repairable parts) removed from the Engine that are replaced by other parts will pass to CFM upon incorporation of replacement parts into the Engine.

For Parts not covered by Rate Per Flight Hour Services (Supplemental Services), Customer shall retain title to any scrapped parts removed from the Engine that are replaced by other parts. Parts shall be held at the CFM DRS for [\*\*\*] for the Customer to review and/or retrieve. After such period, any Parts not retrieved by Customer shall become CFM property.

#### 6.5 Engine Configuration

Customer shall Deliver the Engine to the CFM Designated Repair Station in a basic engine configuration, equipped with the LRUs listed in Exhibit F. CFM shall Redeliver the Engine in the same basic engine configuration.

In the event an Engine is Delivered with parts or components or QEC equipment in addition to the basic configuration, such Engine shall be Redelivered in the same configuration as Delivered, unless otherwise mutually agreed by the Parties. Any work performed to return such parts or components or QEC equipment in a Serviceable condition will be charged to Customer as Supplemental Services.

CFM may elect to use used Rotable Parts, and/or repaired parts in Serviceable condition in Engines Redelivered to Customer, and such Rotable Parts, and/or repaired parts will be a CFM part of similar configuration as the parts in the Engine Delivered to CFM. Notwithstanding the foregoing, CFM shall not replace any used Rotable Part or repaired part with a part that has more hours or cycles than the replaced part and in each instance Customer must approve the installation of any used Rotable Part or Part to be installed in an Engine.

### 7 **PRICES**

#### 7.1 Covered Services Pricing

CFM will charge Customer for the Covered Services:

- a. [\*\*\*]
- b. [\*\*\*]



c. [\*\*\*]

<u>Covered Services Rate</u>	<u>Rate per EFH [***]</u>	
	<u>CFM56-5B3/3B1</u>	<u>CFM56-5B4</u>
Popular Rate	[***]	[***]
Restored Rate	[***]	[***]

Using the data provided as per Article 8.1, CFM will determine the average flight leg, annualized utilization, and derate parameters for the previous month for the fleet. The current escalated Popular Rate for the fleet will be adjusted in accordance with the table in Exhibit D, on a monthly basis, depending on the previous month's actual average operating parameters for the fleet. This rate, multiplied by the total monthly EFH for the fleet will be provided to the Customer in the monthly invoice as per Article 8.1.

In the event that Customer's actual monthly average operating parameters are outside of the limits provided in Exhibit D, CFM will expand the table in Exhibit D and may adjust the Popular Rate in accordance with Customer's actual average operating parameters.

Using the data provided as per Article 8.1, CFM will determine the average flight leg, annualized utilization, and derate parameters for the Engine undergoing Services at the time of each Qualified Shop Visit. The Restored Rate shall adjust, as set forth in Exhibit D, for each Qualified Shop Visit depending on the Engine's actual average operating parameters calculated for the period from Commencement Date, Entry Into Service or the previous Qualified Shop Visit whichever occurs last through the Current Qualified Shop Visit.

In the event that any Customer Engine's actual average flight leg, annualized utilization, and derate parameters are outside of the limits provided in Exhibit D at a Qualified Shop Visit, CFM will expand the table in Exhibit D and may adjust the Restored Rate.

The Popular and Restored Rates per Engine Flight Hour are predicated on the parameters as defined in Exhibit B, such as delivery schedule, Engine quantities, location of Main Area of Operation and other factors such as [\*\*\*].

In case of any change in any parameter as defined in Exhibit B such as delivery schedule, Engine quantities, location of Main Area of Operation or other factors such as [\*\*\*] the above mentioned rates may be adjusted accordingly by CFM.

In order to facilitate implementation and administration of the CFM Service Program, Customer shall promptly provide such data and records on a monthly basis, including but not limited to times since new, cycles since new and average derate for each engine serial number and provide the CFM Program Manager or his delegate reasonable access to such records for inspection or audit.



The Popular Rate and Restored Rate shall escalate on an annual basis in accordance with the formula set forth in Exhibit E.

#### 7.2 Supplemental Services Pricing

CFM will charge Customer for Supplemental Services in accordance with the pricing set forth in Exhibit G. The pricing for Supplemental Services shall escalate on an annual basis in accordance with the formula set forth in Exhibit G.

#### 7.3 [\*\*\*]

[\*\*\*]

#### 7.4 Cross Default and Cross Collateralization

Each of the Spare Engines sold to Customer along with the associated lien placed upon each of them and all other obligations required by Customer in this Service Agreement shall be cross collateralized and cross defaulted to each other and to all current and future obligations owed by Customer to any of CFM and/or its affiliates.

### 8 **INVOICING AND PAYMENT TERMS**

#### 8.1 Invoicing for Popular and Restored Rate Services

No later than the [\*\*\*] of each month, Customer will provide to CFM the time since new, cycles since new and average derate for each Engine serial number. CFM will provide Customer an invoice no later than the [\*\*\*] of the month for the prior month for Services covered under a Popular Rate. In addition, for Services covered and invoiced under a Restored Rate per Article 7.1 above, CFM shall issue a Restored Rate invoice to Customer not later than Engine Induction into DRS at the time of a Qualified Shop Visit.

#### 8.2 Invoicing for Supplemental Services

CFM will invoice Customer for Supplemental Services as follows:

##### 8.2.1 Initial Invoice

CFM will issue an initial invoice to Customer within [\*\*\*] after Induction of the Engine for [\*\*\*] of the estimated prices for Supplemental Services.

##### 8.2.2 Final Invoice

Following Redelivery, CFM will issue a final invoice to Customer based on the actual charges to complete the Supplemental Services. Such invoice will be reconciled with the initial invoice and Customer's payment.

#### 8.3 Payment terms

Customer will pay all invoices, including the initial invoice for Supplemental Services, within [\*\*\*] from the date of the invoice. Prior to Engine redelivery to Customer all invoices for Supplemental Services issued shall be paid. All payments shall be transmitted electronically to CFM's bank account as indicated on the invoice. Payment shall be effective upon receipt thereof.

Should Customer fail to make any payment when due, CFM may charge a fee for late payment at a rate equal to the [\*\*\*]. Payments will be applied to any late payment fees then to the oldest outstanding amounts in order of succession. If Customer fails to make any payment, which is not the subject of a



good faith dispute, when due, and does not cure such failure within [\*\*\*] of such due date, CFM may terminate or suspend performance of all or any portion of this Service Agreement. In the event Customer's account becomes delinquent (excluding amounts in good faith dispute with CFM) or Customer's credit status with CFM negatively changes, different terms of payment or other commercially acceptable assurances of payment may be applied.

In the event of a bona fide dispute regarding any the amount to be paid pursuant to any invoice, or any portion thereof, Customer shall within [\*\*\*] of receipt of such invoice give written notice to CFM of such disputed invoice, or dispute portion thereof, together with reasonable substantiation of such dispute and any supporting documentation. CFM and Customer shall use their respective best efforts and allocate sufficient resources to resolve such dispute within [\*\*\*] or as soon as practicable thereafter. In the event the Parties fail to resolve any such dispute invoice within such period, the dispute shall be resolved by designating senior managers to reach a resolution. Upon resolution, CFM shall credit Customer, or Customer shall pay to CFM, as applicable, settled amount of the disputed portion of the invoice within [\*\*\*]. For clarification, Customer shall be required to pay the undisputed portion of any invoice in accordance with the payment terms for undisputed invoices set forth in this Service Agreement. To the extent Customer complies with the requirements of this Article, CFM shall not charge a fee for late payment, as set forth above, during that period of time such amount is disputed by the Parties.

## **9 WARRANTY AND LIMITATION OF LIABILITY**

For this Article 9, the term "CFM" shall be deemed to include CFM, GE and SAFRAN, the CFM Designated Repair Station and CFM's subsidiaries, assigns, subcontractors, suppliers, Services providers, and their respective directors, officers, employees, and agents.

### 9.1 Workmanship Warranties.

#### 9.1.1 Services Warranty

All Services performed under this Service Agreement shall be free from defects in workmanship.

For Engines repaired and Redelivered within [\*\*\*] preceding expiration of this Service Agreement, if Customer claims a defect in workmanship within either [\*\*\*], and (a) Customer provides written notice to CFM of such defect within [\*\*\*] of its discovery, and (b) Customer ships to CFM the part or component which gives rise to the claim to the facility directed by CFM within [\*\*\*], or, in cases in which shipment is commercially impracticable, makes such part or component reasonably available to CFM's personnel; and (c) CFM reasonably establishes that Customer's claim is correct, CFM will provide or cause to provide, at CFM'S option, one of the following:

- i. Repair or replacement of the Part(s) affected by such defective workmanship, or
- ii. Upon prior written approval from CFM, pay Customer's reasonable direct costs for such repairs, but in no event shall such costs exceed CFM's internal costs of repair (unless prior approval is received from CFM), and
- iii. Reimburse Customer for transportation expenses reasonably incurred and adequately documented by Customer in connection with the warranty claim.

The warranty period for the repaired or replaced workmanship will be the remainder of the original warranty period.



### 9.1.2 Conditions and Limitation of Liability

This Services Warranty is applicable only if: the Engine, following Redelivery, (a) has been transported, stored, installed, operated, handled, maintained and repaired in accordance with the then-current CFM recommendations as stated in AMM or CFM manuals, Airworthiness Directives, Service Bulletins or other relevant written instructions; (b) has not been altered, modified or repaired by anyone other than the CFM Designated Repair Station; and (c) has not been subjected to accident, misuse, abuse or neglect.

Any warranty for Engines or parts, LRU's, components and material thereof, including the design, material or engineering defects of a manufacturer, will be the warranty, if any, of the manufacturer of such Engines or parts, LRU's, components or material thereof.

The foregoing will constitute the sole remedy of Customer and the sole liability of CFM for defective workmanship relative to the Engines. The liability of CFM connected with or resulting from the Services warranty shall not in any event exceed the cost of correcting the defect as provided above, and, upon the expiration of the shortest period described therein, all such liability will terminate. In no event shall CFM be liable for any special, expectation, consequential, incidental, resultant, indirect, punitive or exemplary damages (including loss of use, loss of profit or loss of revenue in connection with the Engines).

**THE SERVICES WARRANTY SET FORTH HEREIN IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES AND GUARANTEES WHETHER WRITTEN, STATUTORY, ORAL OR IMPLIED (INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY IMPLIED WARRANTY ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE).**

### 9.2 Assignment of Warranties

Customer may not assign the Services warranty without CFM's prior written consent. However, notwithstanding the foregoing CFM will consent to a Services warranty assignment to Customer's lessor upon written request, subject to the commercially reasonable terms and conditions of a mutually agreed warranty assignment letter.

### 9.3 Pre-existing Warranties.

Customer will assure that any requested repair of an Engine, accessory or component that is covered under a third party warranty that is not assigned to CFM will be performed directly by that person at no expense to CFM. Notwithstanding the above, CFM may accept a purchase order for the time and material repair of a warranted item from Customer or the person giving the warranty.

### 9.4 Superseding Warranties.

During the Term of this Service Agreement, Customer acknowledges that the obligations undertaken by CFM hereunder supersede the warranties, special guarantees, or other commercial obligations undertaken by CFM applicable to the Engines in any other agreement with Customer, including but not limited to, Customer's General Terms Agreement ("GTA"), as amended from time to time, and any Letter Agreements to the GTA. Customer is no longer eligible for such warranties, special guarantees, or other commercial obligations for the Covered Services which are therefore transferred to CFM, with the exception of:

[\*\*\*]

Upon any termination of this Service Agreement, any superseded warranties, or special guarantees with remaining life will be restored to Customer.



## **10 DELIVERY – REDELIVERY**

### **10.1 Delivery**

All Engines to be Serviced hereunder will be Delivered by Customer to the CFM Designated Repair Station. Customer shall use good faith, commercially reasonable efforts to ship such Engines within [\*\*\*] following removal from the aircraft at maintenance base locations. Customer will use reasonable efforts to ship within [\*\*\*] for outstation removals. Customer will not Deliver piece parts or components for repair separate from Customer's Engine without CFM's written consent.

### **10.2 Packaging**

Customer is responsible for all packaging, labeling and associated documentation of the Engine at Delivery, in accordance with the International Civil Aviation Organizations (ICAO) Technical Instructions for the Safe Transport of Dangerous Goods by Air, and if the Engine is to be transported over the United States of America, the US Department of Transport Regulations 49 CFR 171-180. If required by applicable law or regulations, Customer will further provide a material safety data sheet to CFM at Delivery of the Engine indicating any substances contained within the Engine to be consigned. Customer will indemnify, defend and hold harmless CFM from all or any claims, liabilities, damages, judgments, costs, penalties, fines and/or any punitive damages imposed, alleged, or assessed by any third party against CFM and caused by and to the extent of Customer's non-compliance with this Article 10.2.

### **10.3 Shipping Stands**

Customer will provide and maintain all shipping stands, shipping containers, mounting adapters, inlet plugs and covers, required to package the Engine for Delivery and Redelivery.

### **10.4 Redelivery**

After completion of Services, CFM will prepare and package the Engine for Redelivery to Customer and provide a Services records package that complies with AAA regulations.

Redelivery dates are based upon (i) receipt by CFM of all information necessary to permit CFM to proceed with the Services immediately and without interruption; and (ii) Customer's compliance with the payment terms of this Service Agreement.

In the event Redelivery of an Engine cannot occur due to any act or failure to act by Customer, CFM may place such Engine into storage. In such event, CFM will notify Customer and CFM's Redelivery obligations will be deemed fulfilled and all risk of loss or damage to the Engine shall pass to Customer on the date of such storage. Any amounts payable to CFM upon Redelivery will be payable thirty (30) Days after the date of CFM's invoice. Promptly upon receipt of CFM's invoice, Customer will reimburse CFM for all expenses incurred by CFM, including, but not limited to, preparation for and placement into storage, handling, inspections, preservation and insurance of the Engine. Upon payment of all amounts due hereunder, CFM will assist and cooperate with Customer in the removal of Engine that has been placed in storage.

## **11 TURN AROUND TIME**

### **11.1 Qualified Shop Visits**

For Qualified Shop Visits, CFM will exercise reasonable efforts to meet a Turn Around Time of [\*\*\*]. [\*\*\*] shall be added to the TAT for Engines received with QEC attached. For Engines removed per a mutually agreed planned removal schedule and provided all of the required Engine documentation has been made available by Customer, CFM will induct the Engines on the planned induction date so long as the Engine is received at the DRS [\*\*\*] prior to the planned induction date. Any reasonable delay in obtaining Supplemental Services approval shall not count against the TAT requirement.



For Engines requiring only a top case repair during [\*\*\*], CFM will exercise reasonable efforts to meet a Turn Around Time of [\*\*\*] and provided all of the required Engine documentation has been made available by Customer, [\*\*\*] shall be added to the TAT for Engines received with QEC attached.

11.2 CFM may add Days to the TAT as reasonably required for other Supplemental Services. [\*\*\*] shall be added to the TAT for Engines received with QEC attached.

### 11.3 TAT Remedy

In the event CFM fails to exercise reasonable efforts to meet the Turn Around Time specified in Article 11.1 for a Qualified Shop Visit due solely to a delay which is not excused pursuant to Article 4, "Excusable Delay" of Exhibit I, and Customer has purchased the required Spare Engines as defined in Exhibit B, then CFM shall [\*\*\*]:

[\*\*\*]

The foregoing provisions of this Paragraph 11.3 shall constitute the sole remedy of Customer and the sole liability of CFM with respect to TAT Guarantee under this Service Agreement. [\*\*\*]

## 12 ADDITION TO/REMOVAL FROM SERVICE AGREEMENT

### 12.1 Addition of Engines

Customer and CFM may agree to amend Exhibit B to add Engines to the Service Agreement after the Commencement Date. For each added Engine, Customer will provide information, including, but not limited to, the Engine serial number, aircraft tail number, previous operator, current owner, operating time and flight cycles since new and, if applicable, the operating time and flight cycles since the last shop visit, shop visit reports, historic thrust and derate information and applicable thrust rating. CFM will evaluate the effect on the Rate Per Flight Hour pricing, taking into consideration effects on the fleet size, number of spare Engines covered under this Service Agreement, age and condition of the Engines and other commercial considerations and may adjust the Rate Per Flight Hour pricing accordingly.

### 12.2 Removal of Engines

Customer may remove Engines from this Service Agreement upon advance written notice, only if Customer is no longer operating the Engines and is no longer responsible for maintenance of the Engines for the following reasons:

- a. Bona fide sale or other bona fide transfer to an unaffiliated third party;
- b. A return to the lessor; or
- c. If the Engine has been determined to be BER.

In all cases of Engine removal, CFM and Customer must mutually agree on which Engine will be removed, unless Customer's lessor dictates otherwise. Any Engine removal will be subject to the reconciliation provisions set forth below.





### Reconciliation

- a. If a removed Engine has not undergone a Qualified Shop Visit for Covered Services, CFM shall receive an amount equivalent to [\*\*\*] of the sum of the Popular Rate payments plus [\*\*\*] for the Covered Services accrued for such Engine by multiplying the Restored Rate by the EFH incurred by the Engine since the Commencement Date, or since the date that such Engine entered the Service Agreement, whichever occurred last (the "Reconciliation Amount"). CFM will compare this Reconciliation Amount to the Popular Rate payments received for Covered Services, and will either credit or invoice Customer with the difference between such payments and the Reconciliation Amount whenever Popular payments received are higher or lower than the Reconciliation Amount. In case of CFM invoice for such difference, Customer will pay such invoice within [\*\*\*]. CFM will retain any amounts paid for any Services other than Covered Services.
- b. If a removed Engine has undergone at least one Qualified Shop Visit for Covered Services, CFM will calculate the total cumulative charges for all Covered Services, provided for such removed Engine as if such Services were provided on a Supplemental Services basis and the Supplemental Services pricing had applied ("Supplemental Charges"). CFM will then compare such Supplemental Charges to the total cumulative Covered Services payments received from the Customer for such removed Engine, less [\*\*\*]. If the Supplemental Charges are greater than the total cumulative Covered Services payments received from the Customer, less [\*\*\*], CFM will invoice Customer for the difference. Customer will pay such invoice within [\*\*\*] of receipt.

Adjustment of Rate Per Flight Hour Pricing. CFM will evaluate the effect of any Engine's removal on the Rate Per Flight Hour pricing taking into consideration effects on the fleet size, age and condition of the Engines and may adjust the Rate Per Flight Hour pricing accordingly upon mutual agreement. Any adjusted Rate Per Flight Hour pricing will be incorporated into the Service Agreement by way of amendment and Customer will pay the adjusted Rate Per Flight Hour pricing for all EFH incurred by all Engines that remain covered by the Service Agreement from the date of the Engine removal.

In the event that the Parties do not agree on the adjusted Rate Per Flight Hour pricing within [\*\*\*], CFM may terminate this Service Agreement upon written notice to Customer.

Maximum Removals. If the number of Engines decreases to less than [\*\*\*] of the number of Engines, as identified in Exhibit B, at the time of any Engine removal, CFM may terminate this Service Agreement upon written notice to Customer.

### 12.3 EFH Minimum

The monthly average EFH minimum is the EFH yearly average lowest point on the Price Adjustment Matrix divided by [\*\*\*] as provided in Exhibit D. CFM will compare the actual fleet average EFH during each calendar quarter with the monthly minimum multiplied by [\*\*\*]. If the reported actual EFH is less than the EFH minimum, CFM will issue an invoice and Customer will pay CFM the difference multiplied by the applicable adjusted and escalated Popular Rate per EFH. At the time of a Qualified Shop Visit, an Engine removal, or upon termination of this Service Agreement, if an Engine has not undergone a Qualified Shop Visit, CFM will compare the actual total EFH reported for such Engine since new or since the last Qualified Shop Visit with the required minimum EFH. If the reported actual EFH is less than the EFH minimum, CFM will issue an invoice and Customer will pay CFM the difference multiplied by the applicable adjusted and escalated Popular Rate per EFH.



**13 COMMUNICATION**

CFM will assign a program manager who will be the point of contact for Customer with respect to implementation of the CFM Service Program, (the "CFM Program Manager").

Customer will also designate a point of contact to communicate with the CFM Program Manager.

The CFM Program Manager will:

- a. Draft a Procedures Manual and submit it to Customer for mutual approval;
- b. Work with the Customer, on a monthly basis, to develop a Removal Schedule which will identify by serial number the Engine(s) to be removed during the following six (6) month period, the anticipated reason for removal of each, and the schedule for Delivery.

**14 GENERAL TERMS AND CONDITIONS**

General terms and conditions provided in Exhibit I are an integral part of this Service Agreement.

**Counterparts:** This Service Agreement may be signed by the Parties in separate counterparts, and any single counterpart or set of counterparts, when signed and delivered to the other Parties shall together constitute one and the same document and be an original Service Agreement for all purposes.



IN WITNESS WHEREOF, the Parties hereto have executed this Service Agreement as of the day, month and the year first above written.

**CFM INTERNATIONAL, INC.**

**FRONTIER AIRLINES, INC.**

**BY:** /s/ Michael P. Munz

**BY:** /s/ James G. Dempsey

**PRINTED NAME:** Michael P. Munz

**PRINTED NAME:** James G. Dempsey

September 2, 2017

**TITLE:** GM – N. America Sales

**TITLE:** Chief Financial Officer



**EXHIBITS**

- EXHIBIT A: DEFINITIONS
- EXHIBIT B: ENGINES COVERED AND OPERATIONAL PARAMETERS
- EXHIBIT C: SHOP VISIT DATA
- EXHIBIT D: PRICE ADJUSTMENT MATRIX
- EXHIBIT E: ESCALATION
- EXHIBIT F: LRU
- EXHIBIT G: SUPPLEMENTAL SERVICES PRICING
- EXHIBIT H: CFM DESIGNATED REPAIR STATION
- EXHIBIT I: GENERAL TERMS AND CONDITIONS



## EXHIBIT A: DEFINITIONS

Capitalized terms used in the recitals and elsewhere in the Service Agreement but not otherwise defined in this Service Agreement will have the following meanings:

“Act of God” – An event that directly and exclusively results from the occurrence of natural causes beyond the reasonable control or prediction of the Parties.

“AFM” – Aircraft Flight Manual.

“AMM” – Aircraft Maintenance Manual.

“Aircraft Accident” - An occurrence caused by the operation of an aircraft in which any person suffers a fatal injury or serious injury as a result of being in or upon the aircraft or by direct contact with the aircraft or anything attached to the aircraft, or in which the aircraft receives damage or a third party’s property is damaged in any way.

“Aircraft Incident” - An occurrence, other than an Aircraft Accident, caused by the operation of an aircraft that affects or could affect the safety of operations and that is investigated and reported.

“Airworthiness Directive” or “AD” - A document issued by the AAA having jurisdiction over the Engines, identifying an unsafe condition relating to such Engines and, as appropriate, prescribing inspections and the conditions and limitations, if any, under which the Engines may continue to operate.

“Approved Aviation Authority” or “AAA” - As applicable, the Federal Aviation Administration of the United States (“FAA”) or the European Aviation Safety Authority (“EASA”).

[\*\*\*]

[\*\*\*]

“CFM Designated Repair Station” or “CFM DRS” or “DRS” - The maintenance / repair facilities designated by CFM, which are certified by the AAA to perform the CFM Services Program hereunder and where Services are performed on Engines and which are shown on the attached Exhibit H.

“CFM Service Program” - All off-wing work required on an Engine to restore the Engine to Serviceable condition in accordance with the Repair Specification, the Workscope and the terms of this Service Agreement, including Supplemental Services.

“CLP” - The manufacturer’s Current catalog or manufacturer’s Current list price pertaining to a new Engine or part thereof.

“Continuous Engine Operational Data” or “CEOD” – Information generated by the Quick Access Recorder (QAR), Digital Flight Data Recorder (DFDR), or similar device, related to engine and aircraft flight and performance parameters.

“Covered Services” - The Services described in Article 5.1.



“Current” - As of the time of the applicable Service or determination.

“Day” - Calendar day unless expressly stated otherwise in writing. If performance is due on a public holiday recognized by the CFM DRS, performance will be postponed until the next business day (Monday through Friday).

“Delivery” - The arrival of an Engine together with all applicable records and required data Delivery Duty Paid (“DDP”), International Chamber of Commerce, Incoterms 2010, at the CFM Designated Repair Station, whereby Customer fulfills the obligations of seller and CFM fulfills the obligations of buyer. “Deliver” will mean the act by which Customer accomplishes Delivery.

“Delivery Point” – in the case of Flightline LRU Support, means the CFM Facility located in Villaroche, France.

“Derivative Data” – Data generated from use of CFM products and software, or data created by CFM that is anonymized, aggregated, de-identified or otherwise compiled on a generic basis from CEOD so as to not provide personal identification.

“Dollars” or “U.S. \$” - The lawful currency of the United States of America.

“Engine” - Each bare engine assembly or, as applicable, Engine module, which is the subject of this Service Agreement and identified in Exhibit B, including its essential components as described in Exhibit F.

“Engine Flight Hour” or “EFH” - Engine flight hour expressed in hourly increments of aircraft flight from weight off wheels (wheels up) to weight on wheels (wheels down).

“Engine Flight Cycle” or “EFC” is a flight which has a takeoff and landing, or a touch-and-go landing and take-off used to train pilots.

“Entry Into Service” - The date when the Engine is delivered to Customer by the airframer or by CFM, as a New Engine.

“Entry Start Date” – The Engine Entry Into Service date when the Engine is new and will be delivered to Customer after the Commencement Date or the Entry Into Service Date when the Engine is not new and already delivered to Customer.

“Fair Market Value” – means the average of price proposals for a minimum of three equivalent engines. Equivalent means equivalent age, configuration, operating environment and remaining Engine Flight Cycles.

“FIM” – Fault Isolation Manual.

“Foreign Object Damage” or “FOD” - Damage to any portion of the Engine caused by impact with or ingestion of a non-Engine object such as birds, stones, hail, ice, vehicles, tools or debris. FOD may be further classified as a “Major FOD,” which means FOD that causes an out of limit condition per the Aircraft Maintenance Manual, and which, either immediately or over time, requires the Engine to be removed from service or prevents the reinstallation of the Engine.

“Induction” - The date work commences on the Engine at the CFM Designated Repair Station when all of the following have taken place: (i) CFM’s receipt of the Engine and required data, (ii) Parties’ approval of the preliminary Workscope, (iii) CFM’s receipt of an acceptable purchase order, (iv) Parties’ agreement on use of the Customer furnished equipment; and if required, (v) completion of a receiving inspection (including pre-testing if needed).



“Installed Engine” - an Engine originally sold to Customer by the relevant aircraft manufacturer as an engine installed on an aircraft

“Life Limited Part” or “LLP”- One of the parts set forth below, with a limitation on use established by CFM or the AAA, stated in cumulative EFH or cycles:

- Fan Disk
- Booster Spool
- Fan Shaft
- HPC Front Shaft
- Stage 1-2 Compressor Spool
- Stage 4-9 Compressor Spool
- Stage 3 Compressor Disk
- Compressor Discharge Pressure Seal (CDP),
- HPT Front and Rear Shafts,
- HPT Disk,
- HPT Front Air Seal,
- LPT Shaft,
- LPT Conical Support,
- LPT Disks.

“LLP Minimum Build” – The minimum quantity of cycles that every LLP must have at the completion of a Performance Restoration Shop Visit. The LLP Minimum Build shall be the threshold used to determine which LLP are replaced at a Performance Restoration Shop Visit.

“Lease” - the lease between Customer and any Lessor for an Aircraft (including its Engines) or Spare Engine.

[\*\*\*]

[\*\*\*]

“Lessor” - any entity or its successor and/or assignee that owns an Aircraft (including its Engines) or Spare Engine that is leased to Customer or any successor operator.

[\*\*\*]

“Life Expiration” – Zero cycles remaining per Chapter 5 of the Engine Shop Manual.

“Line Replaceable Unit” or “LRU” - A major control or accessory that is mounted on the external portion of an Engine, as listed in Exhibit F.

“Main Area of Operation” – the main area of operation of Customer as outlined in Exhibit B.

“New Engine” - An Engine which has not undergone a shop visit, which has less than one hundred (100) EFH since new and which contains only CFM approved parts and CFM approved repairs.

“On-Site Support” or “OSS” - Has the meaning provided in Article 5.2.1.

“Original DRS” – GE Engine Services, Inc. located at Strother Field, Arkansas, KS 67005-0797 or SAFRAN American Engine Services (SAMES) located at Carr. Estatal 200, Querétaro, Tequisquiapan, Km, 22+547 Int B1 Parque Aeroespacial Querétaro, C.P. 76278. Mpio. Colón., Querétaro, Mexico.



“Part” - A part originally sold by CFM.

“Performance Restoration Shop Visit” or “PRSV” – The Services, as determined by the CFM Customer Program Manager, performed during a shop visit in which, at a minimum, any one of the following modules is exposed, disassembled and subsequently refurbished: the high-pressure compressor, or high-pressure turbine, or combustor chamber or stage one low pressure turbine nozzle.

“Core LLP Performance Restoration Shop Visit” or “Core LLP PRSV” means a shop visit which is:

- A) caused by any Core LLP meeting its life limit; OR
- B) any other Qualified Shop Visit where the complete set of Core LLP is within LLP Minimum Build of their life limit

During this Core LLP PRSV, the minimum workscope will be as follows:

- (i) the high pressure compressor, the combustor and the high-pressure turbine modules are exposed, disassembled and subsequently refurbished; and
- (ii) fan, low pressure compressor and LPT module evaluation and cleaning [\*\*\*] and level 01 of CFM56-5B Maintenance Guide in place at the time of execution of this Amendment.

For clarity, this requirement will not apply in cases where a single component (LLP) is replaced due to a life adjustment or cause. The PRSV will be performed when the full set of LLP has life remaining within the LLP Minimum Build.

“Popular Rate” or “Popular Rate per Engine Flight Hour” – The Popular Rate per Engine Flight Hour provided in Article 7.1.

“Procedures Manual” - A separate document, not part of this Service Agreement, which provides detailed procedures and guidance for the administration of the Service Agreement. In case of conflict between the Procedures Manual and the Service Agreement, the Service Agreement will prevail.

“Qualified Shop Visit” or “QSV” – Has the meaning provided in Article 5.1.1.

“QEC” – Quick Engine Change.

“Rate” or “Rate Per Engine Flight Hour” – The rate for Covered Services or Additional Services as set forth in Article 7.

“Redelivery” - The shipment of a Serviceable Engine with legally required certifications, Ex Works, International Chamber of Commerce, Incoterms 2010, at the CFM Designated Repair Station, whereby Customer fulfills the obligations of buyer and CFM fulfills the obligations of seller. “Redeliver” will mean the act by which CFM completes Redelivery.

“Removal Schedule” - The schedule jointly developed by CFM and Customer for Engine removal off wing for Services or Engine removal from operation.

“Repair Specification” - The Customer repair specification agreed upon by Customer and CFM which establishes the minimum baseline to which an Engine or part thereof will be inspected, repaired, modified, reassembled and tested in accordance with Customer’s maintenance plan that has been approved by the AAA.

“Repairable” - Capable of being made Serviceable.





“Restored Rate per Engine Flight Hour” or “Restored Rate” - The Rate per Engine Flight Hour provided in Article 7.1.

“Rotable Part” - A new or used Serviceable Part drawn from a common pool of Parts used to support one or more customers. A Rotable Part replaces a similar Part removed from an Engine when such removed Part requires repair. In no case shall an LLP be a Rotable Part.

“Scrapped Parts” - Unserviceable parts determined by CFM to be not Repairable per the CFM Manual.

“Service(s)” - With respect to an Engine or part thereof, all or any part of those maintenance, repair and overhaul services provided under this Service Agreement as either Covered Services or Supplemental Services. “Serviced” will be construed accordingly.

“Service Agreement” - This Service Agreement, as the same may be amended or supplemented from time to time, including all its Exhibits.

“Service Bulletin” or “SB” - The document as issued by CFM to notify the operator of modifications, substitution of parts, special inspections, special checks, or conversion of an Engine from one model to another.

“Serviceable” - Meeting AMM and AAA specified standards for airworthiness.

“Spare Engine” - an Engine originally sold to Customer by CFM as a spare engine.

“Supplemental Services” - Those Services provided pursuant to Article 5.3.

“Term” – has the meaning given in Article 3.

“Termination” - The ending of this Service Agreement before the expiration of the Term, as specified in Exhibit I, Article 2 Termination herein below.

“TSM” – Trouble Shooting Manual.

“Turn Around Time” or “TAT” - The number of Days from Induction until the Engine is on CFM’s dock ready for Redelivery (as evidenced solely by placement of the Serviceable tag or equivalent governing agency compliance tag, on such Engine) exclusive of any Excusable Delays as defined in Exhibit I, Article 4.

“Unserviceable” - Not meeting all CFM, AMM and AAA specified standards for airworthiness.

“Used Engine” - An Engine which has undergone a shop visit or which has more than one hundred (100) EFH since new.

“Workscope” - has the meaning given in Article 6.3.



**EXHIBIT B: ENGINES COVERED AND OPERATIONAL PARAMETERS**

The Engines eligible to be covered by this Service Agreement are set forth below. Customer will maintain a spare engine(s) to installed engines ratio of [\*\*\*], rounded up to the next whole engine, during the Term of this Service Agreement.

**Aircraft Delivery Schedule / Install + Spare Engine – [\*\*\*]**

**A321 Aircraft Delivery Schedule**

<u>A/C Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>	<u>End Date</u>
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]

**CFM56- 5B Spare Engine Delivery Schedule**

<u>Spare Engine Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>	<u>End Date</u>
[***]	CFM56-5B5 (upgraded to - 5B4)	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]			



**Aircraft Delivery Schedule / Install + Spare Engine = [\*\*\*]**

**A321 Aircraft Delivery Schedule**

<u>A/C Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>	<u>End Date</u>
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]
[***]	CFM56-5B3	[***]	[***]

**A320 Aircraft Delivery Schedule**

<u>A/C Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>	<u>End Date</u>
[***]	CFM56-5B4	[***]	[***]
[***]	CFM56-5B4	[***]	[***]

**CFM56- 5B Spare Engine Delivery Schedule**

<u>Spare Engine Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>	<u>End Date</u>
[***]	CFM56-5B4	[***]	[***]
[***]	CFM56-5B3	[***]	[***]



**Aircraft Delivery Schedule / Install + Spare Engine = [\*\*\*]**

**A320 Lease Aircraft Delivery Schedule**

<u>A/C Qty.</u>	<u>Engine Type</u>	<u>Delivery Date</u>	<u>End Date</u>
[***]	CFM56-5B4	[***]	[***]
[***]	CFM56-5B4	[***]	[***]
[***]	CFM56-5B4	[***]	[***]
[***]	CFM56-5B4	[***]	[***]
[***]	CFM56-5B4	[***]	[***]
[***]	CFM56-5B4	[***]	[***]

**Installed Engines and Spare Engines Operating Parameters:**

[\*\*\*]

[\*\*\*]



## EXHIBIT C: SHOP VISIT DATA

- Engine Operator
- Engine Model
- Engine Serial Number
- Engine Time and Flight Cycles Since New
- Engine Time and Flight Cycles Since last Shop Visit
- Shop Visit Rank
- Reason for Shop Visit
  - Prime cause,
  - Scheduled/unscheduled,
  - More detailed description
- Engine Airworthiness Directive and/or Services Bulletin status
- LLP status
- All Engine information and records, set forth in the Procedures Manual



#### **EXHIBIT D: PRICE ADJUSTMENT MATRIX**

When Customer's actual operating parameters do not equal the values specified in the tables, CFM will calculate severity by performing linear interpolation with the values in the tables that are closest to the actual operating parameters. CFM will apply two-dimensional linear interpolation, as necessary, to the flight leg and derate tables and then between the utilization tables. The resultant severity value will be rounded to four (4) decimal places. The final severity applied will be the product of these severity values rounded to four (4) decimal places.

In the event that Customer's actual operating parameters are outside the limits provided in the table, the Parties will immediately negotiate an extension to the price adjustment matrix.

[\*\*\*]



## EXHIBIT E: ESCALATION

The Rate Per Engine Flight Hour will be adjusted on a yearly basis for fluctuation of the economy as described below:

Year of Operation (“YO”) will be identified as a given year of calendar operation. The prices for any YO will be adjusted in accordance with the following formula:

[\*\*\*]

All Rates are also subject to economic price adjustments on January 1 of each year based upon the cumulative change in these indices with weightings as shown:

[\*\*\*]



EXHIBIT F: LRU

Engine	Nomenclature
CFM56-5	Air Valve LPTACC Module (Lo Press Turbine Clearance)
CFM56-5	AC Generator (Alternator Rotor)
CFM56-5	AC Generator (Alternator stator)
CFM56-5	VBV Doors
CFM56-5	VBV Actuator (Ball screw/Linear, etc) Assembly
CFM56-5	Bleed Valve Fuel (Hyd) Gear Motor
CFM56-5	Bleed Valve Stop Mechanism
CFM56-5	Burner Staging Valve(or Burner Selection Valve)
CFM56-5	Clogging Indicator Transmitter
CFM56-5	Electrical Harness (Jx)
CFM56-5	Electronic Control Unit
CFM56-5	Ignition Exciter (Boxes, Assy, etc)
CFM56-5	Fan (N1) Speed Sensor
CFM56-5	T12 Temperature Sensor
CFM56-5	Fuel Filter Differential Press (DP) Switch
CFM56-5	Fuel Flow Transmitter (Meter)
CFM56-5	Fuel Nozzles Filter (Main Fuel Filter)
CFM56-5	Fuel Nozzles
CFM56-5	Main Fuel Pump
CFM56-5	Fuel Return Valve
CFM56-5	Oil/Fuel Heat Exchanger
CFM56-5	Servo Fuel Heater
CFM56-5	Manifold Fuel Valve (Staging)
CFM56-5	IDG Oil, Fuel/Oil Cooler
CFM56-5	TCC Thermocouple (HPTACC Thermocouple Probe)
CFM56-5	HPTACC Valve (Hi Press Turbine Clearance)
CFM56-5	Hydromechanical Unit
CFM56-5	Ignition Lead Assembly (R/L as applicable)
CFM56-5	Lubrication Unit
CFM56-5	N2 Speed Sensor
CFM56-5	Vibration Sensor, N1 Bearing
CFM56-5	Oil Pressure Transmitter (Sensor)
CFM56-5	Oil Tank (Assembly)
CFM56-5	Oil Temperature Sensor / Transmitter
CFM56-5	PT25 Sensor Assembly (Probe)
CFM56-5	Static Anti-Leak Valve
CFM56-5	T3 Sensor Compressor Discharge/Outlet Temperature
CFM56-5	T495 Thermocouple Wiring Harness
CFM56-5	T5 Temperature Sensor
CFM56-5	Transient Bleed Air Valve
CFM56-5	VSV Actuator





**EXHIBIT G:  
SUPPLEMENTAL SERVICES PRICING**

1. [***]		
2. [***]		
3. [***]		
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]		
[***]	[***]	[***]
[***]	[***]	[***]
[***]		
4. [***]		
5. [***]		



EXHIBIT G CONTINUED: SUPPLEMENTAL SERVICES PRICING – ANNUAL ADJUSTMENT

1. [***]
2. [***]
3. [***]



**EXHIBIT G CONTINUED:  
SUPPLEMENTAL SERVICES PRICING – FIXED PRICE LABOR SCHEDULE**

ESM chapter	Reference	Workscope	Workscope description	Fixed Price (USD)
			Engine Level 00	
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
			***	
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
			***	
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***



***	***	***	***	***
***	***	***	***	***
***				***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***				***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***



***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***

General notes:

R/R: Means Remove and Reinstall



**EXHIBIT H: CFM DESIGNATED REPAIR STATION**

<u>Repair Station</u>	<u>Location</u>	<u>Certification Authority</u>	<u>Certification Number</u>	
<b>SAFRAN Saint Quentin Plant</b>	1 r Frères Farman	EASA	145.013	
	78114 Magny les	FAA	NM1Y353K	
	Hameaux	CAAC	F03300160	
	FRANCE	DGCA (Kuwait)	DGCA/AMO/007	
		DGCA (India)	5-1175/95-AI (2)	
		DGSAS (Oman)	AWR/263/SAFRAN-111/01	
		GACA (Saudi Arabia)	267FA	
		DGCA (Indonesia)	145/22500	
		ECAA (Egypt)	CAI/SAFRAN/AS/O1/94	
		CASS (Singapore)	AWI/234	
		CAAV(Vietnam)	VN-072NN/CAAV	
		GCAA (UAE)	AMO/176/06	
		CAA (Bahreïn)	N°ATR/8/5.75	
		ANAC (Brazil)	510-02/ANAC	
		BDCA (Bermudas)	BDA/AMO/396	
TACA	897-10			
<b>SAFRAN Chatelleraut Plant</b>	Z.I. Nord - rue Maryse Bastié	EASA	145.013	
	BP 129	FAA	NM12353K	
	86101 Châtelleraut	CAAC	F03300160	
	Cedex - France	DGCA (Kuwait)	DGCA/AMO/007	
	Phone. : +33 (0) 5 49 20 45 00	DGSAS (Oman)	AWR/263/SAFRAN-111/01	
	Fax. : +33 (0) 5 49 20 45 30	GACA (Saudi Arabia)	267F	
		DGCA (Indonesia)	145/22500	
		ECAA (Egypt)	CAI/SAFRAN/AS/O1/94	
		CAAV(Vietnam)	VN-072NN/CAAV	
		GCAA (EAU)	AMO/176/06	
		CAA (Bahreïn)	N°ATR/8/5.75	
		ANAC (Brazil)	510-02/ANAC	
		BDCA (Bermudas)	BDA/AMO/396	
	<b>SAFRAN Services Brussels (SSB)</b>	Bâtiment 24 B/101	EASA	BE.145.06
		Brussels Airport	FAA	E7NY532Y
BP 1930 - Zaventem - Belgique		CAAC	F03200167	
Tél. : +32 2 790 45 00		DGCA (India)	5-1442/01-AI(2)	
Fax. : +32 2 790 47 99		DGCA (Indonesia)	145/55100/03	
		ANAC (Brazil)	0803-01/ ANAC	
		DCA (Thailand)	413/2551	
		ANAC (Argentina)	1-B-491	
		CAAV (Vietnam)	VN-012NN/CAAV	
<b>SAFRAN Morocco Engine System (SMES)</b>		BP 87- Aeroport Mohammed V	EASA	140.0134
	Nouasser Casablanca - Maroco	FAA	R8EY562Y	
	Tel. : +(212) 522 536 900	DAC (Morocco)	CN-M03-99	
	Fax. : +(212) 522 539 842	GAMA (Yemen)	CAMA/AMO/045	
		DGSAS (Oman)	AWR/AMO/SMES-145/08	
		CARC (Jordania)	AMO.SMES.10	
		Civil Aviation (Namibia)	83	



<u>Repair Station</u>	<u>Location</u>	<u>Certification Authority</u>	<u>Certification Number</u>
<b>SAFRAN America Engine Services (SAMES)</b>	Carr. Estatal 200 Querétaro - Tequisquiapan, Km 22+547 Int B1 Parque Aeroespacial Querétaro C.P. 76278. Mpio. Colón. Querétaro, México  Tel +52 (442) 296.56.00	EASA FAA DGAC (Mexico)	145.0390 3SMY129B 362
<b>GE - Aviation, Services - Cincinnati GE Engine Services Inc.</b> Aviation Component Service Center	201 West Crescentville Road CPL Cincinnati, Ohio 45246-1733 USA  Phone: +1-513-977-1150 Fax: +1-513-977-1120	FAA EASA Thai DOA CAAC	SK3R844L; 145.4472 306/2546 F00100397
	3024 Symmes Rd. Hamilton, Ohio, USA	FAA EASA Thai DOA CAAC	SK3D844L 145.4480 304/2546 F00100397
	9220 Glades Drive Hamilton, Ohio, USA	FAA EASA Thai DOA CAAC	SK32844L 145.4471 305/2546 F00100397
	Arkansas City, Kansas, USA	FAA CAAC EASA KCASA DAC	LY2R995K F00100133 EASA145.4465 2005-03/DAC 0512-03/DAC
	33 Levai Street H-2112 Veresegyhaz, Hungary Phone: +36.28.620.202 Fax: +36.28.620.201	FAA EASA HgCAA	G69Y912Y HU.145.0031 HgCAA-031
<b>Airfoil Technologies Singapore Pte. Ltd</b>	62 Loyang Way Singapore 508770 Phone: +65.6543.7818 Fax: +65.6543.7839	FAA CAAS EASA Malaysia DCA Thailand DCA CAAC	F94Y941N AWI/160 EASA.145.0019 AO/0054/98 216/2540 F06500276



<u>Repair Station</u>	<u>Location</u>	<u>Certification Authority</u>	<u>Certification Number</u>
<b>GE Aviation Services – Singapore GE Aviation Service Operation LLP</b>	(f/k/a) GE Aviation Service Operation Pte. Ltd. 23 Loyang Way Singapore 508726 Phone: +65.6545.6071 Fax: +65.6542.4212/545.4015 Telex: RS35495	FAAJAA CAAS CAA CAD DCA DGCA Thai DOA DGAC CAAC	FS4Y191MCAA.00099 AWI/53 CAA.00099 AI/54/1185 AO/0036/78 5-783/83-AI(2) 146/2537 145/51200 F06500386
<b>GE Aviation, Services – Tri-Reman GE Engine Services-Tri-Remanufacturing</b>	3390 East Locus Street Terre Haute, IN 47803 U.S.A. / INC. Phone: +1.812.234.5889 Fax: +1.812.234.5654	FAA EASA Thai DOA CAAC	NA5R060N EASA.145.4965 308/2546 F06500386
<b>GE Engine Services - Malaysia.</b>	Malaysia Sdn. Bhd, MAS Engineering Operations Center, Subang, Selangor, Malaysia	DCA FAA EASA Thai DOA CAAC Ind. DGAC Japan JCAB	AO/0012/97 E50Y994N 145.0066 224/2541 F06000295 145/43900 114
<b>GE Aircraft Engine Services, Ltd (Wales)</b>	Caerphilly Road, Nantgarw, Cardiff, South Glamorgan, CF47YJ United Kingdom	FAA EASA CAAS (Singapore) GACA (Saudi Arabia) GCAA (UAE) Transport Canada Pakistan C.A.A DGCA (Kuwait) QCAA (QATAR) DGCA (Chile) ECAA (Egypt) DGCA (India) CAAC	QEMY466L UK.145.00073 AWI/187 AMO-210F AMO/131/04 899-11 CAA/AW/60 DGCA/AMO/8-R1-97 QCAA/AMO/10/F E-373 CAI/GEAES/AS/01/20/06 5-1309/97-A1(2) F04400185





<u>Repair Station</u>	<u>Location</u>	<u>Certification Authority</u>	<u>Certification Number</u>
<b>GE Aviation Services (Celma)</b>	Rua Alice Hervê, 356	FAA	EM4Y159M
<b>GE Celma Ltda.</b>	Petrópolis, 25669-900 Brazil	EASA	EASA.145.0065
<b>GE Engine Services, Inc.</b>	Strother Field, Arkansas,	FAA	LY2R995K
<b>(Strother)</b>	KS 67005-0797	EASA	145.4465
	U.S.A. / INC.	CAAC	F00100133

CFM reserves the right to make additions or changes to the list of Designated Repair Stations upon written notice to Customer. [\*\*\*].



**EXHIBIT I: GENERAL TERMS AND CONDITIONS**

**Table of Contents**

ARTICLE 1 - LIMITATION OF LIABILITY AND INDEMNIFICATION  
ARTICLE 2 - TERMINATION  
ARTICLE 3 - TAXES  
ARTICLE 4 - EXCUSABLE DELAY  
ARTICLE 5 - PATENTS  
ARTICLE 6 - INFORMATION AND DATA  
ARTICLE 7 - GOVERNMENTAL AUTHORIZATION & EXPORT SHIPMENT  
ARTICLE 5 - WAIVER OF IMMUNITY  
ARTICLE 9 - NOTICES  
ARTICLE 10 - LIENS  
ARTICLE 11 - APPLICABLE LAW – DISPUTE RESOLUTION  
ARTICLE 12 - MISCELLANEOUS



## **ARTICLE 1 – LIMITATION OF LIABILITY AND INDEMNIFICATION**

- A. **Total Liability.** The total liability of CFM for any and all claims, whether in contract, warranty, tort (including negligence but excluding willful misconduct), product liability, patent infringement or otherwise, for any damages arising out of, connected with or resulting from the Service Agreement or the performance or non-performance of any Service or from the manufacture, sale, Redelivery, resale, repair, overhaul, replacement or use of the Engine or any item or part thereof, will not exceed [\*\*\*]. [\*\*\*]

In no event will CFM have any liability hereunder, whether as a result of breach of contract, warranty, tort (including negligence but excluding willful misconduct), product liability, patent liability, or otherwise, for [\*\*\*]

Consequently, Customer and its insurers waive any recourse against CFM and its insurers for any loss or damage beyond that limit and shall indemnify CFM and hold CFM harmless from any and all liabilities, damages, penalties and expenses arising out of any claim by any person other than CFM beyond such limits.

In the event Customer uses non-CFM parts or non-CFM approved LRU's, parts or repairs in an Engine and such LRU's, parts or repairs cause personal injury, death or property damage to third parties, Customer shall indemnify and hold harmless CFM from all claims and liabilities associated therewith. The preceding indemnity shall apply whether or not CFM was provided a right under this Service Agreement to remove such LRU's, parts or repairs, and irrespective of the exercise by CFM of such right.

- B. **Definition.** For the purpose of this Article 1, the term "CFM" is deemed to include CFM and its parent and affiliated companies, the subcontractors and suppliers of any Services furnished hereunder, and the directors, officers, employees, agents and representatives of each.

## **ARTICLE 2 – TERMINATION**

- A. **Termination Events.** The Service Agreement may be terminated as follows:

- **Late Payment.** In the event that Customer fails to make payments to CFM within the time periods specified herein, CFM may terminate all or any portion of this Service Agreement upon [\*\*\*] written notice to Customer, unless Customer cures such failure within such period following receipt of this notice.
- **Insolvency.** Either Party may terminate or suspend performance of all or any portion of this Service Agreement if the other Party: (A) makes any agreement with creditors due to its inability to make timely payments of its debts; (B) enters into bankruptcy or liquidation, whether compulsory or voluntary; (C) becomes insolvent; or (D) becomes subject to the appointment of a receiver of the whole or material part of its assets. If such termination should occur, Customer will not be relieved of its payment obligation for Services provided hereunder.
- **Material Breach.** Either Party may terminate this Service Agreement upon [\*\*\*] written notice to the other for failure to comply with any material provision of this Service Agreement unless the failure has been cured or the Party in breach has substantially effected all acts required to cure the failure prior to such [\*\*\*] (except for late payment, as described in Paragraph A.1 above).



- Maximum Removals. If at any time during the Term of this Service Agreement, the number of Engines decreases to less than [\*\*\*] of the number of Engines listed in Exhibit B, CFM may terminate this Service Agreement immediately upon written notice to Customer.

B. Activity After Termination. In the event the Service Agreement is terminated, the following shall cumulatively apply, in addition to any other right or remedy allowable under this Service Agreement or applicable law:

- Payment for Services Performed. In the event of termination of this Service Agreement for any reason, Customer will pay CFM for all Services or work performed by or caused to be performed by CFM up to the time of such termination under the applicable terms and prices of this Service Agreement including all costs, fees, and charges incurred by CFM in providing support and material under this Service Agreement, including Lease engines.
- Reconciliation. In addition to the above, the terms of the reconciliation under the removal of Engines provisions of Article 12 of the Service Agreement will apply.
- Work in Process, Redelivery of Customer's Engines. Upon the termination or expiration of this Service Agreement, CFM will complete all work in process in a diligent manner and Redeliver all Engines, parts and related documentation, provided that Customer (a) has paid in full all charges for all such Services and material, plus all costs, fees and penalties, incurred by CFM in providing support, including any Lease engines, and (b) has returned all Lease engines provided under this Service Agreement.
- Other Agreements. Customer's material breach of this Service Agreement, if not cured hereunder, will, at CFM's option, be a material breach of all other agreements and contracts between Customer and CFM. In such an event, CFM may: (A) suspend performance under any or all of the other agreements and contracts until a reasonable time after all defaults have been cured; (B) terminate this Service Agreement and any or all other such agreements and contracts; and/or (C) pursue any other remedy with respect to this Service Agreement or the other agreements and contracts which the law permits.

### ARTICLE 3 – TAXES

- A. Taxes, Duties, or Charges. In addition to the price for the Services, Customer agrees to pay, upon demand, all taxes (including, without limitation, sales, use, excise, turnover or value added taxes), duties, fees, charges or assessments of any nature (but excluding any income taxes) (hereinafter "Taxes") assessed or levied in connection with performance of this Service Agreement.
- B. Reimbursement/Refund. If payment of any such Taxes is made by CFM (or the applicable affiliated company), Customer will reimburse CFM (or the applicable affiliated company) upon demand, such reimbursement including, *inter alia*, penalties and interests which could have been levied against CFM (or the applicable affiliated company). Customer will use all reasonable efforts to obtain a refund thereof. If all or any part of any such taxes is refunded to CFM, CFM (or the applicable affiliated company) will repay to Customer such part thereof as CFM (or the applicable affiliated company) was refunded.
- C. Withholdings. All payments by Customer to CFM (or the applicable affiliated company) under this Service Agreement will be free of all withholdings of any nature whatsoever except to the extent otherwise required by law, and if any such withholding is so required, Customer will pay an additional amount such that after the deduction of all amounts required to be withheld, the net amount received



by CFM (or the applicable affiliated company) will equal the amount that CFM (or the applicable affiliated company) would have received if such withholding had not been required. If the aforementioned mechanism contradicts the law of the United States, the Parties shall amend this Service Agreement in order to increase the respective prices and amounts provided for by this Service Agreement so that the initial prices and amounts are preserved.

#### **ARTICLE 4 – EXCUSABLE DELAY**

- A. **Excusable Delay.** Either Party will be excused from, and will not be liable for, any delay in performance or failure to perform hereunder (except for the obligation to pay money or credit or debit an account which will not be excused hereunder), and will not be deemed to be in default for any delay in or failure of performance hereunder due to causes beyond its reasonable control. Such causes will be conclusively deemed to include, but not be limited to acts of God, fire, terrorism, war (declared or undeclared), severe weather conditions, earthquakes, epidemics, material shortages, insurrection, acts or omissions of the other Party, any act or omission by any governmental authority, strikes, labor disputes, acts or threats of vandalism or terrorism (including disruption of technology resources), or transportation shortages (each an “Excusable Delay”). The time of performance shall be extended for a period equal to the time lost by reason of delay, including time to overcome the effect of the delay.
- B. **Continuing Obligations.** Article 4.A will not, however, relieve either Party from using its commercially reasonable efforts to avoid or remove such causes of delay and continue performance with reasonable dispatch when such causes are removed. During the period of an excusable delay, CFM will have the right to invoice Customer for Services performed.
- C. **Extended Delay Termination.** If delay resulting from any of the foregoing causes extends for more than [\*\*\*] and the Parties have not agreed upon a revised basis for continuing the Services, including any adjustment of the price, then either Party, upon [\*\*\*] written notice to the other, may terminate the purchase order that covers the delayed Services.

#### **ARTICLE 5 – PATENTS**

- A. **Claims.** CFM shall handle all claims and defend any suit or proceeding brought against Customer insofar as based on a claim that, without further combination, any material or process used in the repair of any items furnished under this Service Agreement constitutes an infringement of any patent or copyright of France and/or of the United States. This paragraph shall apply only to the extent that such material or process is so used to CFM’s specification.
- B. **Liability.** CFM’s liability hereunder is expressly conditioned upon Customer promptly notifying CFM in writing and giving CFM exclusive authority, information and assistance (at CFM’s expense) for the handling, defense or settlement of any claim, suit or proceeding. In case such material or process is held in such claim, suit or proceeding to constitute infringement and the use of said material or process is enjoined, CFM shall, at its own expense and at its option either (1) settle or defend such claim or suit or proceeding arising therefrom, or (2) procure for Customer the right to continue using said material or process in the item repaired under the Service Agreement, or (3) replace same with an item satisfactory and incorporating non-infringing material or process, or (4) modify same so it becomes satisfactory and non-infringing, or (5) refund the repair price applicable to such material or process. CFM shall not be responsible to Customer or to any third party, for incidental or consequential damages, including, but not limited to, costs, expenses, liabilities and/or loss of profits resulting from loss of use under this Article 5.
- C. **Indemnification.** The preceding paragraph B shall not apply: (1) to any material or process or part thereof of Customer design or specification, or used at Customer’s direction in any repair under the



Service Agreement, or (2) to the use of any material or process furnished under the Service Agreement in conjunction with any other apparatus, article, material or process. As to any material or process or use described in the preceding sentence, CFM assumes no liability whatsoever for patent or copyright infringement, and Customer shall, in the same manner as CFM is obligated to Customer above, indemnify, defend and hold CFM harmless from and against any claim or liability, including costs and expense in defending any such claim or liability in respect thereto.

- D. **Remedy.** THE FOREGOING SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY OF Customer AND THE SOLE LIABILITY OF CFM FOR PATENT OR COPYRIGHT INFRINGEMENT BY ANY MATERIAL OR PROCESS AND IS SUBJECT TO THE LIMITATION OF LIABILITY SET FORTH IN ARTICLE 1, "LIMITATION OF LIABILITY AND INDEMNIFICATION." THE PATENT WARRANTY OBLIGATIONS RECITED ABOVE ARE IN LIEU OF ALL OTHER PATENT WARRANTIES WHATSOEVER, WHETHER ORAL, WRITTEN, EXPRESSED, IMPLIED OR STATUTORY (INCLUDING ANY WARRANTY OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE OR ANY IMPLIED WARRANTY ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE).

#### **ARTICLE 6 – NON DISCLOSURE**

- A. **Non-Disclosure.** Unless the Parties otherwise agree herein or further in writing, any of the terms of the Service Agreement or any knowledge, information or data which the Parties have or may disclose to each other shall be held in confidence and may not be either disclosed or used for any purpose, except:
1. To the extent required by government agencies and courts for official purposes, disclosure may be made to such agencies and courts. In such event, a suitable restrictive legend limiting further disclosure shall be applied.
  2. The existence of the Service Agreement and its general purpose only may be stated to others by either of the Parties without approval from the other.
  3. CFM may disclose the same to its parents, affiliates, subsidiaries, joint venture participants, engineering service provider, or consultants as needed to perform the Services provided under this Service Agreement.

The preceding clause will not apply to information which (1) is or becomes part of the general public knowledge or literature otherwise than as a result of breach of any confidentiality obligation to CFM, or (2) was, as shown by written records, known to the receiving party prior to receipt from the disclosing Party.

- B. **Intellectual Property.** Nothing contained in this Service Agreement will convey to either Party the right to use the trademarks of the other, or convey or grant to Customer any license under any patent owned or controlled by CFM.

#### **ARTICLE 7 – GOVERNMENTAL AUTHORIZATION & EXPORT SHIPMENT**

Customer shall be the importer and/or exporter of record and shall be responsible for the timely application for, obtaining and maintaining any required authorization, such as export license, import license, exchange permit or any other required governmental authorization relating to the Engine, and shall be responsible for complying with all U.S., French and other foreign regulations and reporting requirements. At Customer's request and expense, CFM will assist Customer in its application for any required U.S. or French export licenses. CFM will not be liable if any authorization is not renewed or is delayed, denied, revoked or restricted, and Customer will not thereby be relieved of its obligation to pay for Services performed by CFM. All transported Engines will be



subject to (i) the U.S. Export Administration Regulations and/or International Traffic in Arms Regulations and (ii) the French export control regulations. Customer agrees not to dispose of U.S. or French origin items provided by CFM other than in and to the country of ultimate destination and/or as identified in an approved government license or authorization, except as said laws and regulations may permit.

**ARTICLE 8 – WAIVER OF IMMUNITY**

To the extent that Customer or any of its property is or becomes entitled at any time to any immunity on the grounds of sovereignty or otherwise from any legal action, suit or proceeding, from set-off or counterclaim, from the jurisdiction of any competent court, from service of process, from attachment prior to judgment, from attachment in aid of execution, or from execution prior to judgment, or other legal process in any jurisdiction, Customer hereby irrevocably waives the application of such immunity and particularly, the U.S. Foreign Sovereign Immunities Act, 28 U.S.C. 1602, et. seq., and agrees not to plead or claim, any such immunity with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Service Agreement or the subject matter hereof. Such agreement shall be irrevocable and not subject to withdrawal in any and all jurisdictions.

**ARTICLE 9 – NOTICES**

A. Acknowledgement. Any notices under this Service Agreement shall be in writing and be delivered or sent by mail, express/shipping service or electronic transmission to the respective Parties at the following addresses, which may be changed by written notice:

TO:

**Frontier Airlines, Inc.  
7001 Tower Road  
Denver, CO 80249**

**CFM International, Inc.  
6440 Aviation Way  
West Chester, Ohio 45069, U.S.A.**

Att. : General Counsel

Att. : CFM Services General Manager

B. Effect of Notices. Notices will be effective and will be deemed to have been given to (or “received by”) the recipient: (A) upon delivery, if sent by courier, express mail, or delivered personally; (B) on the next business day following receipt, if sent by facsimile; or (C) on the [\*\*\*] after posting (or on actual receipt, if earlier) in the case of a letter sent prepaid first class mail.

**ARTICLE 10 – LIENS**

A. Security Interest. Customer hereby grants to CFM a security interest in all property and proceeds owned by Customer in the possession of CFM or any of CFM’s parents or affiliates at any time (including Customer’s beneficial rights to property leased by Customer to CFM), to secure all amounts owed by Customer to CFM hereunder, and CFM will have all rights of a secured party under the Uniform Commercial Code and applicable law with respect to such property. Customer consents to the filing of financing statements, mechanic’s liens, and similar instruments necessary to perfect CFM’s security interests as required by the UCC, Federal Aviation Administration, and applicable law. Customer will



also exert commercially reasonable efforts to obtain from the owner or mortgagee thereof the grant to CFM or the consent to the grant to CFM, as the case may be, of a security interest, which security interest will be subordinate to prior interests granted by Customer to third parties, in any other property in the possession of CFM or any of CFM's parents or affiliates at any time (including Customer's beneficial rights to property leased by Customer to CFM), to secure all amounts owed by Customer to CFM hereunder, and CFM will have all rights of a secured party under the Uniform Commercial Code and applicable law with respect to such property. Customer will promptly execute and deliver all documentation, as reasonably requested by CFM, to effect such security rights and any other statutory or common law lien rights under applicable law. Customer shall not grant any security interests or liens in Engines that are junior to those of CFM without CFM's prior written consent.

- B. Other Liens. Customer: (i) acknowledges that CFM has the legal right to assert mechanic's liens or other statutory or common law liens under applicable law (foreign or domestic) against Engines following performance of Services under this Service Agreement or all other agreements and contracts between CFM and Customer, and (ii) grants to CFM a right of retention on all Engines or Parts owned or leased by Customer in the possession of CFM or any of CFM's parents or affiliates to secure all amounts owed by Customer to CFM under this Service Agreement or any other related agreement between CFM and Customer. The Parties agree that CFM can assert its right of retention notwithstanding that the Services performed on the particular Engine(s) or Part(s) to be retained have been paid by Customer. CFM will have the rights of a creditor who may avail himself a right of retention under the applicable law and (iii) agrees to supply such information, including name and address of the owner of each Engine, as reasonably requested by CFM to facilitate filing of such liens in New York or any other jurisdiction where Services may be performed. With respect to Engines leased by Customer to CFM, CFM understands that Customer has been authorized and required by the owners to cause Services to be performed. CFM may, at its option, notify the owners of the existence of this Service Agreement and CFM's lien rights and right of retention arising from performance of Services.
- C. Enforcement. If Customer fails to tender any payment owing under this Service Agreement and CFM initiates foreclosure with respect to any Engine, whether pursuant to a security interest granted under this Service Agreement or a mechanic's lien, then Customer agrees to supply to CFM all records, log books and other documentation pertaining to the maintenance condition of the Engine, and a certificate either (i) certifying that the Engine has not been involved in any Aircraft Accident or Incident or (ii) specifying the date and facts surrounding any Accident or Incident in which the Engine has been involved and the nature and extent of the damage sustained (such records, log books, certificate and other documentation referred to hereinafter as the "Engine Documents"). The Parties recognize that the failure by Customer to deliver the Engine Documents may have a material, adverse effect on the value of any Engine with respect to which foreclosure has been initiated by CFM and the ability of CFM to sell or lease the Engine, and that the damages CFM may sustain as a result are not readily calculable.

#### **ARTICLE 11 – APPLICABLE LAW – DISPUTE RESOLUTION**

- A. Applicable Law. This Service Agreement shall be construed, interpreted and applied, and the legal relations between the Parties determined, in accordance with the laws of the State of New York (U.S.A. / INC.). The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Service Agreement

Dispute Resolution. If any dispute arises relating to this Service Agreement, the Parties will endeavor to resolve the dispute amicably, including by designating senior managers who will meet and use commercially reasonable efforts to resolve any such dispute. If the Parties' senior managers do not resolve the dispute within sixty (60) Days of first written request, either Party may request that the dispute be settled and fully and finally determined by binding arbitration, in accordance with the International Chamber of Commerce pursuant to its rules of Conciliation and Arbitration, by one or more





arbitrators appointed in accordance with said rules. The place of arbitration and hearings shall be New York. The arbitration shall be in English and the opinion shall be rendered in English. The arbitration award shall be final and binding by any Party in any court of competent jurisdiction, and shall waive any claim appeal whatsoever against it. The arbitrators will have no authority to award punitive damages or any other damages not measured by the prevailing Party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of the Service Agreement. All statements made or materials produced in connection with this dispute resolution process and arbitration are confidential and will not be disclosed to any third party except as required by law or subpoena. The Parties intend that the dispute resolution process set forth in this Article will be their exclusive remedy for any dispute arising under or relating to this Service Agreement or its subject matter.

- B. Exception. Either Party may at any time, without inconsistency with this Article, seek from a court of competent jurisdiction any equitable, interim or provisional relief to avoid irreparable damage. This Article will not apply to and will not bar litigation regarding claims related to a Party's proprietary or intellectual property rights, nor will this Article be construed to modify or displace the ability of the Parties to effectuate any termination contemplated in Article 2.

#### **ARTICLE 12 – MISCELLANEOUS**

- A. Assignment of Agreement. This Service Agreement, any related purchase order or any rights or obligations hereunder may not be assigned, in whole or in part, without the prior written consent of the other Party, except that Customer's consent will not be required for an assignment by CFM to one of CFM's parent companies or affiliates. In the event of any such assignment, Customer will be so advised in writing. Any assignment in contradiction of this clause will be considered null and void.
- B. Beneficiaries. Except as otherwise expressly provided to the contrary, the rights herein granted and this Service Agreement are for the benefit of the Parties hereto and are not for the benefit of any third person, firm or corporation, except as expressly provided herein with respect to GE and SAFRAN.
- C. Survival of Certain Clauses. The rights and obligations of the Parties under the following Articles of this Service Agreement as amended, and related Exhibits shall survive the expiration, termination or completion of this Service Agreement:
- Limitation of Liability and Indemnification
  - Taxes
  - Patents
  - Non Disclosure
  - Governmental Authorization & Export Shipment
  - Waiver of Immunity
  - Applicable Law – Dispute Resolution
  - Miscellaneous
- D. General Rules of Contract Interpretation. Article and paragraph headings contained in this Service Agreement are inserted for convenience of reference only and do not limit, affect or restrict in any way the meaning and the interpretation of this Service Agreement. Words used in the singular shall have a comparable meaning when used in the plural and vice versa, unless the contrary intention appears. Words such as "hereunder", "hereof" and "herein" and other words beginning with "here" refer to the whole of this Service Agreement, including amendments. References to Articles, Sections, Paragraphs or Exhibits will refer to the specified Article, Section, Paragraph or Exhibit of this Service Agreement unless otherwise specified.



- E. Language. The English language will be used in the interpretation and performance of this Service Agreement. All correspondence and documentation arising out of or connected with this Service Agreement and any related purchase order(s), including Engine records and Engine logs, will be in the English language.
- F. Severability. The invalidity or unenforceability of any part or provision of this Service Agreement, or the invalidity of its application to a specific situation or circumstance, shall not affect the validity, legality and enforceability of the remainder of this Service Agreement, or its application to other situations or circumstances. In addition, if a part of this Service Agreement becomes invalid, the Parties will endeavor in good faith to reach agreement on a replacement provision that will reflect, as nearly as possible, the intent of the original provision.
- G. Non-Waiver. Any failure or delay in the exercise of rights or remedies hereunder will not operate to waive or impair such rights or remedies. Any waiver given will not be construed to require future or further waivers.
- H. Currency Judgment. This is an international transaction in which the specification of United States Dollars is of the essence. No payments required to be made under this Service Agreement will be discharged by payments in any currency other than United States Dollars, whether pursuant to a judgment, arbitration award or otherwise.
- I. No Agency Fees. Customer represents and warrants that no officer, employee, representative or agent of Customer has been or will be paid a fee or otherwise has received or will receive any personal compensation or consideration by or from CFM in connection with the obtaining, arranging or negotiation of this Service Agreement or other documents entered into or executed in connection herewith.
- J. No Agency. Nothing in this Service Agreement will be interpreted or construed to create a partnership, agency or joint venture between CFM and Customer.
- K. Titles/Subtitles. The titles and subtitles given to the sections of the Service Agreement are for convenience. They do not limit or restrict the context of the article or section to which they relate.
- L. Entire Agreement; Modification. This Service Agreement, together with its Exhibits and any amendment (or Letter Agreement relating hereto, if any), contains and constitutes the entire understanding and agreement between the Parties respecting the subject matter hereof, and supersedes and cancels all previous negotiations, pre-existing agreements, commitments and writing in connection herewith. This Service Agreement may not be released, discharged, abandoned, supplemented, modified or waived, in whole or in part, in any manner, orally or otherwise, except by a writing of concurrent or subsequent date signed and delivered by a duly authorized officer or representative of each of the Parties hereto making specific reference to this Service Agreement and the provisions hereof being released, discharged, abandoned, supplemented, modified or waived.
- M. Counterparts. This Service Agreement may be executed in one or more counterparts, all of which counterparts will be treated as the same binding agreement, which will be effective as of the date set forth on the first page hereof, upon execution by both Parties and delivery by each Party hereto to the other Party of one or more such counterparts.

The Power of Flight



Amendment No. 1 to  
**RATE PER FLIGHT HOUR AGREEMENT**  
**NO. 1-2494673211**

**This Amendment No. 1** (this "Amendment") **to the CFM Rate per Flight Hour Agreement No. 1-2494673211** (the "Service Agreement") is made and entered into this 29<sup>th</sup> day of August, 2017 to be effective as of September 9, 2016 (the "Effective Date"), by and between **CFM International, Inc.** ("CFM") and **Frontier Airlines, Inc.** ("AIRLINE") (CFM and AIRLINE being hereinafter collectively referred to as the "Parties"). Capitalized terms used and not otherwise defined herein shall have the meanings as set forth in the Service Agreement.

**WHEREAS**, the Parties entered into the Service Agreement dated October 17, 2011 whereby CFM provides Engine shop maintenance and other services to support maintenance and overhauls of the CFM LEAP-1A Engines listed on Exhibit B thereto;

**WHEREAS**, the Parties entered into the Assignment, Assumption, and Amendment Agreement dated November 5<sup>th</sup>, 2013 whereby Republic Airways Holdings Inc. ("Republic") assigned its rights and obligations under the Service Agreement to AIRLINE;

**WHEREAS**, the Entry Into Service by AIRLINE of the first Engine (Spare Engine bearing ESN 598-139) occurred on September 1, 2016; and

**WHEREAS**, the Parties desire to amend the Service Agreement as provided below.

**NOW THEREFORE**, in consideration of the mutual covenants herein contained and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. The Service Agreement is amended as follows:
  - (A) All references in the Service Agreement to "CFM-LEAPX" engines shall be deleted and replaced with "LEAP-1A" engines.
  - (B) Article 2 (Scope of the Service Agreement) is deleted and replaced in its entirety with the following:

"This Service Agreement contains the terms and conditions applicable to the sale by CFM and the purchase by AIRLINE of the CFM Service Program.

The Engines covered by this Service Agreement are defined in Article 4 and Exhibit B.

CFM, CFM56 and the CFM logo are trademarks of CFM International, a 50/50 joint company between Snecma (Safran group) and GE



CFM will provide Covered Services for the Engines during the Term of this Service Agreement.

During the Term of this Service Agreement, CFM shall be the exclusive provider of (i) the portions of the CFM Service Program outlined in Article 5 herein and (ii) Engine Parts. For clarity of the foregoing exclusivity clause, the Covered Services and Supplemental Services described in Article 5 are not intended to include any on-wing maintenance or line maintenance to an Engine, including Engine top case repairs performed while the Engine is on-wing or off-wing at AIRLINE facility. [\*\*\*]

(C) Article 3 (Term of the Service Agreement) is deleted and replaced in its entirety with the following:

“This Service Agreement will commence on the date of execution of this Service Agreement (the “Commencement Date”). Each Engine which is (i) owned by AIRLINE, (ii) leased by AIRLINE for a term of [\*\*\*], or (iii) leased by AIRLINE and [\*\*\*], will be covered by this Service Agreement for the period beginning on the date of its Entry Into Service and ending [\*\*\*] thereafter or after the Engine undergoes a Core LLP PRSV, whichever occurs later, but in no case to exceed [\*\*\*] from EIS (the “Term”). Notwithstanding the preceding sentence, (i) each Engine which is leased by AIRLINE for a term of less than [\*\*\*] will cease to be covered by this Service Agreement upon AIRLINE removing such Engine from this Service Agreement pursuant to Subsections (a), (b) or (c) of the first paragraph titled “Removal of Engines” of Article 12.2 and/or Article 15, and (ii) any replacement engine which shall be added to this Service Agreement pursuant to Article 12.1 and is designated by AIRLINE in a notice to CFM to replace an Engine which is removed from coverage pursuant to Subsections (a), (b) or (c) of the first paragraph titled “Removal of Engines” of Article 12.2, shall continue to be covered for the remaining part of the Term with the same terms and conditions applicable for the removed Engine.

For the Engines delivered with the first [\*\*\*] as listed in Exhibit B which are each subject to a Lease Term of [\*\*\*], if any such Engine is not projected to undergo a Core LLP PRSV by the time of Lease Return and [\*\*\*]. For such Core LLP PRSV, AIRLINE will pay the Restored Rate for the Engine Flight Hours since new or the last Qualified Shop Visit at the time of the shop visit plus the Popular Rate and the Restored Rate for the remaining EFH until Core LLP life limit minus [\*\*\*] using the EFH/EFC incurred on such Engine at the time of the shop visit. (Example: If the Engine is inducted at [\*\*\*], Core LLP life limit is [\*\*\*], and average EFH/EFC incurred is [\*\*\*], AIRLINE will pay CFM the Restored Rate since last Qualified Shop Visit or since new, plus the additional sum of [\*\*\*].



After the Commencement Date, this Service Agreement will continue unless sooner terminated, until the end of coverage of all Engines hereunder pursuant to the Term; however, for clarity, it is acknowledged that AIRLINE's obligations hereunder with respect to an Engine shall terminate upon AIRLINE removing such Engine from this Service Agreement pursuant to subsections (a), (b) or (c) of the first paragraph titled "Removal of Engines" of Article 12.2 or [\*\*\*] as detailed in Article 15."

- (D) The first four words of the Section of Article 5.1.1 entitled "Qualified Shop Visits" are deleted and replaced in their entirety with the following:  
"A Qualified Shop Visit (where appropriate or required herein, may be a PRSV or Core LLP PRSV)"
- (E) The Section titled "Qualified Shop Visits" of Subsections (c) of Article 5.1.1 is deleted and replaced in its entirety with the following:  
c. "Install Core LLP due to life expiration, subject to the provisions of the second paragraph of Article 3, or"
- (F) The following subsection (e) is added to Article 5.1.1 "Qualified Shop Visits" as follows:  
"e. Correct an Unserviceable condition(s) resulting from [\*\*\*]."
- (G) The Section titled "The Covered Services for a Qualified Shop Visit Include", Subsection (d) of Article 5.1.1 is deleted and replaced in its entirety with the following:  
"d. Inspection, repair and replacement of (i) any LLP for condition cause (not life limit) and (ii) Core LLP due to life limit expiration or failure to be within the LLP Minimum Build standard set forth in paragraph 2 of Article 6.3,"
- (H) The following subsection (h) is added to the end of Article 5.1.1 "The Covered Services for a Qualified Shop Visit Include":  
"h. All labor, material (excluding LLP replaced only for life limit), handling charges and any vendor fees required to repair an Unserviceable condition resulting from [\*\*\*]."
- (I) Article 5.2(b) (Supplemental Services) is deleted and replaced in its entirety with the following:  
"(b) Replacement of fan module LLP and LPT module LLP due to life limit with new Parts."



(J) The second Paragraph of Article 6.3 (Workslope) is deleted and replaced with the following new paragraphs:

“All LLP replaced as CFM performs any Covered Services shall be replaced with new Parts.

The LLP Minimum Build will be [\*\*\*] of LLP life remaining, and any LLP which do not meet such LLP Minimum Build shall be replaced with new Parts.”

(K) Article 7.1 (Covered Services Pricing) is deleted in its entirety and replaced with the following:

“CFM will charge AIRLINE for the Covered Services on LEAP-1A24/26 Engines (per Exhibit B) as follows:

a. [\*\*\*]

b. [\*\*\*]

**Covered Services Rate per Engine  
(LEAP-1A24/26 per Exhibit B)**

Rate per EFH [\*\*\*]

Popular Rate

[\*\*\*]

Restored Rate

[\*\*\*]

The Popular Rate and the Restored Rate shall be adjusted over time as follows:

The Popular Rate shall adjust, as set forth in Exhibit D, on a monthly basis depending on the previous month’s actual average operating parameters.

The Popular Rate and the Restored Rate per Engine Flight Hour are predicated on the operating parameters and delivery schedule set forth in Exhibit B, except in cases where there are delays in the delivery schedule caused solely by CFM. In case of change in delivery schedule not caused solely by CFM, the above Parties will negotiate in good faith to adjust the mentioned rates accordingly.

The Restored Rate shall adjust, as set forth in Exhibit D, after each Qualified Shop Visit depending on the Engine’s actual average operating parameters calculated for the period from Entry Into Service or the previous Qualified Shop Visit through the Current Qualified Shop Visit.



In the event that AIRLINE's actual monthly average operating parameters or actual average operating parameters are outside of the limits provided in Exhibit D, CFM will adjust the Popular Rate and/or the Restored Rate in accordance with AIRLINE's actual monthly average operating parameters or actual average operating parameters, as applicable, per the tables contained in Exhibit D.

In order to facilitate implementation and administration of the CFM Service Program, AIRLINE shall promptly provide data and records as reasonably requested by the CFM Program Manager and provide the CFM Program Manager or his designee copies of such records for inspection or audit.

The Popular Rate and Restored Rate shall each escalate on an annual basis in accordance with the escalation formula set forth in Exhibit E. With respect to the annual escalation of the Popular Rate and Restored Rate CFM agrees to [\*\*\*]. AIRLINE shall have the right to approve in advance of the work being performed and in writing all work scopes and charges for Supplemental Services.

[\*\*\*]

[\*\*\*]

- (L) Article 7.3 (Cross Default and Cross Collateralization) is amended by adding the following sentence immediately after the end thereof:

"[\*\*\*]."

- (M) Article 12.1 (Addition of Engines) is deleted in its entirety and replaced with the following:

"AIRLINE and CFM may agree to amend Exhibit B to add Engines to this Service Agreement after the Commencement Date. For each added Engine, AIRLINE will provide CFM information, including, but not limited to, the Engine serial number, aircraft tail number, previous operator, current owner, operating time and flight cycles since new and, if applicable, the operating time and flight cycles since the last shop visit, shop visit reports, historic thrust and derate information and applicable thrust rating. CFM will evaluate the effect of the proposed Engine on the Rate Per Flight Hour pricing, taking into consideration effects on the fleet size, age and condition of the Engines and other commercial considerations and may propose a reasonable adjustment



to the Rate Per Flight Hour pricing accordingly. For avoidance of doubt, such proposed Engine shall not be added to this Service Agreement pursuant to this paragraph unless the Engine and the proposed adjustment to the Rate Per Flight Hour pricing are mutually agreed to by the parties.

In situations where (i) there is an operational need to substitute an Engine, (ii) an Engine substitution is required under a Lease or loan agreement of AIRLINE, or (iii) AIRLINE elects to purchase or lease a new Aircraft equipped with LEAP-1A engines that is not listed on Exhibit B, CFM shall amend Exhibit B to add any such Engine identified by AIRLINE to this Service Agreement as provided in this paragraph. For each such Engine that AIRLINE contemplates adding to this Service Agreement, AIRLINE will provide CFM information on the Engine, including, but not limited to, the engine serial number, aircraft tail number, previous operator (if applicable), current owner, operating time and flight cycles since new and the operating time and flight cycles since the last shop visit, shop visit reports, historic thrust and derate information and applicable thrust rating. After receiving such information CFM will promptly notify AIRLINE of the Rate Per Flight Hour pricing that will be applicable for such added engine, which, (i) if new shall have the same Rate Per Flight Hour as a new Engine scheduled to be added to this Service Agreement at that time and, (ii) if used, shall be subject to reasonable pricing as determined in the preceding paragraph. After receiving such Rate Per Flight Hour pricing from CFM for the proposed Engine AIRLINE may elect to add the Engine to this Service Agreement with such pricing by giving CFM written notice of such addition, in which case CFM and AIRLINE shall amend Exhibit B to reflect such addition. In any case where an Engine is removed from this Service Agreement, has had at least [\*\*\*] at the time of such removal, and is replaced with an added replacement Engine, no reconciliation payment shall be owed to CFM pursuant to Article 12.

In the event that AIRLINE orders additional CFM powered A320NEO aircraft, CFM shall have a right of first offer (“ROFO”) to propose Covered Services at pricing and terms to be agreed between the Parties. Under the ROFO, AIRLINE shall provide CFM with written notice of its intent to purchase additional CFM powered A320NEO aircraft, with the intent that the two Parties will negotiate in good faith to reach agreement on terms within [\*\*\*] of this notification. The ROFO will remain in place for CFM powered A320NEO aircraft ordered through [\*\*\*].

Any time during the term of this Service Agreement that an Engine is added to or removed from coverage for AIRLINE pursuant to the terms of this Agreement, the Parties shall add an addendum to Exhibit B to reflect and track such change.”





(N) Article 12.3 (EFH Minimum) is deleted by in its entirety and replaced with the following:

“The monthly average EFH minimum for Engines on wing in AIRLINE’s fleet is [\*\*\*]. CFM will compare the actual fleet average EFH for on-wing Engines in AIRLINE’s fleet during each calendar quarter with the monthly minimum multiplied by [\*\*\*]. If the fleet average EFH for on-wing Engines in AIRLINE’s fleet is less than the EFH minimum, CFM will issue an invoice and AIRLINE will pay CFM the difference multiplied by the applicable adjusted and escalated Popular Rate per EFH. At the time of a Qualified Shop Visit, an Engine removal, or upon termination of this Service Agreement, if an Engine has not undergone a Qualified Shop Visit, CFM will compare the actual total EFH reported for such Engine since new or since the last Qualified Shop Visit with the required minimum EFH. If the reported actual EFH is less than the EFH minimum, CFM will issue an invoice and AIRLINE will pay CFM the difference multiplied by the applicable adjusted and escalated Popular Rate per EFH. For clarity, where any Engines continue to be covered pursuant to [\*\*\*]. Parties shall mutually agree, in CFM’s Procedures Manual, on the methodology for EFH fleet average calculations for any first partial calendar month.”

(O) The following new Article 15 entitled “[\*\*\*]” is added immediately following Article 14 (General Terms and Conditions):

“15.2 CFM agrees to [\*\*\*]

- a. [\*\*\*]
- b. [\*\*\*]
- c. [\*\*\*]
- d. [\*\*\*]
- e. [\*\*\*]
- f. [\*\*\*]
- g. [\*\*\*]



- h. [\*\*\*]
- i. [\*\*\*]
- j. [\*\*\*]
- k. [\*\*\*]
- l. [\*\*\*]
- m. [\*\*\*]
- n. [\*\*\*]
- o. [\*\*\*]
- p. [\*\*\*]
- 15.2 [\*\*\*]
- a. [\*\*\*]
- b. [\*\*\*]
- c. [\*\*\*]
- d. [\*\*\*]

(P) The following new Article 16 entitled “Continuous Engine Operational Data” is added immediately following Article 15 (Assignments to Lessors):

“To the extent AIRLINE is not restricted by contract or regulation, AIRLINE shall provide CFM with access to Continuous Engine Operational Data (CEOD) on a monthly basis, unless the Aircraft is modified with wireless/remote data transmission capabilities, in which case AIRLINE agrees to provide CEOD on a daily, weekly, or monthly basis as applicable. CFM agrees to protect CEOD from unauthorized use or unauthorized or accidental disclosure in by the exercise of the same degree of care as it employs to protect its own information of a like nature. Subject to the foregoing, any CEOD may be used by CFM, its parent companies and affiliates for internal purposes including: 1) technical fleet and engine analysis, and 2) development of and



improvements to CFM products and services, provided that the parent companies and affiliates of CFM are subject to the same confidentially obligations as CFM. Notwithstanding any provision to the contrary, it is expressly understood and agreed that any Derivative Data generated by CFM is and will remain the property of CFM.

AIRLINE's failure to provide CEOD, with the exception of mechanical or telecommunication failures outside AIRLINE's control, may result in denial of a Qualified Shop Visit if in CFM's opinion such data could have prevented an Engine removal or minimized the Workscope required."

(Q) Exhibit A (Definitions) is amended as set forth below.

The following new defined terms are each added in alphabetical order:

"Aircraft"—any aircraft on which Engines are mounted.

[\*\*\*]

[\*\*\*]

"Core LLP PRSV" means a Qualified Shop Visit which is:

- A) caused by the Core LLP meeting its life limit; OR
- B) any other Qualified Shop Visit where Core LLP is within LLP Minimum Build of their life limit.

During this Core LLP PRSV, the minimum workscope will be as follows:

- (i) the high-pressure compressor, the combustor and the high-pressure turbine modules are exposed, disassembled and subsequently refurbished in accordance with the LEAP-1A Maintenance Guide; and
- (ii) fan, low pressure compressor and LPT module evaluation and cleaning [\*\*\*] and level 01 of LEAP-1A Maintenance Guide.

For clarity, this requirement will not apply in cases where a single component (LLP) is replaced due to a life adjustment or cause.

"Core Module LLP" or "Core LLP"—the Core LLP described in the attached Exhibit J.

"Lease"—the lease between AIRLINE and any Lessor for an Aircraft (including its Engines) or Spare Engine.



“Lease Return”—means the date on or after the expiration of the initial [\*\*\*] Lease term upon which the redelivery certificate for the applicable Aircraft with two (2) installed Engines is executed by AIRLINE and Lessor.

“Lessor”—any entity or its successor and/or assignee that owns an Aircraft (including its Engines) or Spare Engine that is leased to AIRLINE or any successor operator.

“LPT”—low pressure turbine.

“Program Manager”—the individual(s) designated by CFM to manage the Services provided under this Agreement on behalf of CFM.

“Lease Return Restored Rate Payment”—has the meaning given in Article 15(h).

“Spare Engine”—an Engine that is owned or leased by AIRLINE to be used in support of Airline’s fleet of Aircraft for use as a Spare Engine when another Engine in such fleet is removed due to damage or for repair.

[\*\*\*]

The following defined terms shall replace the current corresponding defined terms contained in Exhibit A (Definitions):

“Part”—a part originally sold or manufactured by CFM or produced on behalf of CFM.

“Performance Restoration Shop Visit” or “PRSV”—the Services performed by CFM hereunder during a shop visit in which, at a minimum, any one of the following modules is exposed, disassembled, and subsequently refurbished: the high-pressure compressor, or high-pressure turbine, or combustor chamber.

- (R) Exhibit B (Engines Delivery and Operating Parameters) is deleted and replaced in its entirety with the new Exhibit B attached hereto.
- (S) Exhibit D (Price Adjustment Matrix) is deleted and replaced in its entirety with the new Exhibit D attached hereto.
- (T) Exhibit E is amended by deleting and replacing the phrase “(\$2010 condition)” with “(\$2016 condition)” and Exhibit E-1 is deleted in its entirety.
- (U) Exhibit F is deleted and replaced in its entirety with the new Exhibit F attached hereto.



- (V) In the Section of Exhibit G entitled “Supplemental Services Pricing – Annual Adjustment” the date “2010” is deleted and replaced with “2016” and the date 2011” is deleted and replaced with “2017”. Additionally, the Fixed Price Labor Schedule of Exhibit G is deleted and replaced in its entirety with the new Fixed Price Labor Schedule attached hereto as Exhibit G.
- (W) The attached Exhibit J (Core Module LLP) is added immediately following Exhibit I.
- 2. Except as set forth herein, the terms and conditions set forth in the Service Agreement shall continue in full force and effect and remain unchanged. The obligations set forth in this Amendment are in addition to the obligations set forth in the Service Agreement. In the event of inconsistency between the terms of this Amendment and the terms of the Service Agreement, the terms of this Amendment shall take precedence. Except as otherwise provided by the terms and conditions hereof, this Amendment contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment
- 3. This amendment may be signed by the Parties in separate counterparts, and any single counterpart or set of counterparts, when signed and delivered to the other Parties shall together constitute one and the same document and be an original Service Agreement for all purposes.

**IN WITNESS WHEREOF**, the Parties have executed this Amendment effective as of the Effective Date.

**CFM International, Inc.**

**SIGNATURE**

/s/ Michael P. Munz

**PRINTED NAME**

Michael P. Munz

**TITLE**

**GM – N. America Sales**

**Frontier Airlines, Inc.**

**SIGNATURE**

/s/ James Dempsey

**PRINTED NAME**

James Dempsey

**TITLE**

**CFO**



**EXHIBIT B: ENGINES COVERED AND OPERATIONAL PARAMETERS**

The Engines covered by this Service Agreement are set forth below. The delivery schedules are subject to change. AIRLINE will maintain a Spare Engine(s) to installed Engines ratio of [\*\*\*], rounded up to the next whole Engine, during the term of this Service Agreement.

**Aircraft Delivery Schedule / Install + Spare Engine**

AIRCRAFT DELIVERY SCHEDULE				SPARE ENGINE DELIVERY SCHEDULE			
Aircraft	Engine Model	Mo Yr.	Qty of Aircraft	Engine Model	Mo Yr.	Qty of Engines	
[***]	[***]	[***]	[***]	[***]	[***]	[***]	
[***]	[***]	[***]	[***]	[***]	[***]	[***]	
[***]	[***]	[***]	[***]	[***]	[***]	[***]	
[***]	[***]	[***]	[***]	[***]	[***]	[***]	
[***]	[***]	[***]	[***]	[***]	[***]	[***]	
[***]	[***]	[***]	[***]	[***]	[***]	[***]	
[***]	[***]	[***]	[***]	[***]	[***]	[***]	
[***]	[***]	[***]	[***]	[***]	[***]	[***]	

For clarity, any LEAP-1A engines not specifically listed above (as such list may be modified by written agreement of the Parties from time to time) are not covered by this Service Agreement.

**Installed Engines and Installed Spare Engines Operating Parameters:**

[\*\*\*]



**EXHIBIT D: PRICE ADJUSTMENT MATRIX**

When AIRLINE's actual operating parameters do not equal the values specified in the tables, CFM will calculate severity by performing linear interpolation with the values in the tables that are closest to the actual operating parameters. CFM will apply two-dimensional linear interpolation, as necessary, to the flight leg and derate tables and then between the utilization tables. The resultant severity value will be rounded to four (4) decimal places. The final severity applied will be the product of these severity values rounded to four (4) decimal places.

In the event that AIRLINE's actual operating parameters are outside the limits provided in the table, the Parties will immediately negotiate an extension to the matrix.

[\*\*\*]

**EXHIBIT F: LRU**

<b><u>ATA</u></b>	<b><u>Designation</u></b>
73-11-05	<b>MAIN FUEL PUMP</b>
73-11-10	<b>MAIN FUEL FILTER HOUSING</b>
75-11-05	<b>START BLEED VALVE / BOOSTER ANTI ICE</b>
73-11-20	<b>SERVO FUEL HEATER</b>
73-11-35	<b>FUEL RETURN VALVE</b>
73-11-50	<b>IDG OIL COOLER</b>
73-21-05	<b>FUEL METERING UNIT</b>
73-21-10	<b>SPLIT CONTROL UNIT / SERVO VALVE ASSEMBLY</b>
73-21-14	<b>T12 TEMPERATURE SENSOR</b>
73-21-15	<b>T25 TEMPERATURE SENSOR</b>
73-21-25	<b>T3 TEMPERATURE SENSOR</b>
73-21-30	<b>FUEL TEMPERATURE SENSOR</b>
73-21-35	<b>FUEL MANIFOLD PRESSURE TRANSDUCER</b>
73-21-40	<b>PERMANENT MAGNET ALTERNATOR ROTOR</b>
73	<b>73-21-40 PERMANENT MAGNET ALTERNATOR STATOR</b>
73-21-46	<b>PRESSURE SUB-SYSTEM (PSS)</b>
73-21-50	<b>DATA ENTRY PLUG</b>
73-21-55	<b>ELECTRONIC ENGINE CONTROL (EEC)</b>
73-21-61	<b>HARNESS HJ3A</b>
73-21-62	<b>HARNESS HJ3B</b>
73-21-63	<b>HARNESS HJ5A</b>
73-21-64	<b>HARNESS HJ5B</b>
73-21-65	<b>HARNESS HJ6A</b>
73-21-66	<b>HARNESS HJ6B</b>
73-21-67	<b>HARNESS HJ7</b>
73-21-68	<b>HARNESS HJ8A</b>
73-21-69	<b>HARNESS HJ8B</b>
73-31-05	<b>FUEL FLOW TRANSMITTER</b>
73-34-05	<b>FUEL FILTER DP SENSOR</b>
73-34-10	<b>FUEL STRAINER DELTA P SENSOR</b>





74	74-11-05	<b>IGNITION EXCITER</b>
	74-21-05	<b>IGNITION LEADS</b>
	75-21-05	<b>HPTACC VALVE</b>
	75-22-05	<b>LPTACC VALVE</b>
75	75-24-05	<b>BLOWER, EEC COOLING</b>
	75-23-10	<b>MTC VALVES</b>
	75-23-05	<b>MTC ACTUATOR</b>
	75-31-05	<b>VBV ACTUATOR</b>
	75-32-05	<b>VSV ACTUATOR</b>
	75-33-05	<b>TRANSIENT BLEED VALVE</b>
	77-11-05	<b>N1 SPEED SENSOR</b>
	77-11-10	<b>N2 SPEED SENSOR</b>
77	77-21-05	<b>HARNESST48-LEFT</b>
	77-21-05	<b>HARNESST48-RIGHT</b>
	77-21-10	<b>SENSORT48</b>
	77-22-05	<b>CORE COMPARTMENT TEMPERATURE (CCT) SENSOR</b>
	77-31-05	<b>TURBINE CENTRAL FRAME (TCF) ACCELEROMETER</b>
	79-11-05	<b>OIL TANK</b>
	79-21-05	<b>LUBRIFICATION UNIT</b>
79	79-21-25	<b>MAIN FUEL—OIL HEAT EXCHANGER</b>
	79-21-30	<b>Engine Surface Air Cooling Oil Cooler (SACOC)</b>
	79-21-45	<b>EDUCTOR AIR VALVE</b>
	79-30-23	<b>OIL LEVEL SENSOR</b>
	79-30-15	<b>OIL PRESSURE AND TEMPERATURE (OPT) SENSOR</b>
	79-30-20	<b>OIL FILTER DP SENSOR</b>
	79-36-05	<b>OIL DEBRIS MONITORING SEPARATOR</b>
80	79-36-10	<b>OIL DEBRIS MONITORING SENSOR</b>
	79-36-20	<b>OIL DEBRIS MONITORING UNIT</b>
	80-11-05	<b>AIR TURBINE STARTER</b>
	80-11-15	<b>STARTER AIR VALVE</b>



**EXHIBIT G: Fixed Price Labor Schedule**

[\*\*\*]



**EXHIBIT J: LLP**

Core LLP

SUPPT. IMPELLER TUBE  
CDP SEAL  
STAGE 1 BLISK  
STAGE 2 BLISK  
STAGE 3-4 SPOOL  
STAGE 5 BLISK  
STAGE 6-10 SPOOL  
COMB CASE  
CASE. HPT STTR  
SEAL.FORWARD OUTER  
SEAL.HPT RTR INTERSTAGE  
SEAL.HPT AFT ROTATING  
DISK.HPT RTR STAGE 1  
DISK.HPT RTR STAGE 2

**Fan/LPT LLP**

DISK. FAN  
SPOOL.LP COMPR  
SHAFT.LP COMPR  
DRIVING CONE  
LPT RTR DISK STAGE 1  
LPT RTR DISK STAGE 2  
LPT RTR DISK STAGE 3  
LPT RTR DISK STAGE 4  
LPT RTR DISK STAGE 5  
LPT SPOOL STAGE 6-7  
LPT SHAFT

[\*\*\*]

Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.32**

CODESHARE AGREEMENT

BETWEEN

FRONTIER AIRLINES, INC.

AND

CONCESIONARIA VUELA COMPAÑÍA DE AVIACIÓN, S.A.P.I. de C.V.

January 16, 2018

## TABLE OF CONTENTS

1.	DEFINITIONS	1
2.	CODESHARE OPERATIONS	1
3.	CUSTOMER SERVICE AND REGULATORY STANDARDS	2
4.	IMPLEMENTATION EXPENSE	2
5.	INVENTORY CONTROL AND PROCEDURES	3
6.	MARKETING AND PRODUCT DISPLAY	4
7.	TRAFFIC DOCUMENT ISSUANCE AND FINANCIAL SETTLEMENT	5
8.	COMMUNICATIONS FACILITIES	7
9.	TRAINING	7
10.	SECURITY	7
11.	SAFETY AND MAINTENANCE	8
12.	INTENTIONALLY DELETED	9
13.	TRADEMARKS AND CORPORATE IDENTIFICATION	9
14.	REPRESENTATIONS AND WARRANTIES	10
15.	REQUIRED APPROVALS	11
16.	TERM	11
17.	INDEMNIFICATION	13
18.	INSURANCE	14
19.	TAXES	16
20.	JOINT MANAGEMENT COMMITTEE	17
21.	FORCE MAJEURE	18
22.	GOVERNING LAW AND JURISDICTION	18
23.	COVENANT TO COMPLY WITH ALL LAWS	19
24.	PUBLICITY	20
25.	CONFIDENTIALITY	20
26.	ASSIGNMENT	21
27.	SEVERABILITY	21
28.	FURTHER ASSURANCES	21
29.	MISCELLANEOUS	22
30.	NOTICES	23
31.	IMPLEMENTATION	24
SCHEDULE A	DEFINITIONS	
SCHEDULE B	REVENUE PRORATE ILLUSTRATION	
SCHEDULE C	COMMITTEE PRINCIPLES	
SCHEDULE D	EXAMPLES OF INTERLINABLE TAXES/FEES/CHARGES	

## FRONTIER AND VOLARIS CODESHARE AGREEMENT

This CODESHARE AGREEMENT (this "Agreement"), dated as of January 16, 2018, is between Frontier Airlines, Inc. ("Frontier"), a corporation organized under the laws of Colorado, having its principal place of business at 4545 Airport Way, Denver, Colorado, 80239 United States of America, and Concesionaria Vuela Compañía de Aviación, S.A.P.I. de C.V. ("Volaris"), a company organized under the laws of Mexico having its principal office at Antonio Dovalí Jaime No. 70, Torre B, Piso 13, Colonia Zedec Santa Fe, 01210, Álvaro Obregón, Ciudad de México, México, each of Frontier or Volaris may be referred to as a "Party" and may collectively be referred to as the "Parties" or as the "Carriers".

**WHEREAS**, the Carriers desire to enter into a Codeshare arrangement with respect to scheduled passenger air transportation services operated over one or more city pair routes served by the Carriers. This Agreement will improve the ability of the Carriers to market and sell enhanced air transportation services to increase traffic on the aircraft operated by both Carriers and to increase the quality and quantity of air service available to the traveling public.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises in this Agreement, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Frontier and Volaris hereby agree as follows:

1. DEFINITIONS

1.1 Capitalized terms used in this Agreement have the meaning ascribed to them in Schedule A.

2. CODESHARE OPERATIONS

- 2.1 The Parties shall mutually designate certain flights on which the Parties shall Codeshare. Additions or changes to Codeshare Routes will be agreed upon pursuant to procedures contained in the Codeshare Procedures Manual, and shall not require amendment of this Agreement.
- 2.2 The Parties shall use commercially reasonable efforts to coordinate their service schedules, consistent with Applicable Law, to maximize the convenience and minimize the waiting time of passengers making connections between the Codeshare Flights and other flights operated by the Parties. However, each Party retains the right to determine its own schedule and to add or remove capacity in any market at its absolute and sole discretion.
- 2.3 To the extent reasonably practicable, each Party will notify the other of any proposed schedule changes for Codeshare Flights.
- 2.4 Each Party shall ensure that the identity of the Operating Carrier shall clearly appear in all of its schedule publications in accordance with Applicable Law.

3. CUSTOMER SERVICE AND REGULATORY STANDARDS

- 3.1 Coordination of customer service will be addressed in the Codeshare Procedures Manual, which is incorporated into this Agreement by reference.
- 3.2 Subject to Applicable Law, the Conditions of Carriage of the Marketing Carrier, including its limits of liability to passengers, shall govern the transportation of Codeshare Passengers, and the Conditions of Carriage of the Operating Carrier, including its limits of liability to passengers, shall apply to those passengers traveling on the Codeshare Flights under the Code of the Operating Carrier. Prior to the implementation of Codesharing, the Carriers will use commercially reasonable efforts to identify any material discrepancies between their respective Conditions of Carriage and use commercially reasonable efforts to develop procedures to minimize potential service inconvenience or disruption to Codeshare Passengers due to such discrepancies. Notwithstanding anything in this Section 3.2, the liability of the Parties to each other with respect to passenger claims and customer service shall be detailed in the Codeshare Procedures Manual.
- 3.3 The Operating Carrier shall have sole responsibility for and control over its operations, and the Marketing Carrier shall have no responsibility for, or control over, any aspect of the operations of the Operating Carrier.
- 3.4 Each Carrier, whether in its capacity as Marketing Carrier or Operating Carrier, shall provide the same standard of airport and in-flight services to Codeshare Passengers as it provides to its non-Codeshare Passengers traveling in the same or comparable class of service. Inventory classification, loyalty program category, customer service standards, general passenger service procedures, and policies for the Codeshare Flights, including baggage services, will be developed by the Parties during the codeshare implementation, and will be incorporated into the Codeshare Procedures Manual.
- 3.5 The Carriers agree to cooperate, to the extent feasible and subject to compliance with Applicable Law, to ensure harmonization of their respective security and emergency response policies and procedures and to incorporate them into a separate document entitled "Emergency Response Coordination".
- 3.6 Each Carrier agrees to notify the other Carrier of irregularities involving its operation of a Codeshare Flight in accordance within the Codeshare Procedures Manual.

4. IMPLEMENTATION EXPENSE

- 4.1 Each Party shall bear its own costs and expenses of performance under this Agreement, including, without limitation, costs and expenses associated with the following:
  - a) [\*\*\*]

b) [\*\*\*]

c) [\*\*\*]

4.2 Each Party shall retain all right, title and interest in systems, software, signage, equipment and facilities funded by it. Ownership of jointly funded items shall be determined by the Parties in advance of each specific project, and agreed to in writing.

5. INVENTORY CONTROL AND PROCEDURES

5.1 Subject to Applicable Law and the rights of each Party to manage its seat inventory, including the seat inventory on the operational flights of any other airline(s) that the Party has access to, the Parties agree to use commercially reasonable efforts to pursue the best solution to maintain the integrity of the Operating Carrier's inventory system and not compromise the Marketing Carrier's ability to sell its product. Accordingly, the Parties agree to use commercially reasonable efforts to implement the following initiatives:

a) establish seamless availability and direct sell links between their respective ARS.

b) establish the ability to make advance seat assignments on each other's flights. Each of the Parties further agrees to expend such amounts as may be reasonably required on mutually agreed systems development, as agreed in advance. To the extent the Parties disagree about which Party's system should be modified to make it more compatible with the other Party's system, the Parties agree to continue to work together to use commercially reasonable efforts to modify their systems.

c) Notwithstanding the above, detailed procedures for implementing and maintaining seat inventory access will be developed by the Parties during the codeshare implementation and will be incorporated into the Codeshare Procedures Manual.

5.2 The Operating Carrier will, subject to the remaining provisions of this paragraph and Section 5.1, determine, independently and at its sole discretion the number of seats on its flights (including flights it operates as Codeshare Flights) that will be made available by it in a particular reservation booking designator, provided that the Operating Carrier does not discriminate against the Marketing Carrier *vis a vis* other air carriers with respect to inventory access. [\*\*\*]

5.3 Each Carrier shall be free to establish fares and rates independently, subject to the provisions of the applicable air transport agreements between the United States and Mexico, provided, however, that each Carrier agrees, when acting as the Marketing Carrier, to make commercially reasonable efforts to observe the following guidelines with respect to the fares filed by the Marketing Carrier for the Codeshare Services operated by the Operating Carrier (including, if such codesharing is implemented, its Affiliates). The term "fares" (as used in this Section 5.3) shall be the published fare inclusive of all fare rules and incentives, if any.



The Marketing Carrier is not obligated to file the same number of fares for sale as the Operating Carrier, although the fares it does file must substantially follow the guidelines below:

- i. On city-pair routes in which the Marketing Carrier offers no service, the Marketing Carrier may only sell seats on the Operating Carrier's Codeshare Services [\*\*\*];
  - ii. On city-pair routes operated on a nonstop basis by both Parties or their respective Operating Affiliates, the Marketing Carrier's fares for Codeshare itineraries will be [\*\*\*];
  - iii. On city-pair routes where the Operating Carrier or its Affiliates operates nonstop service and the Marketing Carrier operates connecting service and does not offer nonstop service, the Marketing Carrier may only sell seats on the Operating Carrier's nonstop service [\*\*\*];
  - iv. On city-pair routes where the Marketing Carrier on a one-stop connecting service also operates its own non stop service, the fares of the Marketing Carrier for Codeshare itineraries will be [\*\*\*].
  - v. Nothing in this Agreement shall prevent either Carrier from [\*\*\*]. Except for the guidelines set forth above, each Party shall independently set fares and incentives, in accordance with and subject to all applicable laws.
- 5.4 While the Parties may independently consider schedule and route changes to maximize Codeshare Passengers and revenues and to maximize the convenience and minimize the waiting time of Codeshare Passengers making connections between Codeshare Flights and other flights operated by the Carriers, neither Carrier will be obligated to operate any specific flights or service schedules and each Carrier retains the right to determine the service schedules of its own flights in its absolute and sole discretion.
- 5.5 Either Carrier shall be entitled, in its sole and absolute discretion, to suspend or cancel service to a market then served by it[\*\*\*].

#### 6. MARKETING AND PRODUCT DISPLAY

- 6.1 The Codeshare Flights with respect to passengers traveling under the Code of the Marketing Carrier will be marketed and promoted by the Marketing Carrier. Each Party shall ensure that its respective advertising and promotions comply with all applicable governmental laws, rules and regulations of any applicable Competent Authority. The Marketing Carrier shall comply with 14 C.F.R. Parts 257 and 258, and any

other applicable rules regarding the disclosure and holding out of Codeshare Flights provided for herein in the jurisdiction where such rules apply. The Marketing Carrier shall disclose, to the extent required by Applicable Law, through industry-approved schedule and selling mechanisms, to consumers, travel agents and others selling the Codeshare Flights, as well as through any advertising, point-of-sale disclosures, and any other appropriate means: (a) that the flight is a Codeshare Flight, (b) the corporate name of the Operating Carrier and any other name under which the service is held out to the public, (c) the type of aircraft being flown, and (d) if there is a change of gauge in the aircraft. Such information shall be given before a reservation is made and in any event at the earliest reasonable opportunity and before the passenger arrives at the airport, in each case in accordance with Applicable Law. In addition, each Party shall use commercially reasonable efforts to implement procedures to disclose the identity of the Operating Carrier and the appropriate departure and arrival terminal at the earliest possible opportunity and in particular at the point of sale.

- 6.2 The Marketing Carrier shall identify the Codeshare Flights, in accordance with Applicable Law, in CRS, Reservations Systems and other sources of airline schedule information using the Marketing Carrier's Code. Any costs incurred for the publication of Marketing Flights or connections to and from such flights in Airline Guides, CRS, Reservation Systems and other sources of airline schedule information shall be borne by the Marketing Carrier. Each Party shall include the Codeshare Flights in its Reservations Systems.
- 6.3 Unless otherwise agreed by the Parties and set forth in the Codeshare Procedures Manual, the Marketing Carrier shall file its standard schedule data for the Codeshare Flights in such Codeshare Route using the traffic restriction code "Y" or "O" (or any successor code), in order to suppress the display of the Marketing Carrier's Codeshare Flights on Codeshare Routes (i.e., the Marketing Carrier's Codeshare Flights on such route will be limited to passengers connecting online to another flight operated by the Marketing Carrier or its Affiliate) or as mutually agreed by the Parties.
- 6.4 Unless otherwise agreed, all information and advertising materials produced with the aim of promoting the Codeshare Flights shall clearly identify both Parties. All joint advertising and promotion of the Codeshare Flights shall be subject to prior agreement between the Parties and the costs of such joint advertising and promotion shall be shared based on prior agreement.
- 6.5 Each Party may use its own flight number in referencing the Codeshare Flights except that only the Operating Carrier's flight number shall be used in actual flight operations (e.g., for air traffic control purposes).

7. TRAFFIC DOCUMENT ISSUANCE AND FINANCIAL SETTLEMENT

- 7.1 The Carriers agree that ticket revenue shall be prorated using the [\*\*\*] as described in Schedule B.

- 7.2 The Carriers agree that [\*\*\*] shall be prorated using the [\*\*\*] as described in Schedule B.
- 7.3 The Marketing Carrier will retain [\*\*\*].
- 7.4 The Operating Carrier will retain [\*\*\*].
- 7.5 Settlement between the Carriers will occur [\*\*\*], within [\*\*\*] after the reconciliation process has been completed for such month.  
Invoices to Frontier shall be sent to the following address:  
[\*\*\*]
- 7.6 [\*\*\*].
- 7.7 Differences that may appear after the billing process has completed shall be rectified by written correspondence or a meeting between the revenue accounting groups of each Party. The Parties shall attempt in good faith to resolve such differences through such correspondence or meetings. Any differences which cannot be so resolved shall be handled in accordance with Section 20.2.
- 7.8 All payments effectuated between the Carriers pursuant to this Agreement shall be paid exclusively in immediately available United States of America dollars, and any reference to fares hereunder shall be assumed to be fares established in such currency.
- 7.9 Reconciliation of already flown segments shall be made during the [\*\*\*] after the fly month. If either of the Parties sell a Codeshare Flight in a different currency than United States of America dollars, the Carrier will use the exchange rate of the [\*\*\*] of the official bank institution of each country (for Volaris, in the case of Mexican Pesos, at the exchange rate published by [\*\*\*]; for Frontier, at the exchange rate published by the [\*\*\*]) in order to pay to the other party in United States of America dollars.
- 7.10 Payments shall be made through a wire transfer, or by any other reasonable method requested by a Party, as permitted by Applicable Law:  
Volaris bank account details:  
[\*\*\*]  
Frontier bank account details:  
[\*\*\*]
- 7.11 Passenger and ancillary revenue payments between the Parties will not generate invoices as the Parties will directly invoice such passengers.

7.12 [\*\*\*] The Parties will mutually cooperate with any investigation regarding fraud based transactions, as set forth more fully in the Codeshare Procedures Manual.

8. COMMUNICATIONS FACILITIES

8.1 The Parties acknowledge the importance of maintaining functional and accurate communications identifying the Operating Carrier and the Marketing Carrier, as appropriate, to facilitate passenger convenience and to avoid passenger confusion at airports served by the Codeshare Flights. The Parties shall cooperate on the placement of such communications, subject to the approval of the relevant airport authorities.

9. TRAINING

9.1 Except as otherwise agreed, each Party shall provide or arrange, at its own cost and expense, all initial and recurring training of its personnel to facilitate the Codeshare Flights and operations at airports served by the Codeshare Flights, including reservations and ticket offices or counters, and other points of contact between the Parties and the public. This training shall include passenger service, reservations and sales activities, and in-flight service involving the Codeshare Flights, all as mutually agreed.

9.2 The Parties may share any training materials (except trade secrets, confidential information, and legal advice) developed to support the Codeshare Flights. All intellectual property or similar rights to any materials exchanged shall remain with the Party that originally developed such materials.

10. SECURITY

10.1 Each Party will be responsible for its own security, nevertheless, the Parties shall cooperate in matters of security procedures, requirements, and obligations at all airports served by the Codeshare Flights.

10.2 The Operating Carrier reserves the right to apply the provisions of its own security programs to the carriage of all passengers, baggage and cargo on board the Codeshare Flights, but shall, at a minimum, comply with the standards set forth by the applicable Competent Authorities and be reasonably acceptable to the Marketing Carrier, with the understanding that safety and security are of the utmost importance to both Carriers. Such provisions may include any then applicable procedures used for [\*\*\*].

10.3 The Carrier that originates the customer travel on Codeshare Flights (provides all boarding passes and checks the customer luggage to their final destination) shall assure that the customer is properly documented for entry into the destination country and properly documented for any transit points en route. Any fines, penalties, deportation and detention expenses resulting from violations of government entry or transit requirements, even for passengers that willfully engage in illegal entry tactics, shall be the sole responsibility of the Carrier that originates the customer travel and such Party shall indemnify the other Party in accordance with Section 17.2 hereof as if it were the Operating Carrier for such purpose.

10.4 The Operating Carrier of the first local leg of a Codeshare Passenger's Codeshare Flight shall ensure that (a) its employees are appropriately trained to check that the customer has all valid documentation (passport, visa, certificate, etc.) [\*\*\*]

i. [\*\*\*]

ii. [\*\*\*]

iii. [\*\*\*]

iv. [\*\*\*]

v. [\*\*\*]

and (b) its employees carry out such checks.

10.5 In the event that upon arrival at the connecting airport, a Codeshare Passenger does not have the appropriate documentation to continue the Codeshare Flight on the transborder leg, the Operating Carrier of the initial leg is responsible for any costs associated with the return of the Codeshare Passenger to the originating airport, and shall indemnify the other Party for any such costs and fines in accordance with Section 17.

## 11. SAFETY AND MAINTENANCE

11.1 The Operating Carrier has operational control of the aircraft and final authority and responsibility concerning the operations and safety of the aircraft and its passengers, including Codeshare Passengers. The Operating Carrier shall employ the same high standards of safety, security and loss prevention policies on the Codeshare Flights as on its own flights, but in no event less than those that comply with Applicable Law. The Parties agree that in case of a major accident or emergency as defined in each of the Parties' Mutual Aid Expectation Agreement, the Operating Carrier shall immediately contact the Marketing Carrier, and shall share information as required by the Parties' Mutual Aid Expectation Agreement.

At Volaris:

Phone: [\*\*\*]

Email: [\*\*\*]

At Frontier:

Phone: [\*\*\*]

Email: [\*\*\*]

- 11.2 The Operating Carrier shall have sole responsibility for the maintenance of its leased and owned aircraft, and for other equipment used in connection with the Codeshare Flights. Maintenance of such aircraft and equipment must, at a minimum, comply with the standards imposed by the relevant aeronautical authorities.
- 11.3 Each Party represents and warrants that [\*\*\*].
- 11.4 Each Party represents and warrants that [\*\*\*].
- 11.5 Safety Audits - During the Term:
- a) each Carrier shall permit the other Carrier, [\*\*\*] prior written notice, to conduct [\*\*\*] required by the other Carrier's regulatory requirements or otherwise, and to confirm compliance by that Carrier with its representation and warranty set forth in Section 11.2;
  - b) the reviewing Carrier does not assume any liability for any aspect of the other Carrier's safety standards [\*\*\*]
  - c) if the Carrier being audited has not, at the time of the audit, successfully undergone [\*\*\*].
- 11.6 Operations Audits - During the Term:
- a) each Carrier shall permit the other Carrier, not more than [\*\*\*], at its own expense and upon [\*\*\*] prior written notice, to conduct a review of its operations including but not limited to the operation of Codeshare Flights, safety, security and service procedures;
  - b) the review shall be restricted to what is reasonably related to the Codeshare Flights and may be conducted at such intervals as the Carriers agree, provided that the review does not unreasonably disrupt the operations of the Carrier being reviewed; and
  - c) the reviewing Carrier does not assume any liability for any aspect of the Operating Carrier's operations as a result of performing the review but will promptly share the results with the Operating Carrier.

12. INTENTIONALLY DELETED

13. TRADEMARKS AND CORPORATE IDENTIFICATION

- 13.1 Neither Party hereto shall use any of the other Party's Licensed Marks in any marketing, advertising or promotional collateral, including without limitation credit card and telecom solicitations, except where each specific use has been approved in advance in writing and executed by the other Party. When such approval is granted, each Party shall comply with any and all conditions that the other Party may impose to protect the use of any of that Party's Licensed Marks.

- 13.2 Except as expressly provided herein, no right, property, license, permission or interest of any kind in the use of any Licensed Marks of a Party or its respective Affiliates is intended to be given to or acquired by the other Party, its agents, servants or other employees by the execution or performance of this Agreement.
- 13.3 Each Party agrees that all advertising and promotional materials bearing the Licensed Marks of the other Party in relation to air transportation services contemplated by this Agreement shall meet the quality and presentation standards as set forth by the Party owning the relevant Licensed Mark.
- 13.4 Each Party has sole discretion to determine the acceptability of both the quality and presentation of advertising and promotional materials using its Licensed Marks.
- 13.5 Each Party is responsible for providing to its own authorized agents and airport locations the agreed promotional materials bearing the Licensed Marks.
- 13.6 Notwithstanding the limitations of this Section 13, each Party may use the other Party's Licensed Marks for purposes of complying with 14 C.F.R. Part 257 (U.S. DOT Airline Designator Code Sharing Policy) or any comparable regulations imposed by the Competent Authorities, without prior approval.

14. REPRESENTATIONS AND WARRANTIES

- 14.1 Each Party hereby represents and warrants to the best of its knowledge and belief to the other as follows:
  - a) It is a duly incorporated and validly existing corporation, in good standing under the laws of its jurisdiction of incorporation; is an air carrier duly authorized to act as such by the government of its country of incorporation; and has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery, and performance of this Agreement by it have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by it, and, assuming due authorization, execution, and delivery by the other Party hereto, this Agreement constitutes its legal, valid, and binding obligation, enforceable against it in accordance with its terms, except to the extent that enforceability may be limited or modified by the effect of bankruptcy, insolvency or other similar laws affecting creditors' rights generally, and the application of general principles of equity and public policy.
  - b) The execution, delivery or performance by it of this Agreement, shall not: (i) contravene, conflict with or cause a default under (A) any Applicable Law, rule or regulation binding on it, or (B) any provision of its charter, certificate of incorporation, bylaws or other documents of corporate governance.

14.2 Each of the foregoing representations and warranties shall survive the execution and delivery of this Agreement.

15. REQUIRED APPROVALS

- 15.1 The Codeshare Flights shall not commence until all Required Approvals are received. Each Party shall use all commercially reasonable efforts to obtain such Required Approvals. As soon as is reasonably practical after this Agreement is signed by both Parties, each Carrier will apply for the Required Approvals from each Competent Authority necessary to implement this Agreement, in accordance with the corresponding administrative procedures and providing for the necessary information requested by the relevant authorities, without prejudice to the necessary assurances of keeping sensitive information confidential.
- 15.2 Each Carrier will cooperate with the other Carrier and provide to each other such reasonable assistance as is required in applying for Required Approvals and provide the necessary legal assistance with each other's application and any procedural follow-up.
- 15.3 If either or both Parties fail to obtain the Required Approvals required to operate the Codeshare Routes within [\*\*\*] of seeking approval of such services, then neither Party shall be obligated to implement the provisions of this Agreement and, this Agreement may be terminated in its entirety by either Party upon written notice to the other.
- 15.4 Each Party shall immediately provide the other Party with copies of any correspondence or notices it receives from any Competent Authority with respect to the Codeshare Routes, Codeshare Flights or this Agreement, including with respect to the airworthiness of the aircraft used for the Codeshare Flights or noncompliance by the Operating Carrier with operational, training or safety rules and procedures.

16. TERM

- 16.1 This Agreement shall become effective on the date written above ("Effective Date") and shall continue for a period of three (3) years from the Effective date. This Agreement will automatically renew for successive one (1) year periods unless otherwise terminated as provided herein. Either Party may withhold consent to renewal of this Agreement by providing written notice at least [\*\*\*] prior to the end of the new renewal period.
- 16.2 Notwithstanding the foregoing, either Party may terminate this Agreement after one year from the date of the first operated Codeshare Flight by providing written notice at least [\*\*\*] prior to the proposed termination date.



- 16.3 In addition to any other termination rights provided herein, this Agreement may be terminated as follows:
- a) by the non-breaching Party upon the breach of a material term, covenant, representation or warranty of this Agreement (other than a breach of a payment obligation under Section 7 of this Agreement or the failure to otherwise pay any sums due pursuant to this Agreement), including a failure to comply with any material obligations and procedures as mutually agreed during the implementation of codesharing, provided that the non-breaching Party must provide the breaching Party with prior written notice describing the alleged breach, and [\*\*\*] in which to cure such breach.
  - b) by the non-breaching Party upon the breach of a payment obligation under Section 7 of this Agreement or the failure to otherwise pay any undisputed sums due to the non-breaching Party pursuant to this Agreement by the breaching Party, after the non-breaching Party provides the breaching Party with at least [\*\*\*] prior written notice describing, with as much particularity as practical, the alleged breach, and the breaching Party does not, [\*\*\*] following receipt of such notice, correct such breach; or
  - c) an Insolvency Event in respect of the other Party;
- 16.4 Throughout the term of this Agreement, either Party has the right to suspend, or partially suspend, performance of this Agreement immediately by giving written notice to the other Party in the event that:
- a) [\*\*\*]
  - b) [\*\*\*]
  - c) the other Party is not in compliance with Sections 11.3 or 11.4 of this Agreement
- 16.5 Throughout the Term, the Marketing Carrier has the right to [\*\*\*].
- 16.6 If a Party suspends this Agreement pursuant to Sections 16.4 or 16.5, as soon as the reason for the suspension no longer exists it shall notify the other Party and this Agreement will recommence [\*\*\*] after the date of notice under the same terms and conditions, or under amended terms and conditions in accordance with Section 30. A Party that suspends this Agreement pursuant to this Section may at any time during the suspension terminate this Agreement by giving notice in writing to the other Party after [\*\*\*] of suspension. If this Agreement is suspended or terminated pursuant to Section 1.3, 16.4 or 16.5, Sections 16.7 and 16.8 shall apply.
- 16.7 If a Force Majeure Event is in effect for a period longer than [\*\*\*], either Party may terminate this Agreement by providing the other Party with [\*\*\*] prior written notice so that the earliest termination that may occur under this Section is [\*\*\*] from the Force Majeure Event.

16.8 In the event of termination of this Agreement, the Marketing Carrier shall take all reasonable actions to confirm and preserve reservations on the Operating Carrier for passengers scheduled to be traveling on Marketing Carrier reservations and, as applicable, endorse or otherwise modify or reissue such reservations to permit use on the Operating Carrier. The Operating Carrier shall accept passengers traveling on such reservations as if such reservations had been booked through the Operating Carrier but giving effect to the revenue settlement methodology provided in Section 7 of this Agreement.

16.9 In the event that this Agreement is terminated by the Operating Carrier pursuant to the terms of this Agreement, [\*\*\*].

17. INDEMNIFICATION

17.1 The Party that is the Operating Carrier (or whose Affiliate is the Operating Carrier) shall indemnify, defend, and hold harmless the Marketing Carrier and its Affiliates and their respective directors, officers, employees and agents (each individually a, or collectively the, "Marketing Carrier Indemnified Party") from and against any and all Claims and Losses arising out of, caused by, or occurring in connection with (or alleged to arise out of, be caused by, or be occurring in connection with) any of the following:

- a) [\*\*\*]
- b) [\*\*\*]
- c) [\*\*\*]
- d) [\*\*\*]
- e) [\*\*\*]
- f) [\*\*\*]

PROVIDED THAT, the Operating Carrier shall not be required to indemnify any Marketing Carrier Indemnified Party to the extent of any liability caused by or arising from the actions of the Marketing Carrier Indemnified Party.

17.2 Subject to the indemnities provided in Section 17.1 (a), and without prejudice to any other written agreement or arrangement of either Party to indemnify the other Party, the Party that is the Marketing Carrier (or whose Affiliate is the Marketing Carrier) shall indemnify, defend, and hold harmless the Operating Carrier and its Affiliates and their respective directors, officers, employees, and agents (each individually a, or collectively the, "Operating Carrier Indemnified Party") from and any and all Claims or Losses arising out of, caused by, or occurring in connection with (or alleged to arise out of, be caused by, or occurring in connection with) any of the following:

- a) [\*\*\*]
- b) [\*\*\*]
- c) [\*\*\*]
- d) [\*\*\*]
- e) [\*\*\*]

17.3 A Party (the “Indemnified Party”) that believes it is entitled to indemnification from the other Party (the “Indemnifying Party”) pursuant to the terms of this Agreement with respect to a third-party Claim shall provide the Indemnifying Party with written notice (an “Indemnification Notice”) of such Claim as soon as possible (provided, however, that the failure to give such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent that such failure is materially prejudicial to the Indemnifying Party), and the Indemnifying Party shall be entitled, at its own cost and expense and by its own legal advisors, to control the defense of or to settle any such Claim. If the Indemnifying Party fails to take any action against the third-party Claim that is the subject of an Indemnification Notice [\*\*\*] of receiving such Indemnification Notice, or otherwise contests its obligation to indemnify the Indemnified Party in connection therewith, the Indemnified Party may, upon providing prior written notice to, but without the further consent of, the Indemnifying Party settle or defend against such third-party Claim for the account, and at the expense of the Indemnifying Party.

17.4 Each Party further agrees to indemnify, defend and hold harmless the other Party from and against any and all Taxes (as defined in Schedule A), or assessments, as the case may be, levied upon or advanced by the Indemnified Party, but that ultimately the Indemnifying Party would be responsible for paying, which resulted from any transaction or activity contemplated by this Agreement.

17.5 The rights and obligations of the Parties under this Section 17 shall survive the Termination Date or expiration of this Agreement.

18. INSURANCE

18.1 Each Carrier shall procure and maintain in full force and effect during the term of this Agreement in line with best industry practice for comparable operators and shall be through such brokers and with such insurers of recognized standing in the London and/or New York markets and having such deductibles and subject to such exclusions as customary in the international aviation insurance markets for comparable operators and equipment, of the type and in the amounts listed below:

- a) Airline Aviation Third Party Legal Liability in respect of all operations, including but not limited to aircraft (owned and non-owned) liability (including risks of hijacking, war and other perils), passenger and crew baggage and personal effects, funeral and repatriation expenses, all reasonable expenses arising out of the Family Assistance Act (United States) and/or similar regulations applying elsewhere in the world, cargo, mail, hangar keepers, general liability, or its equivalent including premises, personal injury and products and completed operations. This insurance [\*\*\*], and shall (i) name the Marketing Carrier and the Marketing Carrier Indemnified Parties as additional insureds to the extent of the protections afforded the Marketing Carrier under the indemnity specified in Section 17.1, (ii) [\*\*\*] (iii) contain a reference to this Agreement, and (iv) the Operating Carrier's policy or policies shall be amended as soon as practicable to comply with Applicable Law having jurisdiction over aircraft operated by the Operating Carrier.
- b) The Operating Carrier shall maintain a combined single limit of liability of not less than USD [\*\*\*] for A319/A320/A321 and/or any other narrow body aircraft per any one occurrence for each aircraft and USD [\*\*\*] for any widebody aircraft per any one occurrence for each aircraft, including bodily injury, death, personal injury, property damage, passenger legal liability and war and other perils combined, over all coverages and in the aggregate as applicable, but (i) personal injury limited to USD [\*\*\*] per offense and in the annual aggregate except with respect to passengers, and (ii) for war risk and other perils, maintain limits of not less than USD [\*\*\*] for A319/A320/A321 and/or any other narrow body aircraft and USD [\*\*\*] for widebody aircraft, which may be subject to an annual aggregate limit; provided, however, that in the event that the Operating Carrier at any time during the term of this Agreement purchases or maintains such insurance in an amount greater than the amounts stated in this section 18.1(b), the Marketing Carrier shall have the benefit of such limits.
- c) Hull all risk insurance, including war risk, hijacking and other perils, and such policy shall include a waiver of subrogation in favor of the Marketing Carrier Indemnified Party to the extent of the indemnity specified in Section 17.1.

18.2 Each Party shall provide the other Party with certificates of insurance evidencing such coverage, no less than [\*\*\*] prior to the commencement of the first Codeshare Flight, and thereafter within [\*\*\*] of the date of any renewal of such coverage. The certificates must indicate that the above coverage shall not be canceled or materially altered without [\*\*\*] advance written notice to the other Party and that the other Party shall be notified of any or renewal of such coverage. The notice period in respect of war and other perils coverage shall be [\*\*\*] or such lesser period as is or may be available in accordance with policy conditions.

19. TAXES

- 19.1 Each Party shall be responsible for any net or gross income or franchise taxes (or taxes of a similar nature) on the revenues or income or any measure thereof which is attributable to it in connection with the sale of air transportation pursuant to this Agreement.
- 19.2 The Party that acts as the Marketing Carrier in respect of any particular transaction shall collect, except as otherwise prohibited by law, all Sales Taxes relating to sold or travel documents issued by it with respect to air transport pursuant to this Agreement. The Parties hereby agree as follows:
- a) The Marketing Carrier shall collect, report and remit to the taxation authorities any non- interlineal Sales Taxes levied in connection with sales of the Codeshare Flights.
  - b) The Marketing Carrier shall collect any interlineal Sales Taxes levied in connection with the sales of the Codeshare Flights. If the Marketing Carrier is a third-party, the Operating Carrier shall report and issue a debit invoice to the Marketing Carrier for any interlineal Sales Taxes levied in connection with the sales of the Codeshare Flights. Operating Carrier shall remit to taxation authorities all such interlineal Sales Taxes.
  - c) The Operating Carrier may bill the Marketing Carrier for any Sales Taxes due or payable on or measured by passenger enplanement and payable or remittable by the Operating Carrier or the Marketing Carrier that should have been collected at the time of sale or travel document issue by the Marketing Carrier.
- 19.3 If the Marketing Carrier is prohibited by law from collecting certain Sales Taxes in the country where reservations are sold or where travel documents are issued, then the Marketing Carrier is relieved from collecting only to the extent such Sales Taxes are so prohibited by law, The Marketing Carrier shall notify, or if the Marketing Carrier is not the Marketing Carrier, the Marketing Carrier shall cause the Marketing Carrier to notify, the Operating Carrier (i) no later than the date of this Agreement with regard to any such laws existing as of such date, and (ii) within [\*\*\*] of the enactment of any such laws after the date of this Agreement, which Sales Taxes it is prohibited from collecting and render reasonable assistance to the Operating Carrier so that procedures can be implemented to collect such Sales Taxes from the passenger.
- 19.4 Both Parties acknowledge that the tax laws of the countries in which they may operate in connection with the Codeshare Flights may require withholding of Taxes on certain of the payments that either of the Parties or their agents (the "Payer") may be required to pay to the other Party (the "Payee"), under this Agreement. It is agreed that payments to the Payee shall be exclusive of such withholding, provided however, that the Payer shall inform the Payee in writing with at least [\*\*\*] advance notice of its intent to withhold the Taxes and the legal basis for such withholding. The Payer shall inform the Payee:

- a) within [\*\*\*] of receipt by the Payer of any directives that may be given to the Payer by such taxation authority; and
- b) within [\*\*\*] of payment by the Payer to the relevant taxation authority the amounts withheld by Payer.

19.5 For U.S. income tax purposes, Volaris shall annually and timely furnish Frontier, at the address provided in the following sentence, with a duly executed original copy of U.S. tax form W-8BEN, or such other forms as the U.S. Internal Revenue Service may require from time to time, so that Frontier may report any relevant transactions arising under this Agreement and, if applicable, substantiate an exemption from any obligation on Frontier 's part with respect to any income tax withholding or reporting obligations on payments made to Volaris. Volaris shall furnish such form(s) to Frontier at:

[\*\*\*]

In the event the Payer is required to withhold taxes under the procedures of Section 19.4, the Payer shall provide to the Payee within [\*\*\*] of such withholding a tax receipt and copies of any support for the payment as may be necessary to support a claim by the Payee of a foreign tax credit under Applicable Laws.

19.6 If either Party receives notice from any taxation authority with respect to any assessment or potential assessment or imposition of any Tax (collectively, an "Assessment") relating to this Agreement, that the other Party may be responsible for paying, directly or indirectly, the Party so notified shall inform the other Party in writing within [\*\*\*] of receipt of such notice. If the Party receiving such notice from a taxation authority is or will be required to pay any Assessment for which the other Party is ultimately responsible, it shall be entitled to be indemnified against such Assessment in accordance with Section 17.5. The Indemnifying Party shall have the option to defend or contest such Assessment in accordance with the procedures set forth in Section 17.

## 20. JOINT MANAGEMENT COMMITTEE

20.1 Upon the execution of this Agreement, the Parties will create a joint management committee (the "Committee"). The Parties will each designate [\*\*\*] to the Committee, and each will have the right to replace its management designees at any time upon prior written notice to the other Party. The Committee will meet (in person or by telephone) at mutually agreed intervals and will meet at such additional times as it determines appropriate for the performance of its responsibilities or as reasonably requested by either Party but no less than once every [\*\*\*]. Each meeting will be conducted in accordance with an agenda to be determined as described below. Either Party may place an item on the agenda of any meeting of the Committee.

21. FORCE MAJEURE

21.1 If a Carrier is unable to perform any of its obligations under this Agreement as a result of a Force Majeure Event, such Carrier shall be relieved from the performance of those obligations to the extent (and only to the extent) of its inability to perform them as a result of the Force Majeure Event and shall have no liability to the other Carrier for any Losses or Liabilities that the other Carrier may suffer, sustain, pay or incur in connection with or resulting from its inability to perform such obligations.

21.2 The Carrier claiming the occurrence of a Force Majeure Event shall immediately:

- a) notify the other Carrier of the claiming Carrier's inability to perform its obligations under this Agreement due to the Force Majeure Event, such notification containing the claiming Carrier's estimated duration of the Force Majeure Event;
- b) take all commercially reasonable steps to cure its non-performance and mitigate any damages flowing therefrom; and
- c) resume the performance of its obligations under this Agreement once the Force Majeure Event is no longer present.

22. GOVERNING LAW AND JURISDICTION

22.1 The performance of this Agreement, including any disputes arising hereunder, shall be governed by, and interpreted in accordance with, the laws of New York, without regard to any conflict of laws principles. Each Party irrevocably submits to the nonexclusive jurisdiction of the courts of New York, for the purpose of resolving any dispute relating to the interpretation of any provision of this Agreement or the performance, negligent performance or non-performance, as applicable, by a Party of its obligations under this Agreement. Each Carrier, to the fullest extent it may effectively do so under substantive governing law applicable to this Agreement, also irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of the courts of New York and any objection that it may have as to venue or inconvenient forum in respect of claims or actions brought in such court.

23. COVENANT TO COMPLY WITH ALL LAWS

- 23.1 In performing its obligations under this Agreement, each Party shall, at its own cost and expense, fully comply with, and have all licenses under, all Applicable Laws of the country in which each of them operates and all third countries including rules and regulations promulgated by the U.S. National Transportation Safety Board, the DOT, the FAA, the U.S. Department of Defense, the U.S. Department of Homeland Security and the counterpart agencies in Mexico.
- 23.2 If either Party has notice that a provision of this Agreement is contrary to any Applicable Laws, that Party shall immediately notify the other Party in writing, such notice to include a description of the perceived violation of regulation and supporting written materials that facilitate the other Party's investigation of such perceived violation.
- 23.3 Each Carrier will comply with the data protection and privacy laws of all Competent Authorities applicable to it in connection with the disclosure of personal data concerning Codeshare Passengers.
- 23.4 Prohibition of Foreign Corrupt Practices
- a) Each Carrier acknowledges receipt of a copy of the Foreign Corrupt Practices Legislation to which the other Carrier is subject and confirms its understanding of the Foreign Corrupt Practices Legislation applicable to it and to the other Carrier. Each Carrier represents, warrants and covenants that it will not violate any provision of the Foreign Corrupt Practices Legislation, regardless of applicability of the law as a whole to it. Furthermore, each Carrier agrees to provide annual certifications relating to its understanding of and compliance with the Foreign Corrupt Practices Legislation.
  - b) Each Carrier represents, warrants and covenants that it has not and will not, directly or indirectly, pay, promise, or offer to pay, or authorize the payment of, any money or give any promise or offer to give, or authorize the giving of anything of value, to:
    - i. an officer, employee, agent, or representative of any government, including any department, agency, or instrumentality thereof or any person acting in an official capacity therefore or on behalf thereof;
    - ii. a candidate for political office, any political party, or any official of a political party; or
    - iii. any other person or entity while knowing or having reason to know that all or any portion of such payment or thing of value will be offered, given, or promised, directly or indirectly, to any of the persons identified in paragraphs (i) or (ii) above,



- iv. for the purpose of influencing any act or decision of such government official, political party, party official, or candidate in his or its official capacity, or any act or decision of any officer, employee, agent or representative thereof, including a decision to do or omit to do any act in violation of the lawful duty of such person or entity, or inducing such person or entity to use his or its influence with the government or instrumentality thereof, in order to assist that Carrier or the other Carrier in the promotion, marketing, or sale of services under this Agreement or for any other purpose.
- c) Each Carrier covenants that the foregoing will remain true, accurate and complete at all relevant times and that it will promptly inform the other Carrier of any change in the foregoing. Each Carrier will permit the other Carrier or an independent accountant to audit that Carrier's books and records, to ensure compliance with the Foreign Corrupt Practices Legislation.
- d) Each Carrier agrees that a breach by it of any of the provisions of this Article 23 shall constitute a material default of a Carrier for the purposes of Section 16.3 hereof and that for such purposes, the right to a 30 days rectification period shall not apply.

24. PUBLICITY

Neither Party may issue any written press release concerning this Agreement without the prior written consent of the other Party.

25. CONFIDENTIALITY

25.1 Except as necessary to obtain any Required Approvals or as otherwise provided below, each Party shall, and shall that its directors, officers, employees, Affiliates, and professional advisors (collectively, the "Representatives"), at all times, maintain strict confidence and secrecy in of all Confidential Information of the other Party (including its Affiliates) received directly or indirectly as a result of this Agreement. The Confidential Information shall be used exclusively in connection with this Agreement. If a Party (the "Disclosing Party") is requested to disclose any Confidential Information of the other Party (the "Affected Party") under the terms of a subpoena or order issued by a court or Competent Authority, it shall (a) notify the Affected Party immediately of the existence, terms, and circumstances surrounding such request, (b) consult with the Affected Party on the advisability of taking available steps to resist or narrow such request, and (c) if any disclosure of Confidential Information is required to prevent the Disclosing Party from being held in contempt or subject to other legal penalty, furnish only such portion of the Confidential Information as it is legally compelled to disclose

and use commercially reasonable efforts to obtain an order or other reliable assurance that confidential treatment shall be accorded to the disclosed Confidential Information. Each Party agrees to transmit Confidential Information only to such of its Representatives as required for the purpose of implementing and administering this Agreement, and shall inform such Representatives of the confidential nature of the Confidential Information and instruct such Representatives to treat such Confidential Information in a manner consistent with this Section 25.1.

25.2 Within [\*\*\*] after the termination of this Agreement, each Party shall either deliver to the other Party or destroy all copies of the other Party's confidential Information in its possession or the possession of any of its Representatives (including, without limitation, any reports, memoranda or other materials prepared by such Party or at its direction) and purge all copies encoded or stored on magnetic or other electronic media or processors, unless and only to the extent that the Confidential Information is necessary for the continued administration and operation of such Party's programs or is reasonably necessary in connection with the resolution of any dispute between the Parties.

25.3 The confidentiality obligations of the Parties under this Section 25 shall survive the Termination Date or expiration of this Agreement for a period of [\*\*\*].

26. ASSIGNMENT

Neither Party may assign or otherwise convey any of its rights under this Agreement, or delegate or subcontract any of its duties hereunder, without the prior written consent of the other Party.

27. SEVERABILITY

If any provision of this Agreement is or becomes illegal, invalid or unenforceable under the Applicable Law of any jurisdiction, such provision shall be severed from this Agreement in the jurisdiction in question and shall not affect the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or the enforceability of such provision under the Applicable Law of any other jurisdiction; unless, in the reasonable opinion of either Party, any such severance affects the commercial basis of this Agreement, in which case the Party shall so inform the other Party and the Parties shall negotiate in good faith to agree upon modification of this Agreement so as to maintain the balance of the commercial interests of the Parties. If, however, such negotiations are not successfully concluded within [\*\*\*] from the date a Party has informed the other that the commercial basis has been affected either Party may terminate this Agreement by giving at least [\*\*\*] prior written notice to the other Party.

28. FURTHER ASSURANCES

28.1 Each Party shall perform such further acts and execute and deliver such further instruments and documents at such Party's cost and expense as may be required by Applicable Laws, rules or regulations or as may be reasonably requested by the other to carry out and the purposes of this Agreement.

28.2 If and to the extent the transactions or activities contemplated by this Agreement require the cooperation or participation of an Affiliate of a Party hereto, such Party shall cause such Affiliate to cooperate or participate in such transaction or activity. Each Party shall cause such Affiliate to perform such acts and execute and deliver such further instruments and documents as may reasonably be required by the other Party to provide for such cooperation and participation, including without limitation, execution of an addendum providing for such Affiliate to become a party to this Agreement.

29. MISCELLANEOUS

29.1 This Agreement contains the entire agreement between the Parties relating to its subject matter, and supersedes any prior understandings or agreements between the Parties regarding the same subject matter. This Agreement may not be amended or modified except in writing signed by a duly Representative of each Party.

29.2 The relationship of the Parties hereunder shall be that of independent contractors. Neither Party is intended to have, and neither of them shall represent to any other that it has, any power, right or authority to bind the other, or to assume, or create, any obligation or responsibility, express or implied, on behalf of the other, except as expressly required by this Agreement or as otherwise permitted in writing. Nothing in this Agreement shall be construed to create any partnership, joint venture, employment relationship, franchise or agency (except that the Operating Carrier shall have supervisory control over all passengers during any Codeshare Flight, including any employees, agent or contractors of the Marketing Carrier who are on board any such Codeshare Flight).

29.3 All rights, remedies and obligations of the Parties hereto shall accrue and apply solely to the Parties hereto and their permitted successors and assigns; there is no intent to benefit any third parties, including the creditors of either Party.

29.4 This Agreement may be executed and delivered by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all of which taken together shall constitute one and the same instrument.

29.5 No failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof of the exercise of any other right, remedy, power or privilege. The rights, remedies, and privileges therein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Applicable Law. The failure of any Party to insist upon a strict performance of any of the terms or provisions of this Agreement, or to exercise any option, right or remedy herein contained, shall not be construed as a waiver or

as a relinquishment for the future of such term, provision, option, right or remedy, but the same shall continue and remain in full force and effect. No waiver by any Party of any term or provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by such Party.

- 29.6 This Agreement is the product of negotiations between the Parties, and shall be construed as if jointly prepared and drafted by them, and no provision hereof shall be construed for or against any Party by reason of ambiguity in language, rules of construction against the drafting Party, or similar doctrine.
- 29.7 Although translations of this Agreement may be made into any other language for the convenience of the Parties, the English version will govern for all purposes of the interpretation and performance of this Agreement.
- 29.8 NEITHER PARTY SHALL BE LIABLE FOR ANY EXEMPLARY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOST REVENUES, LOST PROFITS OR LOST PROSPECTIVE ECONOMIC ADVANTAGE, ARISING FROM ANY PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT, EVEN IF SUCH PARTY KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY THEREOF, AND EACH PARTY HEREBY RELEASES AND WAIVES ANY CLAIMS AGAINST THE OTHER PARTY REGARDING SUCH DAMAGES. FOR THE AVOIDANCE OF DOUBT, THE PARTIES AGREE THE FOREGOING SHALL NOT LIMIT A PARTY'S OBLIGATION TO INDEMNIFY THE OTHER IN ACCORDANCE WITH SECTION 17 FOR DAMAGES ARISING OUT OF OR RELATING TO A CLAIM, SUIT OR CAUSE OF ACTION BY A THIRD PARTY.

30. NOTICES

Unless otherwise expressly required in this Agreement, all notices, reports, invoices and other communications required or permitted to be given to or made upon a Party to this Agreement shall be in writing, shall be addressed as provided below and shall be considered as properly given and received: (i) when delivered, if delivered in person (and a signed acknowledgment or receipt is obtained); or (ii) three (3) Business Days after dispatch, if dispatched by a recognized express delivery service that provides signed acknowledgments of receipt. For the purposes of notice, the addresses of the Parties shall be as set forth below; provided, however, that either Party shall have the right to change its address for notice to any other location by giving at least three (3) Business Days prior written notice to the other Party in the manner set forth above.

If to Volaris	Antonio Dovalí Jaime 70, Torre B, Piso 13, Zedec Santa fe, 01210, Ciudad de México, México
with a copy to:	***]
If to Frontier:	Howard Diamond, General Counsel 4545 Airport Way Denver, Colorado 80239, United States of America
with a copy to:	***]

31. IMPLEMENTATION

31.1 Implementation and continuation of this Agreement shall be subject to the following conditions:

- a) receipt by the Parties of all necessary Required Approvals, licenses, permits, consents, waivers, and authorities applicable to the transactions contemplated hereunder; and
- b) successful completion by each of the Parties of its "IOSA registration or renewal, as applicable.

31.2 If a Party is unable to comply with any of the conditions set forth in Section 31 after the Agreement is implemented because of technical or legal reasons, such Party will not be deemed to be in breach of any obligation in this Agreement if it is using its commercially reasonable efforts to comply with such condition and the non-compliance does not continue for a period longer than [\*\*\*].

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Agreement as of the date first written above.

Frontier Airlines, Inc.

Concesionaria Vuela Compafia de Aviacion, S.A.P.I. de C.V.

/s/ Howard Diamond

/s/ Holger Blankenstein /s/ Jaime E. Pous

By: Howard Diamond

By: Holger Blankenstein/Jaime E. Pous

Title: General Counsel

Title: EVP-Commercial and Operations/SVP – Chief Legal Officer

Date: January 16, 2018

Date: January 16, 2018

[Signature page for Codeshare Agreement between Frontier Airlines, Inc. and Concesionaria Vuela Compaiia de Aviacion, S.A.P.I. de C.V.]

## SCHEDULE A DEFINITIONS

The following capitalized terms (or otherwise defined) in the headings, or elsewhere in this Agreement, have the meanings set forth below, or where otherwise defined. References in this Schedule are to Sections in the main text of this Agreement unless otherwise noted:

[\*\*\*]

“**Applicable Law**” means collectively, all applicable laws, statutes, ordinances, decrees, rules, regulations, by-laws, legally enforceable policies, codes or guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives, rulings or awards, and conditions of any grant of approval, permission, certification, consent, registration, authority or license by any court, statutory body, self-regulatory authority, stock exchange or other Competent Authority.

“**ARS**” means, in respect of a Carrier, that Carrier’s airline reservation system for the management of its flights schedules, fares, inventory and ticket sales.

“**Base Fare**” means the Published Fare paid or payable by a Codeshare Passenger (including any increases or decreases thereto as a result of any changes to the original ticketed transaction between the initial acquisition date and the date the Codeshare Service is provided to the Codeshare Passenger) less applicable discounts charged by the Marketing Carrier less Other Charges.

“**Base Fare Revenues**” means, in respect of a full Codeshare itinerary transaction, the Base Fare payable by a Codeshare Passenger for that full Codeshare itinerary transaction.

“**Business Day**” means a day other than Saturday or Sunday or a statutory holiday in the United States of America or Mexico.

“**Claims**” means any cause of action, action, account, lien of any kind, whatsoever, claim, demand, lawsuit, audit, proceeding, or arbitration, including any proceeding or investigation by a Competent Authority or agency thereof.

“**Code**” means the designator code used to identify each Carrier’s flights as published in the Official Airline Guide, ARS and CRS.

“**Codeshare**” or “**Codesharing**” means the process by which the Marketing Carrier places its Code on the flight number of a flight operated by the Operating Carrier.

“**Codeshare Connecting Itineraries**” means flight itineraries made up of flights operated by one Carrier connecting to a flight operated by the other Carrier. Current Codeshare Connecting Itineraries are attached hereto as Schedule D (*Codeshare Connecting Itineraries and Revenue Prorate Illustration*).

“**Codeshare Flights**” means those flights agreed to by the Carriers from time to time between the city-pairs served by an Operating Carrier where the Marketing Carrier’s Code is listed on the flight number of a flight operated by, and originating in a city served by, the Operating Carrier.

“**Codeshare Passengers**” means passengers traveling on a Codeshare Flight using a Marketing Carrier ticket.

“**Codeshare Procedures Manual**” means the procedures manual to be developed by the Committee and approved by the Carriers setting forth, among other matters, procedures for irregular operations, customer service handling and Quality of Service Requirements for Codeshare Flights and Codeshare Passengers. Each Party will provide notice of changes to its operations or procedures to the other.

“**Codeshare Routes**” means any route that commences in a city served by one Carrier and ends in a city served by the other Carrier.

“**Commissionable Base Fare**” means the Base Fare paid or payable by a customer for a ticketed transaction on the date the Codeshare service is provided to the Codeshare Passenger as more particularly described in Schedule F (*Codeshare Commissions*).

“**Committee**” has the meaning set forth in Section in 20.1

“**Competent Authority**” means any national, federal, state, county, local or municipal government body, bureau, commission, board, board of arbitration, instrumentality, authority, agency, department, court, minister, ministry, official or public or statutory person having jurisdiction over this Agreement, or either Carrier.

“**Conditions of Carriage**” means, in respect of a Carrier, those conditions of contract and rules of carriage of that Carrier (including transportation on Codeshare partners) that govern the transport of passengers traveling on tickets (including e-tickets) showing such Carrier’s Code in the carrier code box of the flight coupon or e-ticket, as applicable, setting out the benefits and limitations associated with the air transportation service being provided.

“**CRS**” means computer reservation systems that allow an operator (such as a travel agent) to locate and reserve inventory (for instance, an airline seat on a particular route at a particular time), find and process fares/prices applicable to the inventory, generate tickets and travel documents, and generate reports on the transactions for accounting or marketing purposes.

“**Dispute**” means any controversy, dispute, difference, disagreement or claim between the Parties arising under or relating to this Agreement, including any question concerning the validity, termination, interpretation, performance, operation, enforcement or breach of this Agreement.

“**DOT**” means the United States Department of Transportation.

“**Effective Date**” means January 16, 2018.

“**FAA**” means the United States Federal Aviation Administration.

“**Force Majeure Event**” one or more of the following events: acts of God; government sanctions; acts of terrorism; war; riots or civil commotion; strikes, work stoppages or labour disputes (regardless of whether such disputes are between either Carrier and its employees or between other parties); natural disaster, earthquake or fire; flood or other weather-related reason; subject to each Carrier’s compliance with Section 15 of this Agreement, failure of the Carriers to obtain any Required Approval or the revocation of such Required Approval; government-mandated grounding or a Carrier’s voluntary, safety-related grounding (absent governmental mandate) of a significant number of a Carrier’s aircraft; a reduction in flight operations caused by the unavailability of jet fuel or by the inability of suppliers to provide adequate essential materials for a Carrier’s operations; the revocation of a Carrier’s operating certificate by a Competent Authority; the activation of the U.S. Civil Reserve Air Fleet; the unavailability of Volaris.com



or Frontier.com due to technological, internet, communications or other failure not reasonably foreseeable and beyond the Carrier's reasonable control and other acts of any Competent Authority or any other cause materially delaying, disrupting, suspending, limiting, preventing or curtailing a Carrier's performance under this Agreement, provided that such acts or causes are beyond the reasonable control of a Carrier and further provided that a lack of funds shall not, in any circumstances, constitute or give rise to, a Force Majeure Event.

**"Foreign Corrupt Practices Legislation"** includes the *Foreign Corrupt Practices Act of 1977*, as amended the *Corruption of Foreign Public Officials Act 1998*, c.34, as amended, and the Mexican Federal Law for the Prevention and Identification of Operations with Illicit Resources (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*) and complementary legislation, as amended.

**"IATA"** means the International Air Transport Association.

**"IOSA"** means the evaluation system designed and maintained by the IATA to assess the operational management and control systems of an airline based on internationally recognized quality audit principles, and designed so the audits are conducted in a standardized and consistent manner.

**"Indemnified Party"** has the meaning set forth in Section 17.3.

**"Indemnifying Party"** has the meaning set forth in Section 17.3.

**"Insolvency Event"** means, with respect to a Carrier, an event whereby either:

- (a) such Carrier consents to the appointment of or the taking of possession by a receiver, trustee or liquidator of such Carrier or of a substantial part of its property, or makes a general assignment for the benefit of its creditors, or such Carrier files a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief in a case under any bankruptcy or other insolvency laws (as in effect at such time) or an answer admitting the material allegations of a petition filed against such Carrier in any such case, or such Carrier seeks relief by voluntary petition, answer or consent under the provisions of any bankruptcy or other similar law providing for the reorganization or winding up of corporations or other entities (as in effect at such time) or such Carrier seeks an agreement composition, extension or adjustment with its creditors under such laws;
- (b) an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of such Carrier, a receiver, trustee or liquidator of such Carrier or of a substantial part of its property, or sequestering a substantial part of the property of such Carrier, or granting any other relief with respect to such Carrier as a debtor under any bankruptcy or other insolvency laws (as in effect at such time), and any such order, judgment or decree of appointment or sequestration remains in force undismissed and unvacated for a period of [\*\*\*] after the date of entry thereof; or
- (c) a petition against such Carrier in a case under any bankruptcy or other insolvency laws (as in effect at such time) is filed and not withdrawn or dismissed within [\*\*\*] thereafter, or if, under the provisions of any law providing for reorganization or winding up of corporations or other entities applicable to such Carrier, any court of competent jurisdiction assumes jurisdiction, custody or control remains in force unrelinquished and unterminated for a period of [\*\*\*].

“**Liabilities**” means any and all liabilities and obligations, whether under common law, in equity, under Applicable Law or otherwise, whether tortious, contractual, vicarious, statutory or otherwise, whether absolute or contingent, and whether based on fault, strict liability or otherwise.

“**Licensed Marks**” means the Trademarks, names, logos, logotype, insignia, service marks, trademarks, trade names, copyrights, corporate goodwill or other proprietary intellectual property, whether registered or unregistered, of a Party.

“**Losses**” means any and all losses, damages, costs, expenses, charges (including all penalties, assessments and fines) including reasonable costs of legal counsel (on a solicitor and client basis) and other professional advisors and consultants and reasonable costs of investigating and defending Claims arising from any matter, regardless of whether those Claims are sustained.

“**Marketing Carrier**” means the Carrier that markets and sells the seats and places its Code on the flight operated by the Operating Carrier.

“**Marketing Carrier Flight Coupons**” means a flight coupon of a ticket or an e-ticket, as applicable, issued by the Marketing Carrier, Operating Carrier or a third party for travel on a Codeshare Flight showing the

“**Marketing Flights**” means a Codeshared Flight when displayed, sold, or referred to as a flight of the Marketing Carrier rather than a flight of the Operating Carrier, such as when using the Marketing Carrier’s name, designator Code and/or flight number.

[\*\*\*]

“**Operating Carrier**” means the Carrier that operates the Codeshare Flight.

“**Other Charges**” [\*\*\*].

“**Payee**” has the meaning set forth in Section 19.4.

“**Payer**” has the meaning set forth in Section 19.4.

“**PNR**” means Passenger Name Record.

“**Pro-Rated Commissionable Base Fare Revenues**” means the Commissionable Base Fare Revenues attributable to that portion of a full Codeshare itinerary transaction that is operated by the Operating Carrier.

“**Required Approvals**” means all material orders, permits, licenses, exemptions, registrations, waivers, authorizations, confirmations and approvals of any Competent Authority which are required to be obtained in connection with this Agreement and any Codeshare Flights contemplated by this Agreement.

“**Route**” means the exact airport to airport origin and destination.

“**Sales Taxes**” means any non-interlineable Taxes levied in connection with sales of the Codeshare Flights and sales of any services ancillary to the Codeshare Flights.

“**Taxes**” means taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Competent Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof (including those levied on, or measured by, or referred to as, income gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, premium, business, franchising, passenger facility charges (PFCs), security, import and export duties, transportation, property, employer health, payroll, employment, health, social services, education and social security taxes, surtaxes, customs duties and import and export taxes or duties, franchise, government and registration fees, social security contributions, retirement and housing allowances established by the Mexican government, and employment insurance and health insurance) and all related fees, license or assessments.

“**Term**” means the term of this Agreement.

“**Trademarks**” means:

- (a) in the case of Frontier, means Frontier, Frontier Airlines, the Frontier design, flyfrontier.com, F9 and the F9 Code for Frontier, together with such other trademarks as may be registered from time to time by Frontier; and
- (b) in the case of Volaris, means Volaris, the Volaris design, Volaris.com, and Volaris Airlines and the Y4 Code for Volaris, together with such other trademarks as may be registered from time to time by Volaris.

---

**SCHEDULE B**

**REVENUE PRORATE ILLUSTRATION**

[\*\*\*]

**SCHEDULE C**

[\*\*\*]

[\*\*\*]

- [\*\*\*]
- [\*\*\*]
- [\*\*\*]
- [\*\*\*]
- [\*\*\*]
- [\*\*\*]
- [\*\*\*]

**SCHEDULE D**  
**EXAMPLES OF INTERLINABLE TAXES/FEES/CHARGES**

Mexican Taxes: (Including but not limited to)

<u>Tax Code</u>	<u>TCF Type</u>	<u>Tax Code Description</u>	<u>Collected by Selling (Marketing) Carrier</u>	<u>Remittance Carrier</u>	<u>Interlinable</u>
XV	TT2	Airport Departure Tax - TUA (Domestic)	YES	Operating	YES
XD	TT1	Airport Departure Tax - TUA (International)	YES	Operating	YES
MX	TT1	Excess Baggage Ticket Tax	YES	Marketing	NO
***	PC4	Security Charge (Domestic)	N/A	Operating	NO
***	PC2	Security Charge (International)	N/A	Operating	NO
UK	TT1	Tourism Tax (Derecho No Inmigrante)	YES	Operating	YES
MX	TT2	Transportation Tax - IVA (Domestic)	YES	Marketing	NO
XO	TT1	Transportation Tax - IVA (International)	YES	Marketing	NO

US Taxes: (Including but not limited to)

<u>Tax Code</u>	<u>TCF Type</u>	<u>Tax Code Description</u>	<u>Collected by Selling (Marketing) Carrier</u>	<u>Remittance Carrier</u>	<u>Interlinable</u>
AY	TT1	Passenger Civil Aviation Security Service Fee (International)	Yes	Marketing	NO
AY	TT2	Passenger Civil Aviation Security Service Fee (Domestic)	Yes	Marketing	NO
US	TT1	Transportation Tax (International)	Yes	Marketing	NO
US	TT2	Transportation Tax (Domestic)	Yes	Marketing	NO
XA	TT1	APHIS User Fee – Passengers	Yes	Marketing	NO
XF	PC9	Passenger Facility Charge	Yes	Marketing	NO
XY	PC7	Immigration User Fee	Yes	Marketing	NO
YC	PC7	Customs User Fee	Yes	Marketing	NO
ZP	TT2	Flight Segment Tax (Domestic)	Yes	Marketing	NO

**PROMISSORY NOTE**

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

Reference is made to that certain Payroll Support Program Agreement (“PSP Agreement”) dated as of the date hereof by and among Frontier Airlines, Inc., a Colorado corporation (“Carrier”), having an office at 4545 Airport Way, Denver, CO 80239 and the United States Department of the Treasury (“Treasury”), having an office at 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220, entered into by Issuer and Treasury pursuant to the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136 (Mar. 27, 2020) (“CARES Act”).

WHEREAS, Carrier has requested that Treasury provide financial assistance to the Carrier and certain of its Affiliates (as defined below) that are Recipients (as defined in the PSP Agreement) that shall be used for the continuation of payment of employee wages, salaries, and benefits as is permissible under Section 4112(a) of the CARES Act.

WHEREAS, as appropriate compensation to the Federal Government of the United States of America for the provision of financial assistance under the PSP Agreement, Frontier Group Holdings, Inc., a Delaware corporation and parent of Carrier (“Issuer”), has agreed to issue this Promissory Note (“Note”) to Treasury on the terms and conditions set forth herein.

FOR VALUE RECEIVED, Issuer unconditionally promises to pay to the Holder (as defined below) the principal sum of SEVEN HUNDRED THIRTY-ONE THOUSAND, SIX HUNDRED FOURTEEN DOLLARS (\$731,614.00), subject to increases and/or decreases made pursuant to Section 2.1, as permissible under the PSP Agreement, or Section 2.3, in each case as noted by the Holder in Schedule I (the “Principal Amount”), outstanding hereunder, together with all accrued interest thereon on the Maturity Date (as defined below) as provided in this Note. Notations made by the Holder in Schedule I shall be final and conclusive absent manifest error; provided, however, that any failure by the Holder to make such notations or any error by omission by the Holder in this regard shall not affect the obligation of the Issuer to pay the full amount of the principal of and interest on the Note or any other amount owing hereunder.

**1 DEFINITIONS**

1.1 Defined Terms. As used in this Note, capitalized terms have the meanings specified in Annex A.

1.2 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” The word “or” is not exclusive. The word “year” shall refer (i) in the case of a leap year, to a year of three hundred sixty-six (366) days, and (ii) otherwise, to a year of three hundred sixty-five (365) days. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Note in its entirety and not to any particular provision hereof, (d) all references herein to Sections, Annexes and Schedules shall be construed to refer to Sections of, and Annexes and Schedules to, this Note, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

1.3 Accounting Terms. All accounting terms not otherwise defined herein shall be construed in conformity with GAAP, as in effect from time to time.

## 2 NOTE

2.1 Principal Amount. Upon any disbursement to the Carrier under the PSP Agreement after the Closing Date, the Principal Amount of this Note shall be increased in an amount equal to 30% of any such disbursement; provided, however, that no increases in the Principal Amount of this Note shall occur pursuant to this Section until the aggregate principal amount of any disbursements to the Carrier under the PSP Agreement is greater than \$100,000,000.

2.2 Maturity Date. The aggregate unpaid principal amount of the Note, all accrued and unpaid interest, and all other amounts payable under this Note shall be due and payable on the Maturity Date, unless otherwise provided in Section 5.1.

### 2.3 Prepayments.

(a) Optional Prepayments. The Issuer may, upon written notice to the Holder, at any time and from time to time prepay the Note in whole or in part without premium or penalty in a minimum aggregate principal amount equal to the lesser of \$5,000,000 and the Principal Amount outstanding.

(b) Mandatory Prepayments. If a Change of Control occurs, within thirty (30) days following the occurrence of such Change of Control, the Issuer shall prepay the aggregate principal amount outstanding under the Note and any accrued interest or other amounts owing under the Note. The Issuer will not, and will not permit any Subsidiary to, enter into any Contractual Obligation (other than this Note) that, directly or indirectly, restricts the ability of the Issuer or any Subsidiary to make such prepayment hereunder.

### 2.4 Interest.

(a) Interest Rate. Subject to paragraph (b) of this Section, the Note shall bear interest on the Principal Amount outstanding from time to time at a rate per annum equal to 1.00% until the fifth anniversary of the Closing Date, and the Applicable SOFR Rate plus 2.00% thereafter until the Maturity Date. All interest hereunder shall be computed on the basis of the actual number of days in each interest period and a year of 365 or 366 days, as applicable, until the fifth anniversary of the Closing Date and computed in a manner determined by the Holder thereafter, based on prevailing customary market conventions for the use of the Applicable SOFR Rate in floating-rate debt instruments at the time of the announcement of the Applicable SOFR Rate. Each interest period will be from, and including, the Closing Date, or from and including the most recent interest payment date to which interest has been paid or provided for, to, but excluding the next interest payment date.

(b) Default Interest. If any amount payable by the Issuer or any Guarantor under this Note (including principal of the Note, interest, fees or other amount) is not paid when due, whether at stated maturity, upon acceleration or otherwise, such amount shall thereafter bear interest at a rate per annum equal to the applicable Default Rate. While any Event of Default exists, the Issuer or any Guarantor shall pay interest on the principal amount of the Note outstanding hereunder at a rate per annum equal to the applicable Default Rate.

(c) Payment Dates. Accrued interest on the Note shall be payable in arrears on the last Business Day of March and September of each year, beginning with September 30, 2020, and on the Maturity Date and at such other times as may be specified herein; provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of the Note, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(d) SOFR Fallback. If, at any time, the Holder or its designee determines that a Benchmark Transition Event has occurred with respect to the Applicable SOFR Rate or SOFR, or any successor rate, the Holder or its designee will designate a Benchmark Replacement and, as applicable, make Benchmark Conforming Changes in a manner consistent with the methodology set forth in the ARRC Fallback Provisions. Any determination, decision or election that may be made by the Holder or its designee pursuant to this Section (d), and any decision to take or refrain from taking any action or making any determination, decision or election arising out of or relating to this Section (d), shall be conclusive and binding absent manifest error, may be made by the Holder or its designee in its sole discretion, and, notwithstanding anything to the contrary in this Note, shall become effective without the consent of the Issuer, any Guarantor or any other party. Any terms used in this Section (d) but not defined in this Note shall be construed in a manner consistent with the ARRC Fallback Provisions.

### 2.5 Payments Generally.

(a) Payments by Issuer. All payments to be made by the Issuer hereunder shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, (i) for



so long as Treasury is the Holder of this Note, each payment under this Note shall be paid in immediately available funds by electronic funds transfer to the account of the United States Treasury maintained at the Federal Reserve Bank of New York specified by Treasury in a written notice to the Issuer, or to such other account as may be specified from time to time by Treasury in a written notice to the Issuer, or (ii) in the event that Treasury is not the Holder of this Note, then each payment under this Note shall be made in immediately available funds by electronic funds transfer to such account as shall be specified by the Holder in a written notice to the Issuer, in each case not later than 12:00 noon (Washington, D.C. time) on the date specified herein. All amounts received by the Holder after such time on any date shall be deemed to have been received on the next succeeding Business Day and any applicable interest or fees shall continue to accrue. If any payment to be made by the Issuer shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; provided that, if such next succeeding Business Day would fall after the Maturity Date, payment shall be made on the immediately preceding Business Day. Except as otherwise expressly provided herein, all payments hereunder shall be made in Dollars.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Holder to pay fully all amounts of principal, interest, fees and other amounts then due hereunder, such funds shall be applied (i) first, to pay interest, fees and other amounts then due hereunder, and (ii) second, to pay principal then due hereunder.

### 3 REPRESENTATIONS AND WARRANTIES

The Issuer and each Guarantor represents and warrants to the Holder on the Closing Date and is deemed to represent and warrant to the Holder on any date on which the amount of the Note is increased pursuant to the terms hereof and in accordance with the PSP Agreement that:

3.1 Existence, Qualification and Power. The Issuer, each Guarantor and each Subsidiary (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Note, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a) (other than with respect to the Issuer and each Guarantor), (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

3.2 Authorization; No Contravention. The execution, delivery and performance by the Issuer and each Guarantor of the Note have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which the Issuer or any Guarantor is a party or affecting the Issuer or any Guarantor or the material properties of the Issuer, any Guarantor or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Issuer, the Guarantor or any Subsidiary or its property is subject or (c) violate any Law, except to the extent that such violation could not reasonably be expected to have a Material Adverse Effect.

3.3 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Issuer or any Guarantor of this Note, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect.

3.4 Execution and Delivery; Binding Effect. This Note has been duly executed and delivered by the Issuer and each Guarantor. This Note constitutes a legal, valid and binding obligation of the Issuer and each Guarantor, enforceable against the Issuer and each Guarantor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

### 4 COVENANTS

Until all Obligations shall have been paid in full or until any later date as provided for in this Note, the Issuer covenants and agrees with the Holder that:

4.1 Notices. The Issuer will promptly notify the Holder of the occurrence of any Default.

4.2 Guarantors. The Guarantors listed on the signature page to this Note hereby Guarantee the Guaranteed Obligations as set forth in Annex B. If any Subsidiary (other than an Excluded Subsidiary) is formed or acquired after the Closing Date or if any Subsidiary ceases to be an Excluded Subsidiary, then the Issuer will cause such Subsidiary to become a Guarantor of this Note within 30 days of such Subsidiary being formed or acquired or of such Subsidiary ceasing to be an Excluded Subsidiary pursuant to customary documentation reasonably acceptable to the Holder and on the terms and conditions set forth in Annex B.

4.3 Pari Passu Ranking. The Obligations of the Issuer and any Guaranteed Obligations of any Guarantor under this Note shall be unsecured obligations of the Issuer and any Guarantor ranking *pari passu* with all existing and future senior unsecured Indebtedness of the Issuer or any Guarantor that is not subordinated in right of payment to the holder or lender of such Indebtedness.

## 5 EVENTS OF DEFAULT

5.1 Events of Default. If any of the following events (each, an "Event of Default") shall occur:

(a) the Issuer shall fail to pay any principal of the Note when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Issuer shall fail to pay any interest on the Note, or any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Note, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of two (2) or more Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Issuer or any Guarantor, including those made prior to the Closing Date, in or in connection with this Note or any amendment or modification hereof, or any waiver hereunder, or in the PSP Agreement, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Note, the PSP Agreement or the PSP Application or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Note already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;

(d) the Issuer shall fail to observe or perform any covenant, condition or agreement contained in Section 4.1;

(e) the Issuer or any Guarantor shall fail to observe or perform any covenant, condition or agreement contained in this Note (other than those specified in clause (a), (b) or (d) of this Section) and such failure shall continue unremedied for a period of 30 or more days after notice thereof by the Holder to the Issuer;

(f) (i) the Issuer or any Guarantor shall default in the performance of any obligation relating to any Indebtedness (other than Indebtedness under the Note) having an aggregate principal amount equal to or greater than \$5,000,000 ("Material Indebtedness") and any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with, and as a result of such default the holder or holders of such Material Indebtedness or any trustee or agent on behalf of such holder or holders shall have caused such Material Indebtedness to become due prior to its scheduled final maturity date or (ii) the Issuer or any Guarantor shall default in the payment of the outstanding principal amount due on the scheduled final maturity date of any Indebtedness outstanding under one or more agreements of the Issuer or any Guarantor, any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with and such failure to make payment when due shall be continuing for a period of more than five (5) consecutive Business Days following the applicable scheduled final maturity date or the applicable grace period thereunder, in an aggregate principal amount at any single time unpaid exceeding \$5,000,000;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Issuer, any Guarantor or any Subsidiary or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Issuer or any of its Subsidiaries or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Issuer, any Guarantor or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator,

conservator or similar official for the Issuer, any Guarantor or any Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding or (v) make a general assignment for the benefit of creditors;

(i) the Issuer, any Guarantor or any Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) there is entered against the Issuer, any Guarantor or any Subsidiary (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding an amount equal to or greater than \$5,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage), or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(k) any material provision of the Note, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or the Issuer, any Guarantor or any other Person contests in writing the validity or enforceability of any provision of the Note; or the Issuer or any Guarantor denies in writing that it has any or further liability or obligation under the Note, or purports in writing to revoke, terminate or rescind the Note;

then, and in every such event (other than an event with respect to the Issuer or any Guarantor described in clause (g) or (h) of this Section), and at any time thereafter during the continuance of such event, the Holder may, by notice to the Issuer, take any or all of the following actions, at the same or different times:

(i) declare any amounts then outstanding under the Note to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Note so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Issuer accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer and any Guarantor; and

(ii) exercise on all rights and remedies available to it under the Note and Applicable Law;

provided that, in case of any event with respect to the Issuer or any Guarantor described in clause (g) or (h) of this Section, the principal of the Note then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer and any Guarantor.

## 6 **MISCELLANEOUS**

### 6.1 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by email as follows:

(i) if to the Issuer or any Guarantor, to Frontier Airlines, Inc., 4545 Airport Way, Denver CO, 80239, Attention of General Counsel (Telephone No. ###-###-####; Email: ###);

(ii) if to the Holder, to the Department of the Treasury at 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220, Attention of Assistant General Counsel (Banking and Finance) (Telephone No. ###-###-####; Email: ###); and

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Holder hereunder may be delivered or furnished by electronic communication (including e-mail, FpML, and Internet or intranet websites) pursuant to procedures approved by the Holder. The Holder, the Issuer or any Guarantor may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Holder otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day.

## 6.2 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Holder in exercising any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right remedy, power or privilege. The rights, remedies, powers and privileges of the Holder hereunder and under the Note are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Note, no amendment or waiver of any provision of this Note, and no consent to any departure by the Issuer therefrom, shall be effective unless in writing executed by the Issuer and the Holder, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

## 6.3 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Issuer shall pay (i) all reasonable out-of-pocket expenses incurred by the Holder (including the reasonable fees, charges and disbursements of any counsel for the Holder) in connection with the preparation, negotiation, execution, delivery and administration of this Note and the PSP Agreement, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by the Holder (including the fees, charges and disbursements of any counsel for the Holder), in connection with the enforcement or protection of its rights in connection with this Note and the PSP Agreement, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of such Note, PSP Agreement and other agreements or documents executed in connection herewith or therewith.

(b) Indemnification by the Issuer. The Issuer shall indemnify the Holder and each of its Related Parties (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, obligations, penalties, fines, settlements, judgments, disbursements and related costs and expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Issuer) arising out of, in connection with, or as a result of (i) the execution or delivery of this Note or any agreement or instrument contemplated hereby, the performance by the Issuer or any Guarantor of its obligations hereunder or the consummation of the transactions contemplated hereby, (ii) the Note or the use or proposed use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Issuer or any Guarantor, and regardless of whether any Indemnitee is a party thereto.

(c) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, the Issuer and any Guarantor shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Note or any agreement or instrument contemplated hereby, the transactions contemplated hereby, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Note or the transactions contemplated hereby.

(d) Payments. All amounts due under this Section shall be payable not later than five (5) days after demand therefor.

(e) Survival. Each party's obligations under this Section shall survive the termination of the Note and payment of the obligations hereunder.

6.4 Successors and Assigns. Neither the Issuer nor any Guarantor may assign or transfer this Note or any of its rights or obligations hereunder and any purported assignment or transfer in violation of this Note shall be void. Holder may assign or participate a portion or all of its rights under this Note at any time in compliance with all Applicable Laws. This Note shall inure to the benefit of and be binding upon Issuer, any Guarantor and Holder and their permitted successors and assigns. Any Holder that assigns, or sells participations in, any portion of the Note will take such actions as are necessary for the Note and such portion to be in "registered form" (within the meaning of Treasury Regulations Section 5f.103-1).

6.5 Counterparts; Integration; Effectiveness. This Note and any amendments, waivers, consents or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note constitutes the entire contract between Issuer, any Guarantor and the Holder with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Note by electronic means shall be effective as delivery of a manually executed counterpart of this Note.

6.6 Severability. If any term or provision of this Note is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction.

6.7 Right of Setoff. If an Event of Default shall have occurred and be continuing, the Holder is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by the Holder, to or for the credit or the account of the Issuer against any and all of the due and unpaid Obligations of the Issuer now or hereafter existing under this Note to the Holder, irrespective of whether or not the Holder shall have made any demand under this Note. The rights of the Holder under this Section are in addition to other rights and remedies (including other rights of setoff) that the Holder may have. The Holder agrees to notify the Issuer promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

6.8 Governing Law; Jurisdiction; Etc. This Note will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the Issuer, any Guarantor and the Holder agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Note or the transactions contemplated hereby, and (b) that notice may be served upon the Issuer, any Guarantor or the Holder at the applicable address in Section 6.1 hereof (or upon any Holder that is not Treasury at an address provided by such Holder to Issuer in writing). To the extent permitted by Applicable Law, each of the Issuer, any Guarantor and the Holder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Note or the transactions contemplated hereby.

6.9 Headings. Section headings used herein are for convenience of reference only, are not part of this Note and shall not affect the construction of, or be taken into consideration in interpreting, this Note.

IN WITNESS WHEREOF, the Issuer and each Guarantor have executed this Note as of the day and year written below.

FRONTIER GROUP HOLDINGS, INC.,  
as Issuer

By /s/ James Dempsey  
Name: James Dempsey  
Title: Chief Financial Officer  
Date: April 30, 2020

FRONTIER AIRLINES, INC.,  
as Guarantor

By /s/ James Dempsey  
Name: James Dempsey  
Title: Chief Financial Officer  
Date: April 30, 2020

FRONTIER AIRLINES HOLDINGS, INC.,  
as Guarantor

By /s/ James Dempsey  
Name: James Dempsey  
Title: Chief Financial Officer  
Date: April 30, 2020

## ANNEX A

### DEFINITIONS

“Affiliate” means any Person that directly or indirectly Controls, is Controlled by, or is under common Control with, the Issuer.

“Applicable Law” means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable SOFR Rate” means a rate of interest based on SOFR that shall be determined by the Holder and publicly announced by the Holder on or prior to the fifth anniversary of the Closing Date and shall, to the extent reasonably practicable, be based on customary market conventions as in effect at the time of such announcement. In no event will the Applicable SOFR Rate be less than 0.00% per annum.

“ARRC Fallback Provisions” means the Fallback Language for New Issuances of LIBOR Floating Rate Notes set forth in the ARRC Recommendations Regarding More Robust Fallback Language for New Issuances of LIBOR Floating Rate Notes, dated April 25, 2019.

“ASU” means the Accounting Standards Update 2016-02, Leases (Topic 842) by the Financial Accounting Standards Board issued on February 25, 2016.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“Business Day” means any on which Treasury and the Federal Reserve Bank of New York are both open for business.

“Capitalized Lease Obligations” means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capitalized Lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP; provided that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Note (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

“Capitalized Leases” means all leases that have been or should be, in accordance with GAAP as in effect on the Closing Date, recorded as capitalized leases; provided that for all purposes hereunder the amount of obligations under any Capitalized Lease shall be the amount thereof accounted for as a liability in accordance with GAAP; provided, further, that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Note (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

“CARES Act” has the meaning specified in the preamble to this Note.

“Change of Control” means the occurrence of any of the following: (a) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries, or if the Issuer is a Subsidiary of any Guarantor, such Guarantor (the “Parent Guarantor”) and its Subsidiaries, taken as a whole to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)); or (b) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any “person” (as defined above)) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Issuer or Parent Guarantor, as applicable, (measured by voting power rather than number of shares), other than (i) any such transaction where the Voting Stock of the Issuer or Parent Guarantor, as applicable, (measured by voting power rather than number of shares) outstanding immediately prior to such transaction

constitutes or is converted into or exchanged for at least a majority of the outstanding shares of the Voting Stock of such Beneficial Owner (measured by voting power rather than number of shares), or (ii) any merger or consolidation of the Issuer or Parent Guarantor, as applicable, with or into any Person (including any “person” (as defined above)) which owns or operates (directly or indirectly through a contractual arrangement) a Permitted Business (a “Permitted Person”) or a Subsidiary of a Permitted Person, in each case, if immediately after such transaction no Person (including any “person” (as defined above)) is the Beneficial Owner, directly or indirectly, of more than 50% of the total Voting Stock of such Permitted Person (measured by voting power rather than number of shares).

“Closing Date” means the date set forth on the Issuer’s and each Guarantor’s signature page to this Note.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings analogous thereto.

“Debtor Relief Laws” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means an interest rate (before as well as after judgment) equal to the interest rate on the Note plus 2.00% per annum.

“Disqualified Equity Interest” means any equity interest that, by its terms (or the terms of any security or other equity interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for equity interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of Control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of Control or asset sale event shall be subject to the prior repayment in full of the Note and all other Obligations that are accrued and payable), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other equity interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one days after the Maturity Date; provided that if such equity interests are issued pursuant to a plan for the benefit of employees of the Issuer or any Subsidiary or by any such plan to such employees, such equity interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability.

“Dollar” and “\$” mean lawful money of the United States.

“Event of Default” has the meaning specified in Section 5.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Excluded Subsidiary” means any Subsidiary of the Issuer that is not an obligor in respect of any Material Indebtedness that is unsecured of the Issuer or any of its Subsidiaries, unless such Subsidiary is required to be an obligor under any agreement, instrument or other document relating to any Material Indebtedness that is unsecured of the Issuer or any of its Subsidiaries.

“GAAP” means United States generally accepted accounting principles as in effect as of the date of determination thereof. Notwithstanding any other provision contained herein, (a) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under FASB Accounting Standards Codification 825-Financial Instruments, or any successor thereto (including pursuant to the FASB Accounting Standards Codification), to value any Indebtedness of any subsidiary at “fair value,” as defined therein and (b) the amount of any Indebtedness under GAAP with respect to Capitalized Lease Obligations shall be determined in accordance with the definition of Capitalized Lease Obligations.



“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guaranteed Obligations” has the meaning specified in Annex B.

“Guarantor” means each Guarantor listed on the signature page to this Note and any other Person that Guarantees this Note.

“Holder” means the United States Department of the Treasury or its designees or any other Person that shall have rights pursuant to an assignment hereunder.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP: (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (b) all direct or contingent obligations of such Person arising under (i) letters of credit (including standby and commercial), bankers’ acceptances and bank guaranties and (ii) surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person; (c) net obligations of such Person under any swap contract; (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business); (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; (f) attributable indebtedness in respect of any Capitalized Lease Obligation and any synthetic lease obligation of any Person; (g) all obligations of such Person in respect of Disqualified Equity Interests; and (h) all Guarantees of such Person in respect of any of the foregoing. For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any swap contract on any date shall be deemed to be the swap termination value thereof as of such date. The amount of any Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

“Indemnitee” has the meaning specified in Section 6.3(b).

“Issuer” has the meaning specified in the preamble to this Note.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or

administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lien” means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Issuer and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Issuer or any Guarantor to perform its Obligations, (ii) the legality, validity, binding effect or enforceability against the Issuer or any Guarantors of the Note or (iii) the rights, remedies and benefits available to, or conferred upon, the Holder under the Note.

“Material Indebtedness” has the meaning specified in Section 5.1(f).

“Maturity Date” means the date that is ten years after the Closing Date (except that, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day).

“Note” has the meaning specified in the preamble to this Note.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, the Issuer arising under or otherwise with respect to the Note, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Issuer or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by the Issuer under the Note and (b) the obligation of the Issuer to reimburse any amount in respect of any of the foregoing that the Holder, in each case in its sole discretion, may elect to pay or advance on behalf of the Issuer.

“Obligee Guarantor” has the meaning specified in Annex B.

“Organizational Documents” means (a) as to any corporation, the charter or certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) as to any limited liability company, the certificate or articles of formation or organization and operating or limited liability agreement and (c) as to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Permitted Business” means any business that is the same as, or reasonably related, ancillary, supportive or complementary to, the business in which the Issuer and its Subsidiaries are engaged on the date of this Note.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Principal Amount” has the meaning specified in the preamble to this Note.

“PSP Agreement” has the meaning specified in the preamble to this Note.

“PSP Application” means the application form and any related materials submitted by the Carrier to Treasury in connection with an application for financial assistance under Division A, Title IV, Subtitle B of the CARES Act.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the agents, advisors and representatives of such Person and of such Person’s Affiliates.

“SOFR” means the secured overnight financing rate published by the Federal Reserve Bank of New York, as administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s (or such successor’s) website.

“Subsidiary” of a Person means a corporation, partnership, limited liability company, association or joint venture or other business entity of which a majority of the equity interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is Controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Issuer.

“Treasury” has the meaning specified in the preamble to this Note.

“United States” and “U.S.” mean the United States of America.

“Voting Stock” of any specified Person as of any date means the equity interests of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

## ANNEX B

### GUARANTEE

1. **Guarantee of the Obligations.** Each Guarantor jointly and severally hereby irrevocably and unconditionally guarantees to the Holder, the due and punctual payment in full of all Obligations (or such lesser amount as agreed by the Holder in its sole discretion) when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the “Guaranteed Obligations”).

2. **Payment by a Guarantor.** Each Guarantor hereby jointly and severally agrees, in furtherance of the foregoing and not in limitation of any other right which the Holder may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of the Issuer to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), such Guarantor will upon demand pay, or cause to be paid, in cash, to the Holder an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for the Issuer’s becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Issuer for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to the Holder as aforesaid.

3. **Liability of Guarantors Absolute.** Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

(a) this Guarantee is a guarantee of payment when due and not of collectability;

(b) the Holder may enforce this Guarantee upon the occurrence of an Event of Default notwithstanding the existence of any dispute between the Issuer and the Holder with respect to the existence of such Event of Default;

(c) a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against the Issuer or any other Guarantors and whether or not Issuer or such Guarantors are joined in any such action or actions;

(d) payment by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any other Guarantor’s liability for any portion of the Guaranteed Obligations which has not been paid;

(e) the Holder, upon such terms as it deems appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor’s liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or subordinate the payment of the same to the payment of any other obligations; (iii) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guarantees of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; and (iv) enforce its rights and remedies even though such action may operate to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against the Issuer or any security for the Guaranteed Obligations; and

(f) this Guarantee and the obligations of each Guarantor hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment in full of the Guaranteed Obligations), including the occurrence of any of the following: (i) any failure, delay or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy with respect to the Guaranteed Obligations, or with respect to any security for the payment of the Guaranteed

Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions hereof; (iii) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the Holder's consent to the change, reorganization or termination of the corporate structure or existence of the Issuer or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (v) any defenses, set-offs or counterclaims which the Issuer or any Guarantor may allege or assert against the Holder in respect of the Guaranteed Obligations, including failure of consideration, lack of authority, validity or enforceability, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; and (vi) any other event or circumstance that might in any manner vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

4. Waivers by Guarantors. Each Guarantor hereby waives, for the benefit of the Holder: (a) any right to require the Holder, as a condition of payment or performance by such Guarantor, to (i) proceed against Issuer, any Guarantor or any other Person; (ii) proceed against or exhaust any security in favor of the Holder; or (iii) pursue any other remedy in the power of the Holder whatsoever or (b) presentment to, demand for payment from and protest to the Issuer or any Guarantor or notice of acceptance; and (c) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

5. Guarantors' Rights of Subrogation, Contribution, etc. Until the Guaranteed Obligations shall have been paid in full, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against the Issuer or any other Guarantor or any of its assets in connection with this Guarantee or the performance by such Guarantor of its obligations hereunder, including without limitation (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against the Issuer with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that the Holder now has or may hereafter have against the Issuer, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by the Holder. In addition, until the Guaranteed Obligations shall have been paid in full, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally and paid in full, such amount shall be held in trust for the Holder and shall forthwith be paid over to the Holder to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

6. Subordination. Any Indebtedness of the Issuer or any Guarantor now or hereafter held by any Guarantor (the "Obligee Guarantor") is hereby subordinated in right of payment to the Guaranteed Obligations, and any such indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for the Holder and shall forthwith be paid over to the Holder to be credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

7. Continuing Guarantee. This Guarantee is a continuing guarantee and shall remain in effect until all of the Guaranteed Obligations shall have been paid in full. Each Guarantor hereby irrevocably waives any right to revoke this Guarantee as to future transactions giving rise to any Guaranteed Obligations.

8. Financial Condition of the Issuer. The Note may be issued to the Issuer without notice to or authorization from any Guarantor regardless of the financial or other condition of the Issuer at the time of such grant. Each Guarantor has adequate means to obtain information from the Issuer on a continuing basis concerning the financial condition of the Issuer and its ability to perform its obligations under the Note, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Issuer and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations.

9. Reinstatement. In the event that all or any portion of the Guaranteed Obligations are paid by the Issuer or any Guarantor, the obligations of any other Guarantor hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from the Holder as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Guaranteed Obligations for all purposes hereunder.

10. Discharge of Guarantee Upon Sale of the Guarantor. If, in compliance with the terms and provisions of the Note, all of the capital stock of any Guarantor that is a Subsidiary of the Carrier or any of its successors in interest hereunder shall be sold or otherwise disposed of (including by merger or consolidation) to any Person (other than to

---

the Issuer or to any other Guarantor), the Guarantee of such Guarantor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any beneficiary or any other Person effective as of the time of such asset sale.

Annex B-3

**SCHEDULE I**

Date	Current Outstanding Principal Amount	Increase or Decrease in Outstanding Principal Amount	Resulting Outstanding Principal Amount	Notation Made By

## PAYROLL SUPPORT PROGRAM AGREEMENT

<b>Recipient:</b> Frontier Airlines, Inc. 4545 Airport Way Denver, CO 80239	<b>PSP Participant Number:</b> PSA-2004031458 <b>Employer Identification Number:</b> 84-1256945 <b>DUNS Number:</b> _____
<b>Amount of Initial Payroll Support Payment:</b> \$102,438,713	
The Department of the Treasury (Treasury) hereby provides Payroll Support (as defined herein) under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act. The Signatory Entity named above, on behalf of itself and its Affiliates (as defined herein), agrees to comply with this Agreement and applicable Federal law as a condition of receiving Payroll Support. The Signatory Entity and its undersigned authorized representatives acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in connection with this Agreement may result in administrative remedies as well as civil and/or criminal penalties.	
<b>The undersigned hereby agree to the attached Payroll Support Program Agreement.</b>	
<u>/s/ Steven T. Mnuchin</u> Department of the Treasury Name: Steven Mnuchin Title: Secretary Date: April 30, 2020	<u>/s/ James Dempsey</u> Frontier Airlines, Inc. First Authorized Representative: Name: James Dempsey Title: Chief Financial Officer Date: April 30, 2020  <u>/s/ Howard Diamond</u> Frontier Airlines, Inc. Second Authorized Representative: Name: Howard Diamond Title: General Counsel and Secretary Date: April 30, 2020

OMB Approved No. 1505-0263  
Expiration Date: 09/30/2020



**PAYROLL SUPPORT PROGRAM AGREEMENT**

**INTRODUCTION**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act or Act) directs the Department of the Treasury (Treasury) to provide Payroll Support (as defined herein) to passenger air carriers, cargo air carriers, and certain contractors that must be exclusively used for the continuation of payment of Employee Salaries, Wages, and Benefits (as defined herein). The Act permits Treasury to provide Payroll Support in such form, and on such terms and conditions, as the Secretary of the Treasury determines appropriate, and requires certain assurances from the Recipient (as defined herein).

This Payroll Support Program Agreement, including the application and all supporting documents submitted by the Recipient and the Payroll Support Certification attached hereto (collectively, Agreement), memorializes the binding terms and conditions applicable to the Recipient.

**DEFINITIONS**

As used in this Agreement, the following terms shall have the following respective meanings, unless the context clearly requires otherwise. In addition, this Agreement shall be construed in a manner consistent with any public guidance Treasury may from time to time issue regarding the implementation of Division A, Title IV, Subtitle B of the CARES Act.

*Act* or *CARES Act* means the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. No. 116-136).

*Additional Payroll Support Payment* means any disbursement of Payroll Support occurring after the first disbursement of Payroll Support under this Agreement.

*Affiliate* means any Person that directly or indirectly controls, is controlled by, or is under common control with, the Recipient. For purposes of this definition, "control" of a Person shall mean having the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by ownership of voting equity, by contract, or otherwise.

*Benefits* means, without duplication of any amounts counted as Salary or Wages, pension expenses in respect of Employees, all expenses for accident, sickness, hospital, and death benefits to Employees, and the cost of insurance to provide such benefits; any Severance Pay or Other Benefits payable to Employees pursuant to a bona fide voluntary early retirement program or voluntary furlough; and any other similar expenses paid by the Recipient for the benefit of Employees, including any other fringe benefit expense described in lines 10 and 11 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

*Corporate Officer* means, with respect to the Recipient, its president; any vice president in charge of a principal business unit, division, or function (such as sales, administration or finance); any other officer who performs a policy-making function; or any other person who

performs similar policy making functions for the Recipient. Executive officers of subsidiaries or parents of the Recipient may be deemed Corporate Officers of the Recipient if they perform such policy-making functions for the Recipient.

*Employee* means an individual who is employed by the Recipient and whose principal place of employment is in the United States (including its territories and possessions), including salaried, hourly, full-time, part-time, temporary, and leased employees, but excluding any individual who is a Corporate Officer or independent contractor.

*Involuntary Termination or Furlough* means the Recipient terminating the employment of one or more Employees or requiring one or more Employees to take a temporary suspension or unpaid leave for any reason, including a shut-down or slow-down of business; provided, however, that an Involuntary Termination or Furlough does not include a Permitted Termination or Furlough.

*Maximum Awardable Amount* means the amount determined by the Secretary with respect to the Recipient pursuant to section 4113(a)(1), (2), or (3) (as applicable) of the CARES Act.

*Payroll Support* means funds disbursed by the Secretary to the Recipient under this Agreement, including the first disbursement of Payroll Support and any Additional Payroll Support Payment.

*Permitted Termination or Furlough* means, with respect to an Employee, (1) a voluntary furlough, voluntary leave of absence, voluntary resignation, or voluntary retirement, (2) termination of employment resulting from such Employee's death or disability, or (3) the Recipient terminating the employment of such Employee for cause or placing such Employee on a temporary suspension or unpaid leave of absence for disciplinary reasons, in either case, as reasonably determined by the Recipient acting in good faith.

*Person* means any natural person, corporation, limited liability company, partnership, joint venture, trust, business association, governmental entity, or other entity.

*Recipient* means, collectively, the Signatory Entity; its Affiliates that are air carriers as defined in 49 U.S.C. § 40102; and their respective heirs, executors, administrators, successors, and assigns.

*Salary* means, without duplication of any amounts counted as Benefits, a predetermined regular payment, typically paid on a weekly or less frequent basis but which may be expressed as an hourly, weekly, annual or other rate, as well as cost-of-living differentials, vacation time, paid time off, sick leave, and overtime pay, paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

*Secretary* means the Secretary of the Treasury.

*Severance Pay or Other Benefits* means any severance payment or other similar benefits, including cash payments, health care benefits, perquisites, the enhancement or acceleration of the payment or vesting of any payment or benefit or any other in-kind benefit payable (whether in lump sum or over time, including after March 24, 2022) by the Recipient to a Corporate Officer or Employee in connection with any termination of such Corporate Officer's or Employee's employment (including, without limitation, resignation, severance, retirement, or constructive termination), which shall be determined and calculated in respect of any Employee or Corporate

Officer of the Recipient in the manner prescribed in 17 CFR 229.402(j) (without regard to its limitation to the five most highly compensated executives and using the actual date of termination of employment rather than the last business day of the Recipient's last completed fiscal year as the trigger event).

*Signatory Entity* means the passenger air carrier, cargo air carrier, or contractor that has entered into this Agreement.

*Taxpayer Protection Instruments* means warrants, options, preferred stock, debt securities, notes, or other financial instruments issued by the Recipient or an Affiliate to Treasury as compensation for the Payroll Support under this Agreement, if applicable.

*Total Compensation* means compensation including salary, wages, bonuses, awards of stock, and any other financial benefits provided by the Recipient or an Affiliate, as applicable, which shall be determined and calculated for the 2019 calendar year or any applicable 12-month period in respect of any Employee or Corporate Officer of the Recipient in the manner prescribed under paragraph e.5 of the award term in 2 CFR part 170, App. A, but excluding any Severance Pay or Other Benefits in connection with a termination of employment.

*Wage* means, without duplication of any amounts counted as Benefits, a payment, typically paid on an hourly, daily, or piecework basis, including cost-of-living differentials, vacation, paid time off, sick leave, and overtime pay, paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

#### **PAYROLL SUPPORT PAYMENTS**

1. Upon the execution of this Agreement by Treasury and the Recipient, the Secretary shall approve the Recipient's application for Payroll Support.
2. The Recipient may receive Payroll Support in multiple payments up to the Maximum Awardable Amount, and the amounts (individually and in the aggregate) and timing of such payments will be determined by the Secretary in his sole discretion. The Secretary may, in his sole discretion, increase or reduce the Maximum Awardable Amount (a) consistent with section 4113(a) of the CARES Act and (b) on a pro rata basis in order to address any shortfall in available funds, pursuant to section 4113(c) of the CARES Act.
3. The Secretary may determine in his sole discretion that any Payroll Support shall be conditioned on, and subject to, such additional terms and conditions (including the receipt of, and any terms regarding, Taxpayer Protection Instruments) to which the parties may agree in writing.

#### **TERMS AND CONDITIONS**

##### Retaining and Paying Employees

4. The Recipient shall use the Payroll Support exclusively for the continuation of payment of Wages, Salaries, and Benefits to the Employees of the Recipient.

- a. *Furloughs and Layoffs.* The Recipient shall not conduct an Involuntary Termination or Furlough of any Employee between the date of this Agreement and September 30, 2020.
- b. *Employee Salary, Wages, and Benefits*
  - i. *Salary and Wages.* Except in the case of a Permitted Termination or Furlough, the Recipient shall not, between the date of this Agreement and September 30, 2020, reduce, without the Employee's consent, (A) the pay rate of any Employee earning a Salary, or (B) the pay rate of any Employee earning Wages.
  - ii. *Benefits.* Except in the case of a Permitted Termination or Furlough, the Recipient shall not, between the date of this Agreement and September 30, 2020, reduce, without the Employee's consent, the Benefits of any Employee; provided, however, that for purposes of this paragraph, personnel expenses associated with the performance of work duties, including those described in line 10 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, may be reduced to the extent the associated work duties are not performed.

#### Dividends and Buybacks

5. Through September 30, 2021, neither the Recipient nor any Affiliate shall, in any transaction, purchase an equity security of the Recipient or of any direct or indirect parent company of the Recipient that, in either case, is listed on a national securities exchange.
6. Through September 30, 2021, the Recipient shall not pay dividends, or make any other capital distributions, with respect to the common stock (or equivalent equity interest) of the Recipient.

#### Limitations on Certain Compensation

7. Beginning March 24, 2020, and ending March 24, 2022, the Recipient and its Affiliates shall not pay any of the Recipient's Corporate Officers or Employees whose Total Compensation exceeded \$425,000 in calendar year 2019 (other than an Employee whose compensation is determined through an existing collective bargaining agreement entered into before March 27, 2020):
  - a. Total Compensation which exceeds, during any 12 consecutive months of such two- year period, the Total Compensation the Corporate Officer or Employee received in calendar year 2019; or
  - b. Severance Pay or Other Benefits in connection with a termination of employment with the Recipient which exceed twice the maximum Total Compensation received by such Corporate Officer or Employee in calendar year 2019.

8. Beginning March 24, 2020, and ending March 24, 2022, the Recipient and its Affiliates shall not pay any of the Recipient's Corporate Officers or Employees whose Total Compensation exceeded \$3,000,000 in calendar year 2019 Total Compensation in excess of the sum of:
  - a. \$3,000,000; and
  - b. 50 percent of the excess over \$3,000,000 of the Total Compensation received by such Corporate Officer or Employee in calendar year 2019.
9. For purposes of determining applicable amounts under paragraphs 7 and 8 with respect to any Corporate Officer or Employee who was employed by the Recipient or an Affiliate for less than all of calendar year 2019, the amount of Total Compensation in calendar year 2019 shall mean such Corporate Officer's or Employee's Total Compensation on an annualized basis.

Continuation of Service

10. If the Recipient is an air carrier, until March 1, 2022, the Recipient shall comply with any applicable requirement issued by the Secretary of Transportation under section 4114(b) of the CARES Act to maintain scheduled air transportation service to any point served by the Recipient before March 1, 2020.

Effective Date

11. This Agreement shall be effective as of the date of its execution by both parties.

Reporting and Auditing

12. Until the calendar quarter that begins after the later of March 24, 2022, and the date on which no Taxpayer Protection Instrument is outstanding, not later than 45 days after the end of each of the first three calendar quarters of each calendar year and 90 days after the end of each calendar year, the Signatory Entity, on behalf of itself and each other Recipient, shall certify to Treasury that it is in compliance with the terms and conditions of this Agreement and provide a report containing the following:
  - a. the amount of Payroll Support funds expended during such quarter;
  - b. the Recipient's financial statements (audited by an independent certified public accountant, in the case of annual financial statements); and
  - c. a copy of the Recipient's IRS Form 941 filed with respect to such quarter; and
  - d. a detailed summary describing, with respect to the Recipient, (a) any changes in Employee headcount during such quarter and the reasons therefor, including any Involuntary Termination or Furlough, (b) any changes in the amounts spent by the Recipient on Employee Wages, Salary, and Benefits during such quarter, and (c) any changes in Total Compensation for, and any Severance Pay or Other Benefits in connection with the termination of, Corporate Officers and Employees subject to limitation under this Agreement during such quarter; and the reasons for any such changes.

13. If the Recipient or any Affiliate, or any Corporate Officer of the Recipient or any Affiliate, becomes aware of facts, events, or circumstances that may materially affect the Recipient's compliance with the terms and conditions of this Agreement, the Recipient or Affiliate shall promptly provide Treasury with a written description of the events or circumstances and any action taken, or contemplated, to address the issue.
14. In the event the Recipient contemplates any action to commence a bankruptcy or insolvency proceeding in any jurisdiction, the Recipient shall promptly notify Treasury.
15. The Recipient shall:
  - a. Promptly provide to Treasury and the Treasury Inspector General a copy of any Department of Transportation Inspector General report, audit report, or report of any other oversight body, that is received by the Recipient relating to this Agreement.
  - b. Immediately notify Treasury and the Treasury Inspector General of any indication of fraud, waste, abuse, or potentially criminal activity pertaining to the Payroll Support.
  - c. Promptly provide Treasury with any information Treasury may request relating to compliance by the Recipient and its Affiliates with this Agreement.
16. The Recipient and Affiliates will provide Treasury, the Treasury Inspector General, and such other entities as authorized by Treasury timely and unrestricted access to all documents, papers, or other records, including electronic records, of the Recipient related to the Payroll Support, to enable Treasury and the Treasury Inspector General to make audits, examinations, and otherwise evaluate the Recipient's compliance with the terms of this Agreement. This right also includes timely and reasonable access to the Recipient's and its Affiliates' personnel for the purpose of interview and discussion related to such documents. This right of access shall continue as long as records are required to be retained.

#### Recordkeeping and Internal Controls

17. If Treasury notifies the Recipient that the first disbursement of Payroll Support to the Recipient under this Agreement is the Maximum Awardable Amount (subject to any pro rata reductions and as determined by the Secretary as of the date of such disbursement), the Recipient shall maintain the Payroll Support funds in a separate account over which Treasury shall have a perfected security interest to continue the payment of Wages, Salary, and Benefits to the Employees. For the avoidance of doubt, regardless whether the first disbursement of Payroll Support to the Recipient under this Agreement is the Maximum Awardable Amount, if the Recipient is a debtor as defined under 11 U.S.C. § 101(13), the Payroll Support funds, any claim or account receivable arising under this Agreement, and any segregated account holding funds received under this Agreement shall not constitute or become property of the estate under 11 U.S.C. § 541.

18. The Recipient shall expend and account for Payroll Support funds in a manner sufficient to:
  - a. Permit the preparation of accurate, current, and complete quarterly reports as required under this Agreement.
  - b. Permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used as required under this Agreement.
19. The Recipient shall establish and maintain effective internal controls over the Payroll Support; comply with all requirements related to the Payroll Support established under applicable Federal statutes and regulations; monitor compliance with Federal statutes, regulations, and the terms and conditions of this Agreement; and take prompt corrective actions in accordance with audit recommendations. The Recipient shall promptly remedy any identified instances of noncompliance with this Agreement.
20. The Recipient and Affiliates shall retain all records pertinent to the receipt of Payroll Support and compliance with the terms and conditions of this Agreement (including by suspending any automatic deletion functions for electronic records, including e-mails) for a period of three years following the period of performance. Such records shall include all information necessary to substantiate factual representations made in the Recipient's application for Payroll Support, including ledgers and sub-ledgers, and the Recipient's and Affiliates' compliance with this Agreement. While electronic storage of records (backed up as appropriate) is preferable, the Recipient and Affiliates may store records in hardcopy (paper) format. The term "records" includes all relevant financial and accounting records and all supporting documentation for the information reported on the Recipient's quarterly reports.
21. If any litigation, claim, investigation, or audit relating to the Payroll Support is started before the expiration of the three-year period, the Recipient and Affiliates shall retain all records described in paragraph 20 until all such litigation, claims, investigations, or audit findings have been completely resolved and final judgment entered or final action taken.

#### Remedies

22. If Treasury believes that an instance of noncompliance by the Recipient or an Affiliate with (a) this Agreement, (b) sections 4114 or 4116 of the CARES Act, or (c) the Internal Revenue Code of 1986 as it applies to the receipt of Payroll Support has occurred, Treasury may notify the Recipient in writing of its proposed determination of noncompliance, provide an explanation of the nature of the noncompliance, and specify a proposed remedy. Upon receipt of such notice, the Recipient shall, within seven days, accept Treasury's proposed remedy, propose an alternative remedy, or provide information and documentation contesting Treasury's proposed determination. Treasury shall consider any such submission by the Recipient and make a final written determination, which will state Treasury's findings regarding noncompliance and the remedy to be imposed.
23. If Treasury makes a final determination under paragraph 22 that an instance of noncompliance has occurred, Treasury may, in its sole discretion, withhold any Additional Payroll Support Payments; require the repayment of the amount of any previously disbursed

Payroll Support, with appropriate interest; require additional reporting or monitoring; initiate suspension or debarment proceedings as authorized under 2 CFR Part 180; terminate this Agreement; or take any such other action as Treasury, in its sole discretion, deems appropriate.

24. Treasury may make a final determination regarding noncompliance without regard to paragraph 22 if Treasury determines, in its sole discretion, that such determination is necessary to protect a material interest of the Federal Government. In such event, Treasury shall notify the Recipient of the remedy that Treasury, in its sole discretion, shall impose, after which the Recipient may contest Treasury's final determination or propose an alternative remedy in writing to Treasury. Following the receipt of such a submission by the Recipient, Treasury may, in its sole discretion, maintain or alter its final determination.
25. Any final determination of noncompliance and any final determination to take any remedial action described herein shall not be subject to further review. To the extent permitted by law, the Recipient waives any right to judicial review of any such determinations and further agrees not to assert in any court any claim arising from or relating to any such determination or remedial action.
26. Instead of, or in addition to, the remedies listed above, Treasury may refer any noncompliance or any allegations of fraud, waste, or abuse to the Treasury Inspector General.
27. Treasury, in its sole discretion, may grant any request by the Recipient for termination of this Agreement, which such request shall be in writing and shall include the reasons for such termination, the proposed effective date of the termination, and the amount of any unused Payroll Support funds the Recipient requests to return to Treasury. Treasury may, in its sole discretion, determine the extent to which the requirements under this Agreement may cease to apply following any such termination.
28. If Treasury determines that any remaining portion of the Payroll Support will not accomplish the purpose of this Agreement, Treasury may terminate this Agreement in its entirety to the extent permitted by law.

#### Debts

29. Any Payroll Support in excess of the amount which Treasury determines, at any time, the Recipient is authorized to receive or retain under the terms of this Agreement constitutes a debt to the Federal Government.
30. Any debts determined to be owed by the Recipient to the Federal Government shall be paid promptly by the Recipient. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made. Interest, penalties, and administrative charges shall be charged on delinquent debts in accordance with 31 U.S.C. § 3717, 31 CFR 901.9, and paragraphs 31 and 32. Treasury will refer any debt that is more than 180 days delinquent to Treasury's Bureau of the Fiscal Service for debt collection services.



31. Penalties on any debts shall accrue at a rate of not more than 6 percent per year or such other higher rate as authorized by law.
32. Administrative charges relating to the costs of processing and handling a delinquent debt shall be determined by Treasury.
33. The Recipient shall not use funds from other federally sponsored programs to pay a debt to the government arising under this Agreement.

Protections for Whistleblowers

34. In addition to other applicable whistleblower protections, in accordance with 41 U.S.C. § 4712, the Recipient shall not discharge, demote, or otherwise discriminate against an Employee as a reprisal for disclosing information to a Person listed below that the Employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant:
  - a. A Member of Congress or a representative of a committee of Congress;
  - b. An Inspector General;
  - c. The Government Accountability Office;
  - d. A Treasury employee responsible for contract or grant oversight or management;
  - e. An authorized official of the Department of Justice or other law enforcement agency;
  - f. A court or grand jury; or
  - g. A management official or other Employee of the Recipient who has the responsibility to investigate, discover, or address misconduct.

Lobbying

35. The Recipient shall comply with the provisions of 31 U.S.C. § 1352, as amended, and with the regulations at 31 CFR Part 21.

Non-Discrimination

36. The Recipient shall comply with, and hereby assures that it will comply with, all applicable Federal statutes and regulations relating to nondiscrimination including:
  - a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*), including Treasury's implementing regulations at 31 CFR Part 22;

- b. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
- c. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101–6107), including Treasury’s implementing regulations at 31 CFR Part 23 and the general age discrimination regulations at 45 CFR Part 90; and
- d. The Air Carrier Access Act of 1986 (49 U.S.C. § 41705).

Additional Reporting

- 37. Within seven days after the date of this Agreement, the Recipient shall register in SAM.gov, and thereafter maintain the currency of the information in SAM.gov until at least March 24, 2022. The Recipient shall review and update such information at least annually after the initial registration, and more frequently if required by changes in the Recipient’s information. The Recipient agrees that this Agreement and information related thereto, including the Maximum Awardable Amount and any executive total compensation reported pursuant to paragraph 38, may be made available to the public through a U.S. Government website, including SAM.gov.
- 38. For purposes of paragraph 37, the Recipient shall report total compensation as defined in paragraph e.5 of the award term in 2 CFR part 170, App. A for each of the Recipient’s five most highly compensated executives for the preceding completed fiscal year, if:
  - a. the total Payroll Support is \$25,000 or more;
  - b. in the preceding fiscal year, the Recipient received:
    - i. 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance, as defined at 2 CFR 170.320 (and subawards); and
    - ii. \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance, as defined at 2 CFR 170.320 (and subawards); and
  - c. the public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. To determine if the public has access to the compensation information, the Recipient shall refer to U.S. Securities and Exchange Commission total compensation filings at <http://www.sec.gov/answers/excomp.htm>.
- 39. The Recipient shall report executive total compensation described in paragraph 38:
  - a. as part of its registration profile at <https://www.sam.gov>; and

- b. within five business days after the end of each month following the month in which this Agreement becomes effective, and annually thereafter.
40. The Recipient agrees that, from time to time, it will, at its own expense, promptly upon reasonable request by Treasury, execute and deliver, or cause to be executed and delivered, or use its commercially reasonable efforts to procure, all instruments, documents and information, all in form and substance reasonably satisfactory to Treasury, to enable Treasury to ensure compliance with, or effect the purposes of, this Agreement, which may include, among other documents or information, (a) certain audited financial statements of the Recipient, (b) documentation regarding the Recipient's revenues derived from its business as a passenger or cargo air carrier or regarding the passenger air carriers for which the Recipient provides services as a contractor (as the case may be), and (c) the Recipient's most recent quarterly Federal tax returns. The Recipient agrees to provide Treasury with such documents or information promptly.
41. If the total value of the Recipient's currently active grants, cooperative agreements, and procurement contracts from all Federal awarding agencies exceeds \$10,000,000 for any period before termination of this Agreement, then the Recipient shall make such reports as required by 2 CFR part 200, Appendix XII.

Other

42. The Recipient acknowledges that neither Treasury, nor any other actor, department, or agency of the Federal Government, shall condition the provision of Payroll Support on the Recipient's implementation of measures to enter into negotiations with the certified bargaining representative of a craft or class of employees of the Recipient under the Railway Labor Act (45 U.S.C. 151 *et seq.*) or the National Labor Relations Act (29 U.S.C. 151 *et seq.*), regarding pay or other terms and conditions of employment.
43. Notwithstanding any other provision of this Agreement, the Recipient has no right to, and shall not, transfer, pledge, mortgage, encumber, or otherwise assign this Agreement or any Payroll Support provided under this Agreement, or any interest therein, or any claim, account receivable, or funds arising thereunder or accounts holding Payroll Support, to any party, bank, trust company, or other Person without the express written approval of Treasury.
44. The Signatory Entity will cause its Affiliates to comply with all of their obligations under or relating to this Agreement.
45. Unless otherwise provided in guidance issued by Treasury or the Internal Revenue Service, the form of any Taxpayer Protection Instrument held by Treasury and any subsequent holder will be treated as such form for purposes of the Internal Revenue Code of 1986 (for example, a Taxpayer Protection Instrument in the form of a note will be treated as indebtedness for purposes of the Internal Revenue Code of 1986).
46. This Agreement may not be amended or modified except pursuant to an agreement in writing entered into by the Recipient and Treasury, except that Treasury may unilaterally amend this Agreement if required in order to comply with applicable Federal law or regulation.

47. Subject to applicable law, Treasury may, in its sole discretion, waive any term or condition under this Agreement imposing a requirement on the Recipient or any Affiliate.
48. This Agreement shall bind and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, and assigns.
49. The Recipient represents and warrants to Treasury that this Agreement, and the issuance and delivery to Treasury of the Taxpayer Protection Instruments, if applicable, have been duly authorized by all requisite corporate and, if required, stockholder action, and will not result in the violation by the Recipient of any provision of law, statute, or regulation, or of the articles of incorporation or other constitutive documents or bylaws of the Recipient, or breach or constitute an event of default under any material contract to which the Recipient is a party.
50. The Recipient represents and warrants to Treasury that this Agreement has been duly executed and delivered by the Recipient and constitutes a legal, valid, and binding obligation of the Recipient enforceable against the Recipient in accordance with its terms.
51. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute a single contract.
52. The words “execution,” “signed,” “signature,” and words of like import in any assignment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement by electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party, shall be effective as delivery of a manually executed counterpart of this Agreement.
53. The captions and paragraph headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.
54. This Agreement is governed by and shall be construed in accordance with Federal law. Insofar as there may be no applicable Federal law, this Agreement shall be construed in accordance with the laws of the State of New York, without regard to any rule of conflicts of law (other than section 5-1401 of the New York General Obligations Law) that would result in the application of the substantive law of any jurisdiction other than the State of New York.
55. Nothing in this Agreement shall require any unlawful action or inaction by either party.

- 
56. The requirement pertaining to trafficking in persons at 2 CFR 175.15(b) is incorporated herein and made applicable to the Recipient.
  57. This Agreement, together with the attachments hereto, including the Payroll Support Certification and any attached terms regarding Taxpayer Protection Instruments, constitute the entire agreement of the parties relating to the subject matter hereof and supersede any previous agreements and understandings, oral or written, relating to the subject matter hereof. There may exist other agreements between the parties as to other matters, which are not affected by this Agreement and are not included within this integration clause.
  58. No failure by either party to insist upon the strict performance of any provision of this Agreement or to exercise any right or remedy hereunder, and no acceptance of full or partial Payroll Support (if applicable) or other performance by either party during the continuance of any such breach, shall constitute a waiver of any such breach of such provision.

**ATTACHMENT**

Payroll Support Program Certification of Corporate Officer of Recipient

## PAYROLL SUPPORT PROGRAM

### CERTIFICATION OF CORPORATE OFFICER OF RECIPIENT

In connection with the Payroll Support Program Agreement (Agreement) between Frontier Airlines, Inc. and the Department of the Treasury (Treasury) relating to Payroll Support being provided by Treasury to the Recipient under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief and Economic Security Act, I hereby certify under penalty of perjury to the Treasury that all of the following are true and correct. Capitalized terms used but not defined herein have the meanings set forth in the Agreement.

- (1) I have the authority to make the following representations on behalf of myself and the Recipient. I understand that these representations will be relied upon as material in the decision by Treasury to provide Payroll Support to the Recipient.
- (2) The information and certifications provided by the Recipient in an application for Payroll Support, and in any attachments or other information provided by the Recipient to Treasury related to the application, are true and correct and do not contain any materially false, fictitious, or fraudulent statement, nor any concealment or omission of any material fact.
- (3) The Recipient has the legal authority to apply for the Payroll Support, and it has the institutional, managerial, and financial capability to comply with all obligations, terms, and conditions set forth in the Agreement and any attachment thereto.
- (4) The Recipient and any Affiliate will give Treasury, Treasury's designee or the Treasury Office of Inspector General (as applicable) access to, and opportunity to examine, all documents, papers, or other records of the Recipient or Affiliate pertinent to the provision of Payroll Support made by Treasury based on the application, in order to make audits, examinations, excerpts, and transcripts.
- (5) No Federal appropriated funds, including Payroll Support, have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (6) If the Payroll Support exceeds \$100,000, the Recipient shall comply with the disclosure requirements in 31 CFR Part 21 regarding any amounts paid for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the Payroll Support.

**I acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in this certification, or in the application that it supports, may be the subject of criminal prosecution and also may subject me and the Recipient to civil penalties and/or administrative remedies for false claims or otherwise.**

/s/ James Dempsey

/s/ Howard Diamond

Corporate Officer of Signatory Entity

Second Authorized Representative

Name: James Dempsey

Name: Howard Diamond

Title: Chief Financial Officer

Title: General Counsel and Secretary

Date: April 30, 2020

Date: April 30, 2020

\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).  
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.35**

---

---

**WARRANT AGREEMENT**

---

---



## TABLE OF CONTENTS

	<u>Page</u>
	Article I Closing
1.1 Issuance	1
1.2 Initial Closing; Warrant Closing Date.	1
1.3 Interpretation	2
	Article II Representations and Warranties
2.1 Representations and Warranties of the Company	3
	Article III Covenants
3.1 Commercially Reasonable Efforts	5
3.2 Expenses	6
3.3 Sufficiency of Authorized Common Stock	6
	Article IV Additional Agreements
4.1 Investment	6
4.2 Legends	7
4.3 Certain Transactions	7
4.4 Transfer of Warrants and Warrant Shares	7
4.5 Registration Rights	7
4.6 Voting of Warrant Shares	19
	Article V Miscellaneous
5.1 Survival of Representations and Warranties	19
5.2 Amendment	20
5.3 Waiver of Conditions	20
5.4 Governing Law: Submission to Jurisdiction, Etc.	20
5.5 Notices	20
5.6 Definitions	21
5.7 Assignment	21
5.8 Severability	21
5.9 No Third Party Beneficiaries	22

LIST OF ANNEXES

ANNEX A:	FORM OF OPINION
ANNEX B:	FORM OF WARRANT
SCHEDULE 1:	WARRANT SHARES FORMULA
SCHEDULE 2:	CAPITALIZATION
SCHEDULE 3:	REQUIRED STOCKHOLDER APPROVALS

## INDEX OF DEFINED TERMS

Term	Location of Definition
Affiliate	Annex B
Agreement	Recitals
Appraisal Procedure	Annex B
Board of Directors	2.1(g)
Business Combination	Annex B
Business Day	Annex B
Capitalization Date	2.1(b)
Closing	1.2(a)
Common Stock	Annex B
Company	Recitals
Company Reports	2.1(h)(i)
Exchange Act	Annex B
Governmental Authority	5.6(a)
Holder	4.5(l)(i)
Indemnitee	4.5(h)(i)
Initial Closing	1.2(a)
IPO	4.5(r)
Lien	5.6(c)
Material Adverse Effect	5.6(d)
Organizational Documents	5.6(e)
Pending Underwritten Offering	4.5(m)
Piggyback Registration	4.5(b)(iv)
Promissory Note	Recitals
register; registered; registration	4.5(l)(ii)
Registrable Securities	4.5(l)(iii)
Registration Expenses	4.5(l)(iv)
Rule 144; Rule 144A; Rule 159A; Rule 405; Rule 415	4.5(l)(v)
SEC	2.1(i)
Securities Act	Annex B
Selling Expenses	4.5(l)(vi)
Shelf Registration Statement	4.5(b)(ii)
Special Registration	4.5(j)
Stockholder Proposals	3.1(b)
Subsidiary	5.6(f)
Transfer	4.4
Treasury	Recitals
Warrant Closing Date	1.2(a)
Warrants	Recitals
Warrant Shares	Annex B

WARRANT AGREEMENT dated as of April 30, 2020 (this "Agreement"), between Frontier Group Holdings, Inc., a corporation organized under the laws of Delaware (the "Company") and the UNITED STATES DEPARTMENT OF THE TREASURY ("Treasury").

WHEREAS, the Company has requested that Treasury provide financial assistance to the Recipient (as defined in the PSP Agreement) that shall exclusively be used for the continuation of payment of employee wages, salaries, and benefits as is permissible under Section 4112(a) of Title IV of the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136 (Mar. 27, 2020), as the same may be amended from time to time (the "CARES Act"), and Treasury is willing to do so on the terms and conditions set forth in the Payroll Support Program Agreement dated as of April 30, 2020, between Frontier Airlines, Inc. and Treasury (the "PSP Agreement"); and

WHEREAS, as appropriate compensation to the Federal Government of the United States of America for the provision of financial assistance under the PSP Agreement, the Company has agreed to issue a note to be repaid to Treasury on the terms and conditions set forth in the promissory note dated as of April 30, 2020, issued by the Company, in the name of Treasury as the holder (the "Promissory Note") and agreed to issue in a private placement warrants to purchase the number of shares of its Common Stock determined in accordance with Schedule 1 to this Agreement (the "Warrants") to Treasury;

**NOW, THEREFORE**, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

## Article I Closing

### 1.1 Issuance.

(a) On the terms and subject to the conditions set forth in this Agreement, the Company agrees to issue to Treasury, on each Warrant Closing Date, Warrants for a number of shares of Common Stock determined by the formula set forth in Schedule 1.

### 1.2 Initial Closing; Warrant Closing Date.

(a) On the terms and subject to the conditions set forth in this Agreement, the closing of the initial issuance of the Warrants (the "Initial Closing") will take place on or before the 90th day after the Closing Date (as defined in the Promissory Note) or, if on the 90th day after the Closing Date the principal amount of the Promissory Note is \$0, the first date on which such principal amount is increased. After the Initial Closing, the closing of any subsequent issuance will take place on the date of each increase, if any, of the principal amount of the Promissory Note (each subsequent closing, together with the Initial Closing, a "Closing" and each such date a "Warrant Closing Date").

(b) On each Warrant Closing Date, the Company will issue to Treasury a duly executed Warrant or Warrants with an Exercise Price determined by the formula set forth in paragraph (a) of Schedule 1 for a number of shares of Common Stock determined by the formula set forth in paragraph (b) of Schedule 1, as evidenced by one or more certificates dated the Warrant Closing Date and bearing appropriate legends as hereinafter provided for and in substantially the form attached hereto as Annex B.

(c) On each Warrant Closing Date, the Company shall deliver to Treasury (i) a written opinion from counsel to the Company (which may be internal counsel) addressed to Treasury and dated as of such Warrant Closing Date, in substantially the form attached hereto as Annex A and (ii) a certificate executed by the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller confirming that the representations and warranties of the Company in this Agreement are true and correct with the same force and effect as though expressly made at and as of such Warrant Closing Date and the Company has complied with all agreements on its part to be performed or satisfied hereunder at or prior to such Closing.

(d) On the initial Warrant Closing Date, the Company shall deliver to Treasury (i) such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller as Treasury may require evidencing the identity, authority and capacity of each such officer thereof authorized to act as such officer in connection with this Agreement and (ii) customary resolutions or evidence of corporate authorization, secretary's certificates and such other documents and certificates (including Organizational Documents and good standing certificates) as Treasury may reasonably request relating to the organization, existence and good standing of the Company and any other legal matters relating to the Company, this Agreement, the Warrants or the transactions contemplated hereby or thereby.

### 1.3 Interpretation.

(a) When a reference is made in this Agreement to "Recitals," "Articles," "Sections," or "Annexes" such reference shall be to a Recital, Article or Section of, or Annex to, this Warrant Agreement, unless otherwise indicated. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References to "herein," "hereof," "hereunder" and the like refer to this Agreement as a whole and not to any particular section or provision, unless the context requires otherwise. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation." No rule of construction against the draftsman shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel. All references to "\$" or "dollars" mean the lawful currency of the United States of America. Except as expressly stated in this Agreement, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any section of any statute, rule or regulation include any successor to the section.

(b) Capitalized terms not defined herein have the meanings ascribed thereto in Annex B.

Article II  
**Representations and Warranties**

2.1 **Representations and Warranties of the Company.** The Company represents and warrants to Treasury that as of the date hereof and each Warrant Closing Date (or such other date specified herein):

(a) **Existence, Qualification and Power.** The Company is duly organized or formed, validly existing and, if applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, and the Company and each Subsidiary (a) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the this Agreement and the Warrants, and (b) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a)(i) or (b), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) **Capitalization.** The authorized capital stock of the Company, and the outstanding capital stock of the Company (including securities convertible into, or exercisable or exchangeable for, capital stock of the Company) as of the most recent fiscal month-end preceding the date hereof (the "**Capitalization Date**") is set forth in Schedule 2. The outstanding shares of capital stock of the Company have been duly authorized and are validly issued and outstanding, fully paid and nonassessable, and subject to no preemptive rights, other than, if applicable, those set forth on Schedule 3 (and were not issued in violation of any preemptive rights). Except as provided in the Warrants, as of the date hereof, the Company does not have outstanding any securities or other obligations providing the holder the right to acquire Common Stock that is not reserved for issuance as specified on Schedule 2, and the Company has not made any other commitment to authorize, issue or sell any Common Stock. Since the Capitalization Date, the Company has not issued any shares of Common Stock, other than (i) shares issued upon the exercise of stock options or delivered under other equity-based awards or other convertible securities or warrants which were issued and outstanding on the Capitalization Date and disclosed on Schedule 2 and (ii) shares disclosed on Schedule 2 as it may be updated by written notice from the Company to Treasury in connection with each Warrant Closing Date. Each holder of 5% or more of any class of capital stock of the Company and such holder's primary address are set forth in Schedule 2.

(c) **Governmental Authorization; Other Consents.** No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of this Agreement, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect.

(d) **Execution and Delivery; Binding Effect.** This Agreement has been duly authorized, executed and delivered by the Company. This Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its

terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

(e) The Warrants and Warrant Shares. Each Warrant has been duly authorized and, when executed and delivered as contemplated hereby, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity. The Warrant Shares have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(f) Authorization, Enforceability.

(i) The Company has the corporate power and authority to execute and deliver this Agreement and the Warrants and, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3, to carry out its obligations hereunder and thereunder (which includes the issuance of the Warrants and Warrant Shares). The execution, delivery and performance by the Company of this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or other organizational action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company, subject, in each case, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(ii) The execution, delivery and performance by the Company of this Agreement do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien (as defined in the Promissory Note) under, or require any payment to be made under (i) any material Contractual Obligation to which the Company is a party or affecting the Company or the properties of the Company or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Company or any Subsidiary or its property is subject or (c) violate any Law, except to the extent that such violation could not reasonably be expected to have Material Adverse Effect.

(iii) Such filings and approvals as are required to be made or obtained under any state "blue sky" laws, and such filings and approvals as have been made or obtained, no notice to, filing with, exemption or review by, or authorization, consent or approval of, any Governmental Authority is required to be made or obtained by the Company in connection with the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the issuance of the Warrants except for any such notices, filings, exemptions, reviews, authorizations, consents and approvals the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(g) Anti-takeover Provisions and Rights Plan. The Board of Directors of the Company (the “Board of Directors”) has taken all necessary action, and will in the future take any necessary action, to ensure that the transactions contemplated by this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants in accordance with their terms, will be exempt from any anti-takeover or similar provisions of the Company’s Organizational Documents, and any other provisions of any applicable “moratorium”, “control share”, “fair price”, “interested stockholder” or other anti-takeover laws and regulations of any jurisdiction, whether existing on the date hereof or implemented after the date hereof. The Company has taken all actions necessary, and will in the future take any necessary action, to render any stockholders’ rights plan of the Company inapplicable to this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants by Treasury in accordance with its terms.

(h) Reports. Since December 31, 2017, the Company and each Subsidiary has timely filed all reports, registrations, documents, filings, statements and submissions, together with any amendments thereto, that it was required to file with any Governmental Authority (the foregoing, collectively, the “Company Reports”) and has paid all fees and assessments due and payable in connection therewith, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of their respective dates of filing, the Company Reports complied in all material respects with all statutes and applicable rules and regulations of the applicable Governmental Authority.

(i) Offering of Securities. Neither the Company nor any person acting on its behalf has taken any action (including any offering of any securities of the Company under circumstances which would require the integration of such offering with the offering of any of the Warrants under the Securities Act, and the rules and regulations of the Securities and Exchange Commission (the “SEC”) promulgated thereunder), which might subject the offering, issuance or sale of any of the Warrants to Treasury pursuant to this Agreement to the registration requirements of the Securities Act

(j) Brokers and Finders. No broker, finder or investment banker is entitled to any financial advisory, brokerage, finder’s or other fee or commission in connection with this Agreement or the Warrants or the transactions contemplated hereby or thereby based upon arrangements made by or on behalf of the Company or any Subsidiary for which Treasury could have any liability.

### Article III Covenants

#### 3.1 Commercially Reasonable Efforts.

(a) Subject to the terms and conditions of this Agreement, each of the parties will use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, to enable consummation of the transactions contemplated hereby and shall use commercially reasonable efforts to cooperate with the other party to that end.



(b) If the Company is required to obtain any stockholder approvals set forth on Schedule 3, then the Company shall comply with this Section 3.1(b). The Company shall call a special meeting of its stockholders, as promptly as practicable following the Initial Closing, to vote on proposals (collectively, the "Stockholder Proposals") to amend the Company's Organizational Documents to increase the number of authorized shares of Common Stock to at least such number as shall be sufficient to permit the full exercise of the Warrants for Common Stock and comply with the other provisions of this Section 3.1(b). The Board of Directors shall recommend to the Company's stockholders that such stockholders vote in favor of the Stockholder Proposals. In the event that the approval of any of the Stockholder Proposals is not obtained at such special stockholders meeting, the Company shall include a proposal to approve (and the Board of Directors shall recommend approval of) each such proposal at a meeting of its stockholders no less than once in each subsequent six-month period beginning on September 30, 2020 until all such approvals are obtained or made.

3.2 Expenses. The Company shall pay (i) all reasonable out-of-pocket expenses incurred by Treasury (including the reasonable fees, charges and disbursements of any counsel for Treasury) in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the Warrants, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by Treasury (including the fees, charges and disbursements of any counsel for Treasury), in connection with the enforcement or protection of its rights in connection with this Agreement and the Warrants, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of such Warrant Agreement, Warrant and other agreements or documents executed in connection herewith or therewith.

### 3.3 Sufficiency of Authorized Common Stock

(a) During the period from each Warrant Closing Date (or, if the approval of the Stockholder Proposals is required, the date of such approval) until the date on which no Warrants remain outstanding, the Company shall at all times have reserved for issuance, free of preemptive or similar rights, a sufficient number of authorized and unissued Warrant Shares to effectuate such exercise. Nothing in this Section 3.3 shall preclude the Company from satisfying its obligations in respect of the exercise of the Warrants by delivery of shares of Common Stock which are held in the treasury of the Company.

## Article IV **Additional Agreements**

4.1 Investment Purposes. Treasury acknowledges that the Warrants and the Warrant Shares have not been registered under the Securities Act or under any state securities laws. Treasury (a) is acquiring the Warrants pursuant to an exemption from registration under the Securities Act solely for investment without a view to sell and with no present intention to

distribute them to any person in violation of the Securities Act or any applicable U.S. state securities laws; (b) will not sell or otherwise dispose of any of the Warrants or the Warrant Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. state securities laws; and (c) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of the Warrants and the Warrant Shares and of making an informed investment decision.

#### 4.2 Legends.

(a) Treasury agrees that all certificates or other instruments representing the Warrants and the Warrant Shares will bear a legend substantially to the following effect:

“THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.”

(b) In the event that any Warrants or Warrant Shares (i) become registered under the Securities Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act (other than Rule 144A), the Company shall issue new certificates or other instruments representing such Warrants or Warrant Shares, which shall not contain the legend in Section 4.2(a) above; *provided* that Treasury surrenders to the Company the previously issued certificates or other instruments.

4.3 Certain Transactions. The Company will not merge or consolidate with, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless the successor, transferee or lessee party (or its ultimate parent entity), as the case may be (if not the Company), expressly assumes the due and punctual performance and observance of each and every covenant, agreement and condition of this Agreement and the Warrants to be performed and observed by the Company.

4.4 Transfer of Warrants and Warrant Shares. Subject to compliance with applicable securities laws, Treasury shall be permitted to transfer, sell, assign or otherwise dispose of (“Transfer”) all or a portion of the Warrants or Warrant Shares at any time, and the Company shall take all steps as may be reasonably requested by Treasury to facilitate the Transfer of the Warrants and the Warrant Shares.

#### 4.5 Registration Rights.

(a) Unless and until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall have no obligation to comply with the provisions of this Section 4.5; *provided* that the Company covenants and agrees that it shall comply with this Section 4.5 as soon as practicable after the date that it becomes subject to such reporting requirements.

(b) Registration.

(i) Subject to the terms and conditions of this Agreement, the Company covenants and agrees that as soon as practicable after the date that the Company becomes subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act (and in any event no later than 180 days thereafter), the Company shall prepare and file with the SEC a Shelf Registration Statement covering the maximum number of Registrable Securities (or otherwise designate an existing Shelf Registration Statement filed with the SEC to cover the Registrable Securities) that may be issued pursuant to this Agreement and any Warrants outstanding at that time, and, to the extent the Shelf Registration Statement has not theretofore been declared effective or is not automatically effective upon such filing, the Company shall use reasonable best efforts to cause such Shelf Registration Statement to be declared or become effective and to keep such Shelf Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for a period from the date of its initial effectiveness until such time as there are no Registrable Securities remaining (including by refiling such Shelf Registration Statement (or a new Shelf Registration Statement) if the initial Shelf Registration Statement expires). So long as the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) at the time of filing of the Shelf Registration Statement with the SEC, such Shelf Registration Statement shall be designated by the Company as an automatic Shelf Registration Statement. Notwithstanding the foregoing, if on the date hereof the Company is not eligible to file a registration statement on Form S-3, then the Company shall not be obligated to file a Shelf Registration Statement unless and until it is so eligible and is requested to do so in writing by Treasury.

(ii) Any registration pursuant to Section 4.5(b)(i) shall be effected by means of a shelf registration on an appropriate form under Rule 415 under the Securities Act (a "Shelf Registration Statement"). If Treasury or any other Holder intends to distribute any Registrable Securities by means of an underwritten offering it shall promptly so advise the Company and the Company shall take all reasonable steps to facilitate such distribution, including the actions required pursuant to Section 4.5(d); *provided* that the Company shall not be required to facilitate an underwritten offering of Registrable Securities unless the total number of Warrant Shares and Warrants expected to be sold in such offering exceeds, or are exercisable for, at least 20% of the total number of Warrant Shares for which Warrants issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); and *provided, further* that the Company shall not be required to facilitate more than two completed underwritten offerings within any 12-month period. The lead underwriters in any such distribution shall be selected by the Holders of a majority of the Registrable Securities to be distributed.

(iii) The Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(b): (A) with respect to securities that are not Registrable Securities; or (B) if the Company has notified Treasury and all other Holders that in the good faith judgment of the Board of Directors, it would be materially detrimental to the Company or its securityholders for such registration or underwritten

offering to be effected at such time, in which event the Company shall have the right to defer such registration or offering for a period of not more than 45 days after receipt of the request of Treasury or any other Holder; *provided* that such right to delay a registration or underwritten offering shall be exercised by the Company (1) only if the Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that have registration rights and (2) not more than three times in any 12-month period and not more than 90 days in the aggregate in any 12-month period. The Company shall notify the Holders of the date of any anticipated termination of any such deferral period prior to such date.

(iv) If during any period when an effective Shelf Registration Statement is not available, the Company proposes to register any of its equity securities, other than a registration pursuant to Section 4.5(b)(i) or a Special Registration, and the registration form to be filed may be used for the registration or qualification for distribution of Registrable Securities, the Company will give prompt written notice to Treasury and all other Holders of its intention to effect such a registration (but in no event less than ten days prior to the anticipated filing date) and will include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten Business Days after the date of the Company's notice (a "Piggyback Registration"). Any such person that has made such a written request may withdraw its Registrable Securities from such Piggyback Registration by giving written notice to the Company and the managing underwriter, if any, on or before the fifth Business Day prior to the planned effective date of such Piggyback Registration. The Company may terminate or withdraw any registration under this Section 4.5(b)(iv) prior to the effectiveness of such registration, whether or not Treasury or any other Holders have elected to include Registrable Securities in such registration.

(v) If the registration referred to in Section 4.5(b)(iv) is proposed to be underwritten, the Company will so advise Treasury and all other Holders as a part of the written notice given pursuant to Section 4.5(b)(iv). In such event, the right of Treasury and all other Holders to registration pursuant to Section 4.5(b) will be conditioned upon such persons' participation in such underwriting and the inclusion of such person's Registrable Securities in the underwriting if such securities are of the same class of securities as the securities to be offered in the underwritten offering, and each such person will (together with the Company and the other persons distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company; *provided* that Treasury (as opposed to other Holders) shall not be required to indemnify any person in connection with any registration. If any participating person disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the managing underwriters and Treasury (if Treasury is participating in the underwriting).

(vi) If either (x) the Company grants "piggyback" registration rights to one or more third parties to include their securities in an underwritten offering under the Shelf Registration Statement pursuant to Section 4.5(b)(ii) or (y) a Piggyback Registration under Section 4.5(b)(iv) relates to an underwritten offering on behalf of the Company,

and in either case the managing underwriters advise the Company that in their reasonable opinion the number of securities requested to be included in such offering exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in such offering only such number of securities that in the reasonable opinion of such managing underwriters can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (A) first, in the case of a Piggyback Registration under Section 4.5(b)(iv), the securities the Company proposes to sell, (B) then the Registrable Securities of Treasury and all other Holders who have requested inclusion of Registrable Securities pursuant to Section 4.5(b)(ii) or Section 4.5(b)(iv), as applicable, *pro rata* on the basis of the aggregate number of such securities or shares owned by each such person and (C) lastly, any other securities of the Company that have been requested to be so included, subject to the terms of this Agreement; *provided, however*, that if the Company has, prior to the date hereof, entered into an agreement with respect to its securities that is inconsistent with the order of priority contemplated hereby then it shall apply the order of priority in such conflicting agreement to the extent that this Agreement would otherwise result in a breach under such agreement.

(c) Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance hereunder shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder shall be borne by the holders of the securities so registered *pro rata* on the basis of the aggregate offering or sale price of the securities so registered.

(d) Obligations of the Company. The Company shall use its reasonable best efforts, for so long as there are Registrable Securities outstanding, to take such actions as are under its control to not become an ineligible issuer (as defined in Rule 405 under the Securities Act) and to remain a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) if it has such status on the date hereof or becomes eligible for such status in the future. In addition, whenever required to effect the registration of any Registrable Securities or facilitate the distribution of Registrable Securities pursuant to an effective Shelf Registration Statement, the Company shall, as expeditiously as reasonably practicable:

(i) Prepare and file with the SEC a prospectus supplement with respect to a proposed offering of Registrable Securities pursuant to an effective registration statement, subject to Section 4.5(e), keep such registration statement effective and keep such prospectus supplement current until the securities described therein are no longer Registrable Securities. The plan of distribution included in such registration statement shall include, among other things, an underwritten offering, ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers, block trades, privately negotiated transactions, the writing or settlement of options or other derivative transactions and any other method permitted pursuant to applicable law, and any combination of any such methods of sale.

(ii) Prepare and file with the SEC such amendments and supplements to the applicable registration statement and the prospectus or prospectus supplement used in

connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(iii) Furnish to the Holders and any underwriters such number of copies of the applicable registration statement and each such amendment and supplement thereto (including in each case all exhibits) and of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned or to be distributed by them.

(iv) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders or any managing underwriter(s), to keep such registration or qualification in effect for so long as such registration statement remains in effect, and to take any other action which may be reasonably necessary to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such Holder; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(v) Notify each Holder of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the applicable prospectus, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(vi) Give written notice to the Holders:

(A) when any registration statement filed pursuant to Section 4.5(b) or any amendment thereto has been filed with the SEC (except for any amendment effected by the filing of a document with the SEC pursuant to the Exchange Act) and when such registration statement or any post-effective amendment thereto has become effective;

(B) of any request by the SEC for amendments or supplements to any registration statement or the prospectus included therein or for additional information;

(C) of the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose;

(D) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Common Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(E) of the happening of any event that requires the Company to make changes in any effective registration statement or the prospectus related to the registration statement in order to make the statements therein not misleading (which notice shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made); and

(F) if at any time the representations and warranties of the Company contained in any underwriting agreement contemplated by Section 4.5(d)(x) cease to be true and correct.

(vii) Use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of any registration statement referred to in Section 4.5(d)(vi)(C) at the earliest practicable time.

(viii) Upon the occurrence of any event contemplated by Section 4.5(d)(v), 4.5(d)(vi)(E) or 4.5(e), promptly prepare a post-effective amendment to such registration statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to the Holders and any underwriters, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with Section 4.5(d)(vi)(E) to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Holders and any underwriters shall suspend use of such prospectus and use their reasonable best efforts to return to the Company all copies of such prospectus (at the Company's expense) other than permanent file copies then in such Holders' or underwriters' possession. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify the Holders of the date of any anticipated termination of any such suspension period prior to such date.

(ix) Use reasonable best efforts to procure the cooperation of the Company's transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical stock certificates into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s).

(x) If an underwritten offering is requested pursuant to Section 4.5(b)(ii), enter into an underwriting agreement in customary form, scope and substance and take all such other actions reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith or by the managing underwriter(s), if any, to expedite or facilitate the underwritten disposition of such Registrable Securities, and in connection therewith in any underwritten offering (including making members of management and executives of the Company available to participate in "road shows", similar sales events and other marketing activities), (A) make such representations and warranties to the Holders that are selling stockholders and the managing underwriter(s), if any, with respect to the business of the Company and its subsidiaries, and the Shelf Registration Statement, prospectus and documents, if any, incorporated or deemed to be

incorporated by reference therein, in each case, in customary form, substance and scope, and, if true, confirm the same if and when requested, (B) use its reasonable best efforts to furnish the underwriters with opinions and “10b-5” letters of counsel to the Company, addressed to the managing underwriter(s), if any, covering the matters customarily covered in such opinions and letters requested in underwritten offerings, (C) use its reasonable best efforts to obtain “cold comfort” letters from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any business acquired by the Company for which financial statements and financial data are included in the Shelf Registration Statement) who have certified the financial statements included in such Shelf Registration Statement, addressed to each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in “cold comfort” letters, (D) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures customary in underwritten offerings (provided that Treasury shall not be obligated to provide any indemnity), and (E) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith, their counsel and the managing underwriter(s), if any, to evidence the continued validity of the representations and warranties made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company.

(xi) Make available for inspection by a representative of Holders that are selling stockholders, the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or managing underwriter(s), at the offices where normally kept, during reasonable business hours, financial and other records, pertinent corporate documents and properties of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested (and of the type customarily provided in connection with due diligence conducted in connection with a registered public offering of securities) by any such representative, managing underwriter(s), attorney or accountant in connection with such Shelf Registration Statement.

(xii) Use reasonable best efforts to cause all such Registrable Securities to be listed on each national securities exchange on which similar securities issued by the Company are then listed or, if no similar securities issued by the Company are then listed on any national securities exchange, use its reasonable best efforts to cause all such Registrable Securities to be listed on such securities exchange as Treasury may designate.

(xiii) If requested by Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith, or the managing underwriter(s), if any, promptly include in a prospectus supplement or amendment such information as the Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith or managing underwriter(s), if any, may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such amendment as soon as practicable after the Company has received such request.



(xiv) Timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

(e) Suspension of Sales. Upon receipt of written notice from the Company that a registration statement, prospectus or prospectus supplement contains or may contain an untrue statement of a material fact or omits or may omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that circumstances exist that make inadvisable use of such registration statement, prospectus or prospectus supplement, Treasury and each Holder of Registrable Securities shall forthwith discontinue disposition of Registrable Securities until Treasury and/or Holder has received copies of a supplemented or amended prospectus or prospectus supplement, or until Treasury and/or such Holder is advised in writing by the Company that the use of the prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, Treasury and/or such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in Treasury and/or such Holder's possession, of the prospectus and, if applicable, prospectus supplement covering such Registrable Securities current at the time of receipt of such notice. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify Treasury prior to the anticipated termination of any such suspension period of the date of such anticipated termination

(f) Termination of Registration Rights. A Holder's registration rights as to any securities held by such Holder shall not be available unless such securities are Registrable Securities.

(g) Furnishing Information.

(i) Neither Treasury nor any Holder shall use any free writing prospectus (as defined in Rule 405) in connection with the sale of Registrable Securities without the prior written consent of the Company.

(ii) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 4.5(d) that Treasury and/or the selling Holders and the underwriters, if any, shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registered offering of their Registrable Securities.

(h) Indemnification.

(i) The Company agrees to indemnify each Holder and, if a Holder is a person other than an individual, such Holder's officers, directors, employees, agents, representatives and Affiliates, and each Person, if any, that controls a Holder within the meaning of the Securities Act (each, an "Indemnitee"), against any and all losses, claims, damages, actions, liabilities, costs and expenses (including reasonable fees, expenses and disbursements of attorneys and other professionals incurred in connection with investigating, defending, settling, compromising or paying any such losses, claims, damages, actions, liabilities, costs and expenses), joint or several, arising out of or based

upon any untrue statement or alleged untrue statement of material fact contained in any registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto or any documents incorporated therein by reference or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto); or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, that the Company shall not be liable to such Indemnitee in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (A) an untrue statement or omission made in such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto), in reliance upon and in conformity with information regarding such Indemnitee or its plan of distribution or ownership interests which was furnished in writing to the Company by such Indemnitee for use in connection with such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto, or (B) offers or sales effected by or on behalf of such Indemnitee "by means of" (as defined in Rule 159A) a "free writing prospectus" (as defined in Rule 405) that was not authorized in writing by the Company.

(ii) If the indemnification provided for in Section 4.5(h)(i) is unavailable to an Indemnitee with respect to any losses, claims, damages, actions, liabilities, costs or expenses referred to therein or is insufficient to hold the Indemnitee harmless as contemplated therein, then the Company, in lieu of indemnifying such Indemnitee, shall contribute to the amount paid or payable by such Indemnitee as a result of such losses, claims, damages, actions, liabilities, costs or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnitee, on the one hand, and the Company, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, actions, liabilities, costs or expenses as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Indemnitee, on the other hand, shall be determined by reference to, among other factors, whether the untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company or by the Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; the Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.5(h)(ii) were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 4.5(h)(i). No Indemnitee guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Company if the Company was not guilty of such fraudulent misrepresentation.

(i) Assignment of Registration Rights. The rights of Treasury to registration of Registrable Securities pursuant to Section 4.5(b) may be assigned by Treasury to a transferee or

assignee of Registrable Securities in connection with a transfer of a total number of Warrant Shares and/or Warrants exercisable for at least 20% of the total number of Warrant Shares for which Warrants issued and to be issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); *provided, however*, the transferor shall, within ten days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the number and type of Registrable Securities that are being assigned.

(j) Clear Market. With respect to any underwritten offering of Registrable Securities by Treasury or other Holders pursuant to this Section 4.5, the Company agrees not to effect (other than pursuant to such registration or pursuant to a Special Registration) any public sale or distribution, or to file any Shelf Registration Statement (other than such registration or a Special Registration) covering, in the case of an underwritten offering of Common Stock or Warrants, any of its equity securities, or, in each case, any securities convertible into or exchangeable or exercisable for such securities, during the period not to exceed 30 days following the effective date of such offering. The Company also agrees to cause such of its directors and senior executive officers to execute and deliver customary lock-up agreements in such form and for such time period up to 30 days as may be requested by the managing underwriter. “Special Registration” means the registration of (A) equity securities and/or options or other rights in respect thereof solely registered on Form S-4 or Form S-8 (or successor form) or (B) shares of equity securities and/or options or other rights in respect thereof to be offered to directors, members of management, employees, consultants, customers, lenders or vendors of the Company or Company Subsidiaries or in connection with dividend reinvestment plans.

(k) Rule 144; Rule 144A. With a view to making available to Treasury and Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(i) (A) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act, and (B) if at any time the Company is not required to file such reports, make available, upon the request of any Holder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

(ii) so long as Treasury or a Holder owns any Registrable Securities, furnish to Treasury or such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as Treasury or Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; *provided, however*, that the availability of the foregoing reports on the EDGAR filing system of the SEC will be deemed to satisfy the foregoing delivery requirements; and

(iii) take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act.

(l) As used in this Section 4.5, the following terms shall have the following respective meanings:

(i) “Holder” means Treasury and any other holder of Registrable Securities to whom the registration rights conferred by this Agreement have been transferred in compliance with Section 4.5(i) hereof.

(ii) “Register,” “registered,” and “registration” shall refer to a registration effected by preparing and (A) filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of effectiveness of such registration statement or (B) filing a prospectus and/or prospectus supplement in respect of an appropriate effective registration statement on Form S-3.

(iii) “Registrable Securities” means (A) the Warrants (subject to Section 4.5(q)) and (B) any equity securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clause (A) by way of conversion, exercise or exchange thereof, including the Warrant Shares, or share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other reorganization, *provided* that, once issued, such securities will not be Registrable Securities when (1) they are sold pursuant to an effective registration statement under the Securities Act, (2) except as provided below in Section 4.5(q), they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, (3) they shall have ceased to be outstanding or (4) they have been sold in a private transaction in which the transferor’s rights under this Agreement are not assigned to the transferee of the securities. No Registrable Securities may be registered under more than one registration statement at any one time.

(iv) “Registration Expenses” mean all expenses incurred by the Company in effecting any registration pursuant to this Agreement (whether or not any registration or prospectus becomes effective or final) or otherwise complying with its obligations under this Section 4.5, including all registration, filing and listing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, expenses incurred in connection with any “road show”, the reasonable fees and disbursements of Treasury’s counsel (if Treasury is participating in the registered offering), and expenses of the Company’s independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, but shall not include Selling Expenses.

(v) “Rule 144”, “Rule 144A”, “Rule 159A”, “Rule 405” and “Rule 415” mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

(vi) “Selling Expenses” mean all discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of Treasury’s counsel included in Registration Expenses).

(m) At any time, any holder of Securities (including any Holder) may elect to forfeit its rights set forth in this Section 4.5 from that date forward; *provided*, that a Holder forfeiting such rights shall nonetheless be entitled to participate under Section 4.5(b)(iv) – (vi) in any Pending Underwritten Offering to the same extent that such Holder would have been entitled to if the holder had not withdrawn; and *provided, further*, that no such forfeiture shall terminate a Holder’s rights or obligations under Section 4.5(g) with respect to any prior registration or Pending Underwritten Offering. “*Pending Underwritten Offering*” means, with respect to any Holder forfeiting its rights pursuant to this Section 4.5(m), any underwritten offering of Registrable Securities in which such Holder has advised the Company of its intent to register its Registrable Securities either pursuant to Section 4.5(b)(ii) or 4.5(b)(iv) prior to the date of such Holder’s forfeiture.

(n) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations under this Section 4.5 and that Treasury and the Holders from time to time may be irreparably harmed by any such failure, and accordingly agree that Treasury and such Holders, in addition to any other remedy to which they may be entitled at law or in equity, to the fullest extent permitted and enforceable under applicable law shall be entitled to compel specific performance of the obligations of the Company under this Section 4.5 in accordance with the terms and conditions of this Section 4.5.

(o) No Inconsistent Agreements. The Company shall not, on or after the date hereof, enter into any agreement with respect to its securities that may impair the rights granted to Treasury and the Holders under this Section 4.5 or that otherwise conflicts with the provisions hereof in any manner that may impair the rights granted to Treasury and the Holders under this Section 4.5. In the event the Company has, prior to the date hereof, entered into any agreement with respect to its securities that is inconsistent with the rights granted to Treasury and the Holders under this Section 4.5 (including agreements that are inconsistent with the order of priority contemplated by Section 4.5(b)(vi)) or that may otherwise conflict with the provisions hereof, the Company shall use its reasonable best efforts to amend such agreements to ensure they are consistent with the provisions of this Section 4.5. Any transaction entered into by the Company that would reasonably be expected to require the inclusion in a Shelf Registration Statement or any Company Report filed with the SEC of any separate financial statements pursuant to Rule 3-05 of Regulation S-X or pro forma financial statements pursuant to Article 11 of Regulation S-X shall include provisions requiring the Company’s counterparty to provide any information necessary to allow the Company to comply with its obligation hereunder.

(p) Certain Offerings by Treasury. In the case of any securities held by Treasury that cease to be Registrable Securities solely by reason of clause (2) in the definition of “Registrable Securities,” the provisions of Sections 4.5(b)(ii), clauses (iv), (ix) and (x)-(xii) of Section 4.5(d), Section 4.5(h) and Section 4.5(j) shall continue to apply until such securities otherwise cease to be Registrable Securities. In any such case, an “underwritten” offering or other disposition shall include any distribution of such securities on behalf of Treasury by one or more broker-dealers, an “underwriting agreement” shall include any purchase agreement entered into by such broker-dealers, and any “registration statement” or “prospectus” shall include any offering document approved by the Company and used in connection with such distribution.

(q) Registered Sales of the Warrants. The Holders agree to sell the Warrants or any portion thereof under the Shelf Registration Statement only beginning 30 days after notifying the Company of any such sale, during which 30-day period Treasury and all Holders of the Warrants shall take reasonable steps to agree to revisions to the Warrants, at the expense of the Company, to permit a public distribution of the Warrants, including entering into a revised warrant agreement, appointing a warrant agent, and making the securities eligible for book entry clearing and settlement at the Depository Trust Company.

(r) Market Stand-Off. In the event of an IPO, the Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(b) and Treasury agrees, if requested by the managing underwriter or underwriters in such IPO, not to (i) offer for sale, sell, pledge, or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any Registrable Securities (including Registrable Securities that may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the SEC); (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of Registrable Securities, whether any such transaction is to be settled by delivery of Registrable Securities, in cash or otherwise; (iii) make any demand for or exercise any right or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any Registrable Securities; or (iv) publicly disclose the intention to do any of the foregoing, in each case (to the extent timely notified in writing by the Company or the managing underwriter or underwriters), during the period beginning seven days before and ending 90 days after the date of the underwriting agreement entered into in connection with such IPO. If requested by the managing underwriter or underwriters of any such IPO, Treasury shall execute a separate agreement to the foregoing effect. The Company may impose stop-transfer instructions with respect to Registrable Securities subject to the foregoing restriction until the end of the period referenced above. The foregoing provisions of this Section 4.5(r) shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall be applicable only if all officers, directors, and shareholders beneficially owning more than one percent (1%) of the Company's outstanding Common Stock are subject to the same restrictions.

"IPO" means the first underwritten public offering and sale of the Common Stock for cash pursuant to an effective registration statement (other than on Form S-4, S-8 or a comparable form) under the Securities Act.

4.6 Voting of Warrant Shares. Notwithstanding anything in this Agreement to the contrary, Treasury shall not exercise any voting rights with respect to the Warrant Shares.

## Article V Miscellaneous

5.1 Survival of Representations and Warranties. The representations and warranties of the Company made herein or in any certificates delivered in connection with the Initial Closing or any subsequent Closing shall survive such Closing without limitation.

5.2 Amendment. No amendment of any provision of this Agreement will be effective unless made in writing and signed by an officer or a duly authorized representative of each party; *provided* that Treasury may unilaterally amend any provision of this Agreement to the extent required to comply with any changes after the date hereof in applicable federal statutes. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative of any rights or remedies provided by law.

5.3 Waiver of Conditions. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

5.4 Governing Law: Submission to Jurisdiction, Etc. **This Agreement will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the parties hereto agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia and the United States Court of Federal Claims for any and all civil actions, suits or proceedings arising out of or relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby, and (b) that notice may be served upon (i) the Company at the address and in the manner set forth for notices to the Company in Section 5.5 and (ii) Treasury in accordance with federal law. To the extent permitted by applicable law, each of the parties hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby.**

5.5 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices to the Company shall be delivered as set forth below, or pursuant to such other instruction as may be designated in writing by the Company to Treasury. All notices to Treasury shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by Treasury to the Company.

If to the Company:

Frontier Group Holdings, Inc.  
4545 Airport Way  
Denver CO, 80239  
Attention of General Counsel  
Telephone No. ###-###-####  
###

With copies to (which shall not constitute notice):  
Latham & Watkins LLP  
140 Scott Drive  
Menlo Park, CA 94025  
Attention: Tony Richmond  
Facsimile: (###) ###-####  
Email: ###

If to Treasury:

United States Department of the Treasury  
1500 Pennsylvania Avenue, NW, Room 2312  
Washington, D.C. 20220  
Attention: Assistant General Counsel (Banking and Finance)

#### 5.6 Definitions.

(a) The term “Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

(b) The term “Laws” has the meaning ascribed thereto in the Promissory Note.

(c) The term “Lien” has the meaning ascribed thereto in the Promissory Note.

(d) The term “Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Company to perform its obligations under this Agreement or any Warrant or (ii) the legality, validity, binding effect or enforceability against the Company of this Agreement or any Warrant to which it is a party.

(e) The term “Organizational Documents” has the meaning ascribed thereto in the Promissory Note.

(f) The term “Subsidiary” has the meaning ascribed thereto in the Promissory Note.

5.7 Assignment. Neither this Agreement nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other party, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except (a) an assignment, in the case of a Business Combination where such party is not the surviving entity, or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale and (b) as provided in Section 4.5.

5.8 Severability. If any provision of this Agreement or the Warrants, or the application thereof to any person or circumstance, is determined by a court of competent



jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

5.9 No Third Party Beneficiaries. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person or entity other than the Company and Treasury any benefit, right or remedies, except that the provisions of Section 4.5 shall inure to the benefit of the persons referred to in that Section.

\* \* \*

*[Signature page follows]*

- 22 -

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE UNITED STATES DEPARTMENT OF THE  
TREASURY

By: /s/ Steven T. Mnuchin

Name: Steven Mnuchin

Title: Secretary

FRONTIER GROUP HOLDINGS, INC.

By: /s/ James Dempsey

Name: James Dempsey

Title: Chief Financial Officer

**FORM OF OPINION**

(a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of its incorporation.

(b) Each of the Warrants has been duly authorized and, when executed and delivered as contemplated by the Agreement, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity.

(c) The shares of Common Stock issuable upon exercise of the Warrants have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable **[insert, if applicable: ,** subject to the approvals of the Company's stockholders set forth on Schedule 3].

(d) The Company has the corporate power and authority to execute and deliver the Agreement and the Warrants and **[insert, if applicable: ,** subject to the approvals of the Company's stockholders set forth on Schedule 3] to carry out its obligations thereunder (which includes the issuance of the Warrants and Warrant Shares).

(e) The execution, delivery and performance by the Company of the Agreement and the Warrants and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company **[insert, if applicable: ,** subject, in each case, to the approvals of the Company's stockholders set forth on Schedule 3].

(f) The Agreement is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity; *provided, however,* such counsel need express no opinion with respect to Section 4.5(h) or the severability provisions of the Agreement insofar as Section 4.5(h) is concerned.

(g) No registration of the Warrant and the Common Stock issuable upon exercise of the Warrant under the U.S. Securities Act of 1933, as amended, is required for the offer and sale of the Warrant or the Common Stock issuable upon exercise of the Warrant by the Company to the Holder pursuant to and in the manner contemplated by this Agreement.

(h) The Company is not required to be registered as an investment company under the Investment Company Act of 1940, as amended.

**FORM OF WARRANT**

[SEE ATTACHED]

**FORM OF WARRANT TO PURCHASE COMMON STOCK**

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

**WARRANT  
to purchase**

**Shares of Common Stock**

**of**

Issue Date:

1. Definitions. Unless the context otherwise requires, when used herein the following terms shall have the meanings indicated.

“*Affiliate*” means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”) when used with respect to any person, means the possession, directly or indirectly, of the power to cause the direction of management and/or policies of such person, whether through the ownership of voting securities by contract or otherwise.

“*Aggregate Net Cash Settlement Amount*” has the meaning ascribed thereto in Section 2(A).

“*Aggregate Net Share Settlement Amount*” has the meaning ascribed thereto in Section 2(B).

“*Average Market Price*” means, with respect to any security, (i) the arithmetic average of the Market Price of such security for the 15 consecutive trading day period ending on and including the trading day immediately preceding the determination date or (ii) if the security has not been traded on any national or regional securities exchange for at least the 15 consecutive trading day period ending on and including the trading day immediately preceding the determination date and the Quotations are not available for the remainder of such period, the arithmetic average of the Market Price of such security for the trading days within such period during which the security was traded on such national securities exchange.

“*Board of Directors*” means the board of directors of the Company, including any duly authorized committee thereof.

“*Business Combination*” means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company’s stockholders.

“*Business Day*” means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close; *provided* that banks shall be deemed to be generally open for business in the event of a “shelter in place” or similar closure of physical branch locations at the direction of any governmental entity if such banks’ electronic funds transfer system (including wire transfers) are open for use by customers on such day.

“*Capital Stock*” means (A) with respect to any Person that is a corporation or company, any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (B) with respect to any Person that is not a corporation or company, any and all partnership or other equity interests of such Person.

“*Charter*” means, with respect to any Person, its certificate or articles of incorporation, articles of association, or similar organizational document.

“*Common Stock*” means common stock of the Company, par value \$[ ] subject to adjustment as provided in Section 13(C).

“*Company*” means the Person whose name, corporate or other organizational form and jurisdiction of organization is set forth in Item 1 of Schedule A hereto.

“*conversion*” has the meaning set forth in Section 13(B)(ii).

“*convertible securities*” has the meaning set forth in Section 13(B)(ii).

“*Equity Value*” means the aggregate fair market value of all outstanding equity securities of the Company determined by (i) Armanino LLP using the same methodology as was used to perform the most recent determination of the equity value of the Company as per the valuation attached as Exhibit A hereto (excluding any discounts or adjustments for lack of marketability included therein) or (ii) in the event a valuation from Armanino LLP prepared in accordance with clause (i) is not available, a nationally recognized independent appraiser using valuation techniques then prevailing in the securities industry, retained by the Company at its expense for this purpose and approved by Treasury in its sole discretion. The methodology used in determining the Equity Value for purposes of clause (ii) shall consider discounts for the minority interest represented by the Warrant Shares, but exclude any discounts or adjustments for lack of marketability.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“*Exercise Date*” means each date a Notice of Exercise substantially in the form annexed hereto is delivered to the Company in accordance with Section 2 hereof.

“*Exercise Price*” means the amount set forth in Item 2 of Schedule A hereto, subject to any adjustment as contemplated herein.

“*Expiration Time*” means the Original Expiration Time or, if the Warrantholder is subject to a Lockup Period at the Original Expiration Time, 5pm New York City time on the fifth Business Day immediately following the termination of such Lockup Period.

“*Fully-Diluted Outstanding Common Stock*” means, with respect to a determination date, the number of shares of all issued and outstanding Common Stock of the Company and all Common Stock issuable upon the exercise or conversion of any outstanding security or obligation that is by its terms, directly or indirectly, convertible into or exchangeable or exercisable for Common Stock, and any option, warrant or other right to subscribe for, purchase or acquire Common Stock as of such date, whether or not such instrument is at the time exercisable, convertible or exchangeable.

“*Initial Number*” has the meaning set forth in Section 13(B)(ii)(1).

“*Issue Date*” means the date set forth in Item 3 of Schedule A hereto.

“*Lockup Period*” means any period during which the Warrantholder is subject to restrictions on resale pursuant to Section 4.5(r) of the Warrant Agreement.

“*Market Price*” means, with respect to a particular security, on any given day, the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the last closing bid and ask prices regular way, in either case on the principal national securities exchange on which the applicable securities are listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the average of the closing bid and ask prices as furnished by two members of the Financial Industry Regulatory Authority, Inc. selected from time to time by the Company for that purpose (the “*Quotations*”). “*Market Price*” shall be determined without reference to after hours or extended hours trading.

“*Minimum Exercise Amount*” means 20% of the total number of the shares of Common Stock with respect to which Warrants issued pursuant to the Warrant Agreement could be exercised (including, for the avoidance of doubt, Warrants that were previously exercised), adjusted as described in Section 13 hereof.

“*Original Expiration Time*” means 5:00 p.m. New York City time on the fifth anniversary of the Issue Date.

“*Original Warrantholder*” means the United States Department of the Treasury. Any actions specified to be taken by the Original Warrantholder hereunder may only be taken by such Person and not by any other Warrantholder.

“*Permitted Transactions*” has the meaning set forth in Section 13(B)(ii).

“*Per Share Fair Market Value*” has the meaning set forth in Section 13(B)(iii).

“*Per Share Net Cash Settlement Amount*” means the Per Share Value of a share of Common Stock determined as of the relevant Exercise Date less the Exercise Price.

“*Per Share Net Share Settlement Amount*” means the quotient of (i) the Per Share Value of a share of Common Stock determined as of the relevant Exercise Date less the then applicable Exercise Price *divided by* (ii) the Per Share Value of a share of Common Stock determined as of the relevant Exercise Date.

“*Per Share Value*” means (i) if the Common Stock is listed on a national securities exchange as of day preceding the determination date or the Quotations are available as of such date, the Average Market Price or (ii) if the Common Stock is not so listed, the quotient of the Equity Value determined as of the most recent Valuation Date divided by the Fully Diluted Outstanding Common Stock.

“*Person*” has the meaning given to it in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

“*Pro Rata Repurchases*” means any purchase of shares of Common Stock by the Company or any Affiliate thereof pursuant to (A) any tender offer or exchange offer subject to Section 13(e) or 14(e) of the Exchange Act or Regulation 14E promulgated thereunder or (B) any other offer available to substantially all holders of Common Stock, in the case of both (A) or (B), whether for cash, shares of Capital Stock of the Company, other securities of the Company, evidences of indebtedness of the Company or any other Person or any other property (including, without limitation, shares of Capital Stock, other securities or evidences of indebtedness of a subsidiary), or any combination thereof, effected while this Warrant is outstanding. The “*Effective Date*” of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange by the Company under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

“*Regulatory Approvals*” with respect to the Warrantholder, means, to the extent applicable and required to permit the Warrantholder to exercise this Warrant for shares of Common Stock and to own such Common Stock without the Warrantholder being in violation of applicable law, rule or regulation, the receipt of any necessary approvals and authorizations of, filings and registrations with, notifications to, or expiration or termination of any applicable waiting period under, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Securities Act*” means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“*trading day*” means (A) if the shares of Common Stock are not traded on any national or regional securities exchange or association or over-the-counter market, a Business Day or (B) if the shares of Common Stock are traded on any national or regional securities exchange or association or over-the-counter market, a Business Day on which such relevant exchange or quotation system is scheduled to be open for business and on which the shares of Common Stock (i) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market for any period or periods aggregating one half hour or longer; and (ii) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the shares of Common Stock.



“*Valuation Date*” means the date as of which the Equity Value was most recently determined.

“*Warrant*” means this Warrant, issued pursuant to the Warrant Agreement.

“*Warrant Agreement*” means the Warrant Agreement, dated as of the date set forth in Item 4 of Schedule A hereto, as amended from time to time, between the Company and the United States Department of the Treasury.

“*Warrantholder*” has the meaning set forth in Section 2.

“*Warrant Shares*” has the meaning set forth in Section 2.

2. Number of Warrant Shares; Net Exercise. This certifies that, for value received, the United States Department of the Treasury or its permitted assigns (the “*Warrantholder*”) is entitled, upon the terms and subject to the conditions hereinafter set forth, to acquire from the Company, in whole or in part, after the receipt of all applicable Regulatory Approvals, if any, up to an aggregate of the number of fully paid and nonassessable shares of Common Stock set forth in Item 5 of Schedule A hereto. The number of shares of Common Stock (the “*Warrant Shares*”) issuable upon exercise of this Warrant and the Exercise Price are subject to adjustment as provided herein, and all references to “Common Stock,” “Warrant Shares” and “Exercise Price” herein shall be deemed to include any such adjustment or series of adjustments.

Upon exercise of the Warrant in accordance with Section 3 hereof prior to the date that is 30 days prior to the Expiration Time, the Company shall elect to pay or deliver, as the case may be, to the exercising Warrantholder (a) cash (“*Net Cash Settlement*”) or (b) Warrant Shares together with cash, if applicable, in lieu of delivering any fractional shares in accordance with Section 5 of this Warrant (“*Net Share Settlement*”). The Company will notify the exercising Warrantholder of its election of a settlement method within one Business Day after the relevant Exercise Date and if it fails to deliver a timely notice shall be deemed to have elected Net Share Settlement.

If the Common Stock is not listed on a national securities exchange on an Exercise Date, the Company shall be deemed to irrevocably elect Net Cash Settlement with respect to such exercise.

A. *Net Cash Settlement.* If the Company elects Net Cash Settlement, it shall pay to the Warrantholder cash equal to the Per Share Net Cash Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the “*Aggregate Net Cash Settlement Amount*”).

B. *Net Share Settlement.* If the Company elects Net Share Settlement, it shall deliver to the Warrantholder a number of shares of Common Stock equal to the Per Share Net Share Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the “*Aggregate Net Share Settlement Amount*”).

### 3. Term; Method of Exercise; Valuation Requests.

A. Subject to Section 2, to the extent permitted by applicable laws and regulations, this Warrant is exercisable, in whole or in part, by the Warrantholder, at any time or from time to time after the execution and delivery of this Warrant by the Company on the date hereof, but in no even later than the Expiration Time.

B. This Warrant may be exercised by the surrender of this Warrant and delivery of the Notice of Exercise annexed hereto, duly completed and executed on behalf of the Warrantholder, at the principal executive office of the Company located at the address set forth in Item 6 of Schedule A hereto (or such other office or agency of the Company in the United States as it may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company).

C. If the Common Stock is not listed on a national securities exchange on the applicable Exercise Date, the Warrantholder may only exercise this Warrant if the number of shares of Common Stock with respect to which the Warrantholder is exercising this Warrant, aggregated with the number of shares of Common Stock with respect to which the Warrantholder is exercising other warrants issued under the Warrant Agreement on the relevant Exercise Date, is no less than the Minimum Exercise Amount.

D. If the Warrantholder does not exercise this Warrant in its entirety, the Warrantholder will be entitled to receive from the Company within a reasonable time after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, and in any event not exceeding three Business Days after the date thereof, a new warrant in substantially identical form for the purchase of that number of Warrant Shares equal to the difference between the number of Warrant Shares subject to this Warrant and the number of Warrant Shares as to which this Warrant is so exercised. Notwithstanding anything in this Warrant to the contrary, the Warrantholder hereby acknowledges and agrees that its exercise of this Warrant for Warrant Shares is subject to the condition that the Warrantholder will have first received any applicable Regulatory Approvals.

E. If the Common Stock is not listed on a national securities exchange the Company shall (i) upon request of a Warrantholder, promptly deliver to such Warrantholder the most recent Equity Value of the Company and (ii) obtain an Equity Value as of a date within 90 days subsequent to receipt of a written request from a Warrantholder for such valuation, provided that the Company shall not be required to obtain an Equity Value more than 4 times in any 12 month period.

### 4. Method of Settlement.

A. *Net Cash Settlement.* If the Company elects Net Cash Settlement, the Company shall, (A) if the Common Stock at the time of such election is not listed on a national securities exchange, use its best efforts to as soon as possible, and no more than sixty days after, and (B) if the Common Stock at the time of such election is listed on a national securities

exchange, within a reasonable time, not to exceed five Business Days, after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, pay to the exercising Warrantholder the Aggregate Net Cash Settlement Amount.

B. *Net Share Settlement.* If the Company elects Net Share Settlement, shares of Common Stock equal to the Aggregate Net Share Settlement Amount shall be (x) issued in such name or names as the exercising Warrantholder may designate and (y) delivered by the Company or the Company's transfer agent to such Warrantholder or its nominee or nominees (i) if the shares are then able to be so delivered, via book-entry transfer crediting the account of such Warrantholder (or the relevant agent member for the benefit of such Warrantholder) through the Depository's DWAC system (if the Company's transfer agent participates in such system), or (ii) otherwise in certificated form by physical delivery to the address specified by the Warrantholder in the Notice of Exercise, within a reasonable time, not to exceed three Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant. The Company hereby represents and warrants that any Warrant Shares issued upon the exercise of this Warrant in accordance with the provisions of Section 3 will be duly and validly authorized and issued, fully paid and nonassessable and free from all taxes, liens and charges (other than liens or charges created by the Warrantholder, income and franchise taxes incurred in connection with the exercise of the Warrant or taxes in respect of any transfer occurring contemporaneously therewith). The Company agrees that the Warrant Shares so issued will be deemed to have been issued to the Warrantholder as of the close of business on the date on which this Warrant and payment of the Exercise Price are delivered to the Company in accordance with the terms of this Warrant, notwithstanding that the stock transfer books of the Company may then be closed or certificates representing such Warrant Shares may not be actually delivered on such date. The Company will at all times reserve and keep available, out of its authorized but unissued Common Stock, solely for the purpose of providing for the exercise of this Warrant, the aggregate number of shares of Common Stock then issuable upon exercise of this Warrant at any time. If the Common Stock is listed on a national securities exchange, the Company will (A) procure, at its sole expense, the listing of the Warrant Shares issuable upon exercise of this Warrant at any time, subject to issuance or notice of issuance, on all principal stock exchanges on which the Common Stock is then listed or traded and (B) maintain such listings of such Warrant Shares at all times after issuance. The Company will use reasonable best efforts to ensure that the Warrant Shares may be issued without violation of any applicable law or regulation or of any requirement of any securities exchange on which the Warrant Shares are listed or traded.

5. No Fractional Warrant Shares or Scrip. No fractional Warrant Shares or scrip representing fractional Warrant Shares shall be issued upon any exercise of this Warrant. In lieu of any fractional Share to which the Warrantholder would otherwise be entitled, the Warrantholder shall be entitled to receive a cash payment equal to the Per Share Value of the Common Stock determined as of the Exercise Date multiplied by such fraction of a share, less the pro-rated Exercise Price for such fractional share.

6. No Rights as Stockholders; Transfer Books. This Warrant does not entitle the Warrantholder to any voting rights or other rights as a stockholder of the Company prior to the date of exercise hereof. The Company will at no time close its transfer books against transfer of this Warrant in any manner which interferes with the timely exercise of this Warrant.

7. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares to the Warrantholder upon the exercise of this Warrant shall be made without charge to the Warrantholder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; *provided, however,* that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate, or any certificates or other securities in a name other than that of the registered holder of the Warrant surrendered upon exercise of the Warrant.

8. Transfer/Assignment.

A. Subject to compliance with clause (B) of this Section 8, this Warrant and all rights hereunder are transferable, in whole or in part, upon the books of the Company by the registered holder hereof in person or by duly authorized attorney, and a new warrant shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of one or more transferees, upon surrender of this Warrant, duly endorsed, to the office or agency of the Company described in Section 3. All expenses (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of the new warrants pursuant to this Section 8 shall be paid by the Company.

B. If and for so long as required by the Warrant Agreement, this Warrant shall contain the legend as set forth in Section 4.2(a) of the Warrant Agreement.

9. Exchange and Registry of Warrant. This Warrant is exchangeable, upon the surrender hereof by the Warrantholder to the Company, for a new warrant or warrants of like tenor and representing the right to purchase the same aggregate number of Warrant Shares. The Company shall maintain a registry showing the name and address of the Warrantholder as the registered holder of this Warrant. This Warrant may be surrendered for exchange or exercise in accordance with its terms, at the office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

10. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in the case of any such loss, theft or destruction, upon receipt of a bond, indemnity or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company shall make and deliver, in lieu of such lost, stolen, destroyed or mutilated Warrant, a new Warrant of like tenor and representing the right to purchase the same aggregate number of Warrant Shares as provided for in such lost, stolen, destroyed or mutilated Warrant.

11. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding day that is a Business Day.

12. Information. With a view to making available to Warrantholders the benefits of certain rules and regulations of the SEC which may permit the sale of the Warrants and Warrant Shares to the public without registration, the Company agrees to use its reasonable best efforts to:

A. (x) if the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, file with the SEC, in a timely manner, all reports and other documents required of the Company under the Securities Act and the Exchange Act, and (y) if at any time the Company is not required to file such reports, make available, upon the request of any Warrantholder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

B. if the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, furnish to any holder of Warrants or Warrant Shares forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of the Exchange Act and Rule 144(c)(1);

C. furnish to any holder of Warrants or Warrant Shares forthwith upon request a copy of the Company's most recent annual or quarterly report and such other reports and documents as the Warrantholder may reasonably request; and

D. take such further action as any Warrantholder may reasonably request, all to the extent required from time to time to enable such Warrantholder to sell Warrants or Warrant Shares without registration under the Securities Act.

13. Adjustments and Other Rights.

A. Adjustments at a time when the Common Stock is not listed on a national securities exchange. If, at any time at which the Common Stock is not listed on a national securities exchange, any event occurs that, in the good faith judgment of the Board of Directors of the Company, would require adjustment of the Exercise Price or number of Warrant Shares issuable upon exercise of this Warrant in order to fairly and adequately protect the purchase rights of the Warrants in accordance with the essential intent and principles of the Warrant Agreement and the Warrants, then the Board of Directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of the Board of Directors, to protect such purchase rights as aforesaid. The Exercise Price or the number of Warrant Shares shall not be adjusted in the event of a change in the par value of the Common Stock or a change in the jurisdiction of incorporation of the Company.

B. Adjustments at a time when the Common Stock is listed on a national securities exchange. At any time at which the Common Stock is listed on a national securities exchange, the Exercise Price and the number of Warrant Shares issuable upon exercise of the Warrant shall be subject to adjustment from time to time as follows; *provided*, that if more than one subsection of this Section 13(B) is applicable to a single event, the subsection shall be applied that produces the largest adjustment and no single event shall cause an adjustment under more than one subsection of this Section 13(B) so as to result in duplication:

- i. Stock Splits, Subdivisions, Reclassifications or Combinations. If the Company shall (i) declare and pay a dividend or make a distribution on its Common Stock

in shares of Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares, the number of Warrant Shares issuable upon exercise of this Warrant at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the Warrantholder after such date shall be entitled to acquire the number of shares of Common Stock which such holder would have owned or been entitled to receive in respect of the shares of Common Stock subject to this Warrant after such date had this Warrant been exercised immediately prior to such date. In such event, the Exercise Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment and (2) the Exercise Price in effect immediately prior to the record or effective date, as the case may be, for the dividend, distribution, subdivision, combination or reclassification giving rise to this adjustment by (y) the new number of Warrant Shares issuable upon exercise of the Warrant determined pursuant to the immediately preceding sentence.

- ii. Certain Issuances of Common Stock or Convertible Securities. If the Company shall issue shares of Common Stock (or rights or warrants or other securities exercisable or convertible into or exchangeable (collectively, a “*conversion*”) for shares of Common Stock) (collectively, “*convertible securities*”) (other than in Permitted Transactions (as defined below) or a transaction to which subsection (i) of this Section 13(B) is applicable) without consideration or at a consideration per share (or having a conversion price per share) that is less than 90% of the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities) then, in such event:
1. the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) (the “*Initial Number*”) shall be increased to the number obtained by multiplying the Initial Number by a fraction (A) the numerator of which shall be the sum of (x) the number of shares of Common Stock of the Company outstanding on such date and (y) the number of additional shares of Common Stock issued (or into which convertible securities may be exercised or convert) and (B) the denominator of which shall be the sum of (I) the number of shares of Common Stock outstanding on such date and (II) the number of shares of Common Stock which the aggregate consideration receivable by the Company for the total number of shares of Common Stock so issued (or into which convertible securities may be exercised or convert) would purchase at the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities); and

2. the Exercise Price payable upon exercise of the Warrant shall be adjusted by multiplying such Exercise Price in effect immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) by a fraction, the numerator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant prior to such date and the denominator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant immediately after the adjustment described in clause (1) above.

For purposes of the foregoing, the aggregate consideration receivable by the Company in connection with the issuance of such shares of Common Stock or convertible securities shall be deemed to be equal to the sum of the net offering price (including the Fair Market Value of any non-cash consideration and after deduction of any related expenses payable to third parties) of all such securities plus the minimum aggregate amount, if any, payable upon exercise or conversion of any such convertible securities into shares of Common Stock; and “*Permitted Transactions*” shall mean issuances (i) as consideration for or to fund the acquisition of businesses and/or related assets, (ii) in connection with employee benefit plans and compensation related arrangements in the ordinary course and consistent with past practice approved by the Board of Directors, (iii) in connection with a public or broadly marketed offering and sale of Common Stock or convertible securities for cash conducted by the Company or its affiliates pursuant to registration under the Securities Act or Rule 144A thereunder on a basis consistent with capital raising transactions by comparable institutions and (iv) in connection with the exercise of preemptive rights on terms existing as of the Issue Date. Any adjustment made pursuant to this Section 13(B)(ii) shall become effective immediately upon the date of such issuance.

- iii. Other Distributions. In case the Company shall fix a record date for the making of a distribution to all holders of shares of its Common Stock of securities, evidences of indebtedness, assets, cash, rights or warrants (excluding dividends of its Common Stock and other dividends or distributions referred to in Section 13(B)(i)), in each such case, the Exercise Price in effect prior to such record date shall be reduced immediately thereafter to the price determined by multiplying the Exercise Price in effect immediately prior to the reduction by the quotient of (x) the Average Market Price of the Common Stock determined as of the first date on which the Common Stock trades regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading without the right to receive such distribution, minus the amount of cash and/or the Fair Market Value of the securities, evidences of indebtedness, assets, rights or warrants to be so distributed in respect of one share of Common Stock (such amount and/or Fair Market Value, the “*Per Share Fair Market Value*”) divided by (y) the Average Market Price specified in clause (x); such adjustment shall be made successively whenever such a record date is fixed. In such event, the number of Warrant Shares issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of

Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the distribution giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. In the event that such distribution is not so made, the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant then in effect shall be readjusted, effective as of the date when the Board of Directors determines not to distribute such shares, evidences of indebtedness, assets, rights, cash or warrants, as the case may be, to the Exercise Price that would then be in effect and the number of Warrant Shares that would then be issuable upon exercise of this Warrant if such record date had not been fixed.

- iv. Certain Repurchases of Common Stock. In case the Company effects a Pro Rata Repurchase of Common Stock, then the Exercise Price shall be reduced to the price determined by multiplying the Exercise Price in effect immediately prior to the Effective Date of such Pro Rata Repurchase by a fraction of which the numerator shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Pro Rata Repurchase and (y) the Average Market Price of a share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase, minus (ii) the aggregate purchase price of the Pro Rata Repurchase, and of which the denominator shall be the product of (i) the number of shares of Common Stock outstanding immediately prior to such Pro Rata Repurchase minus the number of shares of Common Stock so repurchased and (ii) the Average Market Price per share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase. In such event, the number of shares of Common Stock issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the Pro Rata Repurchase giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. For the avoidance of doubt, no increase to the Exercise Price or decrease in the number of Warrant Shares issuable upon exercise of this Warrant shall be made pursuant to this Section 13(B)(v).
- v. Other Events. For so long as the Original Warrantholder holds this Warrant or any portion thereof, if any event occurs as to which the provisions of this Section 13 are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the Board of Directors of the Company, fairly and adequately protect the purchase rights of the Warrants in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of the Board of Directors, to protect such purchase rights as aforesaid. The Exercise Price or the number of Warrant Shares shall not be adjusted in the event of a change in the par value of the Common Stock or a change in the jurisdiction of incorporation of the Company.



C. Business Combinations. In case of any Business Combination or reclassification of Common Stock (other than a reclassification of Common Stock referred to in Section 13(B)(i)), the Warrantholder's right to receive Warrant Shares upon exercise of this Warrant shall be converted into the right to exercise this Warrant to acquire the number of shares of stock or other securities or property (including cash) which the Common Stock issuable (at the time of such Business Combination or reclassification) upon exercise of this Warrant immediately prior to such Business Combination or reclassification would have been entitled to receive upon consummation of such Business Combination or reclassification; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the Warrantholder shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to the Warrantholder's right to exercise this Warrant in exchange for any shares of stock or other securities or property pursuant to this paragraph. In determining the kind and amount of stock, securities or the property receivable upon exercise of this Warrant following the consummation of such Business Combination, if the holders of Common Stock have the right to elect the kind or amount of consideration receivable upon consummation of such Business Combination, then the consideration that the Warrantholder shall be entitled to receive upon exercise shall be deemed to be the types and amounts of consideration received by the majority of all holders of the shares of common stock that affirmatively make an election (or of all such holders if none make an election).

D. Rounding of Calculations; Minimum Adjustments. All calculations under this Section 13 shall be made to the nearest one-tenth (1/10th) of a cent or to the nearest one-hundredth (1/100th) of a share, as the case may be. Any provision of this Section 13 to the contrary notwithstanding, no adjustment in the Exercise Price or the number of Warrant Shares shall be made if the amount of such adjustment would be less than \$0.01 or one-tenth (1/10th) of a share of Common Stock, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.01 or 1/10th of a share of Common Stock, or more.

E. Timing of Issuance of Additional Common Stock Upon Certain Adjustments. In any case in which the provisions of this Section 13 shall require that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (i) issuing to the Warrantholder of this Warrant exercised after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such exercise by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such exercise before giving effect to such adjustment and (ii) paying to such Warrantholder any amount of cash in lieu of a fractional share of Common Stock; *provided, however*, that the Company upon request shall deliver to such Warrantholder a due bill or other appropriate instrument evidencing such Warrantholder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

F. Statement Regarding Adjustments. Whenever the Exercise Price or the number of Warrant Shares shall be adjusted as provided in this Section 13, the Company shall forthwith file at the principal office of the Company a statement showing in reasonable detail the facts requiring such adjustment and the Exercise Price that shall be in effect and the number of Warrant Shares after such adjustment, and the Company shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each Warrantholder at the address appearing in the Company's records.

G. Notice of Adjustment Event. In the event that the Company shall propose to take any action of the type described in this Section 13 (but only if the action of the type described in this Section 13 would result in an adjustment in the Exercise Price or the number of Warrant Shares or a change in the type of securities or property to be delivered upon exercise of this Warrant), the Company shall give notice to the Warrantholder, in the manner set forth in this Section 13(G), which notice shall specify the record date, if any, with respect to any such action and the approximate date on which such action is to take place. Such notice shall also set forth the facts with respect thereto as shall be reasonably necessary to indicate the effect on the Exercise Price and the number, kind or class of shares or other securities or property which shall be deliverable upon exercise of this Warrant. In the case of any action which would require the fixing of a record date, such notice shall be given at least 10 days prior to the date so fixed, and in case of all other action, such notice shall be given at least 15 days prior to the taking of such proposed action. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

H. Proceedings Prior to Any Action Requiring Adjustment. As a condition precedent to the taking of any action which would require an adjustment pursuant to this Section 13, the Company shall take any action which may be necessary, including obtaining regulatory, New York Stock Exchange, NASDAQ Stock Market or other applicable national securities exchange or stockholder approvals or exemptions, as applicable, in order that the Company may thereafter validly and legally issue as fully paid and nonassessable all shares of Common Stock that the Warrantholder is entitled to receive upon exercise of this Warrant pursuant to this Section 13.

I. Adjustment Rules. Any adjustments pursuant to this Section 13 shall be made successively whenever an event referred to herein shall occur. If an adjustment in Exercise Price made hereunder would reduce the Exercise Price to an amount below par value of the Common Stock, then such adjustment in Exercise Price made hereunder shall reduce the Exercise Price to the par value of the Common Stock.

14. No Impairment. The Company will not, by amendment of its Charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in taking of all such action as may be necessary or appropriate in order to protect the rights of the Warrantholder.

15. Governing Law. **This Warrant will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is**

applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the Company and the Warrantholder agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Warrant or the transactions contemplated hereby, and (b) that notice may be served upon the Company at the address in Section 19 below and upon the Warrantholder at the address for the Warrantholder set forth in the registry maintained by the Company pursuant to Section 9 hereof. To the extent permitted by applicable law, each of the Company and the Warrantholder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Warrant or the transactions contemplated hereby or thereby.

16. Binding Effect. This Warrant shall be binding upon any successors or assigns of the Company.

17. Amendments. This Warrant may be amended and the observance of any term of this Warrant may be waived only with the written consent of the Company and the Warrantholder.

18. Prohibited Actions. The Company agrees that it will not take any action which would entitle the Warrantholder to an adjustment of the Exercise Price if the total number of shares of Common Stock issuable after such action upon exercise of this Warrant, together with all shares of Common Stock then outstanding and all shares of Common Stock then issuable upon the exercise of all outstanding options, warrants, conversion and other rights, would exceed the total number of shares of Common Stock then authorized by its Charter.

19. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices hereunder shall be delivered as set forth in Item 7 of Schedule A hereto, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

20. Entire Agreement. This Warrant, the forms attached hereto and Schedule A hereto (the terms of which are incorporated by reference herein), and the Warrant Agreement (including all documents incorporated therein), contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

*[Remainder of page intentionally left blank]*

[Form of Notice of Exercise]

Date: \_\_\_\_\_

TO: [Company]

RE: Exercise of Warrant

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby notifies the Company of its intention to exercise its option with respect to the number of shares of the Common Stock set forth below covered by such Warrant. Pursuant to Section 4 of the Warrant, the undersigned acknowledges that the Company may settle this exercise in net cash or shares. Cash to be paid pursuant to a Net Cash Settlement or payment of fractional shares in connection with a Net Share Settlement should be deposited to the account of the Warrantholder set forth below. Common Stock to be delivered pursuant to a Net Share Settlement shall be delivered to the Warrantholder as indicated below. A new warrant evidencing the remaining shares of Common Stock covered by such Warrant, but not yet subscribed for and purchased, if any, should be issued in the name set forth below.

Number of Warrant Shares: \_\_\_\_\_

Aggregate Exercise Price: \_\_\_\_\_

Address for Delivery of Warrant Shares: \_\_\_\_\_

Wire Instructions:

Proceeds to be delivered: \$  
Name of Bank:  
City/ State of Bank:  
ABA Number of Bank  
SWIFT #  
Name of Account:  
Account Number at Bank:

Securities to be issued to:

If in book-entry form through the Depository:

Depository Account Number: \_\_\_\_\_

Name of Agent Member: \_\_\_\_\_

If in certificated form:

Social Security Number or Other Identifying Number: \_\_\_\_\_

Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State and Zip Code: \_\_\_\_\_

Any unexercised Warrants evidenced by the exercising Warrantholder's interest in the Warrant:

Social Security Number or Other Identifying Number: \_\_\_\_\_

Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State and Zip Code: \_\_\_\_\_

Holder: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by a duly authorized officer.

Dated: \_\_\_\_\_

**COMPANY: FRONTIER GROUP HOLDINGS, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**Attest:**

By: \_\_\_\_\_  
Name:  
Title:

**[Signature Page to Warrant]**

Item 1

Name: Frontier Group Holdings, Inc.  
Corporate or other organizational form: Corporation  
Jurisdiction of organization: Delaware

Item 2

Exercise Price:

Item 3

Issue Date:

Item 4

Date of Warrant Agreement between the Company and the United States Department of the Treasury: April 30, 2020

Item 5

Number of shares of Common Stock:

Item 6

Company's address: 4545 Airport Way, Denver, CO 80239

Item 7

Notice information:

Frontier Group Holdings, Inc.  
4545 Airport Way  
Denver CO, 80239  
Attention of General Counsel  
Telephone No. ###-###-####  
Email: ###

With copies to (which shall not constitute notice):

Latham & Watkins LLP  
140 Scott Drive  
Menlo Park, CA 94025  
Attention: Tony Richmond  
Facsimile: (###) ###-####  
Email: ###

VALUATION

[\*\*\*]



**WARRANT SHARES FORMULA**

(a) The Exercise Price shall equal the Equity Value (as defined in Annex B), subject to approval of such Equity Value by Treasury (such approval not to be unreasonably delayed or withheld), determined as of (i) either April 9, 2020 or (ii) if the Company has determined the Equity Value as of the last day of the Company's first fiscal quarter in 2020, as of the last day of the Company's first fiscal quarter in 2020 *divided by* the Fully Diluted Outstanding Common Stock (as defined in Annex B).

(b) The number of Warrant Shares for which Warrants issued on each Warrant Closing Date shall be exercisable shall equal:

- (i) On the date of the Initial Closing, the quotient of (x) the product of the full outstanding principal amount of the Promissory Note on the date of the Initial Closing multiplied *by* 0.1 *divided by* (y) the Exercise Price; and
- (ii) On each Warrant Closing Date subsequent to the date of the Initial Closing, the quotient of (x) the product of the amount by which the principal amount of the Promissory Note is increased on such Warrant Closing Date multiplied *by* 0.1 *divided by* (y) the Exercise Price.

**CAPITALIZATION**  
**FRONTIER GROUP HOLDINGS, INC.**  
**As of March 31, 2020**

**Authorized Capital Stock**

- Voting Common Stock, par value \$0.001 per share: 12,000,000
- Non-Voting Common Stock, par value \$0.001 per share: 2,000,000
- Preferred Stock, par value \$0.001 per share: 1,000,000

**Issued and Outstanding Capital Stock**

- Voting Common Stock, par value \$0.001 per share: 5,243,233
- Non-Voting Common Stock, par value \$0.001 per share: 0
- Preferred Stock, par value \$0.001 per share: 0

**Capital Stock reserved for issuance for outstanding equity awards**

- Voting Common Stock, par value \$0.001 per share: 316,183
- Non-Voting Common Stock, par value \$0.001 per share: 0
- Preferred Stock, par value \$0.001 per share: 0

**Additional shares of Capital Stock reserved for issuance under equity award plans**

- Voting Common Stock, par value \$0.001 per share: 640,584
- Non-Voting Common Stock, par value \$0.001 per share: 0
- Preferred Stock, par value \$0.001 per share: 0

**Names and Addresses of 5% and greater holders**

Indigo Frontier Holdings, LLC  
c/o Indigo Partners  
2525 East Camelback Road, Suite 900  
Phoenix, Arizona 85016

REQUIRED STOCKHOLDER APPROVALS

None.

LOAN AND GUARANTEE AGREEMENT

dated as of

September 28, 2020

among

FRONTIER AIRLINES, INC., as Borrower,

the Guarantors party hereto from time to time,

THE UNITED STATES DEPARTMENT OF THE TREASURY,

and

THE BANK OF NEW YORK MELLON,

as Administrative Agent and Collateral Agent

\$574,000,000

---

---

TABLE OF CONTENTS

	Page
ARTICLE I	
DEFINITIONS	
SECTION 1.01	1
SECTION 1.02	35
SECTION 1.03	35
SECTION 1.04	36
SECTION 1.05	36
ARTICLE II	
COMMITMENTS AND BORROWINGS	
SECTION 2.01	36
SECTION 2.02	36
SECTION 2.03	37
SECTION 2.04	37
SECTION 2.05	37
SECTION 2.06	37
SECTION 2.07	39
SECTION 2.08	39
SECTION 2.09	39
SECTION 2.10	40
SECTION 2.11	41
SECTION 2.12	41
SECTION 2.13	42
SECTION 2.14	43
SECTION 2.15	43
SECTION 2.16	44
SECTION 2.17	48
SECTION 2.18	48
SECTION 2.19	48
ARTICLE III	
REPRESENTATIONS AND WARRANTIES	
SECTION 3.01	49
SECTION 3.02	49
SECTION 3.03	49
SECTION 3.04	49
SECTION 3.05	50
SECTION 3.06	50
SECTION 3.07	50
SECTION 3.08	50
SECTION 3.09	50

SECTION 3.10	Disclosure	51
SECTION 3.11	Compliance with Laws	51
SECTION 3.12	ERISA Compliance	51
SECTION 3.13	Environmental Matters	52
SECTION 3.14	Investment Company Act	52
SECTION 3.15	Sanctions; Export Controls; Anti-Corruption; AML Laws	52
SECTION 3.16	Solvency	53
SECTION 3.17	Subsidiaries	53
SECTION 3.18	Senior Indebtedness	53
SECTION 3.19	Insurance Matters	53
SECTION 3.20	Labor Matters	53
SECTION 3.21	Insolvency Proceedings	53
SECTION 3.22	Margin Regulations	53
SECTION 3.23	Liens	54
SECTION 3.24	Perfected Security Interests	54
SECTION 3.25	US Citizenship	54
SECTION 3.26	Air Carrier Status	54
SECTION 3.27	Cybersecurity	54
SECTION 3.28	Loyalty Program Agreements	54

ARTICLE IV

CONDITIONS

SECTION 4.01	Closing Date and Initial Borrowing	55
SECTION 4.02	Each Borrowing	57

ARTICLE V

AFFIRMATIVE COVENANTS

SECTION 5.01	Financial Statements	58
SECTION 5.02	Certificates; Other Information	59
SECTION 5.03	Notices	61
SECTION 5.04	Preservation of Existence, Etc.	61
SECTION 5.05	Maintenance of Properties	61
SECTION 5.06	Maintenance of Insurance	62
SECTION 5.07	Payment of Obligations	62
SECTION 5.08	Compliance with Laws	62
SECTION 5.09	Environmental Matters	62
SECTION 5.10	Books and Records	62
SECTION 5.11	Inspection Rights	62
SECTION 5.12	Sanctions; Export Controls; Anti-Corruption Laws and AML Laws	63
SECTION 5.13	Guarantors; Additional Collateral	63
SECTION 5.14	Post-Closing Matters	64
SECTION 5.15	Further Assurances	64
SECTION 5.16	Delivery of Appraisals	64
SECTION 5.17	Ratings	64
SECTION 5.18	Regulatory Matters	64
SECTION 5.19	Loyalty Programs; Loyalty Program Agreements	65
SECTION 5.20	Collections; Accounts; Payments	65

ARTICLE VI  
NEGATIVE COVENANTS

SECTION 6.01	[Reserved].	66
SECTION 6.02	Liens	66
SECTION 6.03	Fundamental Changes	66
SECTION 6.04	Dispositions	67
SECTION 6.05	Restricted Payments	69
SECTION 6.06	Investments	70
SECTION 6.07	Transactions with Affiliates	71
SECTION 6.08	[Reserved]	72
SECTION 6.09	[Reserved]	72
SECTION 6.10	Changes in Nature of Business	72
SECTION 6.11	Sanctions; AML Laws	72
SECTION 6.12	Amendments to Organizational Documents	72
SECTION 6.13	[Reserved]	72
SECTION 6.14	Prepayments of Junior Indebtedness	72
SECTION 6.15	Lobbying	72
SECTION 6.16	Use of Proceeds	72
SECTION 6.17	Financial Covenants	73

ARTICLE VII  
EVENTS OF DEFAULT

SECTION 7.01	Events of Default	74
SECTION 7.02	Application of Payments	78

ARTICLE VIII  
AGENCY

SECTION 8.01	Appointment and Authority	78
SECTION 8.02	Collateral Matters.	79
SECTION 8.03	Removal or Resignation of Administrative Agent	79
SECTION 8.04	Exculpatory Provisions	79
SECTION 8.05	Reliance by Agent	81
SECTION 8.06	Delegation of Duties	81
SECTION 8.07	Non-Reliance on Agents and Other Lenders	81
SECTION 8.08	Administrative Agent May File Proofs of Claim	82

ARTICLE IX  
GUARANTEE

SECTION 9.01	Guarantee of the Obligations	82
SECTION 9.02	Payment or Performance by a Guarantor	82
SECTION 9.03	Liability of Guarantors Absolute	83
SECTION 9.04	Waivers by Guarantors	84
SECTION 9.05	Guarantors' Rights of Subrogation, Contribution, etc.	84

SECTION 9.06	Subordination	85
SECTION 9.07	Continuing Guarantee	85
SECTION 9.08	Financial Condition of the Borrower	85
SECTION 9.09	Reinstatement	85
SECTION 9.10	Discharge of Guarantees	85

## ARTICLE X

### CARES ACT REQUIREMENTS

SECTION 10.01	CARES Act Compliance	86
SECTION 10.02	Dividends and Buybacks	86
SECTION 10.03	Maintenance of Employment Levels	86
SECTION 10.04	United States Business	86
SECTION 10.05	Limitations on Certain Compensation	86
SECTION 10.06	Continuation of Certain Air Service	87
SECTION 10.07	Treasury Access	87
SECTION 10.08	Additional Defined Terms	87

## ARTICLE XI

### MISCELLANEOUS

SECTION 11.01	Notices; Public Information	88
SECTION 11.02	Waivers; Amendments	90
SECTION 11.03	Expenses; Indemnity; Damage Waiver	92
SECTION 11.04	Successors and Assigns	94
SECTION 11.05	Survival	96
SECTION 11.06	Counterparts; Integration; Effectiveness; Electronic Execution	97
SECTION 11.07	Severability	97
SECTION 11.08	Right of Setoff	97
SECTION 11.09	Governing Law; Jurisdiction; Etc	98
SECTION 11.10	Waiver of Jury Trial	98
SECTION 11.11	Headings	98
SECTION 11.12	Treatment of Certain Information; Confidentiality	98
SECTION 11.13	Money Laundering; Sanctions	99
SECTION 11.14	Interest Rate Limitation	99
SECTION 11.15	Payments Set Aside	99
SECTION 11.16	No Advisory or Fiduciary Responsibility	100
SECTION 11.17	Acknowledgement and Consent to Bail-In of EEA Financial Institutions	100



---

## SCHEDULES

SCHEDULE 1.01(a)	Carrier Loyalty Programs
SCHEDULE 1.01(b)	Loyalty Program Agreements
SCHEDULE 1.01(c)	Loyalty Subscription Programs
SCHEDULE 3.05	- Financial Statements
SCHEDULE 3.17	- Subsidiaries
SCHEDULE 5.14	- Post-Closing Matters
SCHEDULE 6.05(i)	Restricted Payments
SCHEDULE 6.06	- Investments
SCHEDULE 6.07	- Affiliate Transactions

## EXHIBITS

EXHIBIT A	- Assignment and Assumption
EXHIBIT B-1	- Form of U.S. Tax Compliance Certificate
EXHIBIT B-2	- Form of U.S. Tax Compliance Certificate
EXHIBIT B-3	- Form of U.S. Tax Compliance Certificate
EXHIBIT B-4	- Form of U.S. Tax Compliance Certificate
EXHIBIT C	Form of Note
EXHIBIT D	Form of Direct Agreement
EXHIBIT E	Form of Borrowing Request

LOAN AND GUARANTEE AGREEMENT dated as of September 28, 2020 (this "Agreement"), among FRONTIER AIRLINES, INC., a corporation organized under the laws of Colorado (the "Borrower"), FRONTIER GROUP HOLDINGS, INC., a corporation organized under the laws of Delaware (the "Parent"), the Guarantors party hereto from time to time, the UNITED STATES DEPARTMENT OF THE TREASURY ("Treasury") and THE BANK OF NEW YORK MELLON as Administrative Agent and Collateral Agent.

WHEREAS, the Borrower has requested that the Initial Lender (as defined below) extend credit as is permissible under the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136 (Mar. 27, 2020), as the same may be amended from time to time (the "CARES Act") to the Borrower, and the Initial Lender is willing to do so on the terms and conditions set forth herein; and

WHEREAS, pursuant to Section 4003(h)(1) of the CARES Act, for purposes of the Code (as defined below) the Loans (as defined below) shall be treated as indebtedness and as having been issued for their aggregate stated principal amount, and the interest payable pursuant to Section 2.09(a) shall be treated as qualified stated interest.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Additional Collateral" shall mean (a) cash and Cash Equivalents pledged to the Collateral Agent for the benefit of the Secured Parties under the Security Documents (and subject to an account control agreement in form and substance satisfactory to the Appropriate Party), (b) airframes, aircraft, engines and Spare Parts, registered, habitually located, or located in a designated location, respectively, in the United States and that are eligible for the benefits of Section 1110 of the Bankruptcy Code, 11 U.S.C. § 1110 or otherwise acceptable to the Required Lenders (provided that any airframe must be less than 20 years old at the time of its designation as Additional Collateral), (c) Route Authorities for routes with at least one end point located in the United States and all Slots and Gate Leaseholds related from time to time thereto or otherwise acceptable to the Required Lenders, (d) real property, (e) ground support equipment, (f) flight simulators and (g) any other assets acceptable to the Required Lenders, and all of which assets shall (i) (other than Additional Collateral of the type described in clause (a)) be valued by a new Appraisal at the time the Parent designates such assets as Additional Collateral, (ii) as of any date of addition of such assets as Collateral, be subject, to the extent purported to be created by the applicable Security Document, to a perfected first priority Lien and/or mortgage (or comparable Lien), in favor of the Collateral Agent for the benefit of the Secured Parties and otherwise subject only to Permitted Liens (excluding those referred to in clause (4) of the definition of "Permitted Lien"), (iii) pledged to the Collateral Agent for the benefit of the Secured Parties pursuant to security agreement(s) or mortgage(s), as applicable, in a form satisfactory to the Appropriate Party and (iv) at the time of their designation as Additional Collateral, be accompanied by a legal opinion in form satisfactory to the Appropriate Party; provided that, in accordance with Section 8.06, the Collateral Agent may designate a sub-agent to accept the security interest in any Additional Collateral for the benefit of the Secured Parties; provided further that, with respect to Additional Collateral of the type described in clauses (c), (d) and (g), the Borrower agrees to notify the Collateral Agent as promptly as practicable of any new categories of assets which are expected to be designated as Additional Collateral or any new jurisdictions in which any

asset is to be secured or located; provided further that, with respect to Additional Collateral of the type described in clause (d), (e) or (f), (i) such assets are acceptable to the Required Lenders, (ii) the Borrower shall have delivered Appraisals acceptable in form and substance to the Required Lenders with respect to such assets, (iii) such assets are subject to a loan to value framework acceptable to the Required Lenders, (iv) such assets are pledged pursuant to documentation acceptable in form and substance to the Required Lenders and (v) the benefits of pledging such assets outweigh the associated cost, burden, difficulty or other consequences, as determined by the Required Lenders in their sole discretion.

“Adjusted LIBO Rate” means, as to any Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period divided by (b) one minus the Eurodollar Reserve Percentage.

“Administrative Account” means the account opened with the Administrative Agent in the name of the Initial Lender as notified to the Borrower and the Initial Lender, or such other account as the Administrative Agent shall advise the Borrower and each Lender from time to time.

“Administrative Agency Fee Letter” means any fee letter entered into between the Borrower, the Administrative Agent and the Collateral Agent, or with any successor administrative agent or collateral agent, in its capacity as administrative agent and in its capacity as collateral agent under any of the Loan Documents.

“Administrative Agent” means The Bank of New York Mellon, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by or otherwise acceptable to the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means any Person that directly or indirectly controls, is controlled by, or is under common control with, any other Person. For purposes of this definition, “control” of a Person shall mean having the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by ownership of voting equity, by contract, or otherwise.

“Agent Parties” has the meaning specified in Section 11.01(d)(ii).

“Agent Responsible Officer” means, when used with respect to an Agent, any vice president, assistant vice president, assistant treasurer or trust officer in the corporate trust and agency administration of the Agent or any other officer of the Agent customarily performing functions similar to those performed by any of the above-designated officers, and, in each case, who shall have direct responsibility for the administration of this Agreement and also means, with respect to a particular agency matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

“Agents” means any of the Administrative Agent and the Collateral Agent.

“Agreement” has the meaning specified in introductory paragraph hereof.

“Air Carrier” has the meaning such term has under Section 40102 of Title 49, United States Code.

“Alternate Base Rate” means, for any day, a rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50% and (c) the Adjusted LIBO Rate for a one-month term in effect on such day (taking into account any LIBO Rate floor under the definition of “Adjusted LIBO Rate”) plus 1.00%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or such Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or such Adjusted LIBO Rate, respectively.

“AML Laws” means (a) the USA Patriot Act of 2001 (Pub. L. No. 107-56), (b) the U.S. Money Laundering Control Act of 1986, as amended, (c) the Bank Secrecy Act, 31 U.S.C. sections 5301 et seq., (d) Laundering of Monetary Instruments, 18 U.S.C. section 1956, (e) Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity, 18 U.S.C. section 1957, (f) the Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulations (Title 31 Part 103 of the US Code of Federal Regulations), or (g) any other applicable money laundering or financial recordkeeping Laws.

“Applicable Law” means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable Percentage” means, with respect to any Lender, the percentage of the total Outstanding Amount of Loans of all Lenders represented by the aggregate Outstanding Amount of Loans of such Lender at such time.

“Applicable Rate” means 2.50%.

“Appraisal” means any appraisal specifying a value in Dollars (and not a range of values), dated as of the delivery thereof, prepared by an Eligible Appraiser that certifies, at the time of determination, in reasonable detail the Appraised Value of Eligible Collateral; provided that any methodology, form of presentation and all assumptions must be acceptable to the Appropriate Party; provided further that the methodology, form of presentation and assumptions in the Appraisal delivered on the Closing Date pursuant to Section 4.01(i) shall be satisfactory for any subsequent Appraisal with respect to the same category and specific type of Eligible Collateral.

“Appraised Value” means, as of any date, (a) the specific value in Dollars (and not a range of values) of any property constituting Eligible Collateral (other than cash and Cash Equivalents) as reflected in the most recent Appraisal, (b) with respect to any cash pledged or being pledged at such time as Collateral, 160% of the face amount and (c) with respect to any Cash Equivalents pledged or being pledged at such time as Collateral, 100% of the fair market value thereof as determined by the Parent in accordance with customary financial market practices determined no earlier than 45 days prior to such date; provided that (i) if no Appraisal relating to such Eligible Collateral has been delivered to the Collateral Agent prior to such date, the Appraised Value of such Eligible Collateral shall be deemed to be zero and (ii) in the case of any such property consisting of ground support equipment, the Appraised Value shall be deemed to be 50% of the value set forth in the most recent Appraisal.

“Appropriate Party” means (i) while the Initial Lender holds any Commitment or Loan, the Initial Lender and (ii) if the Initial Lender is no longer a Lender, the Administrative Agent (acting at the direction of the Required Lenders).

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.04), and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

“Attributable Indebtedness” means, as of any date of determination, (a) in respect of any Capitalized Lease Obligations of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to clause (d) of Section 2.10.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by an applicable Resolution Authority in respect of any liability of any Affected Financial Institution.

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing Law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Benchmark” means, initially, USD LIBO Rate; provided that if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBO Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.10(a).

“Benchmark Replacement” means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Required Lenders for the applicable Benchmark Replacement Date:

- (1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;
- (2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;
- (3) the sum of: (a) the alternate benchmark rate that has been selected by (y) so long as the Initial Lender is a Lender, the Initial Lender and (z) otherwise, the Required Lenders and the Borrower, in each case, as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing

market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Required Lenders in their reasonable discretion and such screen is administratively acceptable as determined by the Administrative Agent in its reasonable discretion. If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents; provided further that any such Benchmark Replacement shall be administratively feasible as determined by the Administrative Agent in its reasonable discretion.

“**Benchmark Replacement Adjustment**” means, with respect to any replacement of the then- current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

- (1) for purposes of clauses (1) and (2) of the definition of “Benchmark Replacement,” the first alternative set forth in the order below that can be determined by the Required Lenders:
  - (a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;
  - (b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and
- (2) for purposes of clause (3) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by (y) so long as the Initial Lender is a Lender, the Initial Lender and (z) otherwise, the Required Lenders and the Borrower, in each case, for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar- denominated syndicated credit facilities;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Required Lenders in their reasonable discretion and such screen is administratively acceptable as determined by the Administrative Agent in its reasonable discretion; provided that any such Benchmark Replacement Adjustment shall be administratively feasible as determined by the Administrative Agent in its reasonable discretion.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Alternate Base Rate,” the definition of “Business Day,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent (after consultation with the Required Lenders) decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent (after consultation with the Required Lenders) decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent (after consultation with the Required Lenders) determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent (after consultation with the Required Lenders) decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents). The Required Lenders shall cooperate in good faith with the Administrative Agent so that the Administrative Agent may determine such Benchmark Replacement Conforming Changes.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein; or
- (3) in the case of an Early Opt-in Election, (y) so long as the Initial Lender is a Lender, the sixth (6<sup>th</sup>) Business Day after the date notice of such Early Opt-in Election is provided to the Administrative Agent and (z) otherwise, the sixth (6<sup>th</sup>) Business Day after the date notice of such Early Opt-in Election is provided to the Administrative Agent, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5<sup>th</sup>) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

- (2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.10 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.10.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Blocked Account” means a deposit account in the name of a Credit Party noted as a Blocked Account on Schedule 2.1 (as supplemented from time to time) of the Pledge and Security Agreement that is, or is otherwise required under the terms thereof to be, subject to an agreement, in form and substance satisfactory to the Appropriate Party, establishing Control (as defined in the Pledge and Security Agreement) of such account by the Collateral Agent, and any replacement account thereof.

“Borrower” has the meaning specified in introductory paragraph hereof.



“Borrower Materials” has the meaning specified in Section 11.01(e).

“Borrowing” means a borrowing of Loans.

“Borrowing Request” means a request for a Borrowing in substantially the form of Exhibit E or any other form approved by the Administrative Agent.

“Business Day” means any day on which Treasury and the Federal Reserve Bank of New York are both open for business that is not a Saturday, Sunday or other day that is a legal holiday under the laws of the State of New York or is a day on which banking institutions in such state are authorized or required by Law to close; provided that, when used in connection with a Loan, the term “Business Day” means any such day that is also a day on which dealings in Dollar deposits are conducted by and between banks in the London interbank market.

“Capital Markets Offering” means any offering of “securities” (as defined under the Securities Act and, including, for the avoidance of doubt, any offering of pass-through certificates by any pass-through trust established by the Parent or any of its Subsidiaries) in (a) a public offering registered under the Securities Act, or (b) an offering not required to be registered under the Securities Act (including, without limitation, a private placement under Section 4(a)(2) of the Securities Act, an exempt offering pursuant to Rule 144A and/or Regulation S of the Securities Act and an offering of exempt securities).

“Capitalized Lease Obligations” means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capitalized Lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP; provided that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

“Capitalized Leases” means all leases that have been or should be, in accordance with GAAP as in effect on the Closing Date, recorded as capitalized leases; provided that for all purposes hereunder the amount of obligations under any Capitalized Lease shall be the amount thereof accounted for as a liability in accordance with GAAP; provided, further, that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

“CARES Act” has the meaning specified in the preamble to this Agreement.

“Carrier Loyalty Programs” means the Loyalty Programs listed on Schedule 1.01(a) and any other Loyalty Program that is operated under a Trademark owned by any Credit Party, or that is otherwise operated, owned or controlled, directly or indirectly by, or principally associated with, any Credit Party or any of its Affiliates, as such program may be in effect from time to time, in each case whether now existing or established, arising or acquired in the future and including any successor program of such program. The term “Carrier Loyalty Program” shall include the provision, operation and promotion of such program.

“Cash Equivalents” means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within one year from the date of acquisition thereof and having, at such date of acquisition, a rating of at least A-2 from S&P or at least P-2 from Moody’s;

(c) investments in certificates of deposit, banker’s acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than \$250,000,000;

(d) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA and Aaa (or equivalent rating) by at least two Credit Rating Agencies and (iii) have portfolio assets of at least \$5,000,000,000;

(e) deposits available for withdrawal on demand with commercial banks organized in the United States having capital and surplus in excess of \$100,000,000; and

(f) other short-term liquid investments held by the Parent and the Subsidiaries as of the Closing Date in accordance with their normal investment policies and practices for cash management.

“CCR Certificate” has the meaning specified in Section 6.17(b).

“CCR Certificate Delivery Date” has the meaning specified in Section 6.17(b).

“CCR Reference Date” has the meaning specified in Section 6.17(b).

“CFC” means a controlled foreign corporation within the meaning of Section 957 of the Code.

“CFC Holdco” means any Domestic Subsidiary that has no material assets other than Equity Interests of one or more Foreign Subsidiaries that are CFCs.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means the occurrence of any of the following: (a) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Borrower and its Subsidiaries, or if the Borrower is a direct or indirect Subsidiary of the Parent, the Parent and its Subsidiaries, taken as a whole to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)); (b) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any “person” (as defined above)) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Borrower or the Parent, as applicable, (measured by voting power rather than number of shares), other than (i) any such transaction where the Voting Stock of the Borrower or the Parent, as applicable, (measured by voting power rather than number of shares) outstanding immediately prior to such transaction constitutes or is converted into or exchanged for at least a majority of the outstanding shares of the Voting Stock of such Beneficial Owner (measured by voting power rather than number of shares), or (ii) the consummation of any merger or consolidation of the Borrower or the Parent, as applicable, with or into any Person (including any “person” (as defined above)) which owns or operates (directly or indirectly through a contractual arrangement) a Permitted Business (a “Permitted Person”) or a Subsidiary of a Permitted Person, in each case, if immediately after such transaction no Person (including any “person” (as defined above)) is the Beneficial Owner, directly or indirectly, of more than 50% of the total Voting Stock of such Permitted Person (measured by voting power rather than number of shares); (c) if the Borrower is a direct or indirect Subsidiary of the Parent, the Parent ceasing to own, directly or indirectly, 100% of the Equity Interests of the Borrower; (d) the adoption of a plan relating to the liquidation or dissolution of the Borrower or the Parent or (e) the occurrence of a “change of control”, “change in control” or similar event under any Material Indebtedness of the Borrower, the Parent or any parent entity of the foregoing.

“Closing Date” means the first date all the conditions precedent in Section 4.01 are satisfied.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” has the meaning assigned to such term in the Pledge and Security Agreement.

“Collateral Account” means any of the Collection Account, the Blocked Account, the Payment Account and the Collateral Proceeds Account.

“Collateral Agent” means The Bank of New York Mellon, in its capacity as collateral agent under any of the Loan Documents, or any successor collateral agent.

“Collateral Cash Flow” means the funds that are deposited into a Collateral Account pursuant to the Direct Agreements or directly by a Credit Party.

“Collateral Coverage Ratio” means, as of any date of determination, the ratio of (i) the Appraised Value of the Eligible Collateral as of the date of the Appraisal most recently delivered pursuant to Section 5.16 (or in the case of cash and Cash Equivalents, as of such date of determination) to (ii) the aggregate principal amount of all Loans and Commitments outstanding as of such date; provided that for the purposes of calculating clause (i) above, (x) no more than 25% of the Appraised Value of the Eligible Collateral may correspond to ground support equipment and (y) any amounts held in the Blocked

Account, Payment Account and Collateral Proceeds Account shall not be included; provided further that for the purposes of calculating clause (i) above, Loyalty Program Assets (other than any Loyalty Subscription Program) shall not be included unless (x) each Material Loyalty Program Agreement has and (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended have, in each case, an expiration date that is at least six (6) months after the Maturity Date.

“Collateral Proceeds Account” means a deposit account in the name of the Borrower that is subject to an agreement in form and substance satisfactory to the Appropriate Party establishing Control (as defined in the Pledge and Security Agreement) of such account by the Collateral Agent.

“Collection Account” means that certain concentration account at Citibank, N.A. in the name of a Credit Party, and any replacement account, which, in each case, must be a segregated deposit account and subject at all times to an account control agreement in form and substance satisfactory to the Appropriate Party.

“Commitment” means the commitment of the Initial Lender to make Loans in the amount of \$574,000,000, as such commitment may be reduced or terminated pursuant to Section 2.07.

“Communications” has the meaning specified in Section 11.01(d)(ii).

“Competitor” means (i) any Person operating an Air Carrier or a commercial passenger air carrier business and (ii) any Affiliate of any Person described in clause (i) (other than any Affiliate of such Person as a result of common control by a Governmental Authority or instrumentality thereof and any Affiliate of such Person under common control with such Person which Affiliate is not actively involved in the management and/or operations of such Person).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Contingent Payment Event” means any indemnity, termination payment or liquidated damages under a Loyalty Program Agreement.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings analogous thereto.

“Convertible Indebtedness” means Indebtedness of the Parent that is convertible into common Equity Interests of the Parent (and cash in lieu of fractional shares) and/or cash (in an amount determined by reference to the price of such common Equity Interests).

“Corresponding Tenor” with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“Credit Parties” means the Borrower and the Guarantors.

“Credit Rating” means a rating as determined by a Credit Rating Agency of the Parent’s non-credit-enhanced, senior unsecured long-term indebtedness.

“Credit Rating Agency” means a nationally recognized credit rating agency that evaluates the financial condition of issuers of debt instruments and then assigns a rating that reflects its assessment of the issuer’s ability to make debt payments.

“Currency” means miles, points or other units that are a medium of exchange constituting a convertible, virtual and private currency that is tradable property and that can be sold or issued to Persons.

“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Required Lenders in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for business loans; provided that, if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Required Lenders may establish another convention in its reasonable discretion, subject to the determination by the Administrative Agent of the administrative feasibility of such convention.

“Debt Service Amount” means, as of any DSCR Determination Date or any other date of determination, the sum of all accrued interest on the Loans and any other Indebtedness secured by Liens on the Collateral in respect of the most recently ended DSCR Test Period.

“Debt Service Coverage Ratio” means, as of any DSCR Determination Date or any other date of determination, the ratio of (a) the aggregate amount of Collateral Cash Flow received during the relevant DSCR Test Period that has been deposited into a Collateral Account (and for the avoidance of doubt, excluding any amounts on deposit in a Collateral Account in respect of prior periods) to (b) the Debt Service Amount for such DSCR Test Period; provided, however, that for (i) the first calendar quarter ending after the Closing Date, such ratio shall be calculated for the one calendar quarter ending on such date, (ii) the second calendar quarter ending after the Closing Date, such ratio shall be calculated for the two calendar quarters ending on such date and (iii) the third calendar quarter ending after the Closing Date, such ratio shall be calculated for the three calendar quarters ending on such date.

“Debtor Relief Laws” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means an interest rate (before as well as after judgment) equal to the applicable interest rate plus 2.00% per annum.

“Direct Agreements” means those certain Loyalty Partner Direct Agreements entered into by and among the applicable Credit Party, the Collateral Agent, the Initial Lender and the applicable counterparty to the Material Loyalty Program Agreements, substantially in the form of Exhibit D hereto.

“Discount Den” means the Discount Den program substantially as in effect on the Closing Date or any modifications thereto (or replacement thereof) so long as Discount Den (or such replacement program) remains a direct-to-consumer subscription-based travel discount and/or incentive program.

“Disposition” or “Dispose” means the sale, transfer (including through a plan of division), license, lease or other disposition of any property by any Person (including (i) any sale and leaseback transaction, any issuance of Equity Interests by a Subsidiary of such Person, (ii) with respect to Intellectual Property, any covenant not to sue, release, abandonment, lapse, forfeiture, dedication to the public or other similar disposition of Intellectual Property and (iii) with respect to any Personal Data, any deletion, de-identification, purging or other similar disposition of Personal Data), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Disqualified Equity Interest” means any Equity Interest that, by its terms (or the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one (91) days after the Maturity Date; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of the Parent or any Subsidiary or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Parent or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability.

“Dollar” and “\$” mean lawful money of the United States.

“Domestic Subsidiary” means any Subsidiary that is organized under the Laws of the United States of America, any state thereof, or the District of Columbia.

“DOT” means the U.S. Department of Transportation.

“DSCR Determination Date” means the fifth Business Day following the last day of each March, June, September and December (beginning with December 2020).

“DSCR Test Period” means, at any DSCR Determination Date or other date of determination, the period of twelve (12) calendar months ending on the last day of the calendar month ending immediately prior to such date.

“DSCR Trigger Event” has the meaning specified in Section 6.17(c)(ii).

“Early Opt-in Election” means, if the then-current Benchmark is USD LIBO Rate, the occurrence of:

- (1) (x) so long as the Initial Lender is a Lender, the Initial Lender and (y) otherwise, the Required Lenders, in each case notifying to the Administrative Agent that the Initial Lender or the Required Lenders have determined that at least five currently outstanding U.S. dollar-denominated syndicated credit facilities at such time contain (as a result of

amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

- (2) (x) so long as the Initial Lender is a Lender, the election by the Initial Lender and (y) otherwise, the joint election by the Required Lenders and the Borrower to trigger a fallback from USD LIBO Rate and, in each case, the provision to the Administrative Agent and the other Lenders of written notice of such election.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country that is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country that is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Appraiser” means (a) with respect to aircraft or engines: Morten Beyer & Agnew, International Bureau of Aviation, Ascend Worldwide Group, ICF International Inc., BK Associates, Inc., Aircraft Information Services Inc., AVITAS, Inc., PAC Appraisal Inc., Aviation Specialists Group, Aviation Asset Management Inc. or IBA Group Ltd., (b) with respect to slots, gates or routes: Morten Beyer & Agnew, ICF International Inc., PAC Appraisal Inc. or BK Associates, Inc., (c) with respect to parts, Morten Beyer & Agnew, ICF International Inc., Sage-Popovich, Inc., PAC Appraisal Inc., Aviation Asset Management Inc. or Alton Aviation Consultancy LLC, (d) with respect to any other type of property, Deloitte & Touche LLP, Andersen Tax LLC, BBC Aviation Enterprises Aviation Advisors Group, LLC, PricewaterhouseCoopers, CBRE Group Inc. and Jones Lang LaSalle Incorporated, and (e) any independent appraisal firm appointed by the Borrower and acceptable to the Appropriate Party.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 11.04(b)(ii), 11.04(b)(v) and 11.04(b)(vi) (subject to such consents, if any, as may be required under Section 11.04(b)(iii)); provided that no Competitor shall be an Eligible Assignee.

“Eligible Collateral” means, as of any date, all Collateral on which the Collateral Agent has, as of such date, to the extent purported to be created by the applicable Security Document, a valid and perfected first priority Lien and/or mortgage (or comparable Lien) for the benefit of the Secured Parties and which is otherwise subject only to Permitted Liens and satisfies the requirements set out in the Loan Documents for such type of Collateral.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions, including all common law, relating to pollution or the protection of health, safety or the environment or the release of any materials into the environment, including those related to Hazardous Materials, air emissions, discharges to waste or public systems and health and safety matters.

“Environmental Liability” means any liability or obligation, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), directly or indirectly, resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, disposal or permitting or arranging for the disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination (other than Convertible Indebtedness or any other debt security that is convertible into or exchangeable for Equity Interests of such Person and the Warrants).

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with any Credit Party within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code or Section 302 of ERISA).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the failure by any Credit Party or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules or the filing of an application for the waiver of the minimum funding standards under the Pension Funding Rules; (c) the incurrence by any Credit Party or any ERISA Affiliate of any liability pursuant to Section 4063 or 4064 of ERISA or a cessation of operations with respect to a Pension Plan within the meaning of Section 4062(e) of ERISA; (d) a complete or partial withdrawal by any Credit Party or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization or insolvent (within the meaning of Title IV of ERISA); (e) the filing of a notice of intent to terminate a Pension Plan under, or the treatment of a Pension Plan amendment as a termination under, Section 4041 of ERISA; (f) the institution by the PBGC of proceedings to terminate a Pension Plan; (g) any event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (h) the determination that any Pension Plan is in at-risk status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or that a Multiemployer Plan is in endangered or critical status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (i) the imposition or incurrence of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Credit Party or any ERISA Affiliate; (j) the engagement by any Credit Party or any ERISA Affiliate in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; (k) the imposition of a lien upon any Credit Party pursuant to Section 430(k) of the Code or Section 303(k) of ERISA; or (l) the making of an amendment to a Pension Plan that could result in the posting of bond or security under Section 436(f)(1) of the Code.



“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Eurodollar Reserve Percentage” means, for any day during any Interest Period, the reserve percentage in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as “Eurocurrency liabilities” in Regulation D). The Adjusted LIBO Rate for each outstanding Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

“Event of Default” has the meaning specified in Article VII.

“Excluded Assets” has the meaning assigned to such term in the Pledge and Security Agreement.

“Excluded Subsidiary” means any Subsidiary of the Parent (other than the Borrower) that (i) is not wholly-owned, directly or indirectly, by the Parent, (ii) is a captive insurance company, (iii) is an Immaterial Subsidiary, (iv) is a Receivables Subsidiary or (v) is a Foreign Subsidiary or a CFC Holdco existing on the Closing Date; provided that, notwithstanding the foregoing, a Subsidiary will not be an Excluded Subsidiary if it (x) owns assets of the type that would be included in the Collateral, (y) owns individually, or in the aggregate with other Subsidiaries (including any Subsidiary that would otherwise qualify as an Excluded Subsidiary), a majority of the Equity Interests of any Subsidiary that owns any assets of the type that would be included in the Collateral or is party to any agreements that constitute (or would constitute) Collateral or (z) guarantees Material Indebtedness of the Parent or any of its Subsidiaries (other than any acquired Subsidiary that guarantees assumed Indebtedness of a Person acquired pursuant to an acquisition permitted under this Agreement that is existing at the time of such acquisition or investment; provided that such Indebtedness was not created in contemplation of or in connection with such acquisition and the amount of such Indebtedness is not increased).

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loans (other than pursuant to an assignment request by the Borrower under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.16(g) and (d) any withholding Taxes imposed under FATCA.

“Export Control Laws” means any applicable export control Laws including the International Traffic in Arms Regulations (22 C.F.R. 120 et seq.) and the Export Administration Regulations (15 C.F.R. 730 et seq.).

“FAA” means the United States Federal Aviation Administration and any successor thereto.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“FCPA” has the meaning specified in Section 3.15(b).

“Federal Funds Effective Rate” means, for any day, the greater of (a) the rate calculated by the Federal Reserve Bank of New York based on such day’s Federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the Federal funds effective rate and (b) 0%.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System of the United States.

“Finance Entity” means any Person created or formed by or at the direction of the Parent or any of its Subsidiaries for the purpose of financing aircraft and aircraft related assets and related pre-delivery payment obligations of the Parent or such Subsidiaries that; provided, that, such (i) Person holds no material assets other than the aircraft or aircraft related assets to be financed or assets pursuant to which related pre-delivery payment obligations arise, (ii) financing is in the ordinary course of business of the Parent and its Subsidiaries or otherwise customary for airlines based in the United States and (iii) Person holds no assets constituting, or otherwise intended to be included in, Collateral.

“Financial Officer” means, as to any Person, the chief financial officer, principal accounting officer, treasurer or controller of such Person.

“Fitch” means Fitch Ratings and any successor to its rating agency business.

“Floor” means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to USD LIBO Rate. As of the Closing Date, the Floor shall be 0%.

“Foreign Lender” means any Lender that is not a U.S. Person.

“Foreign Plan” means any employee pension benefit plan, program, policy, arrangement or agreement maintained or contributed to by the Parent or any Subsidiary with respect to employees employed outside the United States (other than any governmental arrangement).

“Foreign Subsidiary” means any Subsidiary that is not a Domestic Subsidiary.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

“GAAP” means, subject to Section 1.03, United States generally accepted accounting principles as in effect from time to time; provided that if at any time any change in GAAP would affect the computation of any financial ratio or financial requirement, or compliance with any covenant, set forth in any Loan Document, the Required Lenders and the Borrower will negotiate in good faith to

amend such ratio, requirement or covenant to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that until so amended, (a) such ratio, requirement or covenant will continue to be computed in accordance with GAAP prior to such change therein and (b) the Borrower will provide to the Administrative Agent and the Lenders reconciliation statements to the extent requested.

“Gate Leasehold” has the meaning assigned to such term in the Pledge and Security Agreement.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guaranteed Obligations” has the meaning specified in Section 9.01.

“Guarantor” means the Parent and each other Guarantor listed on the signature page to this Agreement and any other Person that Guarantees the Obligations under this Agreement and any other Loan Document.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes, and other substances or wastes of any nature regulated under or with respect to which liability or standards of conduct are imposed pursuant to any Environmental Law.

“Immaterial Subsidiaries” means one or more Subsidiaries, for which (a) the assets of all such Subsidiaries constitute, in the aggregate, no more than 7.50% of the total assets of the Parent and its Subsidiaries on a consolidated basis (determined as of the last day of the most recent fiscal quarter of the

Parent for which financial statements are available), and (b) the revenues of all such Subsidiaries account for, in the aggregate, no more than 7.50% of the total revenues of the Parent and its Subsidiaries on a consolidated basis for the four (4) fiscal quarter period ending on the last day of the most recent fiscal quarter of the Parent for which financial statements are available; provided that (x) a Subsidiary will not be an Immaterial Subsidiary if it (i) directly or indirectly guarantees, or pledges any property or assets to secure, any Obligations, (ii) owns any assets of the type that are intended to be included in the Collateral or is party to any agreements that constitute (or would constitute) Collateral or (iii) owns a majority of the Equity Interests of any Subsidiary that owns any assets of the type that are intended to be included in the Collateral or is party to any agreements that constitute (or would constitute) Collateral and (y) the Borrower shall not be an Immaterial Subsidiary.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (b) all direct or contingent obligations of such Person arising under (i) letters of credit (including standby and commercial), bankers’ acceptances and bank guaranties and (ii) surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;
- (c) net obligations of such Person under any Swap Contract;
- (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) all Attributable Indebtedness;
- (g) all obligations of such Person in respect of Disqualified Equity Interests; and
- (h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“Indemnitee” has the meaning specified in Section 11.03(b).

“Information” has the meaning specified in Section 11.12.

“Initial Lender” means Treasury or its designees (but, for the avoidance of doubt, excluding any assignee of the Loans).

“Intellectual Property” has the meaning assigned to such term in the Pledge and Security Agreement.

“Interest Payment Date” means the first Business Day following the 14<sup>th</sup> day of each March, June, September and December (beginning with September 15, 2021), and the Maturity Date.

“Interest Period” means, as to any Borrowing, (a) for the initial Interest Period, the period commencing on the date of such Borrowing and ending on the next succeeding Interest Payment Date and (b) for each Interest Period thereafter, the period commencing on the last day of the next preceding Interest Period and ending on the next succeeding Interest Payment Date.

“International Registry” has the meaning assigned to such term in the Pledge and Security Agreement.

“Interpolated Rate” means, at any time, the rate per annum determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the rate as displayed on the Bloomberg “LIBOR01” screen page (or any successor or replacement screen on such service; in each case the “Screen Rate”) for the longest period (for which that Screen Rate is available) that is shorter than three (3) months and (b) the Screen Rate for the shortest period (for which that Screen Rate is available) that is equal to or exceeds three (3) months, in each case, at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period.

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor incurs Indebtedness of the type referred to in clause (h) of the definition of “Indebtedness” in respect of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but giving effect to any returns or distributions of capital or repayment of principal actually received in case by such Person with respect thereto.

“IP Licenses” has the meaning assigned to such term in the Pledge and Security Agreement.

“IRS” means the United States Internal Revenue Service.

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

“IT Systems” has the meaning specified in Section 3.27.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lenders” means the Initial Lender and any other Person that shall have become party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

“LIBO Rate” means, the greater of (a) the rate appearing on the Bloomberg “LIBOR01” screen page (or any successor or replacement screen on such service) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity of three (3) months; provided that (i) if such rate is not available at such time for any reason, then the “LIBO Rate” shall be the Interpolated Rate, and (ii) if the Interpolated Rate is not available (except as set forth in Section 2.10), the “LIBO Rate” shall be the LIBO Rate for the immediately preceding Interest Period, two (2) Business Days prior to the commencement of such Interest Period and (b) 0%.

“Lien” means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, any option or other agreement to sell or give a security interest in an asset, or preference, priority, or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Liquidity” means the sum of (i) all unrestricted cash and Cash Equivalents of the Parent and its Subsidiaries, (ii) cash or Cash Equivalents of the Parent and its Subsidiaries restricted in favor of the Obligations or in connection with the Payroll Support Program Agreement (other than any amounts held in the Blocked Account, Payment Account and Collateral Proceeds Account), (iii) the aggregate principal amount committed and available to be drawn by the Parent and its Subsidiaries (taking into account all borrowing base limitations or other restrictions) under all revolving credit facilities of the Parent and its Subsidiaries, (iv) any remaining aggregate principal amount committed and available to be drawn (taking into account any applicable restrictions) by the Parent and its Subsidiaries in respect of the Loans and (v) the scheduled net proceeds (after giving effect to any expected repayment of existing Indebtedness using such proceeds) of any Capital Markets Offering of the Parent or any of its Subsidiaries that has priced but has not yet closed (until the earliest of the closing thereof, the termination thereof without closing or the date that falls five (5) Business Days after the initial scheduled closing date thereof).

“Loan” means a loan made by a Lender to the Borrower pursuant to this Agreement.

“Loan Application Form” means the application form and any related materials submitted by the Borrower to the Initial Lender in connection with an application for the Loans under Division A, Title IV, Subtitle A of the CARES Act.

“Loan Documents” means, collectively, this Agreement, any Security Document, any promissory notes issued pursuant to Section 2.11(b) and any other documents entered into in connection herewith (including an Administrative Agency Fee Letter, if any).

“Loyalty Program” means (a) any frequent flyer program, co-branded card program or any other program (whether now existing or established, arising or acquired in the future) that grants members in such program or co-branded cardholders Currency based on such member’s or co-branded cardholder’s purchasing or other behavior and that entitles a member or co-branded cardholder to accrue, redeem or otherwise exploit such Currency for a benefit or reward, including flights, priority access, lounge or “club” access, discounts, upgrades (including in seat or class) or other goods or services or (b) any Loyalty Subscription Program.

“Loyalty Program Agreement” means each contract, agreement, transaction or other undertaking described on Schedule 1.01(b) and any other current or future contract, agreement, transaction or other undertaking between any Credit Party (or any of its Affiliates, as applicable) and a Loyalty Program Participant entered into connection with any Carrier Loyalty Program, including any card marketing agreement with respect to credit cards co-branded by a Credit Party and a Loyalty Program Participant and any card network agreement, and any amendment, supplement or modification thereto, but excluding all reciprocal passenger Currency accrual and redemption agreements with other Air Carriers.

“Loyalty Program Assets” has the meaning assigned to such term in the Pledge and Security Agreement.

“Loyalty Program Data” means all data (whether or not constituting Personal Data) Processed in connection with, or generated or produced in the course of the operation of, any Carrier Loyalty Program, but, with respect to Personal Data, solely to the extent Processed, generated or produced regarding Loyalty Program Members as Loyalty Program Members, including all such data consisting of (a) a list of all Loyalty Program Members and (b) data concerning each Loyalty Program Member as a member of any of the Carrier Loyalty Programs, including such Loyalty Program Member’s (i) name, mailing address, email address, date of birth, gender and phone number and other identifiers, (ii) communication and promotion opt-ins and opt-outs, (iii) financial information and transaction histories, (iv) total miles and awards, (v) third-party engagement history and customer experience, (vi) accrual and redemption activity, (vii) member tier and status designations and member tier and status activity and qualifications, (viii) internet or network activity (including information regarding interaction with a website), (ix) profile preferences, (x) login information, (xi) Loyalty Program Member spend activity, (xii) geolocation data and (xiii) any inferences drawn or enrichments created from any of the foregoing. Loyalty Program Data also includes any Proceeds relating to any of the foregoing (other than any such Proceeds to the extent arising from a Credit Party’s non-Loyalty Program operations). For the avoidance of doubt, the definition of “Loyalty Program Data” does not impose an obligation on any Credit Party to collect any data inconsistent with its past or current practices.

“Loyalty Program Intellectual Property” has the meaning assigned to such term in the Pledge and Security Agreement.

“Loyalty Program Member” means, as of any date, any individual who is an applicant or member of any Carrier Loyalty Program (or a legal guardian of such applicant or member).

“Loyalty Program Participant” means (a) a financial institution or other Person that is a party to any card agreement with a Credit Party or (b) any other Person (i) to which a Credit Party or any of its Affiliates sells, leases or otherwise transfers Currency in connection with any Carrier Loyalty

Program, including partner airline, co-branded card, hotel and car rental partners, (ii) that provides goods, services or other consideration to Loyalty Program Members in exchange for, or redemption of, Currency or (iii) that, in connection with the provision of goods, services or other consideration by such Person to Loyalty Program Members or the use of the services of such Person by Loyalty Program Members, such Person offers Currency to such Loyalty Program Members or provides any Credit Party (or any Affiliate thereof) with sufficient information so that such Credit Party (or any Affiliate thereof) may post Currency to such Loyalty Program Members' accounts.

“Loyalty Program Revenue” means all payments received by, or otherwise required to be paid to, the Credit Parties (and their Affiliates), and all other amounts the Credit Parties are entitled to, under the Loyalty Program Agreements and any Loyalty Subscription Program (excluding, for the avoidance of doubt, all revenues generated under Discount Den).

“Loyalty Revenue Advance Transaction” means (i) any Pre-paid Currency Purchase or (ii) any other transaction between any Credit Party and a counterparty to a Loyalty Program Agreement providing for the advance of cash that is expected to be paid from or set off against future payments otherwise required to be made by the counterparty to such Credit Party.

“Loyalty Subscription Program” means any program (whether now existing or established, arising or acquired in the future) that grants members in such program access to discounted goods or services in exchange for a periodic cash payment; provided, however, that Discount Den shall not be considered a Loyalty Subscription Program for the purposes of this Agreement or any Loan Document. The Loyalty Subscription Programs in existence as of the Closing Date are listed on Schedule 1.01(c) of this Agreement.

“Margin Stock” means margin stock within the meaning of Regulations T, U and X.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Parent and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Borrower or any Credit Party to perform its Obligations, (ii) the legality, validity, binding effect or enforceability against the Borrower or any Credit Party of any Loan Document to which it is a party or the validity, perfection and first priority of the Liens on the Collateral in favor of the Collateral Agent taken as a whole or with respect to a substantial portion of the Collateral, (iii) the rights, remedies and benefits available to, or conferred upon, the Lenders or the Agents under any Loan Documents, (iv) the ability of the Borrower or any Credit Party to perform its obligations under any Material Loyalty Program Agreement, (v) the legality, validity, binding effect or enforceability against the Borrower or any Credit Party of any Material Loyalty Program Agreement or (vi) the business and operations of any Carrier Loyalty Program, in each case, taken as a whole; provided that the impacts of the COVID-19 disease outbreak will be disregarded for purposes of clauses (a) and (b)(vi) of this definition to the extent (i) publicly disclosed in any SEC filing of the Parent or otherwise provided to the Initial Lender prior to the Closing Date and (ii) the scope of such adverse effect is no greater than that which has been disclosed as of the Closing Date.

“Material Indebtedness” means Indebtedness of the Parent or any of its Subsidiaries (other than the Loans) outstanding under the same agreement in a principal amount exceeding \$50,000,000.

“Material Loyalty Program Agreements” means (a) each Loyalty Program Agreement identified as a Material Loyalty Program Agreement as set forth on Schedule 1.01(b), as updated from time to time pursuant to the terms of the Pledge and Security Agreement and (b) any other Loyalty



Program Agreements between a Credit Party and a Loyalty Program Participant such that, at all times, the Credit Parties have identified to Lender Loyalty Program Agreements then in full force and effect and generating not less than 90% of aggregate Loyalty Program Revenue (excluding revenues generated under any Loyalty Subscription Program).

“Material Modification” means any amendment or waiver of, or modification or supplement to, any term or condition of a Loyalty Program Agreement agreed to, executed or effected on or after the Closing Date, which:

- (a) extends, waives, delays or contractually or structurally subordinates one or more payments due to any Credit Party with respect to such Loyalty Program Agreement;
- (b) reduces the rate or amount of payments due to any Credit Party with respect to such Loyalty Program Agreement or reduces the frequency or timing of payments due to any Credit Party;
- (c) gives any Person other than Credit Parties party to such Loyalty Program Agreement additional or improved termination rights with respect to such Loyalty Program Agreement;
- (d) shortens the term of such Loyalty Program Agreement (other than in connection with the replacement of such Loyalty Program Agreement with another Loyalty Program Agreement on terms at least as favorable to the Lenders, as determined by the Appropriate Party in its reasonable discretion (or in the case of the Initial Lender, its sole discretion)) or expands or improves any counterparty’s rights or remedies following a termination;
- (e) limits, or requires or results in the limitation of (x) the right or ability of any Credit Party, any of its Affiliates, any of its or their successors or assigns or the Collateral Agent to, or to authorized others to, use, exploit, share or transfer the Loyalty Program Intellectual Property or the IP Licenses included in the Collateral (other than third-party Intellectual Property that ceases to be required or useful for the conduct of any Carrier Loyalty Program as currently conducted and as currently contemplated to be conducted) or (y) the right or ability of any Credit Party, any of its Affiliates, any of its or their successors or assigns or the Collateral Agent to, or to authorized others to, Process any Loyalty Program Data, including such amendment, waiver, modification or supplement that removes or narrows, or requires or results in the removal or narrowing of any disclosure to individuals existing as of the date hereof regarding the potential future transfer, sharing or disclosure of Loyalty Program Data, in each case other than pursuant to a change required under applicable Law; or
- (f) imposes new financial obligations on any Credit Party under such Loyalty Program Agreement,

in each case, to the extent such amendment, waiver, modification or supplement would reasonably be expected to (1) be materially adverse to the Lenders or any Secured Party (as defined in the Pledge and Security Agreement) or (2) result in a Material Adverse Effect; provided that any amendment to a Loyalty Program Agreement that (i) shortens the scheduled maturity or term thereof (other than changes that are permitted under (d) above), (ii) amends, modifies or otherwise changes the calculation or rate of fees, expenses, guarantee payments or termination payments due and owing thereunder, including changes to interchange rates, in each case as defined in the applicable Loyalty Program Agreement and any other term related to the calculation of fees related to the purchase of the applicable Currency, and in a manner materially reducing the amount owed to the Credit Parties, (iii) changes the contractual subordination of payments thereunder in a manner materially adverse to the Lenders, reduces the frequency of payments thereunder or permits payments due to the applicable Credit Parties to be

deposited to an account other than the Collection Account, (iv) changes the amendment standards applicable to such Loyalty Program Agreement in a manner that would reasonably be expected to result in a Material Adverse Effect, (v) materially impairs the rights of the Collateral Agent or the Initial Lender to enforce or consent to amendments to any provisions of a Loyalty Program Agreement in accordance therewith, or (vi) constitutes an action set forth in clause (e) shall be deemed to result in a Material Adverse Effect and shall be considered a Material Modification.

“Material Subsidiary” means any Subsidiary that is not an Immaterial Subsidiary.

“Maturity Date” means the date that is five (5) years after the Closing Date (except that, if such date is not a Business Day, the Maturity Date shall be the preceding Business Day); provided that to the extent either (x) any Material Loyalty Program Agreement (other than Material Loyalty Program Agreements that have been replaced as permitted under this Agreement) or (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended, in each case, expires prior to such date, the Maturity Date shall be the date that is six (6) months prior to the earliest such expiration date.

“Maximum Rate” has the meaning specified in Section 11.14.

“Moody’s” means Moody’s Investors Service, Inc. and any successor to its rating agency business.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Credit Party or any ERISA Affiliate makes or is obligated to make contributions, during the preceding five (5) plan years has made or been obligated to make contributions, or has any liability.

“Multiple Employer Plan” means a Plan with respect to which any Credit Party or any ERISA Affiliate is a contributing sponsor, and that has two (2) or more contributing sponsors at least two (2) of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Net Proceeds” means in connection with any Disposition, Recovery Event or Contingent Payment Event, the aggregate cash and Cash Equivalents received by the Parent or any of its Subsidiaries in respect of a Disposition of Collateral (including, without limitation, any cash or Cash Equivalents received in respect of or upon the Disposition of any non-cash consideration received in any such Disposition of Collateral) or Recovery Event or Contingent Payment Event, net of the direct costs and expenses relating to such Disposition and incurred by the Parent or a Subsidiary (including the sale or disposition of such non-cash consideration) or any such Recovery Event or Contingent Payment Event, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Disposition, Recovery Event or Contingent Payment Event, taxes paid or reasonably estimated to be payable as a result of the Disposition, Recovery Event or Contingent Payment Event, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements.

“Non-Consenting Lender” means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all or all affected Lenders in accordance with the terms of Section 11.02 and (b) has been approved by the Required Lenders.

“Note” means the promissory note executed by the Borrower pursuant to Section 2.11(b).

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, each Credit Party arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or required to be performed, or to become due or to be performed, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Credit Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by the Borrower or any other Credit Party under any Loan Document, (b) the obligation of any Credit Party to reimburse any amount in respect of any of the foregoing that the Lenders, in each case in their sole discretion, may elect to pay or advance on behalf of any Credit Party and (c) the obligation of any Credit Party or any of its Subsidiaries to take any action or refrain from taking any action as required by the covenants and other provisions contained in this Agreement and any other Loan Document.

“Obligee Guarantor” has the meaning specified in Section 9.06.

“Organizational Documents” means (a) as to any corporation, the charter or certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) as to any limited liability company, the certificate or articles of formation or organization and operating or limited liability agreement and (c) as to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in the Loans or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19(b)).

“Outstanding Amount” means, with respect to Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Loans occurring on such date.

“Parent” has the meaning specified in introductory paragraph hereof.

“Participant” has the meaning specified in Section 11.04(d).

“Participant Register” has the meaning specified in Section 11.04(d).

“Payment Account” has the meaning specified in Section 5.20(b).

“Payment Event” means (a), the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than or equal to 1.50 to 1.00 (including if the Debt Service Coverage Ratio is less than or equal to 1.25 to 1.00), or (b) an Event of Default or Term Trigger Event has occurred. A Payment Event shall be deemed continuing until (i) with respect to clause (a), the Debt Service Coverage Ratio is greater than 1.50 to 1.00 on a DSCR Determination Date or (ii) such Event of Default or Term Trigger Event shall no longer be continuing.

“Payroll Support Program Agreement” means that certain Payroll Support Program Agreement, dated as of April 30, 2020, between the Borrower and Treasury.

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Code and ERISA (as modified by the CARES Act) regarding minimum funding standards and minimum required contributions (including any installment payment thereof) to Pension Plans and Multiemployer Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any employee pension benefit plan (including a Multiple Employer Plan, but excluding a Multiemployer Plan) that is maintained or is contributed to by any Credit Party or any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“Perfection Requirement” has the meaning specified in the Pledge and Security Agreement.

“Permitted Bond Hedge Transaction” means any call or capped call option (or substantively equivalent derivative transaction) on the Parent’s common Equity Interests purchased by the Parent in connection with the issuance of any Convertible Indebtedness; provided that the purchase price for such Permitted Bond Hedge Transaction does not exceed the net proceeds received by the Parent from the sale of such Convertible Indebtedness issued in connection with the Permitted Bond Hedge Transaction.

“Permitted Business” means any business that is the same as, or reasonably related, ancillary, supportive or complementary to, the business in which the Parent and its Subsidiaries are engaged on the date of this Agreement.

“Permitted Liens” means:

- (1) Liens created for the benefit of (or to secure the payment and performance of) the Obligations or any Guaranteed Obligations;
- (2) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(3) Liens imposed by law, including carriers', vendors', materialmen's, warehousemen's, landlord's, mechanics' repairmen's, employees' or other like Liens, in each case, incurred in the ordinary course of business;

(4) Liens arising by operation of law in connection with judgments, attachments or awards which do not constitute an Event of Default hereunder;

(5) (A) any overdrafts and related liabilities arising from treasury, netting, depository and cash management services or in connection with any automated clearing house transfers of funds, in each case as it relates to cash or Cash Equivalents, if any, and (B) Liens arising by operation of law or that are contractual rights of set-off in favor of the depository bank or securities intermediary in respect of any deposit or securities accounts pledged in favor of the Collateral Agent; provided that such Liens shall be subordinated to the Liens securing the Obligations (other than the Liens relating to amounts and indemnities owed in connection with the maintenance of such account);

(6) [reserved];

(7) [reserved];

(8) to the extent applicable, salvage or similar rights of insurers, in each case as it relates to Collateral;

(9) any licenses or sublicenses (x) granted on a non-exclusive basis to customers or service providers in the ordinary course of business or to business partners in the ordinary course of business in a manner and subject to terms consistent with past practice or (y) granted pursuant to any Loyalty Program Agreement in full force and effect as of the Closing Date, any successor agreement thereto or any new Loyalty Program Agreement, in each case that is included in the Collateral (provided that any such grant pursuant to such new or successor agreement is made in the ordinary course of business in a manner and subject to terms substantially similar with those of the predecessor Loyalty Program Agreement or with any Loyalty Program Agreement in full force and effect as of the Closing Date, as the case may be);

(10) to the extent constituting Liens on Collateral, Dispositions permitted pursuant to Section 6.04 (b), (d)(2), (e), (f) or (h); and

(11) Liens expressly permitted by the Pledge and Security Agreement.

"Permitted Refinancing" means with respect to any Person, any refinancings, renewals, or extensions of any Indebtedness of such Person so long as: (a) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended, other than by the amount of premiums paid thereon and the fees and expenses incurred in connection therewith and by the amount of unfunded commitments with respect thereto; (b) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity (measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended, nor are they on terms or conditions that, taken as a whole, are or could reasonably be expected to be materially adverse to the interests of the Lenders; (c) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions that are at least as favorable to the Lenders as those that were applicable to the refinanced, renewed, or extended Indebtedness; (d) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended and (e) to the extent the Indebtedness that is refinanced, renewed, or extended is unsecured, the Indebtedness resulting from such refinancing, renewal or extension must be unsecured.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Personal Data” means any information or data that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household, or any other data or information that constitutes personal data, personally identifiable information, personal information or a similar defined term under any Privacy Law or any policy of a Credit Party or any of its Affiliates relating to privacy or the Loyalty Program Data.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA, maintained for employees of the Parent or any Subsidiary, or any such plan to which the Parent or any Subsidiary is required to contribute on behalf of any of its employees or with respect to which any Credit Party has any liability.

“Platform” means Debt Domain, Intralinks, Syndtrak, DebtX or a substantially similar electronic transmission system.

“Pledge and Security Agreement” means the Pledge and Security Agreement executed and delivered by the Borrower on the Closing Date in form and substance acceptable to the Initial Lender and the Collateral Agent, as it may be amended, supplemented, restated or otherwise modified from time to time. For the avoidance of doubt, the terms of the “Pledge and Security Agreement” shall include the terms of all Applicable Annexes (as defined in the Pledge and Security Agreement).

“Pre-paid Currency Purchases” means the sale, lease or other transfer by any Credit Party or any Subsidiary of a Credit Party of pre-paid Currency to a counterparty of a Loyalty Program Agreement.

“Prepayment Notice” means a notice by the Borrower to prepay Loans, which shall be in such form as the Appropriate Party may approve.

“Prime Rate” means the rate of interest per annum last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Required Lenders) or any similar release by the Federal Reserve Board (as determined by the Required Lenders). Any change in the Prime Rate shall take effect at the opening of business on the day such change is publicly announced or quoted as being effective.

“Privacy Law” means all Applicable Laws worldwide relating to the Processing, privacy or security of Personal Data and all regulations issued thereunder, including, to the extent applicable, the EU General Data Protection Regulation (EU) 2016/679 (and all Laws implementing it), Section 5 of the Federal Trade Commission Act, the California Consumer Privacy Act, the Children’s Online Privacy Protection Act, Title V, Subtitle A of the Gramm-Leach-Bliley Act, 15 U.S.C. 6801 et seq. (and the rules and regulations promulgated thereunder), state data breach notification Laws, state data security Laws, and any Law concerning requirements for website and mobile application privacy policies and practices, or any outbound communications (including e-mail marketing, telemarketing and text messaging), tracking and marketing.

“Proceeds” means “proceeds,” as defined in Article 9 of the UCC.

“Processed”, “Processing” or “Process”, with respect to data (including Loyalty Program Data), means collected, accessed, recorded, acquired, stored, organized, altered, adapted, retrieved, disclosed, used, disposed, erased, disclosed, destructed, transferred or otherwise processed; in each case, whether or not by automated means.

“PSP Warrant Agreement” means that certain warrant agreement, dated as of April 30, 2020, between the Parent and Treasury.

“Public Lender” has the meaning specified in Section 11.01(e).

“Receivables Subsidiary” means (x) a Wholly-Owned Subsidiary of the Parent formed for the purpose of and which engages in no activities other than in connection with the financing or securitization of accounts receivables (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (1) is guaranteed by the Parent by any Subsidiary of the Parent, and excluding any guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings, (2) is recourse to or obligates the Parent or any Subsidiary of the Parent in any way other than pursuant to Standard Securitization Undertakings or (3) subjects any property or asset of the Parent or any Subsidiary of the Parent (other than accounts receivable and related assets) or any property or asset of the type that is intended to be include in the Collateral, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings, (b) with which neither the Parent nor any Subsidiary of the Parent (other than another Receivables Subsidiary) has any material contract, agreement, arrangement or understanding (other than pursuant to the related financing of accounts receivable) other than on terms no less favorable to the Parent or such Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Parent and (c) with which neither the Parent nor any Subsidiary of the Parent has any obligation to maintain or preserve such Subsidiary’s financial condition, other than a minimum capitalization in customary amounts, or to cause such Subsidiary to achieve certain levels of operating results or (y) any Subsidiary of a Receivables Subsidiary. For the avoidance of doubt, the Parent and any Subsidiary of the Parent may enter into Standard Securitization Undertakings for the benefit of a Receivables Subsidiary.

“Recipient” means (a) the Administrative Agent, (b) the Collateral Agent or (c) any Lender, as applicable.

“Recovery Event” means any settlement of or payment in respect of any property or casualty insurance claim or any condemnation proceeding relating to any Collateral or any Event of Loss (as defined in the Pledge and Security Agreement).

“Reference Time” with respect to any setting of the then-current Benchmark means (1) if such Benchmark is USD LIBO Rate, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not USD LIBO Rate, the time determined by the Required Lenders in their reasonable discretion, provided that such time is determined to be administratively feasible by the Administrative Agent.

“Register” has the meaning specified in Section 11.04(c).

“Regulation D” means Regulation D of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation T” means Regulation T of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation U” means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation X” means Regulation X of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty (30)-day notice period has been waived.

“Required Filings” shall have the meaning specified in the Pledge and Security Agreement.

“Required Lenders” means, at any time, Lenders having Loans representing more than 50% of the aggregate Outstanding Amount of Loans of all Lenders at such time.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means (a) the chief executive officer, president, executive vice president or a Financial Officer of the Borrower or such Credit Party, as applicable, (b) solely for purposes of the delivery of incumbency certificates and certified Organizational Documents and resolutions pursuant to Section 4.01, any vice president, secretary or assistant secretary of the Borrower or such Credit Party and (c) solely for purposes of Borrowing Requests, prepayment notices and notices for Commitment terminations or reductions given pursuant to Article II, any other officer or employee of the Borrower so designated from time to time by one of the officers described in clause (a) in a notice to the Administrative Agent (together with evidence of the authority and capacity of each such Person to so act in form and substance satisfactory to the Administrative Agent). Any document delivered hereunder that is signed by a Responsible Officer of the a Credit Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership or other action on the part of such Credit Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Credit Party.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interest, or on account of any return of capital to such Person’s shareholders, partners or members (or the equivalent Persons thereof).

“Route Authority” has the meaning assigned to such term in the Pledge and Security Agreement.



“S&P” means S&P Global Ratings, and any successor to its rating agency business.

“Sanctioned Country” has the meaning specified in Section 3.15(a).

“Sanctioned Person” has the meaning specified in Section 3.15(a).

“Sanctions” has the meaning specified in Section 3.15(a).

“Screen Rate” has the meaning specified in the definition of the term “Interpolated Rate”.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Secured Parties” has the meaning assigned to such term in the Pledge and Security Agreement.

“Securities Act” means the Securities Act of 1933, as amended.

“Security Document” means the Pledge and Security Agreement and any security or pledge agreement, mortgage, hypothecation or other agreement, instrument or document relating to collateral for the Loans (including any short form agreements, supplements, control agreements, collateral access agreements and registrations executed or made) that may exist at any time and from time to time, as amended from time to time.

“Slot” has the meaning assigned to such term in the Pledge and Security Agreement.

“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website at approximately 8:00 a.m. (New York City time) on the immediately succeeding Business Day.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“Solvent” means, as to any Person as of any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability. For the avoidance of doubt, a Person shall not fail to be Solvent on any date solely as a result of such person’s audit having a “going concern” or like qualification, exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit solely due to the COVID-19 disease outbreak.

“Spare Parts” has the meaning assigned to such term in the Pledge and Security Agreement.

“Standard Securitization Undertakings” means all representations, warranties, covenants, indemnities, performance Guarantees and servicing obligations entered into by the Parent or any Subsidiary (other than a Receivables Subsidiary), which are customary in connection with any financing of accounts receivable.

“Subsidiary” of a Person means a corporation, partnership, limited liability company, association or joint venture or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Parent.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, as to any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term SOFR” means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Term Trigger Event” has the meaning specified in Section 2.06(b).

“Trade Date” means the date on which an assigning Lender enters into a binding agreement to sell and assign all or a portion of its rights and obligations under this Agreement to another Person.

“Trade Secrets” has the meaning assigned to such term in the Pledge and Security Agreement.

“Trademark” has the meaning assigned to such term in the Pledge and Security Agreement.

“Treasury” has the meaning specified in the preamble to this Agreement.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“Uniform Commercial Code” and “UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction.

“United States” and “U.S.” mean the United States of America.

“USD LIBO Rate” means the LIBO Rate for U.S. dollars.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 2.16(g).

“Voting Stock” of any specified Person as of any date means the equity interests of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

“Warrant Agreement” means the warrant agreement, dated as of the date hereof between the Parent and Treasury, pursuant to which the Parent agrees to issue Warrants to Treasury upon each Borrowing.

“Warrants” means, collectively, those certain warrants issued to Treasury under the Warrant Agreement or the PSP Warrant Agreement.

“Wholly-Owned” means, as to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (a) director’s qualifying shares and (b) shares issued to foreign nationals to the extent required by Applicable Law) are owned by such Person and/or by one or more Wholly-Owned Subsidiaries of such Person.

“Withholding Agent” means the Borrower and the Administrative Agent or other person making or transferring to any Lender any payment on behalf of the Borrower.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of such Person or any other Person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those power.

SECTION 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” The word “or” is not exclusive. The word “year” shall refer (i) in the case of a leap year, to a year of three hundred sixty-six (366) days, and (ii) otherwise, to a year of three hundred sixty-five (365) days. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.03 Accounting Terms; Changes in GAAP.

(a) Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall be construed in conformity with GAAP. Financial statements and other information required to be delivered by the Parent to the Lenders pursuant to Sections 5.01(a) and 5.01(b) shall be prepared in accordance with GAAP as in effect at the time of such preparation. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Parent and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If the Borrower notifies the Administrative Agent (who will forward such notification to the Lenders) that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn, the Required Lenders shall have notified the Borrower (with a copy to the Administrative Agent) of their objection to such amendment or such provision shall have been amended in accordance herewith.

SECTION 1.04 Rates. The Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the rates in the definition of "LIBO Rate" or with respect to any comparable or successor rate thereto.

SECTION 1.05 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

## ARTICLE II

### COMMITMENTS AND BORROWINGS

SECTION 2.01 Commitments. Subject to the terms and conditions set forth herein, the Initial Lender agrees to make the Loans to the Borrower in one or more installments on or after the Closing Date in an aggregate principal amount not to exceed the Initial Lender's Commitment. Amounts borrowed under this Section 2.01 and repaid or prepaid may not be reborrowed.

#### SECTION 2.02 Loans and Borrowings.

(a) Borrowings. The Borrower shall request the initial Borrowing of the Loans on the Closing Date and may request one or more subsequent Borrowings of the Loans; provided that the Borrower shall request no more than three (3) total Borrowings.

(b) Minimum Amounts. Each Borrowing shall be in an aggregate amount of \$60,000,000 or a larger multiple of \$5,000,000; provided that the final Borrowing may be in an amount equal to the aggregate remaining outstanding Commitments available to the Borrower under the terms and conditions of this Agreement.

(c) Funding of Borrowings. Each Lender shall make the amount of each Borrowing to be made by it hereunder available to the Administrative Agent by wire transfer of immediately available funds to the Administrative Account not later than 12:00 noon (New York City time) on the proposed date thereof. The Administrative Agent will make all such funds so received available to the

Borrower in like funds, by wire transfer of such funds in accordance with the instructions provided in the applicable Borrowing Request; provided that if all such requested funds are not received by the Administrative Agent by 12:00 noon (New York City time) on the proposed date for such Borrowing, the Administrative Agent shall distribute such funds on the next succeeding Business Day.

SECTION 2.03 Borrowing Requests.

(a) Notice by Borrower. In order to request a Borrowing, the Borrower shall notify the Administrative Agent of such request in writing not later than 11:00 a.m. (New York City time) (i) with respect to the initial Borrowing under this Agreement, three (3) Business Days prior to the date of the requested Borrowing and (ii) for each subsequent Borrowing, five (5) Business Days before such Borrowing. Each such notice shall be irrevocable and shall be in the form of a written Borrowing Request, appropriately completed and signed by a Responsible Officer of the Borrower. The Administrative Agent shall promptly advise the applicable Lenders of any Borrowing Request given pursuant to this Section 2.03(a) (and the contents thereof), and of each Lender's portion of the requested Borrowing.

(b) Content of Borrowing Requests. Each Borrowing Request for a Borrowing pursuant to this Section shall specify the following information in compliance with Section 2.02: (i) the aggregate amount of the requested Borrowing; (ii) the date of such Borrowing (which shall be a Business Day); and (iii) the location and number of the Borrower's account to which funds are to be disbursed.

SECTION 2.04 [Reserved].

SECTION 2.05 [Reserved].

SECTION 2.06 Prepayments.

(a) Optional Prepayments. The Borrower may, upon written notice to the Administrative Agent, at any time and from time to time prepay the Loans in whole or in part without premium or penalty, subject to the requirements of this Section. Partial prepayments of the Loans shall be in a minimum aggregate principal amount of \$1,000,000 or a whole multiple of \$100,000 in excess thereof. Notwithstanding anything herein to the contrary, the Borrower may at any time elect to prepay the loans with funds contained in the Collateral Proceeds Account.

(b) Mandatory Prepayments.

(i) Dispositions of Collateral. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Disposition of Collateral not permitted by Section 6.04, the Borrower shall prepay the Loans in an amount equal to 100% of such Net Proceeds.

(ii) Recovery Events. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Recovery Event in respect of Collateral, the Borrower shall prepay the Loans in an amount equal to 100% of such Net Proceeds; provided that with respect to Collateral consisting of airframes, aircraft, engines and Spare Parts, the Borrower may deposit such Net Proceeds into the Collateral Proceeds Account for such purpose and thereafter such Net Proceeds shall be applied (to the extent not otherwise applied pursuant to the immediately succeeding proviso) to prepay the Loans; provided further that (I) the Borrower may use such Net Proceeds to (A) replace the assets which are the subject of such Recovery Event with assets that are of the same type of Collateral or (B) repair the assets which are the subject of

such Recovery Event, in each case, within 270 days after such deposit is made, (II) all such Net Proceeds amount may, at the option of the Borrower at any time, be applied to repay the Loans, and (III) upon the occurrence of an Event of Default, the amount of any such deposit may be applied by the Administrative Agent to repay the Loans.

(iii) Certain Debt Issuances. Immediately upon receipt by the Parent or any of its Subsidiaries of any proceeds from the incurrence of any Indebtedness that is secured by Liens on the Collateral (other than Permitted Liens), the Borrower shall prepay the Loans in an amount equal to 100% of any such proceeds from any such Indebtedness.

(iv) Contingent Payment Events. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Contingent Payment Event under a Loyalty Program Agreement, which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Contingent Payment Events, are in excess of \$5,000,000, the Borrower shall prepay the Loans in an amount equal to 100% of such Net Proceeds.

(v) Loyalty Revenue Advance Transactions. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Loyalty Revenue Advance Transaction, which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Loyalty Revenue Advance Transactions during the term of this Agreement, are in excess of an amount equal to the greater of (x) \$10,000,000 and (y) 10% of the aggregate amount of Collateral Cash Flow received during the most recently ended DSCR Test Period that has been deposited into a Collateral Account, the Borrower shall prepay the Loans in an amount equal to 100% of such excess Net Proceeds.

(vi) Payment Events.

(A) The Loans shall be required to be repaid if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than 1.50 to 1.00 or 1.25 to 1.00, as the case may be, as set forth in Section 6.17(c).

(B) After the occurrence and during the continuation of an Event of Default, the Loans shall be repaid in an amount equal to 100% of all Loyalty Program Revenue received thereafter, and the Parent and the Subsidiaries shall ACH or wire transfer daily such Loyalty Program Revenue to the Payment Account (from the Collection Account or otherwise) with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding.

(C) If at any time (x) any Material Loyalty Program Agreement has a remaining term of less than two (2) years or (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended have remaining terms of less than two (2) years (a "Term Trigger Event") and such Term Trigger Event is continuing, then the Loans shall be repaid in an amount equal to 100% of all Loyalty Program Revenue received thereafter, and the Parent and the Subsidiaries shall ACH or wire transfer daily such Loyalty Program Revenue to the Payment Account (from the Collection Account or otherwise) with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding.

(vii) Change of Control. Immediately upon the occurrence of a Change of Control, the Borrower shall prepay the Loans in an amount equal to 100% of the aggregate outstanding principal amount of Loans.

(c) Notices. Each such notice pursuant to this Section shall be in the form of a written Prepayment Notice, appropriately completed and signed by a Responsible Officer of the Borrower, and must be received by the Administrative Agent not later than 11:00 a.m. (New York City time) three (3) Business Days before the date of prepayment (which delivery may initially be by electronic communication including fax or email and shall be followed by an original authentic counterpart thereof). Each Prepayment Notice shall specify (x) the prepayment date and (y) the principal amount of the Loans or portion thereof to be prepaid. Each Prepayment Notice shall be irrevocable.

(d) Payments. Any prepayment of the Loans pursuant to this Section 2.06 shall be accompanied by accrued interest on the principal amount prepaid as set forth in Section 2.09(c).

SECTION 2.07 Reduction and Termination of Commitments. The Initial Lender's Commitments shall (x) automatically and permanently be reduced by the amount of any Borrowing of a Loan and (y) automatically and permanently terminate on March 26, 2021. The Borrower may, upon not less than three (3) Business Days' notice to the Initial Lender and the Administrative Agent, terminate the Commitments or, from time to time, reduce the Commitment. Any such reduction in the Commitments shall be in an amount equal to \$1,000,000 or a whole multiple thereof, and shall permanently reduce the Commitment.

SECTION 2.08 Repayment of Loans. The Borrower shall repay to the Administrative Agent for the ratable account of the Lenders the aggregate principal amount of all Loans outstanding on the Maturity Date.

#### SECTION 2.09 Interest.

(a) Interest Rates. Subject to paragraph (b) of this Section, the Loans shall bear interest at a rate per annum equal to the Adjusted LIBO Rate plus the Applicable Rate.

(b) Default Interest. If any amount payable by the Borrower under this Agreement or any other Loan Document (including principal of any Loan, interest, fees and other amount) is not paid when due, whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a rate per annum equal to the applicable Default Rate. Upon the request of the Required Lenders, while any Event of Default exists, the Borrower shall pay interest on the principal amount of all Loans outstanding hereunder at a rate per annum equal to the applicable Default Rate.

(c) Payment Dates. Accrued interest on each Loan shall be payable in arrears on or before 12:00 noon (New York City time) on each Interest Payment Date applicable thereto and at such other times as may be specified herein; provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of any Loan (including mandatory prepayments under Section 2.06(b)), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(d) Interest Computation. All interest hereunder shall be computed on the basis of a year of three hundred sixty (360) days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.



SECTION 2.10 Benchmark Replacement Setting.

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, as notified by the Required Lenders to the Administrative Agent in writing, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders and the Administrative Agent by the Required Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document, so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent (after consultation with the Required Lenders) will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(c) Notices; Standards for Decisions and Determinations. The Initial Lender or the Required Lenders, as the case may be, will promptly notify the Administrative Agent, which will then promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (d) below and (iv) the commencement or conclusion of any Benchmark Unavailability Period. The Administrative Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by any Lender (or group of Lenders) or the Administrative Agent, if applicable, pursuant to this Section 2.10 including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.10. Notwithstanding anything in this Agreement to the contrary, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, any determination made by it in connection with the adoption of Benchmark Replacement Conforming Changes or for the impact of such Benchmark Replacement Conforming Changes, nor for the failure to adopt any Benchmark Replacement Conforming Changes due to the failure of the Required Lenders to cooperate in good faith in connection with the determination of any Benchmark Replacement Conforming Changes.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a

Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or USD LIBO Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the definition of "Interest Period" may be modified for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) used by the Administrative Agent or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the definition of "Interest Period" may be modified for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. During any Benchmark Unavailability Period, all calculations of interest by reference to a LIBO Rate hereunder shall instead be made by reference to the Alternate Base Rate.

#### SECTION 2.11 Evidence of Debt.

(a) Maintenance of Records. The Administrative Agent shall maintain the Register in accordance with Section 11.04(c). The entries made in the records maintained pursuant to this paragraph (a) shall be prima facie evidence absent manifest error of the existence and amounts of the obligations recorded therein. Any failure of the Administrative Agent to maintain such records or make any entry therein or any error therein shall not in any manner affect the obligations of the Borrower under this Agreement and the other Loan Documents.

(b) Promissory Notes. The Borrower shall prepare, execute and deliver to such Lender a promissory note of the Borrower payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and a form attached as Exhibit C hereto, which shall evidence such Lender's Loan.

#### SECTION 2.12 Payments Generally.

(a) Payments by Borrower. All payments to be made by the Borrower hereunder and the other Loan Documents shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all such payments shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, to the Administrative Account in immediately available funds not later than 12:00 noon (New York City time) on the date specified herein. All amounts received by a Lender or the Administrative Agent after such time on any date shall be deemed to have been received on the next succeeding Business Day and any applicable interest or fees shall continue to accrue. The Administrative Agent will promptly distribute to each Lender its ratable share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's applicable lending office (or otherwise distribute such payment in like funds as received to the Person or Persons entitled thereto as provided herein). If any payment to be made by the Borrower shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; provided that, if such next succeeding Business Day would fall after the Maturity Date, payment shall be made on the immediately preceding Business Day. Except as otherwise expressly provided herein, all payments hereunder or under any other Loan Document shall be made in Dollars.

(b) Application of Insufficient Payments. Subject to Section 7.02, if at any time insufficient funds are received by and available to the Lenders or the Administrative Agent to pay fully all amounts of principal, interest, fees and other amounts then due hereunder, such funds shall be applied (i) first, to pay interest, fees and other amounts then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest, fees and other amounts then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, but shall not be obligated to, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. Notwithstanding the foregoing, the Administrative Agent is not required to make any payment to the Lenders until it is in possession of cleared funds from the Borrower.

(d) Deductions by Administrative Agent. If any Lender (other than the Initial Lender) shall fail to make any payment required to be made by it pursuant to Section 2.13 or 11.03(c), then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender for the benefit of the Administrative Agent to satisfy such Lender's obligations to the Administrative Agent until all such unsatisfied obligations are fully paid or (ii) hold any such amounts in a segregated account as cash collateral for, and for application to, any future funding obligations of such Lender under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

(e) Several Obligations of Lenders. The obligations of the Lenders hereunder to make Loans and to make payments pursuant to Section 11.03(c) are several and not joint. The failure of any Lender to make any Loan or to make any such payment on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or to make its payment under Section 11.03(c).

SECTION 2.13 Sharing of Payments. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided that:

- (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and
- (ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

**SECTION 2.14 Compensation for Losses.** In the event of (a) the payment of any principal of the Loans other than on the last day of an Interest Period (including as a result of an Event of Default), (b) the failure to borrow or prepay the Loans (or any portion thereof) on the date specified in any notice delivered pursuant hereto, or (c) the assignment of the Loans (or any portion thereof) other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19(b), then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, for the date that would have been the applicable Interest Period), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate that such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the London interbank eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate promptly after receipt thereof.

**SECTION 2.15 Increased Costs.**

- (a) **Increased Costs Generally.** If any Change in Law shall:
  - (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Adjusted LIBO Rate);
  - (ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or
  - (iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making or maintaining any Loan or to reduce the amount of any sum received or receivable by such Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or other Recipient, the Borrower will pay to such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) [Reserved].

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

#### SECTION 2.16 Taxes.

(a) Defined Terms. For purposes of this Section, the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made. Borrower acknowledges and agrees that, absent a Change in Law, Borrower is not required to withhold or deduct from any such payments to the Initial Lender on account of any U.S. federal withholding taxes or Taxes imposed pursuant to FATCA.

(c) Payment of Other Taxes by Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Initial Lender, the Required Lenders or the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by Borrower. The Borrower shall indemnify each Recipient, within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable

or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent if such Lender is not the Initial Lender), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender (other than the Initial Lender) shall severally indemnify the Administrative Agent, within thirty (30) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.04(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any such Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender (other than the Initial Lender) hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to such Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders. (i) Any Lender (other than the Initial Lender) that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower (or, if such Lender is not the Initial Lender, the Administrative Agent) as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender (other than the Initial Lender), if reasonably requested by the Borrower (or the Administrative Agent), shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower (or the Administrative Agent) as will enable the Borrower (or the Administrative Agent) to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (g)(ii)(A), (ii)(B) and (ii)(D) of this Section) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender (other than the Initial Lender) that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter

upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of IRS Form W-8ECI (or any successor forms) and, in the case of an Agent, a withholding certificate that satisfies the requirements of Treasury Regulation Sections 1.1441-1(b)(2)(iv) and 1.1441-1(e)(3)(v) as applicable to a U.S. branch that has agreed to be treated as a U.S. Person for withholding tax purposes;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit B-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a “controlled foreign corporation” related to the Borrower as described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-2 or Exhibit B-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender

becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender (other than the Initial Lender) under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so. Notwithstanding anything to the contrary in this Agreement, the Initial Lender shall be entitled to the benefits of this Section 2.16 and all related provisions under this Agreement without regard to whether it provides any documentation described in Section 2.16(g).

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.



SECTION 2.17 [Reserved].

SECTION 2.18 [Reserved].

SECTION 2.19 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.15, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.16, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with paragraph (a) of this Section, or if any Lender is a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.04), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.15 or Section 2.16) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

- (i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 11.04;
- (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 2.14) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);
- (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments thereafter;
- (iv) such assignment does not conflict with Applicable Law; and
- (v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

The Credit Parties represent and warrant to the Administrative Agent, the Collateral Agent and the Lenders on the Closing Date and on the date of each Borrowing that:

SECTION 3.01 Existence, Qualification and Power. Each of the Credit Parties and their respective Material Subsidiaries (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a) (other than with respect to any Credit Party), (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02 Authorization; No Contravention. The execution, delivery and performance by each Credit Party of each Loan Document to which it is party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which each Credit Party is a party or affecting each Credit Party or the material properties of any Credit Party or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which any Credit Party or its property is subject or (c) violate any Law, except to the extent such violation could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, each Credit Party of this Agreement or any other Loan Document, except for (i) such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect and (ii) filings and consents contemplated by the Security Documents or Section 5.14.

SECTION 3.04 Execution and Delivery; Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Credit Party. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of each Credit Party, enforceable against each Credit Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

SECTION 3.05 Financial Statements; No Material Adverse Change.

(a) Financial Statements. The financial statements described in Schedule 3.05 were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the Parent and its Subsidiaries as of the date thereof and their results of operations and cash flows for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) No Material Adverse Change. Since the date of the most recent audited balance sheet included in the financial statements described in Schedule 3.05, there has been no event or circumstance that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

SECTION 3.06 Litigation. Except for those matters which have been publicly disclosed in any SEC filing of the Parent filed prior to the Closing Date, there are no actions, suits, proceedings, claims, disputes or investigations pending or, to the knowledge of any Credit Party, threatened, at Law, in equity, in arbitration or before any Governmental Authority, by or against any Credit Party or any of its Subsidiaries or against any of their properties or revenues that (a) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect or (b) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby.

SECTION 3.07 Contractual Obligations; No Default. None of the Credit Parties and their respective Subsidiaries is in default under or with respect to any Contractual Obligation that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

SECTION 3.08 Property.

(a) Ownership of Properties and Collateral. Each of the Credit Parties and their respective Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Each Credit Party has good title to the Collateral owned by it, free and clear of all Liens other than Permitted Liens.

(b) Intellectual Property and Personal Data. Each of the Credit Parties and their respective Subsidiaries owns, licenses or possesses the valid and enforceable right to use all of the material Intellectual Property and data (including Personal Data) that is used in or necessary for the operation of each Carrier Loyalty Program. The use of Loyalty Program Intellectual Property and the Loyalty Program Data by the Credit Parties and the conduct of the Carrier Loyalty Programs as currently conducted do not materially infringe upon, misappropriate, dilute or otherwise violate any Privacy Law nor any rights held by any other Person. No claim or litigation regarding any of the foregoing, or challenging the ownership, validity or enforceability of any Loyalty Program Intellectual Property is pending or, to the knowledge of any of the Credit Parties, threatened that could reasonably be expected to be material to any of the Credit Parties, and to the knowledge of the Credit Parties, there is no basis for any such claim.

SECTION 3.09 Taxes. The Credit Parties and their respective Subsidiaries have filed all federal, state and other tax returns and reports required to be filed, and have paid all federal, state and other

taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (a) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.10 Disclosure. (a) The Credit Parties and their respective Subsidiaries have disclosed to the Administrative Agent, the Collateral Agent and the Lenders all agreements, instruments and corporate or other restrictions to which they are subject, and all other matters known to them, that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The Loan Application Form, reports, financial statements, certificates and other written information (other than projected or pro forma financial information) furnished by or on behalf of the Credit Parties and their respective Subsidiaries to any Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (as modified or supplemented by other information so furnished), taken as a whole, do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected or pro forma financial information, the Credit Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation and delivery (it being understood that such projected information may vary from actual results and that such variances may be material) and (b) as of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.

SECTION 3.11 Compliance with Laws. Each of the Credit Parties and their respective Subsidiaries is in compliance with the requirements of all Laws (including Environmental Laws and Privacy Laws) and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to so comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.12 ERISA Compliance.

(a) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, (i) each Plan is in compliance with the applicable provisions of ERISA, the Code and other federal or state Laws and (ii) each Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter, opinion letter or advisory letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS, and, to the knowledge of any Credit Party, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of any Credit Party, threatened or contemplated claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(c) No ERISA Event has occurred, and neither any Credit Party nor any ERISA Affiliate is aware of any fact, event or circumstance that, either individually or in the aggregate, could reasonably be expected to constitute or result in an ERISA Event that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(d) Except as would not reasonably be expected to have individually or in the aggregate, a Material Adverse Effect, the present value of all accrued benefits under each Pension Plan (based on those assumptions used to fund such Pension Plan) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Pension Plan allocable to such accrued benefits by a material amount.

(e) To the extent applicable, each Foreign Plan has been maintained in compliance with its terms and with the requirements of any and all applicable requirements of Law and has been maintained, where required, in good standing with applicable regulatory authorities, except to the extent that the failure so to comply could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect. Neither the Parent nor any Subsidiary has incurred any obligation in connection with the termination of or withdrawal from any Foreign Plan that, either individually or in the aggregate, would reasonably be expected to have individually or in the aggregate, a Material Adverse Effect. Except as would not reasonably be expected to have individually or in the aggregate, a Material Adverse Effect, the present value of the accrued benefit liabilities (whether or not vested) under each Foreign Plan that is funded, determined as of the end of the most recently ended fiscal year of the Parent or Subsidiary, as applicable, on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the property of such Foreign Plan by a material amount, and for each Foreign Plan that is not funded, the obligations of such Foreign Plan are properly accrued.

SECTION 3.13 Environmental Matters. Except with respect to any matters that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, none of the Credit Parties and their respective Subsidiaries (a) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (b) knows of any basis for any permit, license or other approval required under any Environmental Law to be revoked, canceled, limited, terminated, modified, appealed or otherwise challenged, (c) has or could reasonably be expected to become subject to any Environmental Liability, (d) has received notice of any claim, complaint, proceeding, investigation or inquiry with respect to any Environmental Liability (and no such claim, complaint, proceeding, investigation or inquiry is pending or, to the knowledge of the Parent, is threatened or contemplated) or (e) knows of any facts, events or circumstances that could give rise to any basis for any Environmental Liability with respect thereto.

SECTION 3.14 Investment Company Act. None of the Credit Parties is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.15 Sanctions; Export Controls; Anti-Corruption; AML Laws.

(a) None of the Credit Parties and their respective Subsidiaries and no director, officer, or affiliate of the foregoing is a Person that is: (i) the subject of any sanctions administered or enforced by the United States (including, but not limited to, those administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control, the U.S. Department of State, and the U.S. Department of Commerce’s Bureau of Industry and Security) (“Sanctions”), (ii) organized or resident in a country or territory that is the subject of country-wide or region-wide Sanctions (including, currently, Crimea, Cuba, Iran, North Korea, and Syria) (each a “Sanctioned Country”) or located in a Sanctioned Country except to the extent authorized under Sanctions or (iii) a Person with whom dealings are restricted or prohibited by Sanctions as a result of a relationship of ownership or control with a Person listed in (i) or (ii) (each of (i), (ii) and (iii) is a “Sanctioned Person”).

(b) For the period beginning eight (8) years prior to the date hereof, each of the Credit Parties and their respective Subsidiaries and their respective directors, officers and employees and, to the knowledge of the Credit Parties, such respective affiliates, have been, in all material respects, in compliance with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the “FCPA”) and any other applicable anti-bribery or anti-corruption laws and regulations (collectively with the FCPA, the “Anticorruption Laws”) and all applicable Sanctions, Export Control Laws, and AML Laws.

SECTION 3.16 Solvency. The Borrower and its Subsidiaries are Solvent on a consolidated basis after giving effect to the borrowing of the Loans.

SECTION 3.17 Subsidiaries. Schedule 3.17 sets forth the name of, and the ownership interests of the Parent and each of its Subsidiaries and indicates which of such Subsidiaries are Excluded Subsidiaries as of the date hereof.

SECTION 3.18 Senior Indebtedness. The Loans, the Obligations and the Guaranteed Obligations constitute “senior indebtedness” (or any other similar or comparable term) under and as defined in the documentation governing any Indebtedness of the Credit Parties that is subordinated in right of payment to any other Indebtedness thereof.

SECTION 3.19 Insurance Matters. The properties of the Credit Parties are insured pursuant to Section 5.06 hereof. Each insurance policy required to be maintained by the Credit Parties pursuant to Section 5.06 is in full force and effect and all premiums in respect thereof that are due and payable have been paid.

SECTION 3.20 Labor Matters. Except as would not reasonably be expected to have individually or in the aggregate, a Material Adverse Effect, (a) there are no strikes, lockouts, slowdowns or other material labor disputes against any Credit Party or any of its Subsidiary thereof pending or, to the knowledge of the Credit Parties, threatened, (b) the Credit Parties and their respective Subsidiaries have complied with all applicable federal, state, local and foreign Laws relating to the employment (or termination thereof), the hours worked by and payments made to employees of the Parent and its Subsidiaries comply with the Fair Labor Standards Act and any other applicable federal, state, local or foreign Law dealing with such matters and (c) all payments due from the Credit Parties and their respective Subsidiaries, or for which any claim may be made against the Credit Parties and their respective Subsidiaries, on account of wages and employee health and welfare insurance and other benefits, have been paid or properly accrued in accordance with GAAP as a liability on the books of the Parent or such Subsidiary. There are no complaints, unfair labor practice charges, grievances, arbitrations, unfair employment practices charges or any other claims or complaints against the Credit Parties or their respective Subsidiaries pending or, to the knowledge of the Credit Parties, threatened to be filed with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of any employee of the Credit Parties and their respective Subsidiaries that would, individually or in the aggregate, be reasonably expected to result in a Material Adverse Effect.

SECTION 3.21 Insolvency Proceedings. None of the Credit Parties has taken, and none of the Credit Parties is currently evaluating taking, any action to seek relief or commence proceedings under any Debtor Relief Law in any applicable jurisdiction.

SECTION 3.22 Margin Regulations. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of any

Borrowing hereunder will be used to buy or carry any Margin Stock. Following the application of the proceeds of each Borrowing, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) will be Margin Stock.

SECTION 3.23 Liens. There are no Liens of any nature whatsoever on any Collateral other than Liens permitted under Section 6.02 hereof.

SECTION 3.24 Perfected Security Interests.

(a) As of the Closing Date (or such later date as permitted under Section 5.14) and as of the date of each Borrowing, the Security Documents, taken as a whole, are effective to create in favor of the Collateral Agent for the benefit of the Secured Parties a legal, valid and enforceable first priority security interest in all of the Collateral to the extent purported to be created thereby.

(b) As of the Closing Date (or such later date as permitted under Section 5.14) and as of the date of each Borrowing, each Credit Party has or shall have satisfied the Perfection Requirement with respect to the Collateral.

SECTION 3.25 US Citizenship. The Borrower is a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 and as that statutory provision has been interpreted by the DOT pursuant to its policies.

SECTION 3.26 Air Carrier Status. The Borrower is an "air carrier" within the meaning of Section 40102 of Title 49, holds a certificate under Section 41102 of Title 49 and, during the time period from April 1, 2019 to September 30, 2019, derived more than 50% of its air transportation revenue from the transportation of passengers. The Borrower holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. The Borrower possesses all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions, frequencies and consents which relate to the operation of the routes flown by it and the conduct of its business and operations as currently conducted, except where failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.27 Cybersecurity. Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, the information technology assets, equipment, systems, networks, software, hardware, and the computers, websites, applications and databases used by or on behalf of the Credit Parties in connection with any of the Carrier Loyalty Programs (collectively, "IT Systems") (i) are adequate for the operation of the Carrier Loyalty Programs as currently conducted, and (ii) are free and clear of all bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, (i) the Credit Parties have implemented and maintained commercially reasonable (taking into account the nature, scope and sensitivity of the information) policies, procedures, and safeguards designed to maintain and protect all Loyalty Program Data and confidential information (including Trade Secrets) included in the Collateral and the integrity, continuous operation, redundancy and security of all IT Systems and data and (ii) there have been no breaches, cyberattacks (including ransomware attacks) or unauthorized uses of or accesses to the IT Systems or any Loyalty Program Data, Trade Secrets or confidential information stored therein or processed thereby, except for those that have been fully remedied.

SECTION 3.28 Loyalty Program Agreements(a) . The Credit Parties have delivered or made available to the Initial Lender complete and correct copies of each of the Material Loyalty Program Agreements. Each of the Material Loyalty Program Agreements is in full force and effect and except as

could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, none of the Credit Parties has knowledge of or has received notice of (i) any breach, (ii) change in law or (iii) force majeure event, in the case of (ii) and (iii) as defined under the applicable Material Loyalty Program Agreement, that would prevent such Credit Party and/or the applicable counterparty from performing its respective obligations under such Material Loyalty Program Agreement.

#### ARTICLE IV

##### CONDITIONS

SECTION 4.01 Closing Date and Initial Borrowing. The effectiveness of this Agreement and the funding of the initial Borrowing hereunder are subject to the satisfaction (or waiver in accordance with Section 11.02) of the following conditions (and, in the case of each document specified in this Section to be received by the Initial Lender (and the applicable Agent or Agents), such document shall be in form and substance satisfactory to the Initial Lender and/or the applicable Agent or Agents):

(a) Executed Counterparts. The Initial Lender and the Agents shall have received from each party hereto a counterpart of this Agreement, any Security Documents to which it is a party and the Note, each signed on behalf of such party. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement or any Security Documents by telecopy or other electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Certificates. The Initial Lender and any applicable Agent shall have received such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Credit Parties as the Lenders may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with the Loan Documents;

(c) Organizational Documents. The Initial Lender shall have received customary resolutions or evidence of corporate authorization, secretary's certificates and such other documents and certificates (including Organizational Documents and good standing certificates) as the Initial Lender may request relating to the organization, existence and good standing of each Credit Party and any other legal matters relating to the Credit Parties, the Loan Documents or the transactions contemplated thereby.

(d) Opinion of Counsel to Credit Parties. The Initial Lender and the applicable Agent or Agents shall have received all opinions of counsel (including any additional opinions of counsel as required under any Security Document) to the Credit Parties that is acceptable to the Initial Lender, addressed to the Initial Lender and the applicable Agent or Agents and dated the Closing Date, in form and substance satisfactory to the Initial Lender and the applicable Agent (and the Parent hereby instructs such counsel to deliver such opinions to such Persons).

(e) Beneficial Ownership Regulation Information. At least five (5) days prior to the Closing Date, the Borrower shall deliver to the Initial Lender a Beneficial Ownership Certification.

(f) Expenses. The Borrower shall have paid all reasonable fees, expenses (including the fees and expenses of legal counsel) and other amounts due to the Initial Lender, the Administrative Agent and the Collateral Agent (to the extent that statements for such expenses



shall have been delivered to the Borrower on or prior to the Closing Date); provided that such expenses payable by the Borrower may be offset against the proceeds of the Loans funded on the Closing Date.

(g) Officer's Certificate. The Initial Lender shall have received a certificate executed by a Responsible Officer of the Parent and the Borrower confirming (i) that the representations and warranties contained in Article III of this Agreement are true and correct on and as of the Closing Date, (ii) that the information provided in the Loan Application Form submitted by the Borrower was true and correct on and as of the date of delivery thereof, (iii) the satisfaction of such condition and (iv) that no Default or Event of Default exists or will result from the borrowing of the Loans on the Closing Date.

(h) Other Documents. The Initial Lender and the Agents shall have received such other documents as it may request.

(i) Appraisals. The Initial Lender shall have received Appraisals satisfactory in form and substance and performed by an Eligible Appraiser dated as of a date no earlier than thirty (30) days prior to the Closing Date.

(j) Security Interests. Each Credit Party shall have, and caused its Subsidiaries to, take any action and execute and deliver, or cause to be executed and delivered, any agreement, document or instrument required in order to create a valid, perfected first priority security interest in the Collateral in favor of the Collateral Agent for the benefit of the Secured Parties (including delivery of UCC financing statements in appropriate form for filing under the UCC and of the Intellectual Property security agreements included in the Required Filings and entering into control agreements). Each Credit Party shall have satisfied, and caused its Subsidiaries to satisfy, the Perfection Requirement with respect to the Collateral. In addition, the Credit Parties shall have delivered a completed Perfection Certificate (as defined in the Pledge and Security Agreement).

(k) Consents and Authorizations. Each Credit Party shall have obtained all consents and authorizations from Governmental Authorities and all consents of other Persons (including shareholder approvals, if applicable) that are necessary or advisable in connection with this Agreement, any Loan Document, any of the transactions contemplated hereby or thereby or the continuing operations of the Credit Parties and each of the foregoing shall be in full force and effect and in form and substance satisfactory to the Initial Lender.

(l) Lien Searches. The Initial Lender shall have received (i) UCC, Intellectual Property and other lien searches conducted in the jurisdictions and offices where liens on material assets of the Credit Parties are required to be filed or recorded and (ii) to the extent Collateral consists of (x) Aircraft and Engine Assets (as defined in the Pledge and Security Agreement), aircraft registry lien searches conducted with the FAA and the International Registry, and (y) Spare Part Assets (as defined in the Pledge and Security Agreement), registry lien searches conducted with the FAA (with reference to each Designated Spare Parts Location set forth on Schedule 2.1 of the Pledge and Security Agreement), in each case, reflecting the absence of Liens on the assets of the Credit Parties, other than Permitted Liens or Liens to be discharged on or prior to the Closing Date pursuant to documentation satisfactory to the Initial Lender.

(m) Collateral Coverage Ratio. On the Closing Date (and after giving pro forma effect to any Borrowings on such date), the Collateral Coverage Ratio shall not be less than 2.0 to 1.0.

- (n) Solvency Certificate. The Initial Lender shall have received a certificate of the chief financial officer or treasurer (or other comparable officer) of the Parent certifying that the Borrower and its Subsidiaries (taken as a whole) are, and will be immediately after giving effect to any Loans borrowed on the Closing Date, Solvent.
- (o) Warrant Agreement. Treasury and the Parent shall have entered into the Warrant Agreement.
- (p) Loyalty Revenue Advance Transactions. On the Closing Date, the aggregate outstanding balance of Loyalty Revenue Advance Transactions shall not exceed an aggregate amount equal to \$15,000,000.
- (q) Control Agreements. The Initial Lender and the Collateral Agent shall have received fully executed copies of account control agreements in form and substance satisfactory to the Initial Lender with respect to the Collateral Accounts.
- (r) [Reserved].
- (s) Loyalty Partner Direct Agreements. The Initial Lender and the Collateral Agent shall have received duly executed Direct Agreements from the counterparties to each Material Loyalty Program Agreement in effect on the Closing Date substantially in the form of Exhibit D hereto.
- (t) Other Matters. Since June 29, 2020, (i) there has been no event or circumstance that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect and (ii) none of the Credit Parties has made a Disposition (including any sale of Currency) of any assets of the type that would be included in the Collateral had this Agreement been in effect at such time other than as would have been permitted under Section 6.04(b), (d), (e) or (h).

SECTION 4.02 Each Borrowing. The funding by the Lenders of each Borrowing (including the Borrowing to be requested on the Closing Date) is additionally subject to the satisfaction of the following conditions:

- (a) the Administrative Agent shall have received a written Borrowing Request in accordance with the requirements of Section 2.03(a), with a copy to the Initial Lender (solely to the extent the Initial Lender is a Lender at the time of such Borrowing);
- (b) the representations and warranties of the Credit Parties set forth in this Agreement and in any other Loan Document shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of such Borrowing (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date);
- (c) no Default shall have occurred and be continuing or would result from such Borrowing or from the application of proceeds thereof;
- (d) on the date of the funding of such Borrowing (and after giving pro forma effect thereto and the pledge of any Additional Collateral), the Collateral Coverage Ratio shall not be less than 2.0 to 1.0 as evidenced by a certificate of a Responsible Officer of the Parent;

(e) [reserved];

(f) the Initial Lender shall have received satisfactory evidence that (x) each Material Loyalty Program Agreement has and (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended have, in each case, an expiration date that is at least six (6) months after the Maturity Date (without giving effect to the proviso in the definition thereof);

(g) on the date of such Borrowing, the opinion of the independent public accountants (after giving effect to any reissuance or revision of such opinion) on the most recent audited consolidated financial statements delivered by the Parent pursuant to Section 5.01(a) shall not include a “going concern” qualification under GAAP as in effect on the date of this Agreement or, if there is a change in the relevant provisions of GAAP thereafter, any like qualification or exception under GAAP after giving effect to such change; and

(h) on or prior to the date of such Borrowing, each Credit Party shall have satisfied the Perfection Requirement with respect to the Collateral.

Each Borrowing Request by the Borrower hereunder and each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on and as of the date of the applicable Borrowing as to the matters specified in clauses (b) and (c) above in this Section.

## ARTICLE V

### AFFIRMATIVE COVENANTS

Until all the later of (i) the date on which all of the Obligations shall have been paid in full and (ii) such later date specified in this Agreement, the Credit Parties covenant and agree with the Lenders that:

SECTION 5.01 Financial Statements. The Parent will furnish to the Administrative Agent and each Lender:

(a) as soon as available, and in any event within ninety (90) days after the end of each fiscal year of the Parent (or, if earlier, five (5) days after the date required to be filed with the SEC) (commencing with the fiscal year ended prior to the Closing Date), a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of independent public accountants of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards (and shall not be subject to any “going concern” or like qualification (other than a qualification solely resulting from (x) the impending maturity of any Indebtedness or (y) any prospective or actual default under any financial covenant), exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) as soon as available, but in any event within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Parent (or, if earlier, five (5) days after the date required to be filed with the SEC) (commencing with the first of such fiscal quarters ended prior to the Closing Date), a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the Parent's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Financial Officer of the Parent as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject only to normal year-end audit adjustments and the absence of notes;

(c) for so long as the Initial Lender is the only Lender, as soon as available, but in any event no later than seventy-five (75) days after the beginning of each fiscal year of the Parent, forecasts prepared by management of the Parent and a summary of material assumptions used to prepare such forecasts, in form satisfactory to the Initial Lender, including projected consolidated balance sheets and statements of income or operations and cash flows of the Parent and its Subsidiaries on a quarterly basis for such fiscal year; and

(d) solely at the request of the Appropriate Party (which shall be no more than quarterly), at a time mutually agreed with the Appropriate Party and the Parent, participate in a conference call for Lenders to discuss the financial condition and results of operations of the Parent and its Subsidiaries and any forecasts which have been delivered pursuant to this Section 5.01.

SECTION 5.02 Certificates; Other Information. The Parent will deliver to the Administrative Agent and each Lender:

(a) [reserved];

(b) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a duly completed certificate signed by a Responsible Officer of the Parent certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto;

(c) [reserved];

(d) promptly after the furnishing thereof, copies of any notice of default or potential default or other material written notice received by the Parent or any Subsidiary from, or furnished by the Parent or any Subsidiary to, any holder of Material Indebtedness of the Parent or any Subsidiary;

(e) promptly after receipt thereof by any Credit Party or any Subsidiary thereof, copies of each material notice or other material written correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding material financial or other material operational results of any Credit Party or any Subsidiary thereof;

(f) [reserved];

(g) promptly following any request therefor; (i) such other information regarding the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of any Credit Party or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent, the Initial Lender or any other Lender (acting through the Administrative Agent) may from time to time request; or (ii) beneficial ownership information and documentation reasonably requested by the Administrative Agent or any Lender from time to time for purposes of ensuring compliance with Sanctions and AML Laws. For purposes of determining whether or not a representation with respect to any indirect ownership is true or a covenant is being complied with under this Section, the Parent shall not be required to make any investigation into (i) the ownership of publicly traded stock or other publicly traded securities or (ii) the ownership of assets by a collective investment fund that holds assets for employee benefit plans or retirement arrangements;

(h) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a duly completed certificate signed by a Responsible Officer of the Borrower certifying as to its compliance with Article X of this Agreement;

(i) knowledge or notice of any event or circumstance that has had or is reasonably expected to (i) result in a material reduction or suspension of payments under any Material Loyalty Program Agreement or any Loyalty Subscription Program or (ii) have a material adverse effect on the ability of a Credit Party and/or any counterparty to a Material Loyalty Program Agreement to perform its material obligations thereunder;

(j) certificates with reasonably detailed calculations of the Collateral Coverage Ratio on each CCR Certificate Delivery Date and the Debt Service Coverage Ratio on each DSCR Determination Date; and

(k) no later than ten (10) Business Days following the last day of each March, June, September and December (commencing December 31, 2020), deliver a certificate of a Responsible Officer of the Parent (i) setting forth the name of each new Material Loyalty Program Agreement entered into as of such date and each of the parties thereto, (ii) certifying that all Loyalty Program Revenue for the immediately preceding calendar quarter were deposited, directly or indirectly, into the Collection Account or another Collateral Account (and at least 90% of all Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) were deposited directly into a Collateral Account) and (iii) setting forth in reasonable detail and in form satisfactory to the Appropriate Party (x) all Loyalty Program Revenues and related cash flows for the immediately preceding calendar quarter and (y) for so long as the Initial Lender is the only Lender, projected Loyalty Program Revenues for the current calendar quarter.

Documents required to be delivered pursuant to Section 5.01(a) or (b) or Section 5.02(c), (d) or (e) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR); or (ii) on which such documents are posted on the Parent's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (A) upon written request by the Administrative Agent, the Parent shall deliver paper copies of such documents to the Administrative Agent or any Lender upon its request to the Parent to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (B) the Parent shall notify the Administrative Agent and each Lender (by facsimile or electronic mail) of the posting of any such documents and provide to the Lenders by electronic mail electronic versions (i.e., soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above.

SECTION 5.03 Notices. The Parent will promptly notify the Administrative Agent and each Lender of:

- (a) promptly after any Responsible Officer of the Parent or any of its Subsidiaries obtains knowledge thereof, the occurrence of any Default;
- (b) the filing or commencement of any action, suit, investigation or proceeding by or before any arbitrator or Governmental Authority against or affecting the Parent or any Controlled Affiliate thereof, including pursuant to any applicable Environmental Laws, that could reasonably be expected to be adversely determined, and, if so determined, could reasonably be expected to have a Material Adverse Effect;
- (c) the occurrence of any ERISA Event that, either individually or together with any other ERISA Events, could reasonably be expected to have a Material Adverse Effect;
- (d) notice of any action arising under any Environmental Law or of any noncompliance by any Credit Party or any Subsidiary with any Environmental Law or any permit, approval, license or other authorization required thereunder that, if adversely determined, could reasonably be expected to have a Material Adverse Effect;
- (e) to the extent not publicly disclosed pursuant to an SEC filing of the Parent, any material change in accounting or financial reporting practices by the Parent, any Credit Party or any Subsidiary;
- (f) any change in the Credit Ratings from a Credit Rating Agency with negative implications, or the cessation by a Credit Rating Agency of, or its intent to cease, rating the Borrower's or the Parent's debt; and
- (g) any matter or development that has had or could reasonably be expected to have a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the Parent setting forth the details of the occurrence requiring such notice and stating what action the Parent has taken and proposes to take with respect thereto.

SECTION 5.04 Preservation of Existence, Etc. Each Credit Party will, and will cause each of its Subsidiaries to, (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 6.03 or 6.04; (b) take all reasonable action to maintain all rights, licenses, permits, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

SECTION 5.05 Maintenance of Properties. Each Credit Party will, and will cause each of its Subsidiaries to, (a) maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order and condition (ordinary wear and tear excepted) and (b) make all necessary repairs thereto and renewals and replacements thereof, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.06 Maintenance of Insurance. Subject to any additional requirements under any Security Document, each Credit Party will maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as Parent and its Subsidiaries; provided that, insurance in respect of Collateral shall be maintained with such third party insurance companies except to the extent expressly permitted in the Pledge and Security Agreement) as are customarily carried under similar circumstances by such Persons.

SECTION 5.07 Payment of Obligations. Each Credit Party will pay, discharge or otherwise satisfy as the same shall become due and payable, all of its obligations and liabilities, including Tax liabilities, except to the extent (a) the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Parent or such Credit Party or (b) the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.08 Compliance with Laws. Each Credit Party will, and will cause each of its Subsidiaries to, comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.09 Environmental Matters. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, each Credit Party will, and will cause each of its Subsidiaries to, (a) comply with all Environmental Laws, (b) obtain, maintain in full force and effect and comply with any permits, licenses or approvals required for the facilities or operations of the Parent or any of its Subsidiaries, and (c) conduct and complete any investigation, study, sampling or testing, and undertake any corrective, cleanup, removal, response, remedial or other action necessary to identify, report, remove and clean up all Hazardous Materials present or released at, on, in, under or from any of the facilities or real properties of the Parent or any of its Subsidiaries.

SECTION 5.10 Books and Records. Each Credit Party will maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Parent or such Subsidiary, as the case may be.

SECTION 5.11 Inspection Rights. Each Credit Party will, and, to the extent relevant for inspections of Collateral will cause each of its Subsidiaries to, permit representatives, agents and independent contractors of the Administrative Agent, the Initial Lender and the Special Inspector General for Pandemic Recovery to visit and inspect any of its properties (including all Collateral), to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the reasonable expense of the Parent and at such reasonable times during normal business hours and as often as may be reasonably requested; provided that, other than with respect to such visits and inspections during the continuation of an Event of Default or by the Initial Lender or the Special Inspector General for Pandemic Recovery, (a) only the Administrative Agent (or its representatives, agents and independent contractors) at the direction of a Lender may exercise rights under this Section and (b) the Administrative Agent (or its representatives, agents and independent contractors) shall not exercise such rights more often than two (2)

times during any calendar year; provided, further, that when an Event of Default exists the Administrative Agent, any Lender or the Special Inspector General for Pandemic Recovery (or any of their respective representatives, agents or independent contractors) may do any of the foregoing under this Section at the expense of the Parent and at any time during normal business hours and without advance notice.

SECTION 5.12 Sanctions; Export Controls; Anti-Corruption Laws and AML Laws. Each Credit Party and its Subsidiaries will remain in compliance in all material respects with applicable Sanctions, Export Control Laws, Anticorruption Laws, and AML Laws. Until all Obligations have been paid in full, neither any Credit Party, any Subsidiary of a Credit Party, nor any director or officer of any Credit Party or any Subsidiary of a Credit Party shall become a Sanctioned Person or a Person that is organized or resident in a Sanctioned Country or located in a Sanctioned Country except to the extent authorized under Sanctions.

SECTION 5.13 Guarantors; Additional Collateral.

(a) The Guarantors listed on the signature page to this Agreement hereby Guarantee the Guaranteed Obligations as set forth in Article IX. If any Subsidiary (other than an Excluded Subsidiary) is formed or acquired after the Closing Date, if any Subsidiary ceases to be an Excluded Subsidiary or if required in connection with the addition of Additional Collateral, then the Parent will cause such Subsidiary, promptly (in any event, within thirty (30) days of such Subsidiary being formed or acquired or of such Subsidiary ceasing to be an Excluded Subsidiary), (i) to become a Guarantor of the Loans pursuant to joinder documentation reasonably acceptable to the Appropriate Party and on the terms and conditions set forth in Article IX, (ii) to become a party to each applicable Security Document and all other agreements, instruments or documents that create or purport to create and perfect a first priority Lien (subject to Permitted Liens) in favor of the Collateral Agent for the benefit of the Secured Parties in its assets that are of a type that are intended to be included in the Collateral (other than any Excluded Assets), subject to and in accordance with the terms, conditions and provisions of the Loan Documents, (iii) to satisfy the Perfection Requirement, (iv) to deliver a secretary's certificate of such Subsidiary, in form and substance reasonably acceptable to the Appropriate Party, with appropriate insertions and attachments, and (v) to deliver legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, satisfactory to the Appropriate Party.

(b) If the Parent or any Subsidiary desires, or is required pursuant to the terms of this Agreement, to add Additional Collateral or, if any Subsidiary acquires any existing Collateral from a Grantor (as defined in the Pledge and Security Agreement) that it is required pursuant to the terms of this Agreement to maintain as Collateral, in each case, after the Closing Date, the Parent shall, in each case at its own expense, promptly (in any event, unless any other time period is specified in this Agreement or any other Loan Document, within thirty (30) days of the relevant date) (i) cause any such Subsidiary to become a Grantor (to the extent such Subsidiary is not already a Grantor) pursuant to joinder documentation acceptable to the Appropriate Party and on the terms and conditions set forth in the relevant Security Documents, (ii) cause any such Subsidiary to become a party to each applicable Security Document and all other agreements, instruments or documents that create or purport to create and perfect a first priority Lien (subject to Permitted Liens) in favor of the Collateral Agent for the benefit of the Secured Parties applicable to such Collateral, in form and substance satisfactory to the Appropriate Party (it being understood that in the case of any Additional Collateral of a type, or in a jurisdiction, that has not been theretofore included in the Collateral, such Additional Collateral may be subject to such additional terms and conditions as requested by the Appropriate Party), (iii) promptly execute and deliver (or cause such Subsidiary to execute and deliver) to the Collateral Agent such documents and take such actions to create, grant, establish, preserve and perfect the first priority Liens (subject to Permitted Liens) (including to obtain any release or termination of Liens not permitted under the definition of "Additional Collateral" in Section 1.01 or under Section 6.02 and to satisfy all Perfection Requirements, including the filing of



UCC financing statements, filings with the FAA and registrations with the International Registry, as applicable) in favor of the Collateral Agent for the benefit of the Secured Parties on such assets of the Parent or such Subsidiary, as applicable, to secure the Obligations to the extent required under the applicable Security Documents or reasonably requested by the Appropriate Party, and to ensure that such Collateral shall be subject to no other Liens other than Permitted Liens and (iv) if requested by the Appropriate Party, deliver (or cause such Subsidiary to deliver) legal opinions to the Collateral Agent, for the benefit of the Secured Parties, relating to the matters described above, which opinions shall be in form and substance, and from counsel, satisfactory to the Appropriate Party.

SECTION 5.14 Post-Closing Matters. As promptly as practicable, and in any event within the time periods after the Closing Date specified on Schedule 5.14 or such later date as the Initial Lender may agree to in writing in its sole discretion, the Parent shall deliver the documents or take the actions specified on Schedule 5.14 that would have been required to be delivered or taken on the Closing Date.

SECTION 5.15 Further Assurances. In each case subject to the terms, conditions and limitations in the Loan Documents, (a) each Credit Party shall remain in compliance with the Perfection Requirement with respect to all Collateral (including any assets, rights and properties that (x) become Collateral after the Closing Date and (y) any permitted replacement or substitute assets, rights and properties thereof (including any Additional Collateral) and (b) each Credit Party shall, promptly and at its expense, execute any and all further documents and instruments and take all further actions, that may be required or advisable under applicable law or that the Initial Lender, the Administrative Agent or the Collateral Agent may request, in order to create, grant, establish, preserve, protect, renew or perfect the validity, perfection or first priority of the Liens and security interests created or intended to be created by the Security Documents, in each case to the extent required under this Agreement or the Security Documents (including with respect to any additions to the Collateral (including any Additional Collateral) or replacements, substitutes or proceeds thereof or with respect to any other property or assets hereafter acquired by any Credit Party that are of a type that are intended to be included in the Collateral). Promptly following the entry by any Credit Party into any Material Loyalty Program Agreement after the Closing Date, the Parent will enter into and cause the counterparty to enter into a Direct Agreement substantially in the form of Exhibit D hereto.

SECTION 5.16 Delivery of Appraisals. The Parent shall (1) within ten (10) Business Days prior to the last Business Day of March and September of each year, beginning with March 31, 2021 and (2) promptly (but in any event within thirty (30) days) following request by the Administrative Agent (acting at the direction of the Required Lenders) if an Event of Default has occurred and is occurring, deliver to the Administrative Agent one or more Appraisals determining the Appraised Value of the Collateral. In addition, on the date upon which any Additional Collateral is pledged as Collateral to the Collateral Agent for the benefit of the Secured Parties to secure the Obligations, but only with respect to such Additional Collateral, the Parent shall deliver to the Administrative Agent one or more Appraisals determining the Appraised Value of such Additional Collateral.

SECTION 5.17 Ratings. At any time when the Initial Lender is a Lender, the Borrower shall, upon request by the Initial Lender, use its reasonable best efforts to obtain a public rating in respect of the Loans by any two of S&P, Moody's and Fitch in connection with any contemplated assignment of, or participation in, the Loans.

SECTION 5.18 Regulatory Matters.

(a) US Citizenship. The Borrower will at all times maintain its status as a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 and as that statutory provision has been interpreted by the DOT pursuant to its policies.

(b) Air Carrier Status. The Borrower will at all times maintain its status as an “air carrier” within the meaning of Section 40102 of Title 49 and holds a certificate under Section 41102 of Title 49. The Borrower will at all times possess an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. The Borrower will at all times possess all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions, frequencies and consents which relate to the operation of the routes flown by it and the conduct of its business and operations as currently conducted, except where failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.19 Loyalty Programs; Loyalty Program Agreements.

(a) Loyalty Programs. The Parent will, and will cause each of its Subsidiaries to, take all actions necessary to maintain the existence, business and operations of the Carrier Loyalty Programs as in effect on the Closing Date or on terms at least as favorable to the Lenders, as determined by the Appropriate Party in its sole discretion, except as otherwise expressly permitted under this Agreement.

(b) Loyalty Program Agreements. The Parent will, and will cause each of its Subsidiaries to, take any action permitted under the Material Loyalty Program Agreements and applicable law that it, in its reasonable business judgment, determines is advisable, in order to diligently and promptly (i) enforce its rights and any remedies available to it under the Material Loyalty Program Agreements, (ii) perform its obligations under the Material Loyalty Program Agreements and (iii) use reasonable best efforts to cause the applicable counterparties to perform their obligations under the related Material Loyalty Program Agreements, including such counterparties’ obligations to make payments to and indemnify the applicable Credit Parties in accordance with the terms thereof, in each case except as would not (1) be materially adverse to the Lenders or (2) reasonably be expected to result in a Material Adverse Effect.

SECTION 5.20 Collections; Accounts; Payments.

(a) The Credit Parties shall (x) instruct and use their reasonable best efforts to cause counterparties to all Material Loyalty Program Agreements to direct payments of all Loyalty Program Revenue into the Collection Account and (y) cause sufficient counterparties to the Loyalty Program Agreements to direct payments of Loyalty Program Revenue into the Collection Account (in the case of Loyalty Program Revenue generated under any Material Loyalty Program Agreement, pursuant to a Direct Agreement) such that during any DSCR Test Period, at least 90% of Loyalty Program Revenue (excluding revenues generated under any Loyalty Subscription Program) for such period is deposited directly into the Collection Account. Promptly following the entry by any Credit Party into any Material Loyalty Program Agreement after the Closing Date, the applicable Credit Party will enter into and cause the counterparty to enter into a Direct Agreement with respect to such Material Loyalty Program Agreement. To the extent the Parent, any Subsidiary or any of their respective Controlled Affiliates receives any payments of Loyalty Program Revenues to an account other than the Collection Account, such Person shall ACH or wire transfer as soon as practicable, but in any event within three (3) Business Days of receipt, any such amounts to the Collection Account. All amounts in the Collection Account shall be conclusively presumed to be Collateral and proceeds of Collateral, and the Agents and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in the Collection Account. No Credit Party shall revoke, or permit to be revoked, any payment direction included in any Direct Agreement other than in connection with a replacement Collection Account (which shall be at a depository institution satisfactory to the Appropriate Party).

(b) Each account control agreement with respect to each Blocked Account shall require, after the occurrence and during the continuance of a Payment Event, the ACH or wire transfer no less frequently than once per Business Day (unless the Obligations are no longer outstanding), of all collected and available funds in such Blocked Account (net of such minimum balance, not to exceed \$25,000, as may be required to be kept in the subject Blocked Account by the account bank), to an account in the name of the Borrower maintained by the Administrative Agent at The Bank of New York Mellon (the "Payment Account") or such other account as directed by the Administrative Agent. The Payment Accounts and the Blocked Accounts shall be non-interest bearing accounts. Funds on deposit in the Blocked Accounts and the Payment Accounts shall be uninvested. All amounts in the Blocked Account shall be conclusively presumed to be Collateral and proceeds of Collateral, and the Agents and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in the Blocked Account. The Borrower may at any time elect to apply amounts on deposit in the Blocked Account to prepay the Loans, by requesting that the Collateral Agent instruct the account bank to withdraw such amounts for such prepayment.

(c) The Payment Account shall at all times be under the sole dominion and control of the Collateral Agent and shall be subject to an account control agreement in form and substance satisfactory to the Appropriate Party. The Credit Parties hereby acknowledge and agree that (i) the Credit Parties have no right of withdrawal from the Payment Account, (ii) the funds on deposit in the Payment Account shall at all times be collateral security for all of the Obligations, and (iii) the funds on deposit in the Payment Account shall be applied to repay the Loans. All amounts in the Payment Account shall be conclusively presumed to be Collateral and proceeds of Collateral, and the Agents and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in the Payment Account. Upon payment in full of the Loans and all Obligations under this Agreement (other than contingent indemnification or reimbursement obligations not yet accrued and payable) and termination of the Commitments, any remaining amounts in the Payment Account will be released and transferred to a deposit account of the Credit Parties as the Borrower shall direct.

## ARTICLE VI

### NEGATIVE COVENANTS

Until all the later of (i) the date on which all of the Obligations shall have been paid in full and (ii) such later date specified in this Agreement, the Credit Parties covenant and agree with the Lenders that:

SECTION 6.01 [Reserved].

SECTION 6.02 Liens. Parent will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any property or assets constituting Collateral, whether now owned or hereafter acquired, except for Permitted Liens.

SECTION 6.03 Fundamental Changes. Parent will not, and will not permit any of its Subsidiaries to, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(a) any Subsidiary may merge with (i) the Borrower; provided that the Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries; provided that (x) when any Wholly-Owned Subsidiary is merging with another Subsidiary, a

Wholly-Owned Subsidiary shall be the continuing or surviving Person and (y) when any Subsidiary that is a Credit Party is merging with another Subsidiary, then such other Subsidiary shall be a Credit Party;

(b) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Parent or to another Subsidiary; provided that (x) if the transferor in such a transaction is a Wholly-Owned Subsidiary, then the transferee shall either be the Parent or another Wholly-Owned Subsidiary and (y) if the transferor in such a transaction is a Credit Party, then the transferee shall be a Credit Party;

(c) the Parent and its Subsidiaries may make Dispositions permitted by Section 6.04;

(d) any Investment permitted by Section 6.06 may be structured as a merger, consolidation or amalgamation;

(e) any Subsidiary may dissolve, liquidate or wind up its affairs if it owns no material assets, engages in no business and otherwise has no activities other than activities related to the maintenance of its existence and good standing; and

(f) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise), provided that such assets do not constitute all or substantially all of the consolidated assets of the Parent and its Subsidiaries.

SECTION 6.04 Dispositions. Parent will not, and will not permit any of its Subsidiaries to, sell or otherwise make any Disposition of Collateral or enter into any agreement to make any sale or other Disposition of Collateral (in each case, including, without limitation by way of any sale or other Disposition of any Guarantor), except, subject to Article X and so long as no Default shall have occurred and be continuing at the time of any action described below, or would result therefrom:

(a) the Disposition of Collateral expressly permitted under the applicable Security Documents;

(b) any licenses or sublicenses (i) granted on a non-exclusive basis to customers or service providers in the ordinary course of business or to business partners in the ordinary course of business in a manner and subject to terms consistent with past practice or (ii) granted pursuant to any Loyalty Program Agreement in full force and effect as of the Closing Date, any successor agreement thereto or any new Loyalty Program Agreement, in each case that is included in the Collateral (provided that any such grant pursuant to such new or successor agreement is made in the ordinary course of business in a manner and subject to terms substantially similar with those of the predecessor Loyalty Program Agreement or with any Loyalty Program Agreement in full force and effect as of the Closing Date, as the case may be);

(c) any abandonment, lapse, forfeiture or dedication to the public, in the ordinary course of business, of any Intellectual Property that, in the applicable Credit Party's reasonable good faith judgment, is no longer used and no longer useful in the business of the Borrower or its Subsidiaries;

(d) any (1) deletion, de-identification or purge of any Personal Data that is required under applicable Privacy Laws, under any of the Credit Parties' public-facing privacy policies in full force and effect as of the Closing Date or in the ordinary course of business (including in connection with terminating inactive Carrier Loyalty Program accounts) pursuant to the

applicable Credit Party's privacy and data retention policies in full force and effect as of the Closing Date consistent with past practice, (2) transfer of any Loyalty Program Data to services providers for their Processing of such data on behalf of any of the Credit Parties in the ordinary course of business, subject to a prohibition on deletion, de-identification and purging, except as permitted under clause (1) or (3) transfer of any Loyalty Program Data to a third party in the ordinary course of business to the extent such Credit Party also retains a copy of such Loyalty Program Data;

(e) the sale, lease or other transfer any Currency under any Loyalty Program in accordance with any Loyalty Program Agreement as in existence on the Closing Date (or any (i) permitted successor agreement thereto or (ii) new Loyalty Program Agreement permitted under this Agreement, in each case that is included in the Collateral) or subsequently approved by the Appropriate Party;

(f) Loyalty Revenue Advance Transactions in an aggregate amount (together with any Loyalty Revenue Advance Transactions outstanding on the Closing Date that remain outstanding) not to exceed an amount equal to the greater of (x) \$15,000,000 and (y) 15% of the aggregate amount of Collateral Cash Flow received during the most recently ended DSCR Test Period that has been deposited into a Collateral Account;

(g) to the extent constituting a Disposition of Collateral, the incurrence of Liens that are permitted to be incurred pursuant to Section 6.02;

(h) to the extent constituting a Disposition of Collateral, (1) the sale or other transfer of Currency in the ordinary course of business under the terms of the Loyalty Program Agreements and (2) transfers of Currency to Loyalty Program Members in the ordinary course of business in accordance with program terms;

(i) Dispositions of Collateral among the Credit Parties (including any Person that shall become a Credit Party simultaneous with such Disposition in the manner contemplated by Section 5.13); provided that:

(i) such Collateral remains at all times subject to a Lien with the same priority and level of perfection as was the case immediately prior to such Disposition (and otherwise subject only to Permitted Liens) in favor of the Collateral Agent for the benefit of the Secured Parties following such Disposition;

(ii) concurrently therewith, the Credit Parties shall execute any documents and take any actions reasonably required to create, grant, establish, preserve or perfect such Lien in accordance with the other provisions of this Agreement or the Security Documents;

(iii) if requested by the Appropriate Party, concurrently therewith the Appropriate Party shall receive an opinion of counsel to the applicable Credit Party as to the validity and perfection of such Lien on the Collateral, in each case in form and substance satisfactory to the Appropriate Party; and

(iv) concurrently with any Disposition of Collateral to any Person that shall become a Credit Party simultaneous with such Disposition in the manner contemplated by Section 5.13, such Person shall have complied with the requirements of Section 5.13;

- (j) any Disposition of property resulting from an event of loss with respect to any aircraft, airframe, engine, spare engine or Spare Parts if the Credit Party is replacing such aircraft, airframe, engine, spare engine or Spare Parts in accordance with the terms of the Loan Documents;
- (k) any Disposition of Collateral permitted by any of the Security Documents; and
- (l) Dispositions of cash or Cash Equivalents in exchange for other cash or Cash Equivalents constituting Collateral and having reasonably equivalent value therefor.

SECTION 6.05 Restricted Payments. Parent will not, and will not permit any of its Subsidiaries to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except, that, subject to additional restrictions set forth in Article X, so long as no Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

- (a) each Subsidiary may make Restricted Payments to the Parent and any other Person that owns an Equity Interest in such Subsidiary, ratably according to their respective holdings of such Equity Interests in respect of which such Restricted Payment is being made;
- (b) the Parent and each Subsidiary may declare and make dividend payments or other distributions payable solely in common Equity Interests of such Person;
- (c) the Parent and each Subsidiary may purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from the substantially concurrent issue of new common Equity Interests;
- (d) the Parent and each Subsidiary may pay withholding or similar taxes payable by any future, present or former employee, director or officer (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing) in connection with any repurchases of Equity Interests or the exercise of stock options;
- (e) the repurchase of Equity Interests or other securities deemed to occur upon (A) the exercise of stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities, to the extent such Equity Interests or other securities represent a portion of the exercise price of those stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities or (B) the withholding of a portion of Equity Interests issued to employees and other participants under an equity compensation program of the Parent or its Subsidiaries to cover withholding tax obligations of such persons in respect of such issuance;
- (f) payments of cash, dividends, distributions, advances, common stock or other Restricted Payments by the Parent or any of its Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (A) the exercise of options or warrants, (B) the conversion or exchange of capital stock of any such Person or (C) the conversion or exchange of Indebtedness or hybrid securities into capital stock of any such Person;
- (g) the Parent may make cash payments in connection with any conversion or exchange of Convertible Indebtedness in amount equal to the sum of (i) the principal amount of such Convertible Indebtedness and (ii) the proceeds of any payments received by the Parent or any of its Subsidiaries pursuant to the exercise, settlement or termination of any related Permitted Bond Hedge Transaction;

(h) the Parent may make payments in connection with a Permitted Bond Hedge Transaction (i) by delivery of shares of the Parent's Equity Interests upon net share settlement thereof or (ii) by (A) set-off against the related Permitted Bond Hedge Transaction and (B) payment of an early termination amount thereof in common Equity Interests of the Parent upon any early termination thereof; and

(i) Restricted Payments not to exceed the amount allowable pursuant to Schedule 6.05(i).

SECTION 6.06 Investments. Parent will not, and will not permit any of its Subsidiaries to, make any Investments, except:

(a) Investments held by the Parent or such Subsidiary in the form of cash or Cash Equivalents;

(b) (i) Investments in Subsidiaries in existence on the Closing Date, (ii) other Investments in existence on the Closing Date and listed in Section I to Schedule 6.06 and (iii) other Investments described on Section II of Schedule 6.06, and, in each case, any refinancing, refunding, renewal or extension of any such Investment that does not increase the amount thereof;

(c) advances to officers, directors and employees of the Parent and its Subsidiaries in an aggregate amount not exceeding, at any time outstanding, an amount that is customary and consistent with past practice, for travel, entertainment, relocation and similar ordinary business purposes;

(d) (x) Investments of the Parent in the Borrower or any other Credit Party, (y) Investments of any Subsidiary in the Parent or any other Credit Party and (z) Investments made between Subsidiaries that are not Credit Parties; provided that any such Investments made pursuant to this clause (d) in the form of intercompany indebtedness incurred by a Credit Party and owed to a Subsidiary that is not a Credit Party shall be subordinated to the Obligations and the Guaranteed Obligations on customary terms (it being understood and agreed that any Investments permitted under this clause (d) in the form of intercompany indebtedness that are not already subordinated on such terms as of the Closing Date shall not be required to be so subordinated until the date that is thirty (30) days after the Closing Date);

(e) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(f) Investments consisting of the indorsement by the Parent or any Subsidiary of negotiable instruments payable to such Person for deposit or collection in the ordinary course of business;

(g) to the extent constituting an Investment, transactions otherwise permitted by Sections 6.03 and 6.05;

(h) any Investments received in compromise or resolution of (i) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Parent or any of its Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (ii) litigation, arbitration or other disputes;

(i) Investments represented by obligations in respect of Swap Contracts that are not speculative in nature and that are entered into to hedge or mitigate risks to which the Parent or any of its Subsidiaries has (or will have) actual exposure (other than those in respect of the Equity Interests or Indebtedness of the Parent or any of its Subsidiaries);

(j) accounts receivable arising in the ordinary course of business;

(k) any guarantee of Indebtedness of the Parent or any Subsidiary of the Parent, other than any guarantee of Indebtedness secured by Liens that would not be permitted under Section 6.02;

(l) Investments to the extent that payment for such Investment is made with the capital stock of the Parent;

(m) Investments having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value other than a reduction for all returns of principal in cash and capital dividends in cash), when taken together with all Investments made pursuant to this clause (n) that are at the time outstanding, not to exceed 30% of the total consolidated assets of the Parent and its Subsidiaries at the time of such Investment;

(n) Permitted Bond Hedge Transactions to the extent constituting Investments; and

(o) Investments in Finance Entities in the ordinary course of business of the Parent and its Subsidiaries or that are otherwise customary for airlines based in the United States.

SECTION 6.07 Transactions with Affiliates. Parent will not, and will not permit any of its Subsidiaries to, enter into any transaction of any kind involving aggregate payments or consideration in excess of \$50,000,000 with any Affiliate of the Parent, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Parent or such Subsidiary as would be obtainable by the Parent or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate, subject to delivery of (x) with respect to any transaction or series of related transactions involving aggregate consideration in excess of \$100,000,000, a certificate of a Responsible Officer of the Parent certifying as to compliance with the foregoing and (y) with respect to any transaction or series of related transactions involving aggregate consideration in excess of \$150,000,000, an opinion as to the fairness to the Parent or such Subsidiary of such transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing (provided that this clause (y) shall not apply to any transaction between or among the Parent or any of its Subsidiaries and any Finance Entities); provided that, subject to Article X, the foregoing restriction shall not apply to:

(a) transactions between or among the Parent and any Wholly-Owned Subsidiaries,

(b) Restricted Payments permitted by Section 6.05,

(c) Investments permitted by Section 6.06(b), or (c) or (d),



(d) transactions described in Schedule 6.07,

(e) any employment agreement, confidentiality agreement, non-competition agreement, incentive plan, employee stock option agreement, long-term incentive plan, profit sharing plan, employee benefit plan, officer or director indemnification agreement or any similar arrangement entered into by the Parent or any of its Subsidiaries in the ordinary course of business and payments pursuant thereto, and

(f) payment of fees, compensation, reimbursements of expenses (pursuant to indemnity arrangements or otherwise) and reasonable and customary indemnities provided to or on behalf of officers, directors, employees or consultants of the Parent or any of its Subsidiaries.

SECTION 6.08 [Reserved].

SECTION 6.09 [Reserved].

SECTION 6.10 Changes in Nature of Business. Parent will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than those businesses conducted by the Parent and its Subsidiaries on the date hereof or any business reasonably related or incidental thereto or representing a reasonable expansion thereof.

SECTION 6.11 Sanctions; AML Laws. Parent will not, and will not permit any of its Subsidiaries to, directly or knowingly indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person to fund any activities or business of or with any Person in a manner that would result in a violation of Sanctions or AML Laws by any Person.

SECTION 6.12 Amendments to Organizational Documents. Parent will not, and will not permit any of its Subsidiaries to amend, modify, or grant any waiver or release under or terminate in any manner, any Organizational Documents in any manner materially adverse to, or which would impair the rights of, the Lenders.

SECTION 6.13 [Reserved]

SECTION 6.14 Prepayments of Junior Indebtedness. Parent will not, and will not permit any of its Subsidiaries to, make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case prior to any scheduled repayment, sinking fund payment or maturity, any Indebtedness secured by junior Liens on the Collateral or that is subordinated in right of payment to the Obligations, in each case other than in connection with a Permitted Refinancing of such Indebtedness.

SECTION 6.15 Lobbying. Parent will not, and will not permit any of its Subsidiaries to, directly, or to the Parent or such Subsidiary's knowledge, indirectly, use the proceeds of the Loans, or lend, contribute, or otherwise make available such proceeds to any other Person (i) for publicity or propaganda purposes designated to support or defeat legislation pending before the U.S. Congress or (ii) to fund any activities that would constitute "lobbying activities" as defined under 2 U.S.C. § 1602. The Parent shall, and shall cause its subsidiaries to, comply with the provisions of 31 U.S.C. § 1352, as amended, and with the regulations at 31 CFR Part 21.

SECTION 6.16 Use of Proceeds. Parent will not, and will not permit any of its Subsidiaries to, use the proceeds of the Loans for any purpose other than for general corporate purposes and

operating expenses (including payroll, rent, utilities, materials and supplies, repair and maintenance, and scheduled interest payments on other Indebtedness incurred before February 15, 2020), in each case in compliance with all applicable law to the extent permitted by the CARES Act; provided however that the proceeds of the Loans shall not be used for any non-operating expenses (including capital expenses, delinquent taxes and payments of principal on other Indebtedness), unless the Parent can demonstrate, to the satisfaction of the Initial Lender, that payment of any such non-operating expense is necessary to optimize the continued operations of the Parent's business and does not merely constitute a transfer of risk from an existing creditor or investor to the Federal taxpayer.

SECTION 6.17 Financial Covenants.

- (a) Liquidity. The Parent will not permit the aggregate amount of Liquidity at the close of any Business Day to be less than \$250,000,000.
- (b) Collateral Coverage Ratio.
- (i) Within ten (10) Business Days after (x) the last day of March and September of each year (beginning with March 2021) or (y) any date on which an Appraisal is delivered pursuant to clause (2) of Section 5.16 (each such date in clauses (x) and (y), a "CCR Reference Date" and the tenth Business Day after a CCR Reference Date, a "CCR Certificate Delivery Date"), the Parent shall deliver to the Administrative Agent a certificate of a Responsible Officer of the Parent containing a calculation of the Collateral Coverage Ratio (a "CCR Certificate").
- (ii) If the Collateral Coverage Ratio with respect to any CCR Reference Date is less than 1.60 to 1.00, the Borrower shall, no later than ten (10) Business Days after the applicable CCR Certificate Delivery Date, (x) prepay any outstanding Loans such that following such prepayment, the Collateral Coverage Ratio with respect to such CCR Reference Date, recalculated by subtracting any such prepaid portion of the Loans, shall be no less than 1.60 to 1.00 and/or (y) designate Additional Collateral as additional Eligible Collateral and comply with Sections 5.13 and 5.15, collectively, in an amount such that following such designation, the Collateral Coverage Ratio with respect to such CCR Reference Date, recalculated by adding such Additional Collateral, shall be no less than 1.60 to 1.00.
- (iii) At the Parent's request, the Lien on any Additional Collateral will be released, provided, in each case, that the following conditions are satisfied or waived: (a) no Event of Default shall have occurred and be continuing, (b) either (x) after giving effect to such release, the Collateral Coverage Ratio is not less than 2.00 to 1.00 (or in the case of a swap or exchange of existing Additional Collateral with new Additional Collateral, less than 1.60 to 1.00) or (y) the Parent shall prepay or cause to be prepaid the Loans and/or shall designate Eligible Collateral as Additional Collateral and comply with Sections 5.13 and 5.15, collectively, in an amount necessary to cause the Collateral Coverage Ratio to not be less than 2.00 to 1.00 (or in the case of a swap or exchange of existing Additional Collateral with new Additional Collateral, less than 1.60 to 1.00) and (c) the Parent shall deliver a certificate executed by a Responsible Officer demonstrating compliance with this Section 6.17(b)(iii).

(c) Debt Service Coverage Ratio.

(i) On each DSCR Determination Date, the Parent shall deliver to the Administrative Agent a certificate of a Responsible Officer of the Parent (x) containing a calculation of the Debt Service Coverage Ratio and (ii) certifying that all Loyalty Program Revenue for such DSCR Test Period has been deposited, directly or indirectly, into the Collection Account or another Collateral Account (and at least 90% of all Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) were deposited directly into a Collateral Account); and

(ii) if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than 1.75 to 1.00 (a “DSCR Trigger Event”), then the Parent and the Subsidiaries shall cause an amount equal to at least 50% of all Loyalty Program Revenues received thereafter to be transferred (as such payments are received) from the Collection Account to a Blocked Account to be held for the benefit of the Lenders (which amounts on deposit in the Blocked Account may be used to prepay the Loans at the option of the Borrower, upon request to the Collateral Agent) until the first DSCR Determination Date on which the Debt Service Coverage Ratio is 1.75 to 1.00 or more, whereupon such amounts may be transferred from the Blocked Account to the Collection Account following a request to the Collateral Agent;

(iii) if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than or equal to 1.50 to 1.00 but greater than 1.25 to 1.00, then (x) all amounts then deposited in the Blocked Account shall be applied to prepay the Loans and (y) the Parent and the Subsidiaries shall cause an amount equal to at least 50% of all Loyalty Program Revenues received thereafter to be transferred (as such payments are received) from the Collection Account to the Payment Account with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding until the first DSCR Determination Date on which the Debt Service Coverage Ratio is greater than 1.50 to 1.00; and

(iv) if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than or equal to 1.25 to 1.00, then (x) all amounts then deposited in the Blocked Account shall be applied to prepay the Loans and (y) the Parent and the Subsidiaries shall cause an amount equal to at least 75% of all Loyalty Program Revenues received thereafter to be transferred (as such payments are received) from the Collection Account to the Payment Account with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding until the first DSCR Determination Date on which the Debt Service Coverage Ratio is greater than 1.25 to 1.00.

## ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01 Events of Default. If any of the following events (each, an “Event of Default”) shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan, or any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Agreement or under any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of two (2) or more Business Days;

(c) any representation or warranty made or deemed made by or on behalf of any Credit Party, including those made prior to the Closing Date, in or in connection with this Agreement, the Loan Application Form or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement, the Loan Application Form or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Agreement, the Loan Application Form or any other Loan Document already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;

(d) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.03(a), 5.04 (with respect to the Borrower's existence) or in Article VI or Article X;

(e) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document (other than those specified in clause (a), (b) or (d) of this Section) and such failure shall continue unremedied for a period of thirty (30) or more days after notice thereof by the Administrative Agent or the Initial Lender to the Parent;

(f) (i) Any Credit Party or any Subsidiary thereof shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Material Indebtedness (other than Indebtedness under this Agreement) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument governing such Material Indebtedness; or (ii) any Credit Party or any Subsidiary thereof shall fail to observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event results in the holder or holders or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) causing such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or causing an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; provided that this clause (f)(ii) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer (or disposition of property as a result of a casualty or condemnation event) of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness and such Indebtedness is repaid when required under the documents providing for such Indebtedness;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Credit Party or any Material Subsidiary thereof or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Credit Party or any Material Subsidiary thereof or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of sixty (60) or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) any Credit Party or any Material Subsidiary thereof shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Parent or any of its Subsidiaries or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) any Credit Party or any Material Subsidiary thereof shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) there is entered against any Credit Party or any Material Subsidiary thereof (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding \$50,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage), or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

(k) an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of any Credit Party under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect;

(l) [reserved];

(m) any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or any Credit Party or any other Person who is a party to any Loan Document contests in writing the validity or enforceability of any provision of any Loan Document; or any Credit Party denies in writing that it has any or further liability or obligation under any Loan Document, or purports in writing to revoke, terminate or rescind any Loan Document;

(n) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted in writing by any Credit Party not to be, a legal, valid and perfected Lien on any material portion of the Collateral (individually or in the aggregate), with the priority required by the applicable Security Documents, except (i) as a result of the sale or other Disposition of the applicable Collateral to a Person that is not a Credit Party in a transaction not prohibited under the Loan Documents or (ii) as a result of either Agent's failure to maintain possession of any stock certificates, promissory notes or other instruments delivered to it under the Security Documents or (iii) as a result of acts or omissions with respect to possessory collateral held by the Collateral Agent pursuant to this Agreement;

(o) any Guarantee of any Obligations by any Credit Party under any Loan Document shall cease to be in full force in effect (other than in accordance with the terms of the Loan Documents);

(p) a default or breach by any Credit Party of its material obligations under a Material Loyalty Program Agreement beyond any applicable notice and cure periods thereunder;

(q) an exit from, or a termination or cancellation of, any Carrier Loyalty Program (and in the case of any Loyalty Subscription Program, such program as a whole by a Credit Party, and not any individual cancellation or termination by a consumer) in effect on the Closing Date or any Material Loyalty Program Agreement other than in connection with any replacement expressly permitted hereunder;

(r) any material provision of any Material Loyalty Program Agreement, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or any Credit Party contests in writing the validity or enforceability of any provision of any Material Loyalty Program Agreement; or any Credit Party denies in writing that it has any or further liability or obligation under any Material Loyalty Program Agreement, or purports in writing to revoke, terminate or rescind any Material Loyalty Program Agreement; or

(s) any Credit Party makes a Material Modification to a Material Loyalty Program Agreement without the prior written consent of the Required Lenders.

then, and in every such event (other than an event described in clause (g) or (h) of this Section), and at any time thereafter during the continuance of such event, the Initial Lender may, and the Administrative Agent may, and at the request of the Required Lenders or the Initial Lender shall, by notice to the Borrower, take any or all of the following actions, at the same or different times:

(i) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Credit Parties accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower and the other Credit Parties; and

(ii) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents and Applicable Law;

provided that, in case of any event described in clause (g) or (h) of this Section, the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties.

SECTION 7.02 Application of Payments. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, and notice thereof to the Initial Lender and the Administrative Agent by the Borrower or the Required Lenders, all payments received on account of the Obligations shall be applied by the Administrative Agent as follows:

- (i) first, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees and disbursements and other charges of counsel payable under Section 11.03 and amounts payable under an Administrative Agency Fee Letter (if any)) payable to the Administrative Agent and the Collateral Agent in their respective capacities as such;
- (ii) second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees and disbursements and other charges of counsel payable under Section 11.03) arising under the Loan Documents, ratably among them in proportion to the respective amounts described in this clause (ii) payable to them;
- (iii) third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans, ratably among the Lenders in proportion to the respective amounts described in this clause (iii) payable to them;
- (iv) fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans ratably among the Lenders in proportion to the respective amounts described in this clause (iv) payable to them;
- (v) fifth, to the payment in full of all other Obligations, in each case ratably among the Administrative Agent and the Lenders based upon the respective aggregate amounts of all such Obligations owing to them in accordance with the respective amounts thereof then due and payable; and
- (vi) finally, the balance, if any, after all Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

## ARTICLE VIII

### AGENCY

SECTION 8.01 Appointment and Authority. Each Lender hereby irrevocably appoints The Bank of New York Mellon to act on its behalf as the Administrative Agent and as the Collateral Agent hereunder and under the other Loan Documents and authorizes the Agents to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental or related thereto; provided that notwithstanding anything in this Article VIII or this Agreement to the contrary, the terms and conditions of the relationship between the Initial Lender and the Agents shall be governed by a separate agreement between the Initial Lender and the Agents. The Borrower and the Guarantors acknowledge and agree that the Agents are Agents of the Lenders and not of the Borrower or the Guarantors. In connection with an assignment of the Loans by the Initial Lender, upon the Administrative Agent's request, the Borrower and the Agents shall enter into an Administrative Agency Fee Letter. The provisions of this Article are solely for the benefit of the Agents and the Lenders, and the Borrower shall not have rights as a third-party beneficiary of any of such provisions. Without limiting the generality of the foregoing, the Agents are hereby expressly authorized to (i) execute any and all documents (including releases) with respect to the Collateral and the rights of the Secured Parties with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the other Loan Documents and (ii) negotiate, enforce or settle any claim, action or proceeding affecting the Lenders in their capacity as such, at the direction of the Required Lenders, which negotiation, enforcement or settlement will be binding upon each Lender.

SECTION 8.02 Collateral Matters. Each of the Lenders hereby irrevocably appoints and authorizes the Collateral Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Credit Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto and to enter into and perform the other Loan Documents.

SECTION 8.03 Removal or Resignation of Administrative Agent. While the Initial Lender is a Lender, the Administrative Agent may be removed or give notice of its resignation subject to any conditions as separately agreed between the Initial Lender and the Administrative Agent. Any such resignation as Administrative Agent pursuant to this Section 8.03 shall also constitute its resignation as the Collateral Agent; provided that in the case of any collateral security held by the Collateral Agent on behalf of the Lenders under any of the Loan Documents, the retiring or removed Collateral Agent shall continue to hold such collateral security until such time as a successor Collateral Agent is appointed. Upon such removal or receipt of any such notice of resignation, the Initial Lender shall have the right to appoint a successor. After the Initial Lender is no longer a Lender, either Agent may resign at any time by notifying the Lenders and the Borrower in writing, and either Agent may be removed at any time with or without cause by an instrument or concurrent instruments in writing delivered to the Borrower and such Agent and signed by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right, with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default), to appoint a successor. If no successor shall have been so appointed by the Required Lenders (with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default)) and shall have accepted such appointment within 30 days after (i) the retiring Agent gives notice of its resignation or (ii) the Required Lenders deliver removal instructions, then the retiring or removed Agent may, on behalf of the Lenders (with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default)), appoint a successor Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. If no successor Agent has been appointed pursuant to the immediately preceding sentence, such Agent's resignation or removal shall become effective and the Required Lenders shall thereafter perform all the duties of such Agent hereunder and/or under any other Loan Document until such time, if any, as the Required Lenders (with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default)) appoint a successor Administrative Agent and/or Collateral Agent, as the case may be. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of its predecessor Agent, and its predecessor Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After an Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while acting as Agent.

SECTION 8.04 Exculpatory Provisions.

(a) The Agents shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents or as separately agreed between the Initial Lender and the Agents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing:

(i) neither Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, except that The Bank of New York Mellon shall always have a fiduciary duty to Treasury while serving as its Agent in accordance with the provisions of the separate writing between The Bank of New York Mellon and Treasury;



(ii) neither Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that such Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); and

(iii) except as expressly set forth herein and in the other Loan Documents, neither Agent shall have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to the Borrower or any of the Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent and/or Collateral Agent or any of its Affiliates in any capacity.

(b) Neither Agent shall be required to expend or risk its own funds or otherwise incur liability in the performance of any of its duties hereunder or under any other Loan Document or in the exercise of any of its rights or powers. Notwithstanding anything in any Loan Document to the contrary, prior to taking any action under this Agreement or any other Loan Document, each Agent shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses in connection with taking such action. Neither Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Sections 7.01 and 11.02) or in the absence of its own gross negligence or willful misconduct as determined by the final non-appealable judgment of a court of competent jurisdiction. Notwithstanding the foregoing, no action nor any omission to act, taken by either Agent at the direction of the Required Lenders (or such other number or percentage of Lenders as shall be expressly provided for herein or in the other Loan Documents) shall constitute gross negligence or willful misconduct. Neither Agent shall be deemed to have knowledge of any Default unless and until written notice thereof, conspicuously labeled as a "notice of default" and specifically describing such Default, is given to an Agent Responsible Officer by the Borrower or a Lender.

(c) Neither Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

(d) In no event shall either Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder or under any other Loan Document arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, epidemics, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services (it being understood that such Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances).

(e) Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it in good faith to be genuine and to have been signed or sent by the proper Person. Each Agent may also rely upon any statement made to it orally or by telephone and believed by it in good faith to have been made by the proper Person, and shall not incur any liability for relying thereon. Delivery of

reports, information and documents to an Agent is for informational purposes only and an Agent's receipt of the foregoing will not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants hereunder. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in reliance on the advice of any such counsel, accountants or experts. Any funds held by an Agent shall, unless otherwise agreed in writing with the Borrower, be held uninvested in a non-interest bearing account.

(f) Neither Agent shall have any obligation to calculate or confirm the calculation of any financial covenant contained herein.

(g) Notwithstanding anything to the contrary in any Loan Document, neither Agent shall be responsible for the existence, genuineness or value of any of the Collateral; for filing any financing or continuation statements or recording any documents or instruments in any public office or otherwise perfecting or maintaining the perfection of any security interest in the Collateral (except, in the case of possessory Collateral, for the Collateral Agent maintaining possession of any such Collateral received by it in accordance with the terms of the Loan Documents); for the validity, perfection, priority or enforceability of the Liens in any of the Collateral; for the validity or sufficiency of the Collateral or any agreement or assignment contained therein; for the validity of the title of any grantor to the Collateral; for insuring the Collateral; or for the payment of taxes, charges or assessments on the Collateral. The Collateral Agent agrees that it will check any possessory Collateral received by it against any itemized list in the Pledge and Security Agreement of Collateral to be delivered to it in accordance with the Pledge and Security Agreement.

SECTION 8.05 Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, opinion, consent, statement, instrument, document or other writing believed by it in good faith to be genuine and to have been signed or sent by the proper Person. Each Agent may also rely upon any statement made to it orally or by telephone and believed by it in good faith to have been made by the proper Person, and shall not incur any liability for relying thereon. Delivery of reports, information and documents to an Agent is for informational purposes only and an Agent's receipt of the foregoing will not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants hereunder. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.06 Delegation of Duties. Each Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents or attorneys appointed by it and will not be responsible for the misconduct or negligence of any agent appointed with due care. Each Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers by or through their respective Related Parties.

SECTION 8.07 Non-Reliance on Agents and Other Lenders. Each Lender (other than the Initial Lender) acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender (other than the Initial Lender) also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 8.08 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Credit Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Agents (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Agents and their respective agents and counsel and all other amounts due the Lenders and the Agents under Section 11.03) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agents and their respective agents and counsel, and any other amounts due the Agents under the Loan Documents. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

## ARTICLE IX

### GUARANTEE

SECTION 9.01 Guarantee of the Obligations. Each Guarantor jointly and severally hereby irrevocably and unconditionally guarantees to the Secured Parties, the due and punctual payment in full and performance of all Obligations (or such lesser amount as agreed by the Required Lenders in their sole discretion with respect to Obligations owed to the Lenders) when the same shall become due or required to be performed, whether at stated maturity, by required prepayment, declaration, acceleration, performance, demand or otherwise (including amounts that would become and any performance that would have been required to be taken due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "Guaranteed Obligations").

SECTION 9.02 Payment or Performance by a Guarantor. Each Guarantor hereby jointly and severally agrees, in furtherance of the foregoing and the other terms of this Article IX and not in limitation of any other right which the Secured Parties may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of the Borrower to pay or perform any of the Guaranteed Obligations when and as the same shall become due or required to be performed, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but

for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), such Guarantor will pay, or cause to be paid, in cash, or perform, or cause to be performed, to the Secured Parties an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for the Borrower's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Borrower for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed or required to be performed to the Secured Parties as aforesaid.

SECTION 9.03 Liability of Guarantors Absolute. Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment and performance in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

- (a) this Guarantee is a guarantee of payment and performance when due and not merely of collection;
- (b) either Agent and any of the other Secured Parties may enforce this Guarantee upon the occurrence of an Event of Default notwithstanding the existence of any dispute between the Borrower and the Secured Parties with respect to the existence of such Event of Default;
- (c) a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against the Borrower or any other Guarantors and whether or not Borrower or such Guarantors are joined in any such action or actions;
- (d) payment or performance by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any other Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid or performed;
- (e) the Required Lenders, upon such terms as they deem appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment or performance of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or subordinate the payment of the same to the payment of any other obligations; (iii) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment or performance of the Guaranteed Obligations, any other guarantees of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; and (iv) enforce its rights and remedies even though such action may operate to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against the Borrower or any security for the Guaranteed Obligations; and
- (f) this Guarantee and the obligations of each Guarantor hereunder shall be legal, valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment or performance in full of the Guaranteed Obligations), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any of the Guaranteed Obligations, any impossibility in the performance

of any of the Guaranteed Obligations, or otherwise. Without limiting the generality of the foregoing, except for the payment and performance in full of the Guaranteed Obligations and to the fullest extent permitted by Applicable Law, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by: (i) any failure, delay or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy with respect to the Guaranteed Obligations, or with respect to any security for the payment and performance of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions hereof or any other Loan Document; (iii) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the Lender's consent to the change, reorganization or termination of the corporate structure or existence of the Borrower or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (v) the release of, or any impairment of or failure to perfect or continue perfection of or protect a security interest in, any collateral which secures any of the Guaranteed Obligations; (vi) any defenses, set-offs or counterclaims which the Borrower or any Guarantor may allege or assert against either Agent or the Lenders in respect of the Guaranteed Obligations, including failure of consideration, lack of authority, validity or enforceability, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; (vii) any change in the corporate existence, structure or ownership of any Credit Party, or any insolvency, bankruptcy, reorganization, examinership or other similar proceeding affecting any Credit Party or its assets or any resulting release or discharge of any of the Guaranteed Obligations; (viii) the fact that any Person that, pursuant to the Loan Documents, was required to become a party hereto may not have executed or is not effectually bound by this Agreement, whether or not this fact is known to the Secured Parties; (ix) any action permitted or authorized hereunder; (x) any other circumstance, or any existence of or reliance on any representation by the Agents, any Secured Party or any other Person, that might otherwise constitute a defense to, or a legal or equitable discharge of, the Borrower, any Guarantor or any other guarantor or surety; and (xi) any other event or circumstance that might in any manner vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

SECTION 9.04 Waivers by Guarantors. Each Guarantor hereby waives, for the benefit of the Lender: (a) any right to require the Lender, as a condition of payment or performance by such Guarantor, to (i) proceed against Borrower, any Guarantor or any other Person; (ii) proceed against or exhaust any security in favor of the Lender; or (iii) pursue any other remedy in the power of the Agents or Secured Parties whatsoever or (b) presentment to, demand for payment or performance from and protest to the Borrower or any Guarantor or notice of acceptance; and (c) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof. The Agents and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure or exercise any other right or remedy available to them against the Borrower or any other Credit Party without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been paid in full. To the fullest extent permitted by Applicable Law, each Credit Party waives any defense arising out of any such election even though such election operates, pursuant to Applicable Law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Credit Party against the Borrower or any other Credit Party, as the case may be, or any security.

SECTION 9.05 Guarantors' Rights of Subrogation, Contribution, etc. Until the Guaranteed Obligations shall have been paid in full, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against the Borrower or any other Guarantor or any of its assets in connection with this Guarantee or the performance by such Guarantor of its obligations hereunder, including without limitation (a) any right of subrogation, reimbursement or indemnification that

such Guarantor now has or may hereafter have against the Borrower with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that the Agents or the Secured Parties now has or may hereafter have against the Borrower, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by the Agents or the Secured Parties. In addition, until the Guaranteed Obligations shall have been paid in full, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally and paid in full, such amount shall be held in trust for the Secured Parties and shall forthwith be paid over to the Secured Parties to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

SECTION 9.06 Subordination. Any Indebtedness of the Borrower or any Guarantor now or hereafter and all rights of indemnity, contribution or subrogation under Applicable Law or otherwise held by any Guarantor (the "Obligee Guarantor") are hereby subordinated in right of payment or performance to the Guaranteed Obligations until the Guaranteed Obligations is paid and performed in full. Any amount in respect of such indebtedness or rights collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for the Secured Parties and shall forthwith be paid over to the Secured Parties to be credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

SECTION 9.07 Continuing Guarantee. This Guarantee is a continuing guarantee and shall remain in effect until all of the Guaranteed Obligations shall have been paid and performed in full. Each Guarantor hereby irrevocably waives any right to revoke this Guarantee as to future transactions giving rise to any Guaranteed Obligations.

SECTION 9.08 Financial Condition of the Borrower. The Loans may be made to the Borrower without notice to or authorization from any Guarantor regardless of the financial or other condition of the Borrower at the time of such grant. Each Guarantor has adequate means to obtain information from the Borrower on a continuing basis concerning the financial condition of the Borrower and its ability to perform its obligations under the Loan Documents, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Borrower and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations.

SECTION 9.09 Reinstatement. In the event that all or any portion of the Guaranteed Obligations are paid by the Borrower or any Guarantor, the obligations of any other Guarantor hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from the Secured Parties as a preference, fraudulent transfer or otherwise must be so recovered or returned, and any such payments and amounts which are so rescinded, recovered or returned shall constitute Guaranteed Obligations for all purposes hereunder.

SECTION 9.10 Discharge of Guarantees. If, in compliance with the terms and provisions of the Loan Documents, (x) all of the Equity Interests of any Guarantor that is a Subsidiary of the Parent or any of its successors in interest hereunder shall be sold or otherwise disposed of (including by merger or consolidation) to any Person (other than to the Parent or to any other Subsidiary of the Parent), the Guarantee of such Guarantor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any beneficiary or any other Person effective as of the time of such asset sale or (y) a Guarantor becomes an Excluded Subsidiary (other than as a result of a Guarantor becoming a non-Wholly Owned Subsidiary), the Borrower may request the release of the Guarantee of such Guarantor, whereupon the Guarantee of such Guarantor shall be discharged and released.

## ARTICLE X

CARES ACT REQUIREMENTS

Notwithstanding anything in this Agreement to the contrary, the Credit Parties, on behalf of themselves and their Affiliates, represent, warrant, and agree with the Lenders that:

SECTION 10.01 CARES Act Compliance. Each Credit Party and its Subsidiaries are in compliance, and will at all times comply, with all applicable requirements under Title IV of the CARES Act, including any applicable requirements pertaining to the Borrower's eligibility to receive the Loans. The Parent, the Borrower and their Subsidiaries will provide any information requested by the Initial Lender or Agents to assess the Borrower's compliance with applicable requirements under Title IV of the CARES Act, its obligations under this Article X or its eligibility to receive the Loans under the CARES Act. The Borrower is not a "covered entity" as defined in Section 4019 of the CARES Act.

SECTION 10.02 Dividends and Buybacks

(a) Until the date that is twelve (12) months after the date on which the Loans are no longer outstanding, neither any Borrower Air Carrier nor any of its Affiliates (other than an Affiliate that is a natural person) shall, in any transaction, purchase an equity security of any Borrower Air Carrier or of any direct or indirect parent company of a Borrower Air Carrier or of any Subsidiary of the Parent that, in each case, is listed on a national securities exchange, except to the extent required under a contractual obligation in effect as of the date of enactment of the CARES Act.

(b) Until the date that is twelve (12) months after the date on which the Loans are no longer outstanding, no Borrower Air Carrier shall pay dividends, or make any other capital distributions, with respect to the common stock of any Borrower Air Carrier.

SECTION 10.03 Maintenance of Employment Levels. Until September 30, 2020, each Borrower Air Carrier shall maintain its employment levels as of March 24, 2020, to the extent practicable, and in any case shall not reduce its employment levels by more than ten percent (10%) from the levels on March 24, 2020.

SECTION 10.04 United States Business. Each Borrower Air Carrier is created or organized in the United States or under the laws of the United States and has significant operations in and a majority of its employees based in the United States.

SECTION 10.05 Limitations on Certain Compensation.

(a) Beginning on the Closing Date, and ending on the date that is one (1) year after the date on which the Loans are no longer outstanding, each Borrower Air Carrier and its Affiliates shall not pay any of each Borrower Air Carrier's Corporate Officers or Employees whose Total Compensation exceeded \$425,000 in calendar year 2019 or the Subsequent Reference Period (other than an Employee whose compensation is determined through an existing collective bargaining agreement entered into before March 1, 2020):

(i) Total Compensation which exceeds, during any twelve (12) consecutive months of the period beginning on the Closing Date and ending on the date that is one (1) year after the date on which the Loans are no longer outstanding, the Total Compensation the Corporate Officer or Employee received in calendar year 2019 or the Subsequent Reference Period; or

(ii) Severance Pay or Other Benefits in connection with a termination of employment with any Borrower Air Carrier which exceed twice the maximum Total Compensation received by such Corporate Officer or Employee in calendar year 2019 or the Subsequent Reference Period.

(b) Beginning on the Closing Date, and ending on the date that is one (1) year after the date on which the Loans are no longer outstanding, each Borrower Air Carrier and its Affiliates shall not pay any of each Borrower Air Carrier's Corporate Officers or Employees whose Total Compensation exceeded \$3,000,000 in calendar year 2019 or the Subsequent Reference Period, Total Compensation which exceeds, during any twelve (12) consecutive months of such period, in excess of the sum of:

(i) \$3,000,000; and

(ii) Fifty percent (50%) of the excess over \$3,000,000 of the Total Compensation received by such Corporate Officer or Employee in calendar year 2019 or the Subsequent Reference Period.

(c) For purposes of determining applicable amounts under this Section with respect to any Corporate Officer or Employee who was employed by any Borrower Air Carrier or any of their Affiliates for less than all of calendar year 2019, the amount of Total Compensation in calendar year 2019 shall mean such Corporate Officer's or Employee's Total Compensation on an annualized basis.

SECTION 10.06 Continuation of Certain Air Service. Until March 1, 2022, each Borrower Air Carrier shall comply with any applicable requirement issued by the Secretary of Transportation under section 4005 of the CARES Act to maintain scheduled air transportation service to any point served by any Borrower Air Carrier before March 1, 2020. The Borrower acknowledges that neither Treasury, nor any other actor, department, or agency of the Federal Government, shall condition the issuance of any loan under this Loan Agreement on the Borrower's implementation of measures to enter into negotiations with the certified bargaining representative of a craft or class of employees of the Borrower Air Carrier under the Railway Labor Act (45 U.S.C. 151 et seq.) or the National Labor Relations Act (29 U.S.C. 151 et seq.), regarding pay or other terms and conditions of employment.

SECTION 10.07 Treasury Access. Provide Treasury, the Treasury Inspector General, the Special Inspector General for Pandemic Recovery, and such other entities as authorized by Treasury timely and unrestricted access to all documents, papers, or other records, including electronic records, of the Borrower related to the Loans, to enable Treasury, the Treasury Inspector General, and the Special Inspector General for Pandemic Recovery to make audits, examinations, and otherwise evaluate the Borrower's compliance with the terms of this Agreement. This right also includes timely and reasonable access to the Borrower's and its Affiliates' personnel for the purpose of interview and discussion related to such documents.

SECTION 10.08 Additional Defined Terms. As used in this Article, the following terms have the meanings specified below:

"Borrower Air Carrier" means, collectively, the Borrower, its Affiliates that are Air Carriers, and their respective heirs, executors, administrators, successors, and assigns. Notwithstanding anything to the contrary herein, for purposes of this Article X, an "Affiliate" of the Borrower shall not include any Person(s) that become affiliated with the Borrower solely by virtue of the consummation of a Change of Control transaction resulting in repayment of the Loans in full.



“Corporate Officer” means, with respect to any Borrower Air Carrier, its president; any vice president in charge of a principal business unit, division, or function (such as sales, administration or finance); any other officer who performs a policy-making function; or any other person who performs similar policy making functions for the Borrower Air Carrier. Executive officers of subsidiaries or parents of any Borrower Air Carrier may be deemed Corporate Officers of the Borrower Air Carrier if they perform such policy-making functions for the Borrower Air Carrier.

“Employee” has the meaning given to the term in section 2 of the National Labor Relations Act (29 U.S.C. 152 and includes any individual employed by an employer subject to the Railway Labor Act (45 U.S.C. 151 et seq.), and for the avoidance of doubt includes all individuals who are employed by the Borrower Air Carrier who are not Corporate Officers.

“Severance Pay or Other Benefits” means any severance payment or other similar benefits, including cash payments, health care benefits, perquisites, the enhancement or acceleration of the payment or vesting of any payment or benefit or any other in-kind benefit payable (whether in lump sum or over time, including after March 24, 2022) by any Borrower Air Carrier or its Affiliates to a Corporate Officer or Employee in connection with any termination of such Corporate Officer’s or Employee’s employment (including, without limitation, resignation, severance, retirement, or constructive termination), which shall be determined and calculated in respect of any Employee or Corporate Officer of the Borrower Air Carrier in the manner prescribed in 17 CFR 229.402(j) (without regard to its limitation to the five (5) most highly compensated executives and using the actual date of termination of employment rather than the last business day of the Borrower Air Carrier’s last completed fiscal year as the trigger event).

“Subsequent Reference Period” means (i) for a Corporate Officer or Employee whose employment with the Borrower Air Carrier or an Affiliate started during 2019 or later, the twelve (12) month period starting from the end of the month in which the officer or employee commenced employment, if such officer’s or employee’s total compensation exceeds \$425,000 (or \$3,000,000) during such period and (ii) for a Corporate Officer or Employee whose Total Compensation first exceeds \$425,000 during a 12-month period ending after 2019, the 12-month period starting from the end of the month in which the Corporate Officer’s or Employee’s Total Compensation first exceeded \$425,000 (or \$3,000,000).

“Total Compensation” means compensation including salary, wages, bonuses, awards of stock, and any other financial benefits provided by the Borrower Air Carrier or an Affiliate, as applicable, which shall be determined and calculated for the 2019 calendar year or any applicable twelve (12)-month period in respect of any Employee or Corporate Officer of the Borrower Air Carrier in the manner prescribed under paragraph e.5 of the award term in 2 CFR part 170, App. A, but excluding any Severance Pay or Other Benefits in connection with a termination of employment.

## ARTICLE XI

### MISCELLANEOUS

#### SECTION 11.01 Notices; Public Information.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices

and other communications provided for herein shall be in writing in English and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email as follows:

(i) if to a Credit Party, to it at 4545 Airport Way, Denver, CO 80239, Attention of General Counsel (Telephone No.: ###-###-####; Email: ###) (with a copy to, which shall not constitute notice, Latham & Watkins LLP, 140 Scott Drive Menlo Park, CA 94025, Attention of Tony Richmond (Telephone No.: ###.###.####; Email: ###));

(ii) if to the Administrative Agent or the Collateral Agent, to The Bank of New York Mellon at 240 Greenwich Street, 7th Floor, New York, NY 10286, Attention of Joanna Shapiro, Managing Director (Telephone No. ###-###-####; Email: ### with a copy to ###);

(iii) if to Treasury, as the Initial Lender, to The Department of the Treasury of the United States at 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220, Attention of Assistant General Counsel (Banking and Finance) (Telephone No. ###-###-####; Email: ###); and

(iv) if to any other Lender, to it at its address (or facsimile number or email address) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail, FpML, and Internet or intranet websites) pursuant to procedures approved by the Lenders and reasonably acceptable to the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Collateral Agent, the Parent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent, the Collateral Agent or a Lender otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) The Borrower and the Lenders agree that the Administrative Agent may, but shall not be obligated to, make the Communications (as defined below) available to the other Lenders by posting the Communications on the Platform.

(ii) The Platform is provided “as is” and “as available.” The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to the Credit Parties, any Lender or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower’s or the Administrative Agent’s transmission of communications through the Platform. “Communications” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Credit Parties pursuant to any Loan Document or the transactions contemplated therein that is distributed to the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through the Platform.

(e) Public Information. The Borrower hereby acknowledges that certain of the Lenders (each, a “Public Lender”) may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons’ securities. The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the materials and information provided by or on behalf of the Borrower hereunder and under the other Loan Documents (collectively, “Borrower Materials”) that may be distributed to the Public Lenders and that (i) all such Borrower Materials shall be clearly and conspicuously marked “PUBLIC,” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (ii) by marking Borrower Materials “PUBLIC,” the Borrower shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of U.S. federal and state securities Laws (provided, however, that to the extent that such Borrower Materials constitute Information, they shall be subject to Section 11.12); (iii) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Side Information;” and (iv) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Side Information”. Each Public Lender will designate one or more representatives that shall be permitted to receive information that is not designated as being available for Public Lenders. Notwithstanding the foregoing, financial statements and related documentation, in each case, provided pursuant to Section 5.01(a) or 5.01(b) shall be deemed to be marked “PUBLIC”, unless the Parent notifies the Administrative Agent promptly that any such document contains material non-public information.

SECTION 11.02 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Administrative Agent, the Collateral Agent or any Lender in exercising any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or

discontinuance of steps to enforce such a right remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right remedy, power or privilege. The rights, remedies, powers and privileges of the Administrative Agent, the Collateral Agent and the Lenders hereunder and under the Loan Documents are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Credit Parties shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, (i) so long as the Initial Lender is a Lender, either the Initial Lender or, at the Initial's Lender's option, the Administrative Agent in accordance with Section 7.01 for the benefit of all the Lenders and (ii) if the Initial Lender is no longer a Lender, the Required Lenders or the Administrative Agent (acting at the direction of the Required Lenders) in accordance with Section 7.01 for the benefit of all the Lenders; provided that the foregoing shall not prohibit (i) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacities as Administrative Agent and as Collateral Agent) hereunder and under the other Loan Documents, (ii) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13) or (iii) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to a Credit Party under any Debtor Relief Law; provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (x) the Required Lenders shall have the rights otherwise provided to the Administrative Agent pursuant to Section 7.01 and (y) in addition to the matters set forth in clauses (ii) and (iii) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights or remedies available to it and as authorized by the Required Lenders.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Agreement (including Section 2.10 and Section 8.01), no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing executed by the Borrower and the Required Lenders, and acknowledged by the Administrative Agent, or by the Borrower and the Administrative Agent with the consent of the Required Lenders, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such amendment, waiver or consent shall:

(i) extend or increase any Commitment of any Lender without the written consent of such Lender;

(ii) reduce the principal of, or rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document, without the written consent of each Lender directly and adversely affected thereby (provided that only the consent of the Required Lenders shall be necessary (x) to amend the definition of "Default Rate" or to waive the obligation of the Borrower to pay interest at the Default Rate or (y) to amend any financial covenant (or any defined term directly or indirectly used therein), even if the effect of such amendment would be to reduce the rate of interest on any Loan or other Obligation or to reduce any fee payable hereunder);

(iii) postpone any date scheduled for any payment of principal of, or interest on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document, or reduce the amount of, waive or excuse any such payment, without the written consent of each Lender directly and adversely affected thereby;

(iv) change Section 2.12(b) or Section 2.13 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly and adversely affected thereby;

(v) waive any condition set forth in Section 4.01 without the written consent of the Initial Lender; or

(vi) change any provision of this Section or the percentage in the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

provided, further, that no such amendment, waiver or consent shall amend, modify or otherwise affect the rights or duties hereunder or under any other Loan Document of either of the Agents, unless in writing executed by such Agent, in each case in addition to the Borrower and the Lenders required above.

In addition, notwithstanding anything in this Section to the contrary, (i) if the Borrower shall have identified an obvious error or any error or omission of a technical nature, in each case, in any provision of the Loan Documents, then, upon the delivery of a certificate of a Responsible Officer of the Borrower to the Administrative Agent identifying such error and directing the Administrative Agent to execute an amendment to correct such error, the Administrative Agent and the Borrower shall be permitted to amend such provision, and, in each case, such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders to the Administrative Agent within ten (10) Business Days following receipt of notice thereof and (ii) that any Security Document may be amended, supplemented or otherwise modified with the consent of the applicable Grantor (as defined in the Pledge and Security Agreement) and the Administrative Agent to add assets (or categories of assets) to the Collateral covered by such Security Document, as contemplated by the definition of Additional Collateral, or to remove any assets or categories of assets (including after-acquired assets of that category) from the Collateral covered by such Security Document to the extent the release thereof is permitted by Section 6.17(b)(iii).

#### SECTION 11.03 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Initial Lender, the Administrative Agent, the Collateral Agent and their Affiliates (including the reasonable fees, charges and disbursements of any counsel for the Initial Lender, the Administrative Agent or the Collateral Agent), and shall pay all fees and time charges and disbursements for attorneys who may be employees of the Administrative Agent or the Collateral Agent, in connection with the preparation, negotiation, execution, delivery and administration of this Agreement, the Loan Documents, any other agreements or documents executed in connection herewith or therewith or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent or any Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent, the Collateral Agent or any Lender), and shall pay all fees and time charges for attorneys who may be employees of the Administrative Agent, the Collateral Agent or any Lender, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the Loan Documents, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of this Agreement, the Loan Documents and other agreements or documents executed in connection herewith or therewith.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent and Collateral Agent (and any sub-agents thereof) and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, obligations, penalties, fines, settlements, judgments, disbursements and related costs and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Parent) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Parent or any of its Subsidiaries, or any Environmental Liability related in any way to the Parent or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Parent, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee other than the Initial Lender, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This paragraph (b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent or Collateral Agent (or any sub-agents thereof) or any Related Party of any of the foregoing, each Lender (other than the Initial Lender) severally agrees to pay to the Administrative Agent or Collateral Agent (or any such sub-agents) or such Related Party, as the case may be, such Lender’s pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender’s Applicable Percentage at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or Collateral Agent (or any such sub-agents), or against any Related Party of any of the foregoing acting for the Administrative Agent or Collateral Agent (or any such sub-agents) in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the provisions of Section 2.12(e).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, no Credit Party shall assert, and each hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable not later than five (5) days after demand therefor; provided that the terms of this Section shall not apply to the Initial Lender.

(f) Survival. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder and the resignation or removal of the Administrative Agent or the Collateral Agent.

#### SECTION 11.04 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender (and any other attempted assignment or transfer by any party hereto shall be null and void), and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (e) of this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of the Loans at the time owing to it); provided that any such assignment by any Lender (other than the Initial Lender) shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Loans at the time owing to it or contemporaneous assignments to and/or by related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$5,000,000, unless each of the Administrative Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans assigned.

(iii) Required Consents. No consent shall be required for any assignment by the Initial Lender. The consent of the Borrower (such consent not to be unreasonably withheld, delayed or conditioned) shall be required for any assignment by any Lender other than the Initial Lender unless (x) a Default or Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender or an Affiliate of a Lender; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person).

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Section 11.03 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender other than the Initial Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Collateral Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a Competitor, a natural person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person, or the Borrower or any of the Borrower's Affiliates or Subsidiaries)



(each, a “Participant”) in all or a portion of such Lender’s rights and/or obligations under this Agreement (including all or a portion of the Loans owing to it); provided that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent, the Collateral Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 11.03(b) with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 11.02(b)(i) through (v) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 (subject to the requirements and limitations therein, including the requirements under Section 2.16(g) (it being understood that the documentation required under Section 2.16(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Section 2.15 or 2.16, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower’s request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.19(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other obligations under the Loan Documents (the “Participant Register”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant’s interest in any loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

**SECTION 11.05 Survival**. All covenants, agreements, representations and warranties made by any Credit Party herein and in any Loan Document or other documents delivered in connection herewith or therewith or pursuant hereto or thereto shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery hereof and thereof and the making of the

Borrowings hereunder, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Collateral Agent or any Lender may have had notice or knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied and so long as the Commitments have not expired or been terminated. The provisions of Sections 2.14, 2.15, 11.03, 11.15 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the payment in full of the Obligations, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 11.06 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution. The words "execution," "signed," "signature," and words of like import in this Agreement and in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 11.07 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender or any such Affiliate, to or for the credit or the account of the Borrower against any and all of the due and unpaid Obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or its respective Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand

under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch office or Affiliate of such Lender different from the branch office or Affiliate holding such deposit or obligated on such indebtedness. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or its respective Affiliates may have. Each Lender (other than the Initial Lender) agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 11.09 Governing Law; Jurisdiction; Etc.

(a) Governing Law. This Agreement and the other Loan Documents will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within such State.

(b) Jurisdiction and Venue. Each of the Credit Parties and each Lender agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Agreement, the Loan Documents, or the transactions contemplated hereby or thereby.

(c) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 11.01. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

SECTION 11.10 Waiver of Jury Trial. To the extent permitted by Applicable Law, each Credit Party and each Lender hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement, the Loan Documents or the transactions contemplated hereby or thereby.

SECTION 11.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 11.12 Treatment of Certain Information; Confidentiality. Each of the Agents and the Lenders (other than the Initial Lender) agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by Applicable Laws or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as (or no less restrictive than) those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; provided that, in each case under this clause (f)(ii), such actual or prospective party is not a Competitor; (g) on a confidential basis to (i) any rating agency in connection with

rating the Borrower or its Subsidiaries or the Loans or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Loans; (h) with the consent of the Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to either Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower who did not acquire such information as a result of a breach of this Section.

For purposes of this Section, "Information" means all information received from the Parent or any of its Subsidiaries relating to the Parent or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Parent or any of its Subsidiaries; provided that, in the case of information received from the Parent or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 11.13 Money Laundering; Sanctions. The Borrower shall provide to the Administrative Agent, the Collateral Agent, and the Lenders information and documentation that the Lenders may reasonably request that identifies the Borrower and its Affiliates, which information may include the name and address of the Borrower and its Affiliates and other information regarding beneficial ownership of the Borrower and its Affiliates that will allow the Lenders to ensure compliance with Sanctions and the AML Laws. For purposes of determining whether or not a representation with respect to any indirect ownership is true or a covenant is being complied with under this Section 11.13, the Borrower shall not be required to make any investigation into (i) the ownership of publicly traded stock or other publicly traded securities or (ii) the ownership of assets by a collective investment fund that holds assets for employee benefit plans or retirement arrangements.

SECTION 11.14 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under Applicable Law (collectively, "charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with Applicable Law, the rate of interest payable in respect of such Loan hereunder, together with all charges payable in respect thereof, shall be limited to the Maximum Rate. To the extent lawful, the interest and charges that would have been paid in respect of such Loan but were not paid as a result of the operation of this Section shall be cumulated and the interest and charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the amount collectible at the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate for each day to the date of repayment, shall have been received by such Lender. Any amount collected by such Lender that exceeds the maximum amount collectible at the Maximum Rate shall be applied to the reduction of the principal balance of such Loan or refunded to the Borrower so that at no time shall the interest and charges paid or payable in respect of such Loan exceed the maximum amount collectible at the Maximum Rate.

SECTION 11.15 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent or any Lender, or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in

full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender (other than the Initial Lender) severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Effective Rate from time to time in effect.

**SECTION 11.16 No Advisory or Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) no fiduciary, advisory or agency relationship between any Credit Party and any of their respective Subsidiaries and the Administrative Agent, the Collateral Agent or any Lender is intended to be or has been created in respect of the transactions contemplated hereby or by the other Loan Documents, irrespective of whether the Administrative Agent, the Collateral Agent, or any Lender has advised or is advising any Credit Party or any of their respective Subsidiaries on other matters, (ii) the lending and other services regarding this Agreement provided by the Administrative Agent, the Collateral Agent and the Lenders are arm's-length commercial transactions between Credit Parties and their Affiliates, on the one hand, and the Administrative Agent, the Collateral Agent and the Lenders, on the other hand, (iii) the Credit Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent that they has deemed appropriate and (iv) the Credit Parties are capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; and (b) (i) the Administrative Agent, the Collateral Agent and the Lenders each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Credit Parties or any of their respective Affiliates, or any other Person; (ii) none of the Administrative Agent, the Collateral Agent and the Lenders has any obligation to the Credit Parties or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Collateral Agent and the Lenders and their respective Affiliates may be engaged, in a broad range of transactions that involve interests that differ from those of the Credit Parties and their respective Affiliates, and none of the Administrative Agent, the Collateral Agent and the Lenders has any obligation to disclose any of such interests to the Credit Parties or any of their respective Affiliates. To the fullest extent permitted by Law, the Credit Parties hereby waive and release any claims that they may have against any of the Administrative Agent, the Collateral Agent and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

**SECTION 11.17 Acknowledgement and Consent to Bail-In of EEA Financial Institutions.** Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among the parties, each party hereto (including each Credit Party) acknowledges that any liability arising under a Loan Document of any Credit Party that is an Affected Financial Institution, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority, and agrees and consents to, and acknowledges and agrees to be bound by: (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising under any Loan Documents which may be payable to it by any Credit Party that is an Affected Financial Institution; and (b) the effects of any Bail-In Action on any such liability, including (i) a reduction in full or in part or cancellation of any such liability, (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under any Loan Document, or (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

FRONTIER AIRLINES, INC.,  
as the Borrower

By: /s/ James Dempsey  
Name: James Dempsey  
Title: Chief Financial Officer

FRONTIER AIRLINES HOLDINGS, INC.,  
as a Guarantor

By: /s/ James Dempsey  
Name: James Dempsey  
Title: Chief Financial Officer

FRONTIER GROUP HOLDINGS, INC.,  
as a Guarantor and the Parent

By: /s/ James Dempsey  
Name: James Dempsey  
Title: Chief Financial Officer

*[Signature Page to Loan and Guarantee Agreement – Frontier Airlines]*

THE BANK OF NEW YORK MELLON,  
as Administrative Agent

By: /s/ Bret S. Derman

Name: Bret S. Derman

Title: Vice President

THE BANK OF NEW YORK MELLON,  
as Collateral Agent

By: /s/ Bret S. Derman

Name: Bret S. Derman

Title: Vice President

*[Signature Page to Loan and Guarantee Agreement – Fortier Airlines]*

**UNITED STATES DEPARTMENT OF THE  
TREASURY**, as the Initial Lender

By: /s/ Brent McIntosh

Name: Brent McIntosh

Title: Under Secretary for International Affairs

*[Signature Page to Loan and Guarantee Agreement – Forntier Airlines]*



Carrier Loyalty Programs

1. FRONTIER Miles.

Loyalty Program Agreements<sup>1</sup>

1. [\*\*\*]

2. [\*\*\*]

---

1 [\*\*\*]

Loyalty Subscription Programs

None.

Financial Statements

The audited consolidated financial statements of the Parent for the fiscal year ending December 31, 2019.

The unaudited consolidated financial statements of the Borrower for the fiscal quarter ending June 30, 2020.

Subsidiaries

<u>Entity Name</u>	<u>Owner</u>	<u>Ownership Percentage</u>	<u>Excluded Subsidiary: Yes/No</u>
Frontier Airlines Holdings, Inc.	Frontier Group Holdings, Inc.	100%	No
Frontier Airlines, Inc.	Frontier Airlines Holdings, Inc.	100%	No
Frontier Airlines Management, Inc.	Frontier Airlines, Inc.	100%	Yes

Post-Closing Matters

None.

Restricted Payments

\*\*\*

Investments

1. [\*\*\*]
2. [\*\*\*]
3. [\*\*\*]



Affiliate Transactions

\*\*\*

## [FORM OF ASSIGNMENT AND ASSUMPTION]

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between the Assignor (as defined below) and the Assignee (as defined below). Capitalized terms used but not defined herein shall have the meanings given to them in the Loan and Guarantee Agreement identified below (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Loan and Guarantee Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Loan and Guarantee Agreement, any other Loan Documents and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any guarantees included in such facilities), and (ii) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Loan and Guarantee Agreement, any other Loan Document and any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: \_\_\_\_\_ (the "Assignor")
2. Assignee: \_\_\_\_\_ (the "Assignee")  
 [Assignee is an [Affiliate][Approved Fund] of [identify Lender]]
3. Borrower: Frontier Airlines, Inc., a Colorado corporation
4. Administrative Agent: The Bank of New York Mellon, as the Administrative Agent under the Loan and Guarantee Agreement
5. Loan and Guarantee Agreement: The Loan and Guarantee Agreement, dated as of September 28, 2020, among the Borrower, Frontier Group Holdings, Inc., a Delaware corporation, Frontier Airlines Holdings, Inc., a Delaware corporation, The United States Department of the Treasury, as Initial Lender, and The Bank of New York Mellon, as Administrative Agent and Collateral Agent

6. Assigned Interest[s]:

<u>Assignor</u>	<u>Assignee</u>	<u>[Loans Assigned]<sup>1</sup><sup>2</sup></u>	<u>Aggregate Amount of Loans for all Lenders<sup>3</sup></u>	<u>Amount of Loans Assigned</u>	<u>Percentage Assigned of Loans<sup>4</sup></u>
			\$	\$	%
			\$	\$	%
			\$	\$	%

[7. Trade Date: ]<sup>5</sup>

[Page break]

<sup>1</sup> Specify which tranche of Loans are being assigned.

<sup>2</sup> Note to Form: To include if loan has multiple tranches that are not fungible (i.e., different maturities).

<sup>3</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>4</sup> Set forth, to at least 9 decimals, as a percentage of the Loans of all Lenders thereunder.

<sup>5</sup> To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: \_\_\_\_\_, 20 \_\_\_\_ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR  
[NAME OF ASSIGNOR]

By: \_\_\_\_\_  
Title:

ASSIGNEE  
[NAME OF ASSIGNEE]

By: \_\_\_\_\_  
Title:

Accepted:

THE BANK OF NEW YORK MELLON, as  
Administrative Agent

By: \_\_\_\_\_  
Title:

[Consented to:

FRONTIER AIRLINES, INC.

By: \_\_\_\_\_  
Title:]<sup>6</sup>

<sup>6</sup> To be included only if the consent of the Borrower is required for such Assignment and Assumption by the terms of the Loan and Guarantee Agreement.

STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, including to obtain such consent, if any, as required under the Loan and Guarantee Agreement, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan and Guarantee Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of the Loan and Guarantee Agreement or any other Loan Document, or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Loan and Guarantee Agreement, (ii) it meets all the requirements to be an assignee under Section 11.04 of the Loan and Guarantee Agreement (subject to such consents, if any, as may be required thereunder), (iii) from and after the Effective Date, it shall be bound by the provisions of the Loan and Guarantee Agreement and each other Loan Document as a Lender, and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Loan and Guarantee Agreement, and has received or has been afforded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent, the Collateral Agent, the Assignor or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vii) if it is not already a Lender under the Loan and Guarantee Agreement, attached to the Assignment and Assumption is an Administrative Questionnaire and the applicable "know your customer" documentation requested by the Administrative Agent and as required by the Loan and Guarantee Agreement and (viii) the Administrative Agent has received a processing and recordation fee of \$3,500 as of the Effective Date (to the extent required by the Loan and Guarantee Agreement, unless waived), (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Collateral Agent, the Assignor or any other Lender or Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender, including its obligations pursuant to Section 2.16 of the Loan and Guarantee Agreement and (c) appoints and authorizes the Administrative Agent and the Collateral Agent to take such action on its behalf and to exercise such powers under the Loan and Guarantee Agreement and the other Loan Documents as are delegated to such Agent by the terms thereof, together with such actions and powers as are reasonably incidental or related thereto.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts that have accrued to but excluding the Effective Date and to the Assignee for amounts that have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within such State.

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE  
(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Guarantee Agreement, dated as of September 28, 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among Frontier Airlines, Inc., a Colorado corporation (the "Borrower"), Frontier Group Holdings, Inc., a Delaware corporation, Frontier Airlines Holdings, Inc., a Delaware corporation, The United States Department of the Treasury, as Initial Lender, each Lender from time to time party thereto and The Bank of New York Mellon, as Administrative Agent and Collateral Agent.

Pursuant to the provisions of Section 2.16 of the Loan and Guarantee Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan and Guarantee Agreement and used herein shall have the meanings given to them in the Loan and Guarantee Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date:       , 20[ ]

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE  
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Guarantee Agreement, dated as of September 28, 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among Frontier Airlines, Inc., a Colorado corporation (the "Borrower"), Frontier Group Holdings, Inc., a Delaware corporation, Frontier Airlines Holdings, Inc., a Delaware corporation, The United States Department of the Treasury, as Initial Lender, each Lender from time to time party thereto and The Bank of New York Mellon, as Administrative Agent and Collateral Agent.

Pursuant to the provisions of Section 2.16 of the Loan and Guarantee Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan and Guarantee Agreement and used herein shall have the meanings given to them in the Loan and Guarantee Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name:  
Title:

Date:       , 20[   ]



[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE  
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Guarantee Agreement, dated as of September 28, 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among Frontier Airlines, Inc., a Colorado corporation (the "Borrower"), Frontier Group Holdings, Inc., a Delaware corporation, Frontier Airlines Holdings, Inc., a Delaware corporation, The United States Department of the Treasury, as Initial Lender, each Lender from time to time party thereto and The Bank of New York Mellon, as Administrative Agent and Collateral Agent.

Pursuant to the provisions of Section 2.16 of the Loan and Guarantee Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan and Guarantee Agreement and used herein shall have the meanings given to them in the Loan and Guarantee Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name:  
Title:

Date: , 20[ ]

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE  
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Guarantee Agreement, dated as of September 28, 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among Frontier Airlines, Inc., a Colorado corporation (the "Borrower"), Frontier Group Holdings, Inc., a Delaware corporation, Frontier Airlines Holdings, Inc., a Delaware corporation, The United States Department of the Treasury, as Initial Lender, each Lender from time to time party thereto and The Bank of New York Mellon, as Administrative Agent and Collateral Agent.

Pursuant to the provisions of Section 2.16 of the Loan and Guarantee Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Loan and Guarantee Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan and Guarantee Agreement and used herein shall have the meanings given to them in the Loan and Guarantee Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_  
Name:  
Title:

Date:           , 20[    ]

## FORM OF NOTE

[New York, New York]

[Date]

FOR VALUE RECEIVED, the undersigned, Frontier Airlines, Inc., a Colorado corporation (the "Borrower"), hereby promises to pay to or its registered assigns in accordance with Section 11.04 of the Loan and Guarantee Agreement (as defined below) (the "Lender"), in lawful money of the United States of America in immediately available funds at the office of the Administrative Agent (such term, and each other capitalized term used but not defined herein, having the meaning assigned to it in the Loan and Guarantee Agreement, dated as of September 28, 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among the Borrower, the Guarantors party thereto from time to time, The United States Department of the Treasury, as Initial Lender, the Lenders party thereto from time to time and The Bank of New York Mellon, as Administrative Agent and Collateral Agent) (i) on the dates set forth in the Loan and Guarantee Agreement, the principal amounts set forth in the Loan and Guarantee Agreement with respect to Loans made by the Lender to the Borrower pursuant to the Loan and Guarantee Agreement and (ii) on each Interest Payment Date, interest at the rate or rates per annum as provided in the Loan and Guarantee Agreement on the unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to the Loan and Guarantee Agreement.

The Borrower promises to pay interest, on written demand, on any overdue principal and, to the extent permitted by law, overdue interest from their due dates at the rate or rates provided in the Loan and Guarantee Agreement.

The Borrower hereby waives (to the extent permitted by applicable law) diligence, presentment, demand, protest and notice of any kind whatsoever. Subject to the terms of the Loan and Guarantee Agreement, including Section 7.02 thereof, nonexercise by the holder hereof of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

All borrowings evidenced by this note and all payments and prepayments of the principal hereof and interest hereon and the respective dates thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal records; provided, however, that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of the Borrower under this note.

This note is one of the Notes referred to in the Loan and Guarantee Agreement that, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayment of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain provisions of the Loan and Guarantee Agreement, all upon the terms and conditions therein specified.

**THIS NOTE MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE LOAN AND GUARANTEE AGREEMENT.**

**THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE FEDERAL LAW OF THE UNITED STATES IF AND TO THE EXTENT SUCH LAW IS APPLICABLE, AND OTHERWISE IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.**

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Borrower has caused this note to be duly executed by its authorized officer as of the day and year first above written.

FRONTIER AIRLINES, INC.

By: \_\_\_\_\_  
Name:  
Title:

LOANS AND PAYMENTS

<u>Date</u>	<u>Amount of Loan</u>	<u>Maturity Date</u>	<u>Payments of Principal/Interest</u>	<u>Principal Balance of Note</u>	<u>Name of Person Making the Notation</u>

FORM OF DIRECT AGREEMENT

*[Attached]*

LOYALTY PARTNER DIRECT AGREEMENT<sup>1</sup>

THIS LOYALTY PARTNER DIRECT AGREEMENT (this “Agreement”), dated as of [●], 2020, is by and between THE BANK OF NEW YORK MELLON, as Collateral Agent for the benefit of the Secured Parties (“Collateral Agent”), [●]<sup>2</sup>, a [●]<sup>3</sup> (together with its successors and assigns, “Loyalty Program Partner”), and [●]<sup>4</sup>, a [●]<sup>5</sup> (“Credit Party”). Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Loan Agreement (as defined below).

**WHEREAS**, [[Credit Party] [●]<sup>6</sup>, as Borrower, The Bank of New York Mellon, as Collateral Agent and as Administrative Agent, and The United States Department of the Treasury, as lender (“Treasury”), have entered into that certain Loan and Guarantee Agreement dated as of [●] (the “Loan Agreement”), whereby Treasury has agreed to extend credit to Borrower as is permissible under the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136 (Mar. 27, 2020), as the same may be amended from time to time (the “CARES Act”) subject to the terms and conditions therein;

**WHEREAS**, Credit Party and Loyalty Program Partner are parties to [●]<sup>7</sup>, dated as of [●], as amended from time to time (the “Loyalty Program Agreement”);

**WHEREAS**, pursuant to that certain Pledge and Security Agreement, dated as of [●], by and between Credit Party, as a Grantor, the other Grantors named therein from time to time and Collateral Agent (the “Pledge and Security Agreement”), Credit Party has granted to Collateral Agent, for the benefit of the Secured Parties, a security interest in and continuing lien on, among other things, all of its right, title and interest in, to and under the Loyalty Program Agreement together with all related Loyalty Program Revenues and other related Loyalty Program Assets (as defined in the Pledge and Security Agreement) (collectively, the “Loyalty Program Collateral”). For the purposes of this Agreement, “Loyalty Program Revenues” shall mean all payments received by, or otherwise required to be paid to, Credit Party (and its Affiliates), and all other amounts Credit Party is entitled to, under the Loyalty Program Agreement; “Secured Parties” shall mean any lender under the Loan Agreement (including Treasury as the Initial Lender), the Administrative Agent and the Collateral Agent;

**WHEREAS**, it is a condition precedent to the closing of and initial borrowing under the Loan Agreement that Credit Party deliver to Treasury or its designee and Collateral Agent this Agreement duly executed and delivered by Loyalty Program Partner;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Estoppel. Loyalty Program Partner hereby certifies that as of the date hereof: (a) the Loyalty Program Agreement is in full force and effect and has not been modified, supplemented or

<sup>1</sup> Note: Form to be executed for each Material Loyalty Program Agreement.

<sup>2</sup> NTD: Insert name of Loyalty Program Partner.

<sup>3</sup> NTD: Insert jurisdiction of incorporation or formation.

<sup>4</sup> NTD: Insert the name of the airline entity that is party to the Material Loyalty Program Agreement.

<sup>5</sup> NTD: Insert jurisdiction of incorporation or formation.

<sup>6</sup> NTD: If Credit Party is not Borrower, insert name of Borrower.

<sup>7</sup> NTD: Insert name of the Material Loyalty Program Agreement.

amended except as listed in Exhibit A; (b) to its Knowledge, except as set forth in Schedule 1(b) of the Disclosure Schedules hereto, there exists no breach, default or event or condition which, with the giving of notice or the passage of time, or both, would give Loyalty Program Partner the right to terminate the Loyalty Program Agreement, (c) to its Knowledge, except as set forth in Schedule 1(c) of the Disclosure Schedules hereto, there exists no breach or default which, with the giving of notice or the passage of time, or both, would result in a material suspension of, or reduction in, payments made to Credit Party under the Loyalty Program Agreement; and (d) to its Knowledge, except as set forth in Schedule 1(d) of the Disclosure Schedules hereto, Loyalty Program Partner has no existing claims, defenses or offsets against the full and timely payment and performance of its material obligations under the Loyalty Program Agreement. For the purposes of this Agreement, “Knowledge” shall mean the actual knowledge of any Responsible Officer of Loyalty Program Partner, responsible for managing or operating the business contemplated under the Loyalty Program Agreement. “Responsible Officer” shall mean the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller of Loyalty Program Partner.

2. No Offset. All payments required to be made by Loyalty Program Partner under the Loyalty Program Agreement shall be made without any offset, recoupment, abatement, withholding, reduction or defense whatsoever, other than (x) with respect to amounts due from the Credit Party under the Loyalty Program Agreement and (y) any such rights with respect to amounts incurred by or due to Loyalty Program Partner in respect of marketing, promotion, sponsorship, technology or other similar expenses in connection with or related to the credit card program offered under the Loyalty Program Agreement, in each case (1) solely to the extent expressly permitted under the Loyalty Program Agreement or if exercised in the ordinary course of business and in accordance with past or common industry practices and (2) expressly excluding any offset for costs, expenses or other amounts that are not so related, including any amount in repayment of any amount borrowed by the Credit Party from Loyalty Program Partner or its affiliates.

3. Payment Directions. Loyalty Program Partner agrees to remit any and all Loyalty Program Revenues as and when required by the Loyalty Program Agreement directly to the account specified on Exhibit B<sup>8</sup> hereto (“Default Payment Method”) or to such other person, entity or account as shall be specified from time to time by Collateral Agent to Loyalty Program Partner in writing (“Payment Directions”). Until this Agreement terminates in accordance with Section 9(a) hereof, Loyalty Program Partner may not remit any Loyalty Program Revenues in accordance with any instructions delivered to Loyalty Program Partner by Credit Party or any other Person, unless Collateral Agent so instructs Loyalty Program Partner in writing. Collateral Agent will provide Credit Party with notice of any Payment Directions or other instructions sent to Loyalty Program Partner pursuant to this Section 3 that direct payments other than in accordance with the Default Payment Method. In no event shall Loyalty Program Partner be required to remit the cash value of any services it is required to provide to Credit Party in-kind under the Loyalty Program Agreement, unless required pursuant to the terms of the Loyalty Program Agreement.

Credit Party acknowledges and agrees that Loyalty Program Partner may unconditionally rely on any written notice from Collateral Agent (i) directing payment of Loyalty Program Revenues in accordance with the preceding paragraph (such Payment Directions assumed to be continuing until Loyalty Program Partner’s receipt of a written notice from Collateral Agent) or (ii) that provides notice that an Event of Default has occurred under the Loan Agreement until such time as Collateral Agent provides notice to Loyalty Program Partner that such Event of Default has been cured. Credit Party shall have no recourse to Loyalty Program Partner in connection with any action or inaction taken by Loyalty Program

<sup>8</sup> NTD: Exhibit B to include wiring instructions to the Collection Account.



Party in reliance on any such notice believed by Loyalty Program Partner in good faith to be genuine and signed or presented by the proper party or parties. Collateral Agent shall revoke any such Payment Directions directing payments other than in accordance with the Default Payment Method promptly after the receipt of notice from the Required Lenders that any such Event of Default has been cured, and following Loyalty Program Partner's receipt of written notice of such revocation from Collateral Agent any additional Loyalty Program Revenues shall be remitted in accordance with the Default Payment Method.

Loyalty Program Partner shall have no obligation to review or confirm that actions taken pursuant to the Payment Directions or other notice delivered by Collateral Agent to Loyalty Program Partner in accordance with this Agreement comply with any other agreement or document to which it is not a party. Any Payment Directions shall be subject to receipt by Loyalty Program Partner of IRS Form W-8 or W-9 as may be reasonably requested by Loyalty Program Partner.

4. Consent to Assignment. Loyalty Program Partner hereby (a) acknowledges that Credit Party has provided it with notice that the Secured Parties will enter into the Loan Agreement and the Pledge and Security Agreement with Credit Party in reliance on, among other things, the execution and delivery of this Agreement by Loyalty Program Partner, (b) irrevocably consents to the pledge to Collateral Agent for the benefit of the Secured Parties of, and the grant to Collateral Agent for the benefit of the Secured Parties of, a lien on and security interest in, all right, title and interest of Credit Party in, to and under the Loyalty Program Collateral, including all of Credit Party's rights to receive payment under or with respect to the Loyalty Program Agreement and all payments due and to become due thereunder, and (c) confirms that it has not granted and to its Knowledge, except as set forth in Schedule 4(c) of the Disclosure Schedules hereto, has not received notice of any other security interest granted in, to or under the Loyalty Program Agreement or the other Loyalty Program Collateral.

5. Assignment to Third Parties; Event of Foreclosure on Collateral. Collateral Agent, for the benefit of the Secured Parties, may (i) acquire all right, title and interest of Credit Party in, to and under the Loyalty Program Collateral through foreclosure or assignment thereof in lieu of foreclosure, and (ii) may subsequently transfer or assign the Loyalty Program Collateral, either in its own name or through a nominee, in each such case, subject to Loyalty Program Partner's prior written consent (such consent right to be exercised in Loyalty Program Partner's reasonable business judgment) and in any such case, such person or its nominee, or such transferee or assignee, as the case may be, shall thereafter be bound by all applicable terms of, and shall have assumed the obligations of Credit Party under, the Loyalty Program Agreement and, as applicable, the other Loyalty Program Collateral.

6. Notice and Cure. In the event there is a default by Credit Party under the Loyalty Program Agreement that (i) is reasonably likely to result in a material suspension of, or reduction in, payments made to Credit Party under the Loyalty Program Agreement or (ii) is reasonably likely to result in termination of the Loyalty Program Agreement, Loyalty Program Partner shall forbear and shall not exercise any remedies, including, but not limited to, any right to terminate or suspend performance under the Loyalty Program Agreement unless and until Loyalty Program Partner has given Collateral Agent written notice of such default and for a period of 30 days Collateral Agent shall fail to remedy the default of Credit Party. If the default cannot reasonably be cured by Collateral Agent within 30 days, then Collateral Agent shall have such additional time as it shall reasonably require, so long as it is proceeding with reasonable diligence to cure the default, up to a maximum of 90 days from receipt of written notice from Loyalty Program Partner of such default.

For any default that cannot be cured without possession of Loyalty Program Collateral, Collateral Agent shall have the right to postpone and extend the time to cure such default in order to prosecute and complete a foreclosure or equivalent proceeding and obtain possession of the Loyalty Program Collateral, up to a maximum of 90 days from receipt of written notice from Loyalty Program

Partner of such default. If Collateral Agent completes a foreclosure or an equivalent proceeding within the foregoing time period, then Loyalty Program Partner shall waive against Collateral Agent and any nominee, transferee or assignee of Collateral Agent any noncurable defaults that are personal to Credit Party.

Notwithstanding the foregoing, a cure of any default by Collateral Agent shall not constitute an assumption by Collateral Agent of the obligations of Credit Party under the Loyalty Program Agreement. In addition, in the event that the Loyalty Program Agreement terminates for any reason (other than (A) as a result of the failure of Collateral Agent to effect a cure or foreclosure within the 90- day period described above (if applicable), (B) in accordance with Section 9(a)(ii) or (C) upon the occurrence of a non-default related event expressly set forth in the Loyalty Program Agreement), or is rejected in any bankruptcy or insolvency proceedings of Credit Party prior to expiration of the 90-day period described above (if applicable), Loyalty Program Partner shall, subject to Loyalty Program Partner's prior written consent (such consent right to be exercised in Loyalty Program Partner's reasonable business judgment), enter into a new loyalty program agreement with Collateral Agent or its nominee, transferee or assignee in connection with an assignment made in accordance with Section 5 hereof, for the benefit of the Secured Parties on the same terms (subject to any necessary conforming changes) as the Loyalty Program Agreement between Loyalty Program Partner and Credit Party.

7. [Reserved]

8. No Liability. Except in the case of gross negligence, willful misconduct or as set forth in Section 9(i) herein, Loyalty Program Partner acknowledges and agrees that no Secured Party nor Collateral Agent, nor any of their respective nominee(s) or assignee(s) shall have any liability or obligation to Loyalty Program Partner solely as a result of this Agreement, the Loan Agreement, the Pledge and Security Agreement or any other Security Documents. For the avoidance of doubt, none of Collateral Agent or the Secured Parties shall be obligated or required to perform any of Credit Party's obligations under the Loyalty Program Agreement except (i) if such obligations are expressly assumed in writing by the applicable party or (ii) in connection with the taking of title to the Loyalty Program Assets following the completion of a foreclosure action.

Notwithstanding the foregoing, upon the assignment or transfer of the Loyalty Program Agreement to any nominee(s) or assignee(s) by Collateral Agent in connection with the exercise of its rights and remedies, for the benefit of the Secured Parties, under the Pledge and Security Agreement during the continuance of an Event of Default under the Loan Agreement, such nominee(s) and/or assignee(s) shall be bound by all applicable terms of, and shall have assumed the obligations of Credit Party under, the Loyalty Program Agreement and, as applicable, the other Loyalty Program Collateral. Unless Collateral Agent (i) assumes the Loyalty Program Agreement in writing pursuant to Section 5, (ii) takes title to the Loyalty Program Assets following the completion of a foreclosure action or (iii) enters into a replacement agreement pursuant to Section 6, none of the Secured Parties or Collateral Agent shall have any personal liability to Loyalty Program Partner under the Loyalty Program Agreement or such replacement agreement and Loyalty Program Partner shall have no recourse to the Secured Parties or Collateral Agent, as applicable, with respect to Credit Party's obligations under the Loyalty Program Agreement or other Loyalty Program Collateral.

9. Miscellaneous

(a) Termination. This Agreement shall not terminate for any reason until (i) all of the Obligations under the Loan Documents have been indefeasibly and unconditionally paid in full, (ii) expiration of the term of the Loyalty Program Agreement in accordance with its terms or earlier termination (A) approved by the Lenders in accordance with the Loan Agreement or (B) after expiration of the cure period set forth in Section 6 herein, to the extent applicable or (C) by Loyalty Program Partner upon the

occurrence of a non-default related event expressly set forth in the Loyalty Program Agreement or (iii) all of the Liens on the Loyalty Program Agreement created under the Loan Agreement are released in accordance with the Loan Agreement. Following a payment in full of the Obligations, Collateral Agent shall confirm such payment and the termination of this Agreement in writing to Loyalty Program Partner promptly upon request by Credit Party or Loyalty Program Partner, at Credit Party's expense.

(b) **Binding Effect; Counterparts; Entire Agreement.** This Agreement shall be binding on the parties hereto and their respective successors and assigns. The terms and conditions of the Loyalty Program Agreement shall continue to be in effect in accordance with its terms as between the Loyalty Program Partner and Credit Party. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts) and by manual or electronic signature, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement constitutes the entire contract among the parties hereto relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by each of the parties hereto and when Collateral Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

(c) **Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (ii) Collateral Agent (acting as directed by the Required Lenders) and the other parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) **Governing Law; Jurisdiction.** This Agreement will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the parties agrees to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby or thereby.

(e) **WAIVER OF JURY TRIAL.** **To the extent permitted by applicable law, each party hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the transactions contemplated hereby or thereby.**

(f) **Notices; Public Information.**

(i) All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email (and such delivery by facsimile or email shall not constitute notice to Loyalty Program Partner unless provided by Loyalty Program Partner below) as follows:

if to Credit Party:

[Address: [●]  
 Attention: [●]  
 Email: [●]  
 Facsimile: [●]  
 Telephone: [●]]<sup>9</sup>

if to Collateral Agent:

The Bank of New York Mellon  
 Address: 240 Greenwich Street, 7th Floor  
 New York, NY 10286  
 Attention: Joanna Shapiro, Managing Director  
 Email: ###  
 Cc: ###  
 Telephone: ###-###-####

if to Loyalty Program Partner:

[Address: [●]  
 Attention: [●]  
 Email: [●]  
 Facsimile: [●]  
 Telephone: [●]]<sup>10</sup>

(ii) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices sent by facsimile or email shall be deemed to have been given when sent to the proper facsimile number or email address, as applicable, upon confirmation by the receiving party of receipt (whether by an automatic “read receipt” or similar notice). Any party hereto may change its address for notices and other communications hereunder by notice to the other parties hereto.

(iii) Electronic Communications. Unless Collateral Agent otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender’s receipt of an acknowledgement from the intended recipient (such as by return e-mail or other written acknowledgement), and (B) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

<sup>9</sup> NTD: Credit Party to provide. Please include information of at least one form of electronic delivery (facsimile or email).

<sup>10</sup> NTD: Loyalty Program Partner to provide. Please include information of at least one form of electronic delivery (facsimile or email).

(g) Collateral Agent Authority. Collateral Agent has been appointed by the Lenders under the Loan Agreement and has the benefit of the rights and protections set forth therein, including without limitation, that, notwithstanding any discretion given to it in any Loan Document, Collateral Agent need not exercise discretion, but shall act as directed by the Required Lenders.

(h) Exculpation. Collateral Agent, on behalf of the Secured Parties, hereby agrees that no officer, director, agent or employee of Loyalty Program Partner or any of its affiliates shall have any liability arising from or related to this Agreement except for liability resulting from intentional breach of this Agreement or gross negligence, bad faith or willful misconduct of such person. For the avoidance of doubt, this Section 9(h) does not preclude Collateral Agent from initiating a suit for injunctive relief in order to enforce this Agreement.

(i) Treatment of Certain Information; Confidentiality. Nothing in this Agreement shall be deemed to waive any confidentiality provisions set forth in the Loyalty Program Agreement and Credit Party and Loyalty Program Partner agree that any process of dissemination of the terms or Information (as defined below) relating to the Loyalty Program Agreement which is treated as confidential under the Loyalty Program Agreement shall be subject to the requirements of the Loyalty Program Agreement.

Each of Collateral Agent and Credit Party agree to maintain the confidentiality of the Information, except that Information may be disclosed (a) to its Affiliates, to its Related Parties and to the Secured Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by Applicable Laws or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any Loan Document or any action or proceeding relating to this Agreement or any Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as (or no less restrictive than) those of this Section, to any nominee, transferee or assignee of, or any prospective nominee, transferee or assignee of, any of its rights and obligations under this Agreement; (g) with the consent of Loyalty Program Partner or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to either Collateral Agent, Credit Party or any of their respective Affiliates on a nonconfidential basis from a source other than Loyalty Program Partner who did not acquire such information as a result of a breach of this Section.

For purposes of this Section, "Information" means all information received from Loyalty Program Partner or any of its Subsidiaries relating to Loyalty Program Partner or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Collateral Agent or Credit Party on a nonconfidential basis prior to disclosure by Loyalty Program Partner or any of its Subsidiaries; provided that, in the case of information received from Loyalty Program Partner or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential.

Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In the event of any breach of this Section 9(i), any non-breaching party, in addition to any other remedies at law or in equity it may have, shall be entitled to seek injunctive relief.

**IN WITNESS WHEREOF**, the parties hereto are executing this Agreement as of the date above first written.

[NAME OF LOYALTY PROGRAM PARTNER]

By \_\_\_\_\_

Name:

Title:

*[Signature Page to Loyalty Program Direct Agreement]*

---

[NAME OF CREDIT PARTY]

By \_\_\_\_\_

Name:

Title:

*[Signature Page to Loyalty Program Direct Agreement]*

---

THE BANK OF NEW YORK MELLON  
as Collateral Agent

By \_\_\_\_\_  
Name:  
Title:

*[Signature Page to Loyalty Program Direct Agreement]*



DISCLOSURE SCHEDULES

Schedule 1(b)

- [•]

Schedule 1(c)

- [•]

Schedule 1(d)

- [•]

Schedule 4(c)

- [•]

---

**EXHIBIT A**

Loyalty Program Agreement

*Please list the Loyalty Program Agreement and any amendments thereto or assignments thereof as of the date of this Agreement.*

---

**EXHIBIT B**

Collection Account Wiring Instructions

## FORM OF BORROWING REQUEST

The Bank of New York Mellon  
 as Administrative Agent  
 Attention: Joanna Shapiro, Managing Director  
 240 Greenwich Street, 7th Floor  
 New York, NY 10286  
 Telephone: ###-###-####  
 Email: ###  
 ###

and:

The Department of the Treasury of the United States  
 Attention: Assistant General Counsel (Banking and Finance)  
 1500 Pennsylvania Avenue, NW  
 Washington, D.C. 20220  
 Telephone: ###-###-####  
 Email: ###

[•], 202[•]7

Ladies and Gentlemen:

The undersigned, Frontier Airlines, Inc., a Colorado corporation (the “Borrower”), refers to the Loan and Guarantee Agreement, dated as of September 28, 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Loan and Guarantee Agreement”), among Borrower, Frontier Group Holdings, Inc., a Delaware corporation, Frontier Airlines Holdings, Inc., a Delaware corporation, the United States Department of the Treasury as the Initial Lender, the Lenders party thereto from time to time and The Bank of New York Mellon as Administrative Agent and Collateral Agent. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Loan and Guarantee Agreement. This notice constitutes a Borrowing Request pursuant to the Loan and Guarantee Agreement, and the Borrower hereby gives you notice pursuant to Sections 2.03(a) and (b) of the Loan and Guarantee Agreement that it requests a Borrowing under the Loan and Guarantee Agreement, and in connection therewith specifies the following information with respect to the Borrowing requested hereby:

- (A) The Borrowing shall be denominated in dollars and shall be in an aggregate principal amount equal to: \$[•],000,000.00
- (B) Date of Borrowing (which is a Business Day): [•], 202[•]

<sup>7</sup> Notice must be received by the Administrative Agent (with a copy to the Initial Lender) by not later than 11:00 a.m. (New York City time), three (3) Business Days, with respect to the initial Borrowing, or five (5) Business Days, with respect to each subsequent Borrowing, prior to the date of the requested Borrowing.

(C) Locations and numbers of the accounts to which funds of the requested Borrowing are to be disbursed:

(1) to the Borrower:

Bank Name: [●]  
Account Name: [●]  
Account Number: [●]  
ABA Number: [●]  
Amount: \$[●]<sup>8</sup>

[(2) to Cleary Gottlieb Steen & Hamilton LLP, as legal counsel to the Initial Lender, pursuant to Section 4.01(f) of the Loan and Guarantee Agreement:]

Bank Name: [●]  
Account Name: [●]  
Account Number: [●]  
ABA Number: [●]  
Amount: \$[●]<sup>9</sup>

The undersigned hereby certifies that (a) the representations and warranties of the Credit Parties set forth in the Loan and Guarantee Agreement and in each other Loan Document are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of the Borrowing requested hereby (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date) and on and as of the date of the Borrowing requested hereby, (b) no Default has occurred or is continuing or will result from the requested Borrowing or from the application of proceeds thereof, (c) this Borrowing Request is made in compliance with the requirements of Sections 2.02 and 2.03 of the Loan and Guarantee Agreement and (d) all conditions in Section[s] [4.01 (with respect to the Borrowing on the Closing Date only) and] 4.02 of the Loan and Guarantee Agreement have been satisfied as of the date of the Borrowing requested hereby.

Delivery of this Borrowing Request may initially be made by electronic communication including fax or email and shall be followed by an original authentic counterpart thereof.

*[Remainder of Page Intentionally Left Blank]*

<sup>8</sup> Insert amount of initial Borrowing less Cleary's legal expenses.

<sup>9</sup> Insert amount of Cleary's legal expenses.

---

Very truly yours,

**FRONTIER AIRLINES, INC.**

By<sup>10</sup>: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

---

<sup>10</sup> This Borrowing Request must be signed by a Responsible Officer of the Borrower. As used herein, a Responsible Officer is any of the following: (i) the chief executive officer, (ii) the Financial Officer (i.e., Chief Financial Officer, principal accounting officer, treasurer or controller), (iii) the president, (iv) the executive vice president or (v) any other officer or employee of the Borrower so designated from time to time by one of the aforementioned officers in a notice to the Administrative Agent (together with evidence of the authority and capacity of each such Person to so act in form and substance satisfactory to the Administrative Agent).

---

---

**WARRANT AGREEMENT**

---

---

## TABLE OF CONTENTS

	Page
	Article I
	Closing
1.1 Issuance	1
1.2 Initial Closing; Warrant Closing Date.	1
1.3 Interpretation	2
	Article II
	Representations and Warranties
2.1 Representations and Warranties of the Company	2
	Article III
	Covenants
3.1 Commercially Reasonable Efforts	5
3.2 Expenses	6
3.3 Sufficiency of Authorized Common Stock	6
	Article IV
	Additional Agreements
4.1 Investment	6
4.2 Legends	7
4.3 Certain Transactions	7
4.4 Transfer of Warrants and Warrant Shares	7
4.5 Registration Rights	7
4.6 Voting of Warrant Shares	19
	Article V
	Miscellaneous
5.1 Survival of Representations and Warranties	19
5.2 Amendment	19
5.3 Waiver of Conditions	20
5.4 <b>Governing Law: Submission to Jurisdiction, Etc.</b>	20
5.5 Notices	20
5.6 Definitions	21
5.7 Assignment	21
5.8 Severability	21
5.9 No Third Party Beneficiaries	22



---

LIST OF ANNEXES

ANNEX A:	FORM OF OPINION
ANNEX B:	FORM OF WARRANT
SCHEDULE 1:	WARRANT SHARES FORMULA
SCHEDULE 2:	CAPITALIZATION
SCHEDULE 3:	REQUIRED STOCKHOLDER APPROVALS

## INDEX OF DEFINED TERMS

Term	Location of Definition
Affiliate	Annex B
Agreement	Recitals
Board of Directors	2.1(g)
Business Combination	Annex B
Business Day	Annex B
Capitalization Date	2.1(b)
Closing	1.2(a)
Common Stock	Annex B
Company	Recitals
Company Reports	2.1(h)(i)
Exchange Act	Annex B
Governmental Authority	5.6(a)
Holder	4.5(l)(i)
Indemnitee	4.5(h)(i)
Initial Closing	1.2(a)
IPO	4.5(r)
Laws	5.6(b)
Lien	5.6(c)
Loan Agreement	Recitals
Material Adverse Effect	5.6(d)
Organizational Documents	5.6(e)
Pending Underwritten Offering	4.5(m)
Piggyback Registration	4.5(b)(iv)
register; registered; registration	4.5(l)(ii)
Registrable Securities	4.5(l)(iii)
Registration Expenses	4.5(l)(iv)
Rule 144; Rule 144A; Rule 159A; Rule 405; Rule 415	4.5(l)(v)
SEC	2.1(i)
Securities Act	Annex B
Selling Expenses	4.5(l)(vi)
Shelf Registration Statement	4.5(b)(ii)
Special Registration	4.5(j)
Stockholder Proposals	3.1(b)
Subsidiary	5.6(f)
Transfer	4.4
Treasury	Recitals
Warrant Closing Date	1.2(a)
Warrants	Recitals
Warrant Shares	Annex B

WARRANT AGREEMENT dated as of September 28, 2020 (this "Agreement"), between Frontier Group Holdings, Inc., a corporation organized under the laws of Delaware (the "Company") and the UNITED STATES DEPARTMENT OF THE TREASURY ("Treasury").

WHEREAS, the Borrower (as defined in the Loan Agreement) has requested that Treasury make a Loan (as defined in the Loan Agreement) to the Borrower as is permissible under the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136 (Mar. 27, 2020), as the same may be amended from time to time, and Treasury is willing to do so on the terms and conditions set forth in the Loan and Guarantee Agreement dated as of September 28, 2020, between Frontier Airlines, Inc. and Treasury (the "Loan Agreement"); and

WHEREAS, as appropriate financial protection of the Federal Government of the United States of America for the Loan, and as a condition to the effectiveness of the Loan Agreement, the Company has agreed to enter into this Agreement to issue in a private placement warrants to purchase the number of shares of its Common Stock determined in accordance with Schedule 1 to this Agreement (the "Warrants") to Treasury;

**NOW, THEREFORE**, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

## Article I Closing

### 1.1 Issuance.

(a) On the terms and subject to the conditions set forth in this Agreement, the Company agrees to issue to Treasury, on each Warrant Closing Date, Warrants for a number of shares of Common Stock determined by the formula set forth in Schedule 1.

### 1.2 Initial Closing; Warrant Closing Date.

(a) On the terms and subject to the conditions set forth in this Agreement, the closing of the initial issuance of the Warrants (the "Initial Closing") will take place on the Closing Date (as defined in the Loan Agreement). After the Initial Closing, the closing of any subsequent issuance will take place on the date of each subsequent Borrowing (as defined in the Loan Agreement), if any, of the Loan (each subsequent closing, together with the Initial Closing, a "Closing" and each such date a "Warrant Closing Date").

(b) On each Warrant Closing Date, the Company will issue to Treasury a duly executed Warrant or Warrants with an Exercise Price determined by the formula set forth in paragraph (a) of Schedule 1 for a number of shares of Common Stock determined by the formula set forth in paragraph (b) of Schedule 1, as evidenced by one or more certificates dated the Warrant Closing Date and bearing appropriate legends as hereinafter provided for and in substantially the form attached hereto as Annex B.

(c) On each Warrant Closing Date, the Company shall deliver to Treasury (i) a written opinion from counsel to the Company (which may be internal counsel) addressed to Treasury and dated as of such Warrant Closing Date, in substantially the form attached hereto as

Annex A and (ii) a certificate executed by the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller confirming that the representations and warranties of the Company in this Agreement are true and correct with the same force and effect as though expressly made at and as of such Warrant Closing Date and the Company has complied with all agreements on its part to be performed or satisfied hereunder at or prior to such Closing.

(d) On the initial Warrant Closing Date, the Company shall deliver to Treasury (i) such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller as Treasury may require evidencing the identity, authority and capacity of each such officer thereof authorized to act as such officer in connection with this Agreement and (ii) customary resolutions or evidence of corporate authorization, secretary's certificates and such other documents and certificates (including Organizational Documents and good standing certificates) as Treasury may reasonably request relating to the organization, existence and good standing of the Company and any other legal matters relating to the Company, this Agreement, the Warrants or the transactions contemplated hereby or thereby.

### 1.3 Interpretation.

(a) When a reference is made in this Agreement to "Recitals," "Articles," "Sections," or "Annexes" such reference shall be to a Recital, Article or Section of, or Annex to, this Warrant Agreement, unless otherwise indicated. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References to "herein", "hereof", "hereunder" and the like refer to this Agreement as a whole and not to any particular section or provision, unless the context requires otherwise. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation." No rule of construction against the draftsperson shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel. All references to "\$" or "dollars" mean the lawful currency of the United States of America. Except as expressly stated in this Agreement, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any section of any statute, rule or regulation include any successor to the section.

(b) Capitalized terms not defined herein have the meanings ascribed thereto in Annex B.

## Article II **Representations and Warranties**

2.1 Representations and Warranties of the Company. The Company represents and warrants to Treasury that as of the date hereof and each Warrant Closing Date (or such other date specified herein):

(a) Existence, Qualification and Power. The Company is duly organized or formed, validly existing and, if applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, and the Company and each Subsidiary (a) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the this Agreement and the Warrants, and (b) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a)(i) or (b), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Capitalization. The authorized capital stock of the Company, and the outstanding capital stock of the Company (including securities convertible into, or exercisable or exchangeable for, capital stock of the Company) as of the most recent fiscal month-end preceding the date hereof (the “Capitalization Date”) is set forth in Schedule 2. The outstanding shares of capital stock of the Company have been duly authorized and are validly issued and outstanding, fully paid and nonassessable, and subject to no preemptive rights, other than, if applicable, those set forth on Schedule 3 (and were not issued in violation of any preemptive rights). Except as provided in the Warrants, as of the date hereof, the Company does not have outstanding any securities or other obligations providing the holder the right to acquire Common Stock that is not reserved for issuance as specified on Schedule 2, and the Company has not made any other commitment to authorize, issue or sell any Common Stock. Since the Capitalization Date, the Company has not issued any shares of Common Stock, other than (i) shares issued upon the exercise of stock options or delivered under other equity-based awards or other convertible securities or warrants which were issued and outstanding on the Capitalization Date and disclosed on Schedule 2 and (ii) shares disclosed on Schedule 2 as it may be updated by written notice from the Company to Treasury in connection with each Warrant Closing Date. Each holder of 5% or more of any class of capital stock of the Company and such holder’s primary address are set forth in Schedule 2.

(c) Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of this Agreement, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and are in full force and effect.

(d) Execution and Delivery; Binding Effect. This Agreement has been duly authorized, executed and delivered by the Company. This Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors’ rights generally and by general principles of equity.

(e) The Warrants and Warrant Shares. Each Warrant has been duly authorized and, when executed and delivered as contemplated hereby, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except

as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity. The Warrant Shares have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(f) Authorization, Enforceability.

(i) The Company has the corporate power and authority to execute and deliver this Agreement and the Warrants and, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3, to carry out its obligations hereunder and thereunder (which includes the issuance of the Warrants and Warrant Shares). The execution, delivery and performance by the Company of this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or other organizational action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company, subject, in each case, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(ii) The execution, delivery and performance by the Company of this Agreement do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation (as defined in the Loan Agreement) to which the Company is a party or affecting the Company or the properties of the Company or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Company or any Subsidiary or its property is subject or (c) violate any Law, except to the extent that such violation could not reasonably be expected to have Material Adverse Effect.

(iii) Such filings and approvals as are required to be made or obtained under any state "blue sky" laws, and such filings and approvals as have been made or obtained, no notice to, filing with, exemption or review by, or authorization, consent or approval of, any Governmental Authority is required to be made or obtained by the Company in connection with the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the issuance of the Warrants except for any such notices, filings, exemptions, reviews, authorizations, consents and approvals the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(g) Anti-takeover Provisions and Rights Plan. The Board of Directors of the Company (the "Board of Directors") has taken all necessary action, and will in the future take any necessary action, to ensure that the transactions contemplated by this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants in accordance with their terms, will be exempt from any anti-takeover or similar provisions of the Company's Organizational Documents, and any other

provisions of any applicable “moratorium”, “control share”, “fair price”, “interested stockholder” or other anti-takeover laws and regulations of any jurisdiction, whether existing on the date hereof or implemented after the date hereof. The Company has taken all actions necessary, and will in the future take any necessary action, to render any stockholders’ rights plan of the Company inapplicable to this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants by Treasury in accordance with its terms.

(h) Reports. Since December 31, 2017, the Company and each Subsidiary has timely filed all reports, registrations, documents, filings, statements and submissions, together with any amendments thereto, that it was required to file with any Governmental Authority (the foregoing, collectively, the “Company Reports”) and has paid all fees and assessments due and payable in connection therewith, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of their respective dates of filing, the Company Reports complied in all material respects with all statutes and applicable rules and regulations of the applicable Governmental Authority.

(i) Offering of Securities. Neither the Company nor any person acting on its behalf has taken any action (including any offering of any securities of the Company under circumstances which would require the integration of such offering with the offering of any of the Warrants under the Securities Act, and the rules and regulations of the Securities and Exchange Commission (the “SEC”) promulgated thereunder), which might subject the offering, issuance or sale of any of the Warrants to Treasury pursuant to this Agreement to the registration requirements of the Securities Act

(j) Brokers and Finders. No broker, finder or investment banker is entitled to any financial advisory, brokerage, finder’s or other fee or commission in connection with this Agreement or the Warrants or the transactions contemplated hereby or thereby based upon arrangements made by or on behalf of the Company or any Subsidiary for which Treasury could have any liability.

### Article III Covenants

#### 3.1 Commercially Reasonable Efforts.

(a) Subject to the terms and conditions of this Agreement, each of the parties will use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, to enable consummation of the transactions contemplated hereby and shall use commercially reasonable efforts to cooperate with the other party to that end.

(b) If the Company is required to obtain any stockholder approvals set forth on Schedule 3, then the Company shall comply with this Section 3.1(b). The Company shall call a special meeting of its stockholders, as promptly as practicable following the Initial Closing, to vote on proposals (collectively, the “Stockholder Proposals”) to amend the Company’s Organizational Documents to increase the number of authorized shares of Common Stock to at

least such number as shall be sufficient to permit the full exercise of the Warrants for Common Stock and comply with the other provisions of this Section 3.1(b). The Board of Directors shall recommend to the Company's stockholders that such stockholders vote in favor of the Stockholder Proposals. In the event that the approval of any of the Stockholder Proposals is not obtained at such special stockholders meeting, the Company shall include a proposal to approve (and the Board of Directors shall recommend approval of) each such proposal at a meeting of its stockholders no less than once in each subsequent six-month period beginning on January 1, 2021 until all such approvals are obtained or made.

3.2 Expenses. The Company shall pay (i) all reasonable out-of-pocket expenses incurred by Treasury (including the reasonable fees, charges and disbursements of any counsel for Treasury) in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the Warrants, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by Treasury (including the fees, charges and disbursements of any counsel for Treasury), in connection with the enforcement or protection of its rights in connection with this Agreement and the Warrants, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of such Warrant Agreement, Warrant and other agreements or documents executed in connection herewith or therewith.

### 3.3 Sufficiency of Authorized Common Stock

(a) During the period from each Warrant Closing Date (or, if the approval of the Stockholder Proposals is required, the date of such approval) until the date on which no Warrants remain outstanding, the Company shall at all times have reserved for issuance, free of preemptive or similar rights, a sufficient number of authorized and unissued Warrant Shares to effectuate such exercise. Nothing in this Section 3.3 shall preclude the Company from satisfying its obligations in respect of the exercise of the Warrants by delivery of shares of Common Stock which are held in the treasury of the Company.

## Article IV Additional Agreements

4.1 Investment Purposes. Treasury acknowledges that the Warrants and the Warrant Shares have not been registered under the Securities Act or under any state securities laws. Treasury (a) is acquiring the Warrants pursuant to an exemption from registration under the Securities Act solely for investment without a view to sell and with no present intention to distribute them to any person in violation of the Securities Act or any applicable U.S. state securities laws; (b) will not sell or otherwise dispose of any of the Warrants or the Warrant Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. state securities laws; and (c) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of the Warrants and the Warrant Shares and of making an informed investment decision.



#### 4.2 Legends.

(a) Treasury agrees that all certificates or other instruments representing the Warrants and the Warrant Shares will bear a legend substantially to the following effect:

“THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.”

(b) In the event that any Warrants or Warrant Shares (i) become registered under the Securities Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act (other than Rule 144A), the Company shall issue new certificates or other instruments representing such Warrants or Warrant Shares, which shall not contain the legend in Section 4.2(a) above; *provided* that Treasury surrenders to the Company the previously issued certificates or other instruments.

4.3 Certain Transactions. The Company will not merge or consolidate with, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless the successor, transferee or lessee party (or its ultimate parent entity), as the case may be (if not the Company), expressly assumes the due and punctual performance and observance of each and every covenant, agreement and condition of this Agreement and the Warrants to be performed and observed by the Company.

4.4 Transfer of Warrants and Warrant Shares. Subject to compliance with applicable securities laws, Treasury shall be permitted to transfer, sell, assign or otherwise dispose of (“Transfer”) all or a portion of the Warrants or Warrant Shares at any time, and the Company shall take all steps as may be reasonably requested by Treasury to facilitate the Transfer of the Warrants and the Warrant Shares.

4.5 Registration Rights.(a) Unless and until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall have no obligation to comply with the provisions of this Section 4.5; *provided* that the Company covenants and agrees that it shall comply with this Section 4.5 as soon as practicable after the date that it becomes subject to such reporting requirements.

#### (b) Registration.

(i) Subject to the terms and conditions of this Agreement, the Company covenants and agrees that as soon as practicable after the date that the Company becomes

subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act (and in any event no later than 180 days thereafter), the Company shall prepare and file with the SEC a Shelf Registration Statement covering the maximum number of Registrable Securities (or otherwise designate an existing Shelf Registration Statement filed with the SEC to cover the Registrable Securities) that may be issued pursuant to this Agreement and any Warrants outstanding at that time, and, to the extent the Shelf Registration Statement has not theretofore been declared effective or is not automatically effective upon such filing, the Company shall use reasonable best efforts to cause such Shelf Registration Statement to be declared or become effective and to keep such Shelf Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for a period from the date of its initial effectiveness until such time as there are no Registrable Securities remaining (including by refiling such Shelf Registration Statement (or a new Shelf Registration Statement) if the initial Shelf Registration Statement expires). So long as the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) at the time of filing of the Shelf Registration Statement with the SEC, such Shelf Registration Statement shall be designated by the Company as an automatic Shelf Registration Statement. Notwithstanding the foregoing, if on the date hereof the Company is not eligible to file a registration statement on Form S-3, then the Company shall not be obligated to file a Shelf Registration Statement unless and until it is so eligible and is requested to do so in writing by Treasury.

(ii) Any registration pursuant to Section 4.5(b)(i) shall be effected by means of a shelf registration on an appropriate form under Rule 415 under the Securities Act (a "Shelf Registration Statement"). If Treasury or any other Holder intends to distribute any Registrable Securities by means of an underwritten offering it shall promptly so advise the Company and the Company shall take all reasonable steps to facilitate such distribution, including the actions required pursuant to Section 4.5(d); *provided* that the Company shall not be required to facilitate an underwritten offering of Registrable Securities unless the total number of Warrant Shares and Warrants expected to be sold in such offering exceeds, or are exercisable for, at least 20% of the total number of Warrant Shares for which Warrants issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); and *provided, further* that the Company shall not be required to facilitate more than two completed underwritten offerings within any 12-month period. The lead underwriters in any such distribution shall be selected by the Holders of a majority of the Registrable Securities to be distributed.

(iii) The Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(b): (A) with respect to securities that are not Registrable Securities; or (B) if the Company has notified Treasury and all other Holders that in the good faith judgment of the Board of Directors, it would be materially detrimental to the Company or its securityholders for such registration or underwritten offering to be effected at such time, in which event the Company shall have the right to defer such registration or offering for a period of not more than 45 days after receipt of the request of Treasury or any other Holder; *provided* that such right to delay a registration or underwritten offering shall be exercised by the Company (1) only if the

Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that have registration rights and (2) not more than three times in any 12-month period and not more than 90 days in the aggregate in any 12-month period. The Company shall notify the Holders of the date of any anticipated termination of any such deferral period prior to such date.

(iv) If during any period when an effective Shelf Registration Statement is not available, the Company proposes to register any of its equity securities, other than a registration pursuant to Section 4.5(b)(i) or a Special Registration, and the registration form to be filed may be used for the registration or qualification for distribution of Registrable Securities, the Company will give prompt written notice to Treasury and all other Holders of its intention to effect such a registration (but in no event less than ten days prior to the anticipated filing date) and will include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten Business Days after the date of the Company's notice (a "Piggyback Registration"). Any such person that has made such a written request may withdraw its Registrable Securities from such Piggyback Registration by giving written notice to the Company and the managing underwriter, if any, on or before the fifth Business Day prior to the planned effective date of such Piggyback Registration. The Company may terminate or withdraw any registration under this Section 4.5(b)(iv) prior to the effectiveness of such registration, whether or not Treasury or any other Holders have elected to include Registrable Securities in such registration.

(v) If the registration referred to in Section 4.5(b)(iv) is proposed to be underwritten, the Company will so advise Treasury and all other Holders as a part of the written notice given pursuant to Section 4.5(b)(iv). In such event, the right of Treasury and all other Holders to registration pursuant to Section 4.5(b) will be conditioned upon such persons' participation in such underwriting and the inclusion of such person's Registrable Securities in the underwriting if such securities are of the same class of securities as the securities to be offered in the underwritten offering, and each such person will (together with the Company and the other persons distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company; *provided* that Treasury (as opposed to other Holders) shall not be required to indemnify any person in connection with any registration. If any participating person disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the managing underwriters and Treasury (if Treasury is participating in the underwriting).

(vi) If either (x) the Company grants "piggyback" registration rights to one or more third parties to include their securities in an underwritten offering under the Shelf Registration Statement pursuant to Section 4.5(b)(ii) or (y) a Piggyback Registration under Section 4.5(b)(iv) relates to an underwritten offering on behalf of the Company, and in either case the managing underwriters advise the Company that in their reasonable opinion the number of securities requested to be included in such offering exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in

such offering only such number of securities that in the reasonable opinion of such managing underwriters can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (A) first, in the case of a Piggyback Registration under Section 4.5(b)(iv), the securities the Company proposes to sell, (B) then the Registrable Securities of Treasury and all other Holders who have requested inclusion of Registrable Securities pursuant to Section 4.5(b)(ii) or Section 4.5(b)(iv), as applicable, *pro rata* on the basis of the aggregate number of such securities or shares owned by each such person and (C) lastly, any other securities of the Company that have been requested to be so included, subject to the terms of this Agreement; *provided, however*, that if the Company has, prior to the date hereof, entered into an agreement with respect to its securities that is inconsistent with the order of priority contemplated hereby then it shall apply the order of priority in such conflicting agreement to the extent that this Agreement would otherwise result in a breach under such agreement.

(c) Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance hereunder shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder shall be borne by the holders of the securities so registered *pro rata* on the basis of the aggregate offering or sale price of the securities so registered.

(d) Obligations of the Company. The Company shall use its reasonable best efforts, for so long as there are Registrable Securities outstanding, to take such actions as are under its control to not become an ineligible issuer (as defined in Rule 405 under the Securities Act) and to remain a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) if it has such status on the date hereof or becomes eligible for such status in the future. In addition, whenever required to effect the registration of any Registrable Securities or facilitate the distribution of Registrable Securities pursuant to an effective Shelf Registration Statement, the Company shall, as expeditiously as reasonably practicable:

(i) Prepare and file with the SEC a prospectus supplement with respect to a proposed offering of Registrable Securities pursuant to an effective registration statement, subject to Section 4.5(e), keep such registration statement effective and keep such prospectus supplement current until the securities described therein are no longer Registrable Securities. The plan of distribution included in such registration statement, or, as applicable, prospectus supplement thereto, shall include, among other things, an underwritten offering, ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers, block trades, privately negotiated transactions, the writing or settlement of options or other derivative transactions and any other method permitted pursuant to applicable law, and any combination of any such methods of sale.

(ii) Prepare and file with the SEC such amendments and supplements to the applicable registration statement and the prospectus or prospectus supplement used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(iii) Furnish to the Holders and any underwriters such number of copies of the applicable registration statement and each such amendment and supplement thereto (including in each case all exhibits) and of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned or to be distributed by them.

(iv) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders or any managing underwriter(s), to keep such registration or qualification in effect for so long as such registration statement remains in effect, and to take any other action which may be reasonably necessary to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such Holder; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(v) Notify each Holder of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the applicable prospectus, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(vi) Give written notice to the Holders:

(A) when any registration statement filed pursuant to Section 4.5(b) or any amendment thereto has been filed with the SEC (except for any amendment effected by the filing of a document with the SEC pursuant to the Exchange Act) and when such registration statement or any post-effective amendment thereto has become effective;

(B) of any request by the SEC for amendments or supplements to any registration statement or the prospectus included therein or for additional information;

(C) of the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose;

(D) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Common Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(E) of the happening of any event that requires the Company to make changes in any effective registration statement or the prospectus related to the registration statement in order to make the statements therein not misleading (which notice shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made); and

(F) if at any time the representations and warranties of the Company contained in any underwriting agreement contemplated by Section 4.5(d)(x) cease to be true and correct.

(vii) Use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of any registration statement referred to in Section 4.5(d)(vi)(C) at the earliest practicable time.

(viii) Upon the occurrence of any event contemplated by Section 4.5(d)(v), 4.5(d)(vi)(E) or 4.5(e), promptly prepare a post-effective amendment to such registration statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to the Holders and any underwriters, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with Section 4.5(d)(vi)(E) to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Holders and any underwriters shall suspend use of such prospectus and use their reasonable best efforts to return to the Company all copies of such prospectus (at the Company's expense) other than permanent file copies then in such Holders' or underwriters' possession. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify the Holders of the date of any anticipated termination of any such suspension period prior to such date.

(ix) Use reasonable best efforts to procure the cooperation of the Company's transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical stock certificates into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s).

(x) If an underwritten offering is requested pursuant to Section 4.5(b)(ii), enter into an underwriting agreement in customary form, scope and substance and take all such other actions reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith or by the managing underwriter(s), if any, to expedite or facilitate the underwritten disposition of such Registrable Securities, and in connection therewith in any underwritten offering (including making members of management and executives of the Company available to participate in "road shows", similar sales events and other marketing activities), (A) make such representations and warranties to the Holders that are selling stockholders and the managing underwriter(s), if any, with respect to the business of the Company and its subsidiaries, and the Shelf Registration Statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in customary form, substance and scope, and, if true, confirm the same if and when requested, (B) use its reasonable best efforts to furnish the underwriters with opinions and "10b-5" letters of counsel to the Company,

addressed to the managing underwriter(s), if any, covering the matters customarily covered in such opinions and letters requested in underwritten offerings, (C) use its reasonable best efforts to obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any business acquired by the Company for which financial statements and financial data are included in the Shelf Registration Statement) who have certified the financial statements included in such Shelf Registration Statement, addressed to each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters, (D) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures customary in underwritten offerings (provided that Treasury shall not be obligated to provide any indemnity), and (E) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith, their counsel and the managing underwriter(s), if any, to evidence the continued validity of the representations and warranties made pursuant to clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company.

(xi) Make available for inspection by a representative of Holders that are selling stockholders, the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or managing underwriter(s), at the offices where normally kept, during reasonable business hours, financial and other records, pertinent corporate documents and properties of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested (and of the type customarily provided in connection with due diligence conducted in connection with a registered public offering of securities) by any such representative, managing underwriter(s), attorney or accountant in connection with such Shelf Registration Statement.

(xii) Use reasonable best efforts to cause all such Registrable Securities to be listed on each national securities exchange on which similar securities issued by the Company are then listed or, if no similar securities issued by the Company are then listed on any national securities exchange, use its reasonable best efforts to cause all such Registrable Securities to be listed on such securities exchange as Treasury may designate.

(xiii) If requested by Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith, or the managing underwriter(s), if any, promptly include in a prospectus supplement or amendment such information as the Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith or managing underwriter(s), if any, may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such amendment as soon as practicable after the Company has received such request.

(xiv) Timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

(e) Suspension of Sales. Upon receipt of written notice from the Company that a registration statement, prospectus or prospectus supplement contains or may contain an untrue statement of a material fact or omits or may omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that circumstances exist that make inadvisable use of such registration statement, prospectus or prospectus supplement, Treasury and each Holder of Registrable Securities shall forthwith discontinue disposition of Registrable Securities until Treasury and/or Holder has received copies of a supplemented or amended prospectus or prospectus supplement, or until Treasury and/or such Holder is advised in writing by the Company that the use of the prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, Treasury and/or such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in Treasury and/or such Holder's possession, of the prospectus and, if applicable, prospectus supplement covering such Registrable Securities current at the time of receipt of such notice. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify Treasury prior to the anticipated termination of any such suspension period of the date of such anticipated termination

(f) Termination of Registration Rights. A Holder's registration rights as to any securities held by such Holder shall not be available unless such securities are Registrable Securities.

(g) Furnishing Information.

(i) Neither Treasury nor any Holder shall use any free writing prospectus (as defined in Rule 405) in connection with the sale of Registrable Securities without the prior written consent of the Company.

(ii) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 4.5(d) that Treasury and/or the selling Holders and the underwriters, if any, shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registered offering of their Registrable Securities.

(h) Indemnification.

(i) The Company agrees to indemnify each Holder and, if a Holder is a person other than an individual, such Holder's officers, directors, employees, agents, representatives and Affiliates, and each Person, if any, that controls a Holder within the meaning of the Securities Act (each, an "Indemnitee"), against any and all losses, claims, damages, actions, liabilities, costs and expenses (including reasonable fees, expenses and disbursements of attorneys and other professionals incurred in connection with investigating, defending, settling, compromising or paying any such losses, claims, damages, actions, liabilities, costs and expenses), joint or several, arising out of or based upon any untrue statement or alleged untrue statement of material fact contained in any registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto or any documents incorporated therein



by reference or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto); or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, that the Company shall not be liable to such Indemnitee in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (A) an untrue statement or omission made in such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto), in reliance upon and in conformity with information regarding such Indemnitee or its plan of distribution or ownership interests which was furnished in writing to the Company by such Indemnitee for use in connection with such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto, or (B) offers or sales effected by or on behalf of such Indemnitee "by means of" (as defined in Rule 159A) a "free writing prospectus" (as defined in Rule 405) that was not authorized in writing by the Company.

(ii) If the indemnification provided for in Section 4.5(h)(i) is unavailable to an Indemnitee with respect to any losses, claims, damages, actions, liabilities, costs or expenses referred to therein or is insufficient to hold the Indemnitee harmless as contemplated therein, then the Company, in lieu of indemnifying such Indemnitee, shall contribute to the amount paid or payable by such Indemnitee as a result of such losses, claims, damages, actions, liabilities, costs or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnitee, on the one hand, and the Company, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, actions, liabilities, costs or expenses as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Indemnitee, on the other hand, shall be determined by reference to, among other factors, whether the untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company or by the Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; the Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.5(h)(ii) were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 4.5(h)(i). No Indemnitee guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Company if the Company was not guilty of such fraudulent misrepresentation.

(i) Assignment of Registration Rights. The rights of Treasury to registration of Registrable Securities pursuant to Section 4.5(b) may be assigned by Treasury to a transferee or assignee of Registrable Securities in connection with a transfer of a total number of Warrant Shares and/or Warrants exercisable for at least 20% of the total number of Warrant Shares for which Warrants issued and to be issued under this Agreement could be exercised (giving effect

to the anti-dilution adjustments in Warrants); *provided, however*, the transferor shall, within ten days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the number and type of Registrable Securities that are being assigned.

(j) **Clear Market.** With respect to any underwritten offering of Registrable Securities by Treasury or other Holders pursuant to this Section 4.5, the Company agrees not to effect (other than pursuant to such registration or pursuant to a Special Registration) any public sale or distribution, or to file any Shelf Registration Statement (other than such registration or a Special Registration) covering, in the case of an underwritten offering of Common Stock or Warrants, any of its equity securities, or, in each case, any securities convertible into or exchangeable or exercisable for such securities, during the period not to exceed 30 days following the effective date of such offering. The Company also agrees to cause such of its directors and senior executive officers to execute and deliver customary lock-up agreements in such form and for such time period up to 30 days as may be requested by the managing underwriter. “**Special Registration**” means the registration of (A) equity securities and/or options or other rights in respect thereof solely registered on Form S-4 or Form S-8 (or successor form) or (B) shares of equity securities and/or options or other rights in respect thereof to be offered to directors, members of management, employees, consultants, customers, lenders or vendors of the Company or Company Subsidiaries or in connection with dividend reinvestment plans.

(k) **Rule 144; Rule 144A.** With a view to making available to Treasury and Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(i) (A) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act, and (B) if at any time the Company is not required to file such reports, make available, upon the request of any Holder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

(ii) so long as Treasury or a Holder owns any Registrable Securities, furnish to Treasury or such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as Treasury or Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; *provided, however*, that the availability of the foregoing reports on the EDGAR filing system of the SEC will be deemed to satisfy the foregoing delivery requirements; and

(iii) take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act.

(l) As used in this Section 4.5, the following terms shall have the following respective meanings:

(i) “**Holder**” means Treasury and any other holder of Registrable Securities to whom the registration rights conferred by this Agreement have been transferred in compliance with Section 4.5(i) hereof.

(ii) “Register,” “registered,” and “registration” shall refer to a registration effected by preparing and (A) filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of effectiveness of such registration statement or (B) filing a prospectus and/or prospectus supplement in respect of an appropriate effective registration statement on Form S-3.

(iii) “Registrable Securities” means (A) the Warrants (subject to Section 4.5(q)) and (B) any equity securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clause (A) by way of conversion, exercise or exchange thereof, including the Warrant Shares, or share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other reorganization, *provided* that, once issued, such securities will not be Registrable Securities when (1) they are sold pursuant to an effective registration statement under the Securities Act, (2) except as provided below in Section 4.5(q), they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, (3) they shall have ceased to be outstanding or (4) they have been sold in a private transaction in which the transferor’s rights under this Agreement are not assigned to the transferee of the securities. No Registrable Securities may be registered under more than one registration statement at any one time.

(iv) “Registration Expenses” mean all expenses incurred by the Company in effecting any registration pursuant to this Agreement (whether or not any registration or prospectus becomes effective or final) or otherwise complying with its obligations under this Section 4.5, including all registration, filing and listing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, expenses incurred in connection with any “road show”, the reasonable fees and disbursements of Treasury’s counsel (if Treasury is participating in the registered offering), and expenses of the Company’s independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, but shall not include Selling Expenses.

(v) “Rule 144”, “Rule 144A”, “Rule 159A”, “Rule 405” and “Rule 415” mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

(vi) “Selling Expenses” mean all discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of Treasury’s counsel included in Registration Expenses).

(m) At any time, any holder of Registrable Securities (including any Holder) may elect to forfeit its rights set forth in this Section 4.5 from that date forward; *provided*, that a

Holder forfeiting such rights shall nonetheless be entitled to participate under Section 4.5(b)(iv) – (vi) in any Pending Underwritten Offering to the same extent that such Holder would have been entitled to if the holder had not withdrawn; and *provided, further*, that no such forfeiture shall terminate a Holder's rights or obligations under Section 4.5(g) with respect to any prior registration or Pending Underwritten Offering. "*Pending Underwritten Offering*" means, with respect to any Holder forfeiting its rights pursuant to this Section 4.5(m), any underwritten offering of Registrable Securities in which such Holder has advised the Company of its intent to register its Registrable Securities either pursuant to Section 4.5(b)(ii) or 4.5(b)(iv) prior to the date of such Holder's forfeiture.

(n) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations under this Section 4.5 and that Treasury and the Holders from time to time may be irreparably harmed by any such failure, and accordingly agree that Treasury and such Holders, in addition to any other remedy to which they may be entitled at law or in equity, to the fullest extent permitted and enforceable under applicable law shall be entitled to compel specific performance of the obligations of the Company under this Section 4.5 in accordance with the terms and conditions of this Section 4.5.

(o) No Inconsistent Agreements. The Company shall not, on or after the date hereof, enter into any agreement with respect to its securities that may impair the rights granted to Treasury and the Holders under this Section 4.5 or that otherwise conflicts with the provisions hereof in any manner that may impair the rights granted to Treasury and the Holders under this Section 4.5. In the event the Company has, prior to the date hereof, entered into any agreement with respect to its securities that is inconsistent with the rights granted to Treasury and the Holders under this Section 4.5 (including agreements that are inconsistent with the order of priority contemplated by Section 4.5(b)(vi)) or that may otherwise conflict with the provisions hereof, the Company shall use its reasonable best efforts to amend such agreements to ensure they are consistent with the provisions of this Section 4.5. Any transaction entered into by the Company that would reasonably be expected to require the inclusion in a Shelf Registration Statement or any Company Report filed with the SEC of any separate financial statements pursuant to Rule 3-05 of Regulation S-X or pro forma financial statements pursuant to Article 11 of Regulation S-X shall include provisions requiring the Company's counterparty to provide any information necessary to allow the Company to comply with its obligation hereunder.

(p) Certain Offerings by Treasury. In the case of any securities held by Treasury that cease to be Registrable Securities solely by reason of clause (2) in the definition of "Registrable Securities," the provisions of Sections 4.5(b)(ii), clauses (iv), (ix) and (x)-(xii) of Section 4.5(d), Section 4.5(h) and Section 4.5(j) shall continue to apply until such securities otherwise cease to be Registrable Securities. In any such case, an "underwritten" offering or other disposition shall include any distribution of such securities on behalf of Treasury by one or more broker-dealers, an "underwriting agreement" shall include any purchase agreement entered into by such broker-dealers, and any "registration statement" or "prospectus" shall include any offering document approved by the Company and used in connection with such distribution.

(q) Registered Sales of the Warrants. The Holders agree to sell the Warrants or any portion thereof under the Shelf Registration Statement only beginning 30 days after notifying the

Company of any such sale, during which 30-day period Treasury and all Holders of the Warrants shall take reasonable steps to agree to revisions to the Warrants, at the expense of the Company, to permit a public distribution of the Warrants, including entering into a revised warrant agreement, appointing a warrant agent, and making the securities eligible for book entry clearing and settlement at the Depository Trust Company.

(r) Market Stand-Off. In the event of an IPO, the Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(b) and Treasury agrees, if requested by the managing underwriter or underwriters in such IPO, not to (i) offer for sale, sell, pledge, or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any Registrable Securities (including Registrable Securities that may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the SEC); (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of Registrable Securities, whether any such transaction is to be settled by delivery of Registrable Securities, in cash or otherwise; (iii) make any demand for or exercise any right or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any Registrable Securities; or (iv) publicly disclose the intention to do any of the foregoing, in each case (to the extent timely notified in writing by the Company or the managing underwriter or underwriters), during the period beginning seven days before and ending 90 days after the date of the underwriting agreement entered into in connection with such IPO. If requested by the managing underwriter or underwriters of any such IPO, Treasury shall execute a separate agreement to the foregoing effect. The Company may impose stop-transfer instructions with respect to Registrable Securities subject to the foregoing restriction until the end of the period referenced above. The foregoing provisions of this Section 4.5(r) shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall be applicable only if all officers, directors, and shareholders beneficially owning more than one percent (1%) of the Company's outstanding Common Stock are subject to the same restrictions.

"IPO" means the first underwritten public offering and sale of the Common Stock for cash pursuant to an effective registration statement (other than on Form S-4, S-8 or a comparable form) under the Securities Act.

4.6 Voting of Warrant Shares. Notwithstanding anything in this Agreement to the contrary, Treasury shall not exercise any voting rights with respect to the Warrant Shares.

## Article V **Miscellaneous**

5.1 Survival of Representations and Warranties. The representations and warranties of the Company made herein or in any certificates delivered in connection with the Initial Closing or any subsequent Closing shall survive such Closing without limitation.

5.2 Amendment. No amendment of any provision of this Agreement will be effective unless made in writing and signed by an officer or a duly authorized representative of each party;

provided that Treasury may unilaterally amend any provision of this Agreement to the extent required to comply with any changes after the date hereof in applicable federal statutes. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative of any rights or remedies provided by law.

5.3 Waiver of Conditions. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

5.4 Governing Law: Submission to Jurisdiction, Etc. This Agreement will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the parties hereto agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia and the United States Court of Federal Claims for any and all civil actions, suits or proceedings arising out of or relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby, and (b) that notice may be served upon (i) the Company at the address and in the manner set forth for notices to the Company in Section 5.5 and (ii) Treasury in accordance with federal law. To the extent permitted by applicable law, each of the parties hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby.

5.5 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices to the Company shall be delivered as set forth below, or pursuant to such other instruction as may be designated in writing by the Company to Treasury. All notices to Treasury shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by Treasury to the Company.

If to the Company:

Frontier Group Holdings, Inc.  
4545 Airport Way  
Denver CO, 80239  
Attention of General Counsel  
Telephone No. ###-###-#### ##

If to Treasury:

United States Department of the Treasury  
1500 Pennsylvania Avenue, NW, Room 2312  
Washington, D.C. 20220  
Attention: Assistant General Counsel (Banking and Finance)

5.6 Definitions.

(a) The term “Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

(b) The term “Laws” has the meaning ascribed thereto in the Loan Agreement.

(c) The term “Lien” has the meaning ascribed thereto in the Loan Agreement.

(d) The term “Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Company to perform its obligations under this Agreement or any Warrant or (ii) the legality, validity, binding effect or enforceability against the Company of this Agreement or any Warrant to which it is a party.

(e) The term “Organizational Documents” has the meaning ascribed thereto in the Loan Agreement.

(f) The term “Subsidiary” has the meaning ascribed thereto in the Loan Agreement.

5.7 Assignment. Neither this Agreement nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other party, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except (a) an assignment, in the case of a Business Combination where such party is not the surviving entity, or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale and (b) as provided in Section 4.5.

5.8 Severability. If any provision of this Agreement or the Warrants, or the application thereof to any person or circumstance, is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

5.9 No Third Party Beneficiaries. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person or entity other than the Company and Treasury any benefit, right or remedies, except that the provisions of Section 4.5 shall inure to the benefit of the persons referred to in that Section.

\* \* \*

*[Signature page follows]*

- 22 -



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE UNITED STATES DEPARTMENT OF THE  
TREASURY

By: /s/ Brent McIntosh  
Name: Brent McIntosh  
Title: Under Secretary for International Affairs

FRONTIER GROUP HOLDINGS, INC.

By: /s/ James Dempsey  
Name: James Dempsey  
Title: Chief Financial Officer

*[Signature Page to Warrant Agreement – Frontier Airlines]*

**FORM OF OPINION**

(a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of its incorporation.

(b) Each of the Warrants has been duly authorized and, when executed and delivered as contemplated by the Agreement, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity.

(c) The shares of Common Stock issuable upon exercise of the Warrants have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable **[insert, if applicable: ,** subject to the approvals of the Company's stockholders set forth on Schedule 3].

(d) The Company has the corporate power and authority to execute and deliver the Agreement and the Warrants and **[insert, if applicable: ,** subject to the approvals of the Company's stockholders set forth on Schedule 3] to carry out its obligations thereunder (which includes the issuance of the Warrants and Warrant Shares).

(e) The execution, delivery and performance by the Company of the Agreement and the Warrants and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company **[insert, if applicable: ,** subject, in each case, to the approvals of the Company's stockholders set forth on Schedule 3].

(f) The Agreement is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity; *provided, however,* such counsel need express no opinion with respect to Section 4.5(h) or the severability provisions of the Agreement insofar as Section 4.5(h) is concerned.

(g) No registration of the Warrant and the Common Stock issuable upon exercise of the Warrant under the U.S. Securities Act of 1933, as amended, is required for the offer and sale of the Warrant or the Common Stock issuable upon exercise of the Warrant by the Company to the Holder pursuant to and in the manner contemplated by this Agreement.

(h) The Company is not required to be registered as an investment company under the Investment Company Act of 1940, as amended.

**FORM OF WARRANT**

[SEE ATTACHED]

**FORM OF WARRANT TO PURCHASE COMMON STOCK**

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

**WARRANT  
to purchase**

**Shares of Common Stock**

**of**

Issue Date:

1. Definitions. Unless the context otherwise requires, when used herein the following terms shall have the meanings indicated.

“*Affiliate*” means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”) when used with respect to any person, means the possession, directly or indirectly, of the power to cause the direction of management and/or policies of such person, whether through the ownership of voting securities by contract or otherwise.

“*Aggregate Net Cash Settlement Amount*” has the meaning ascribed thereto in Section 2(A).

“*Aggregate Net Share Settlement Amount*” has the meaning ascribed thereto in Section 2(B).

“*Average Market Price*” means, with respect to any security, (i) the arithmetic average of the Market Price of such security for the 15 consecutive trading day period ending on and including the trading day immediately preceding the determination date or (ii) if the security has not been traded on any national or regional securities exchange for at least the 15 consecutive trading day period ending on and including the trading day immediately preceding the determination date and the Quotations are not available for the remainder of such period, the arithmetic average of the Market Price of such security for the trading days within such period during which the security was traded on such national securities exchange.

“*Board of Directors*” means the board of directors of the Company, including any duly authorized committee thereof.

“*Business Combination*” means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company’s stockholders.

“*Business Day*” means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close; *provided* that banks shall be deemed to be generally open for business in the event of a “shelter in place” or similar closure of physical branch locations at the direction of any governmental entity if such banks’ electronic funds transfer system (including wire transfers) are open for use by customers on such day.

“*Capital Stock*” means (A) with respect to any Person that is a corporation or company, any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (B) with respect to any Person that is not a corporation or company, any and all partnership or other equity interests of such Person.

“*Charter*” means, with respect to any Person, its certificate or articles of incorporation, articles of association, or similar organizational document.

“*Common Stock*” means common stock of the Company, par value \$[ ] subject to adjustment as provided in Section 13(C).

“*Company*” means the Person whose name, corporate or other organizational form and jurisdiction of organization is set forth in Item 1 of Schedule A hereto.

“*conversion*” has the meaning set forth in Section 13(B)(ii).

“*convertible securities*” has the meaning set forth in Section 13(B)(ii).

“*Equity Value*” means the aggregate fair market value of all outstanding equity securities of the Company determined by (i) [*insert name of valuation firm*] or (ii) a nationally recognized independent appraiser using valuation techniques then prevailing in the securities industry, retained by the Company at its expense for this purpose and approved by Treasury in its sole discretion. The methodology used in determining the Equity Value shall take into account discounts for the minority interest represented by the Warrant Shares.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“*Exercise Date*” means each date a Notice of Exercise substantially in the form annexed hereto is delivered to the Company in accordance with Section 2 hereof.

“*Exercise Price*” means the amount set forth in Item 2 of Schedule A hereto, subject to any adjustment as contemplated herein.

“*Expiration Time*” means the Original Expiration Time or, if the Warrantholder is subject to a Lockup Period at the Original Expiration Time, 5pm New York City time on the fifth Business Day immediately following the termination of such Lockup Period.

“Fully-Diluted Outstanding Common Stock” means, with respect to a determination date, the number of shares of all issued and outstanding Common Stock of the Company and all Common Stock issuable upon the exercise or conversion of any outstanding security or obligation that is by its terms, directly or indirectly, convertible into or exchangeable or exercisable for Common Stock, and any option, warrant or other right to subscribe for, purchase or acquire Common Stock as of such date, whether or not such instrument is at the time exercisable, convertible or exchangeable.

“Initial Number” has the meaning set forth in Section 13(B)(ii)(1).

“Issue Date” means the date set forth in Item 3 of Schedule A hereto.

“Lockup Period” means any period during which the Warrantholder is subject to restrictions on resale pursuant to Section 4.5(r) of the Warrant Agreement.

“Market Price” means, with respect to a particular security, on any given day, the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the last closing bid and ask prices regular way, in either case on the principal national securities exchange on which the applicable securities are listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the average of the closing bid and ask prices as furnished by two members of the Financial Industry Regulatory Authority, Inc. selected from time to time by the Company for that purpose (the “Quotations”). “Market Price” shall be determined without reference to after hours or extended hours trading.

“Minimum Exercise Amount” means 20% of the total number of the shares of Common Stock with respect to which Warrants issued pursuant to the Warrant Agreement could be exercised (including, for the avoidance of doubt, Warrants that were previously exercised), adjusted as described in Section 13 hereof.

“Original Expiration Time” means 5:00 p.m. New York City time on the fifth anniversary of the Issue Date of this Warrant.

“Original Warrantholder” means the United States Department of the Treasury. Any actions specified to be taken by the Original Warrantholder hereunder may only be taken by such Person and not by any other Warrantholder.

“Permitted Transactions” has the meaning set forth in Section 13(B)(ii).

“Per Share Fair Market Value” has the meaning set forth in Section 13(B)(iii).

“Per Share Net Cash Settlement Amount” means the Per Share Value of a share of Common Stock determined as of the relevant Exercise Date less the Exercise Price.

“Per Share Net Share Settlement Amount” means the quotient of (i) the Per Share Value of a share of Common Stock determined as of the relevant Exercise Date less the then applicable Exercise Price divided by (ii) the Per Share Value of a share of Common Stock determined as of the relevant Exercise Date.

“*Per Share Value*” means (i) if the Common Stock is listed on a national securities exchange as of day preceding the determination date or the Quotations are available as of such date, the Average Market Price or (ii) if the Common Stock is not so listed, the quotient of the Equity Value determined as of the most recent Valuation Date divided by the Fully Diluted Outstanding Common Stock.

“*Person*” has the meaning given to it in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

“*Pro Rata Repurchases*” means any purchase of shares of Common Stock by the Company or any Affiliate thereof pursuant to (A) any tender offer or exchange offer subject to Section 13(e) or 14(e) of the Exchange Act or Regulation 14E promulgated thereunder or (B) any other offer available to substantially all holders of Common Stock, in the case of both (A) or (B), whether for cash, shares of Capital Stock of the Company, other securities of the Company, evidences of indebtedness of the Company or any other Person or any other property (including, without limitation, shares of Capital Stock, other securities or evidences of indebtedness of a subsidiary), or any combination thereof, effected while this Warrant is outstanding. The “*Effective Date*” of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange by the Company under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

“*Regulatory Approvals*” with respect to the Warrantholder, means, to the extent applicable and required to permit the Warrantholder to exercise this Warrant for shares of Common Stock and to own such Common Stock without the Warrantholder being in violation of applicable law, rule or regulation, the receipt of any necessary approvals and authorizations of, filings and registrations with, notifications to, or expiration or termination of any applicable waiting period under, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Securities Act*” means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“*trading day*” means (A) if the shares of Common Stock are not traded on any national or regional securities exchange or association or over-the-counter market, a Business Day or (B) if the shares of Common Stock are traded on any national or regional securities exchange or association or over-the-counter market, a Business Day on which such relevant exchange or quotation system is scheduled to be open for business and on which the shares of Common Stock (i) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market for any period or periods aggregating one half hour or longer; and (ii) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the shares of Common Stock.

“*Valuation Date*” means the date as of which the Equity Value was most recently determined.

“Warrant” means this Warrant, issued pursuant to the Warrant Agreement.

“Warrant Agreement” means the Warrant Agreement, dated as of the date set forth in Item 4 of Schedule A hereto, as amended from time to time, between the Company and the United States Department of the Treasury.

“Warrantholder” has the meaning set forth in Section 2.

“Warrant Shares” has the meaning set forth in Section 2.

2. Number of Warrant Shares; Net Exercise. This certifies that, for value received, the United States Department of the Treasury or its permitted assigns (the “Warrantholder”) is entitled, upon the terms and subject to the conditions hereinafter set forth, to acquire from the Company, in whole or in part, after the receipt of all applicable Regulatory Approvals, if any, up to an aggregate of the number of fully paid and nonassessable shares of Common Stock set forth in Item 5 of Schedule A hereto. The number of shares of Common Stock (the “Warrant Shares”) issuable upon exercise of this Warrant and the Exercise Price are subject to adjustment as provided herein, and all references to “Common Stock,” “Warrant Shares” and “Exercise Price” herein shall be deemed to include any such adjustment or series of adjustments.

Upon exercise of the Warrant in accordance with Section 3 hereof prior to the date that is 30 days prior to the Expiration Time, the Company shall elect to pay or deliver, as the case may be, to the exercising Warrantholder (a) cash (“Net Cash Settlement”) or (b) Warrant Shares together with cash, if applicable, in lieu of delivering any fractional shares in accordance with Section 5 of this Warrant (“Net Share Settlement”). The Company will notify the exercising Warrantholder of its election of a settlement method within one Business Day after the relevant Exercise Date and if it fails to deliver a timely notice shall be deemed to have elected Net Share Settlement.

If the Common Stock is not listed on a national securities exchange on an Exercise Date, the Company shall be deemed to irrevocably elect Net Cash Settlement with respect to such exercise.

A. *Net Cash Settlement.* If the Company elects Net Cash Settlement, it shall pay to the Warrantholder cash equal to the Per Share Net Cash Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the “Aggregate Net Cash Settlement Amount”).

B. *Net Share Settlement.* If the Company elects Net Share Settlement, it shall deliver to the Warrantholder a number of shares of Common Stock equal to the Per Share Net Share Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the “Aggregate Net Share Settlement Amount”).

3. Term; Method of Exercise; Valuation Requests.

A. Subject to Section 2, to the extent permitted by applicable laws and regulations, this Warrant is exercisable, in whole or in part, by the Warrantholder, at any time or from time to time after the execution and delivery of this Warrant by the Company on the date hereof, but in no event later than the Expiration Time.



B. This Warrant may be exercised by the surrender of this Warrant and delivery of the Notice of Exercise annexed hereto, duly completed and executed on behalf of the Warrantholder, at the principal executive office of the Company located at the address set forth in Item 6 of Schedule A hereto (or such other office or agency of the Company in the United States as it may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company).

C. If the Common Stock is not listed on a national securities exchange on the applicable Exercise Date, the Warrantholder may only exercise this Warrant if the number of shares of Common Stock with respect to which the Warrantholder is exercising this Warrant, aggregated with the number of shares of Common Stock with respect to which the Warrantholder is exercising other warrants issued under the Warrant Agreement on the relevant Exercise Date, is no less than the Minimum Exercise Amount.

D. If the Warrantholder does not exercise this Warrant in its entirety, the Warrantholder will be entitled to receive from the Company within a reasonable time after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, and in any event not exceeding three Business Days after the date thereof, a new warrant in substantially identical form for the purchase of that number of Warrant Shares equal to the difference between the number of Warrant Shares subject to this Warrant and the number of Warrant Shares as to which this Warrant is so exercised. Notwithstanding anything in this Warrant to the contrary, the Warrantholder hereby acknowledges and agrees that its exercise of this Warrant for Warrant Shares is subject to the condition that the Warrantholder will have first received any applicable Regulatory Approvals.

E. If the Common Stock is not listed on a national securities exchange the Company shall (i) upon request of a Warrantholder, promptly deliver to such Warrantholder the most recent Equity Value of the Company and (ii) obtain an Equity Value as of a date within 90 days subsequent to receipt of a written request from a Warrantholder for such valuation, provided that the Company shall not be required to obtain an Equity Value more than 4 times in any 12 month period.

#### 4. Method of Settlement.

A. *Net Cash Settlement.* If the Company elects Net Cash Settlement, the Company shall, (A) if the Common Stock at the time of such election is not listed on a national securities exchange, use its best efforts to as soon as possible, and no more than sixty days after, and (B) if the Common Stock at the time of such election is listed on a national securities exchange, within a reasonable time, not to exceed five Business Days, after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, pay to the exercising Warrantholder the Aggregate Net Cash Settlement Amount.

B. *Net Share Settlement.* If the Company elects Net Share Settlement, shares of Common Stock equal to the Aggregate Net Share Settlement Amount shall be (x) issued in such

name or names as the exercising Warrantholder may designate and (y) delivered by the Company or the Company's transfer agent to such Warrantholder or its nominee or nominees (i) if the shares are then able to be so delivered, via book-entry transfer crediting the account of such Warrantholder (or the relevant agent member for the benefit of such Warrantholder) through the Depository's DWAC system (if the Company's transfer agent participates in such system), or (ii) otherwise in certificated form by physical delivery to the address specified by the Warrantholder in the Notice of Exercise, within a reasonable time, not to exceed three Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant. The Company hereby represents and warrants that any Warrant Shares issued upon the exercise of this Warrant in accordance with the provisions of Section 3 will be duly and validly authorized and issued, fully paid and nonassessable and free from all taxes, liens and charges (other than liens or charges created by the Warrantholder, income and franchise taxes incurred in connection with the exercise of the Warrant or taxes in respect of any transfer occurring contemporaneously therewith). The Company agrees that the Warrant Shares so issued will be deemed to have been issued to the Warrantholder as of the close of business on the date on which this Warrant and payment of the Exercise Price are delivered to the Company in accordance with the terms of this Warrant, notwithstanding that the stock transfer books of the Company may then be closed or certificates representing such Warrant Shares may not be actually delivered on such date. The Company will at all times reserve and keep available, out of its authorized but unissued Common Stock, solely for the purpose of providing for the exercise of this Warrant, the aggregate number of shares of Common Stock then issuable upon exercise of this Warrant at any time. If the Common Stock is listed on a national securities exchange, the Company will (A) procure, at its sole expense, the listing of the Warrant Shares issuable upon exercise of this Warrant at any time, subject to issuance or notice of issuance, on all principal stock exchanges on which the Common Stock is then listed or traded and (B) maintain such listings of such Warrant Shares at all times after issuance. The Company will use reasonable best efforts to ensure that the Warrant Shares may be issued without violation of any applicable law or regulation or of any requirement of any securities exchange on which the Warrant Shares are listed or traded.

5. No Fractional Warrant Shares or Scrip. No fractional Warrant Shares or scrip representing fractional Warrant Shares shall be issued upon any exercise of this Warrant. In lieu of any fractional Share to which the Warrantholder would otherwise be entitled, the Warrantholder shall be entitled to receive a cash payment equal to the Per Share Value of the Common Stock determined as of the Exercise Date multiplied by such fraction of a share, less the pro-rated Exercise Price for such fractional share.

6. No Rights as Stockholders; Transfer Books. This Warrant does not entitle the Warrantholder to any voting rights or other rights as a stockholder of the Company prior to the date of exercise hereof. The Company will at no time close its transfer books against transfer of this Warrant in any manner which interferes with the timely exercise of this Warrant.

7. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares to the Warrantholder upon the exercise of this Warrant shall be made without charge to the Warrantholder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; *provided, however*, that the Company shall not be required to pay any tax that may be payable in respect of

any transfer involved in the issuance and delivery of any such certificate, or any certificates or other securities in a name other than that of the registered holder of the Warrant surrendered upon exercise of the Warrant.

8. Transfer/Assignment.

A. Subject to compliance with clause (B) of this Section 8, this Warrant and all rights hereunder are transferable, in whole or in part, upon the books of the Company by the registered holder hereof in person or by duly authorized attorney, and a new warrant shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of one or more transferees, upon surrender of this Warrant, duly endorsed, to the office or agency of the Company described in Section 3. All expenses (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of the new warrants pursuant to this Section 8 shall be paid by the Company.

B. If and for so long as required by the Warrant Agreement, this Warrant shall contain the legend as set forth in Section 4.2(a) of the Warrant Agreement.

9. Exchange and Registry of Warrant. This Warrant is exchangeable, upon the surrender hereof by the Warranholder to the Company, for a new warrant or warrants of like tenor and representing the right to purchase the same aggregate number of Warrant Shares. The Company shall maintain a registry showing the name and address of the Warranholder as the registered holder of this Warrant. This Warrant may be surrendered for exchange or exercise in accordance with its terms, at the office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

10. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in the case of any such loss, theft or destruction, upon receipt of a bond, indemnity or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company shall make and deliver, in lieu of such lost, stolen, destroyed or mutilated Warrant, a new Warrant of like tenor and representing the right to purchase the same aggregate number of Warrant Shares as provided for in such lost, stolen, destroyed or mutilated Warrant.

11. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding day that is a Business Day.

12. Information. With a view to making available to Warranholders the benefits of certain rules and regulations of the SEC which may permit the sale of the Warrants and Warrant Shares to the public without registration, the Company agrees to use its reasonable best efforts to:

A. (x) if the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, file with the SEC, in a timely manner, all reports and other documents required of the Company under the Securities Act and the Exchange Act, and (y) if at

any time the Company is not required to file such reports, make available, upon the request of any Warranholder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

B. if the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, furnish to any holder of Warrants or Warrant Shares forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of the Exchange Act and Rule 144(c)(1);

C. furnish to any holder of Warrants or Warrant Shares forthwith upon request a copy of the Company's most recent annual or quarterly report and such other reports and documents as the Warranholder may reasonably request; and

D. take such further action as any Warranholder may reasonably request, all to the extent required from time to time to enable such Warranholder to sell Warrants or Warrant Shares without registration under the Securities Act.

### 13. Adjustments and Other Rights.

A. Adjustments at a time when the Common Stock is not listed on a national securities exchange. If, at any time at which the Common Stock is not listed on a national securities exchange, any event occurs that, in the good faith judgment of the Board of Directors of the Company, would require adjustment of the Exercise Price or number of Warrant Shares issuable upon exercise of this Warrant in order to fairly and adequately protect the purchase rights of the Warrants in accordance with the essential intent and principles of the Warrant Agreement and the Warrants, then the Board of Directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of the Board of Directors, to protect such purchase rights as aforesaid. The Exercise Price or the number of Warrant Shares shall not be adjusted in the event of a change in the par value of the Common Stock or a change in the jurisdiction of incorporation of the Company.

B. Adjustments at a time when the Common Stock is listed on a national securities exchange. At any time at which the Common Stock is listed on a national securities exchange, the Exercise Price and the number of Warrant Shares issuable upon exercise of the Warrant shall be subject to adjustment from time to time as follows; *provided*, that if more than one subsection of this Section 13(B) is applicable to a single event, the subsection shall be applied that produces the largest adjustment and no single event shall cause an adjustment under more than one subsection of this Section 13(B) so as to result in duplication:

- i. Stock Splits, Subdivisions, Reclassifications or Combinations. If the Company shall (i) declare and pay a dividend or make a distribution on its Common Stock in shares of Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares, the number of Warrant Shares issuable upon exercise of this Warrant at the time of the record date for such dividend or distribution or the

effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the Warrantholder after such date shall be entitled to acquire the number of shares of Common Stock which such holder would have owned or been entitled to receive in respect of the shares of Common Stock subject to this Warrant after such date had this Warrant been exercised immediately prior to such date. In such event, the Exercise Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment and (2) the Exercise Price in effect immediately prior to the record or effective date, as the case may be, for the dividend, distribution, subdivision, combination or reclassification giving rise to this adjustment by (y) the new number of Warrant Shares issuable upon exercise of the Warrant determined pursuant to the immediately preceding sentence.

- ii. Certain Issuances of Common Stock or Convertible Securities. If the Company shall issue shares of Common Stock (or rights or warrants or other securities exercisable or convertible into or exchangeable (collectively, a “conversion”) for shares of Common Stock) (collectively, “convertible securities”) (other than in Permitted Transactions (as defined below) or a transaction to which subsection (i) of this Section 13(B) is applicable) without consideration or at a consideration per share (or having a conversion price per share) that is less than 90% of the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities) then, in such event:
1. the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) (the “Initial Number”) shall be increased to the number obtained by multiplying the Initial Number by a fraction (A) the numerator of which shall be the sum of (x) the number of shares of Common Stock of the Company outstanding on such date and (y) the number of additional shares of Common Stock issued (or into which convertible securities may be exercised or convert) and (B) the denominator of which shall be the sum of (I) the number of shares of Common Stock outstanding on such date and (II) the number of shares of Common Stock which the aggregate consideration receivable by the Company for the total number of shares of Common Stock so issued (or into which convertible securities may be exercised or convert) would purchase at the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities); and
  2. the Exercise Price payable upon exercise of the Warrant shall be adjusted by multiplying such Exercise Price in effect immediately

prior to the date of the agreement on pricing of such shares (or of such convertible securities) by a fraction, the numerator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant prior to such date and the denominator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant immediately after the adjustment described in clause (1) above.

For purposes of the foregoing, the aggregate consideration receivable by the Company in connection with the issuance of such shares of Common Stock or convertible securities shall be deemed to be equal to the sum of the net offering price (including the Fair Market Value of any non-cash consideration and after deduction of any related expenses payable to third parties) of all such securities plus the minimum aggregate amount, if any, payable upon exercise or conversion of any such convertible securities into shares of Common Stock; and “Permitted Transactions” shall mean issuances (i) as consideration for or to fund the acquisition of businesses and/or related assets, (ii) in connection with employee benefit plans and compensation related arrangements in the ordinary course and consistent with past practice approved by the Board of Directors, (iii) in connection with a public or broadly marketed offering and sale of Common Stock or convertible securities for cash conducted by the Company or its affiliates pursuant to registration under the Securities Act or Rule 144A thereunder on a basis consistent with capital raising transactions by comparable institutions and (iv) in connection with the exercise of preemptive rights on terms existing as of the Issue Date. Any adjustment made pursuant to this Section 13(B)(ii) shall become effective immediately upon the date of such issuance.

iii. Other Distributions. In case the Company shall fix a record date for the making of a distribution to all holders of shares of its Common Stock of securities, evidences of indebtedness, assets, cash, rights or warrants (excluding dividends of its Common Stock and other dividends or distributions referred to in Section 13(B)(i)), in each such case, the Exercise Price in effect prior to such record date shall be reduced immediately thereafter to the price determined by multiplying the Exercise Price in effect immediately prior to the reduction by the quotient of (x) the Average Market Price of the Common Stock determined as of the first date on which the Common Stock trades regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading without the right to receive such distribution, minus the amount of cash and/or the Fair Market Value of the securities, evidences of indebtedness, assets, rights or warrants to be so distributed in respect of one share of Common Stock (such amount and/or Fair Market Value, the “Per Share Fair Market Value”) divided by (y) the Average Market Price specified in clause (x); such adjustment shall be made successively whenever such a record date is fixed. In such event, the number of Warrant Shares issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the distribution giving

rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. In the event that such distribution is not so made, the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant then in effect shall be readjusted, effective as of the date when the Board of Directors determines not to distribute such shares, evidences of indebtedness, assets, rights, cash or warrants, as the case may be, to the Exercise Price that would then be in effect and the number of Warrant Shares that would then be issuable upon exercise of this Warrant if such record date had not been fixed.

- iv. Certain Repurchases of Common Stock. In case the Company effects a Pro Rata Repurchase of Common Stock, then the Exercise Price shall be reduced to the price determined by multiplying the Exercise Price in effect immediately prior to the Effective Date of such Pro Rata Repurchase by a fraction of which the numerator shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Pro Rata Repurchase and (y) the Average Market Price of a share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase, minus (ii) the aggregate purchase price of the Pro Rata Repurchase, and of which the denominator shall be the product of (i) the number of shares of Common Stock outstanding immediately prior to such Pro Rata Repurchase minus the number of shares of Common Stock so repurchased and (ii) the Average Market Price per share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase. In such event, the number of shares of Common Stock issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the Pro Rata Repurchase giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. For the avoidance of doubt, no increase to the Exercise Price or decrease in the number of Warrant Shares issuable upon exercise of this Warrant shall be made pursuant to this Section 13(B)(v).
- v. Other Events. For so long as the Original Warrantholder holds this Warrant or any portion thereof, if any event occurs as to which the provisions of this Section 13 are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the Board of Directors of the Company, fairly and adequately protect the purchase rights of the Warrants in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of the Board of Directors, to protect such purchase rights as aforesaid. The Exercise Price or the number of Warrant Shares shall not be adjusted in the event of a change in the par value of the Common Stock or a change in the jurisdiction of incorporation of the Company.

C. Business Combinations. In case of any Business Combination or reclassification of Common Stock (other than a reclassification of Common Stock referred to in Section 13(B)(i)), the Warrantholder's right to receive Warrant Shares upon exercise of this Warrant shall be converted into the right to exercise this Warrant to acquire the number of shares of stock or other securities or property (including cash) which the Common Stock issuable (at the time of such Business Combination or reclassification) upon exercise of this Warrant immediately prior to such Business Combination or reclassification would have been entitled to receive upon consummation of such Business Combination or reclassification; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the Warrantholder shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to the Warrantholder's right to exercise this Warrant in exchange for any shares of stock or other securities or property pursuant to this paragraph. In determining the kind and amount of stock, securities or the property receivable upon exercise of this Warrant following the consummation of such Business Combination, if the holders of Common Stock have the right to elect the kind or amount of consideration receivable upon consummation of such Business Combination, then the consideration that the Warrantholder shall be entitled to receive upon exercise shall be deemed to be the types and amounts of consideration received by the majority of all holders of the shares of common stock that affirmatively make an election (or of all such holders if none make an election).

D. Rounding of Calculations; Minimum Adjustments. All calculations under this Section 13 shall be made to the nearest one-tenth (1/10th) of a cent or to the nearest one-hundredth (1/100th) of a share, as the case may be. Any provision of this Section 13 to the contrary notwithstanding, no adjustment in the Exercise Price or the number of Warrant Shares shall be made if the amount of such adjustment would be less than \$0.01 or one-tenth (1/10th) of a share of Common Stock, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.01 or 1/10th of a share of Common Stock, or more.

E. Timing of Issuance of Additional Common Stock Upon Certain Adjustments. In any case in which the provisions of this Section 13 shall require that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (i) issuing to the Warrantholder of this Warrant exercised after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such exercise by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such exercise before giving effect to such adjustment and (ii) paying to such Warrantholder any amount of cash in lieu of a fractional share of Common Stock; *provided, however*, that the Company upon request shall deliver to such Warrantholder a due bill or other appropriate instrument evidencing such Warrantholder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

F. Statement Regarding Adjustments. Whenever the Exercise Price or the number of Warrant Shares shall be adjusted as provided in this Section 13, the Company shall forthwith file at the principal office of the Company a statement showing in reasonable detail the facts requiring such adjustment and the Exercise Price that shall be in effect and the number of



Warrant Shares after such adjustment, and the Company shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each Warrantholder at the address appearing in the Company's records.

G. Notice of Adjustment Event. In the event that the Company shall propose to take any action of the type described in this Section 13 (but only if the action of the type described in this Section 13 would result in an adjustment in the Exercise Price or the number of Warrant Shares or a change in the type of securities or property to be delivered upon exercise of this Warrant), the Company shall give notice to the Warrantholder, in the manner set forth in this Section 13(G), which notice shall specify the record date, if any, with respect to any such action and the approximate date on which such action is to take place. Such notice shall also set forth the facts with respect thereto as shall be reasonably necessary to indicate the effect on the Exercise Price and the number, kind or class of shares or other securities or property which shall be deliverable upon exercise of this Warrant. In the case of any action which would require the fixing of a record date, such notice shall be given at least 10 days prior to the date so fixed, and in case of all other action, such notice shall be given at least 15 days prior to the taking of such proposed action. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

H. Proceedings Prior to Any Action Requiring Adjustment. As a condition precedent to the taking of any action which would require an adjustment pursuant to this Section 13, the Company shall take any action which may be necessary, including obtaining regulatory, New York Stock Exchange, NASDAQ Stock Market or other applicable national securities exchange or stockholder approvals or exemptions, as applicable, in order that the Company may thereafter validly and legally issue as fully paid and nonassessable all shares of Common Stock that the Warrantholder is entitled to receive upon exercise of this Warrant pursuant to this Section 13.

I. Adjustment Rules. Any adjustments pursuant to this Section 13 shall be made successively whenever an event referred to herein shall occur. If an adjustment in Exercise Price made hereunder would reduce the Exercise Price to an amount below par value of the Common Stock, then such adjustment in Exercise Price made hereunder shall reduce the Exercise Price to the par value of the Common Stock.

14. No Impairment. The Company will not, by amendment of its Charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in taking of all such action as may be necessary or appropriate in order to protect the rights of the Warrantholder.

15. Governing Law. **This Warrant will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the Company and the Warrantholder agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or**

proceeding arising out of or relating to this Warrant or the transactions contemplated hereby, and (b) that notice may be served upon the Company at the address in Section 19 below and upon the Warrantholder at the address for the Warrantholder set forth in the registry maintained by the Company pursuant to Section 9 hereof. To the extent permitted by applicable law, each of the Company and the Warrantholder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Warrant or the transactions contemplated hereby or thereby.

16. Binding Effect. This Warrant shall be binding upon any successors or assigns of the Company.

17. Amendments. This Warrant may be amended and the observance of any term of this Warrant may be waived only with the written consent of the Company and the Warrantholder.

18. Prohibited Actions. The Company agrees that it will not take any action which would entitle the Warrantholder to an adjustment of the Exercise Price if the total number of shares of Common Stock issuable after such action upon exercise of this Warrant, together with all shares of Common Stock then outstanding and all shares of Common Stock then issuable upon the exercise of all outstanding options, warrants, conversion and other rights, would exceed the total number of shares of Common Stock then authorized by its Charter.

19. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices hereunder shall be delivered as set forth in Item 7 of Schedule A hereto, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

20. Entire Agreement. This Warrant, the forms attached hereto and Schedule A hereto (the terms of which are incorporated by reference herein), and the Warrant Agreement (including all documents incorporated therein), contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

*[Remainder of page intentionally left blank]*

[Form of Notice of Exercise]

Date: \_\_\_\_\_

TO: [Company]

RE: Exercise of Warrant

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby notifies the Company of its intention to exercise its option with respect to the number of shares of the Common Stock set forth below covered by such Warrant. Pursuant to Section 4 of the Warrant, the undersigned acknowledges that the Company may settle this exercise in net cash or shares. Cash to be paid pursuant to a Net Cash Settlement or payment of fractional shares in connection with a Net Share Settlement should be deposited to the account of the Warrantholder set forth below. Common Stock to be delivered pursuant to a Net Share Settlement shall be delivered to the Warrantholder as indicated below. A new warrant evidencing the remaining shares of Common Stock covered by such Warrant, but not yet subscribed for and purchased, if any, should be issued in the name set forth below.

Number of Warrant Shares: \_\_\_\_\_

Aggregate Exercise Price: \_\_\_\_\_

Address for Delivery of Warrant Shares: \_\_\_\_\_

Wire Instructions:

Proceeds to be delivered: \$

Name of Bank:

City/ State of Bank:

ABA Number of Bank

SWIFT #

Name of Account:

Account Number at Bank:

Securities to be issued to:

If in book-entry form through the Depository:

Depository Account Number: \_\_\_\_\_

Name of Agent Member: \_\_\_\_\_

If in certificated form:

Social Security Number or Other Identifying Number: \_\_\_\_\_

Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State and Zip Code: \_\_\_\_\_

Any unexercised Warrants evidenced by the exercising Warrantholder's interest in the Warrant:

Social Security Number or Other Identifying Number: \_\_\_\_\_

Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State and Zip Code: \_\_\_\_\_

Holder: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by a duly authorized officer.

Dated: \_\_\_\_\_

**COMPANY:** \_\_\_\_\_

By: \_\_\_\_\_

Name:

Title:

**Attest:**

By: \_\_\_\_\_

Name:

Title:

**[Signature Page to Warrant]**

Item 1

Name: Frontier Group Holdings, Inc.  
Corporate or other organizational form: Corporation  
Jurisdiction of organization: Delaware

Item 2

Exercise Price: \$241.72

Item 3

Issue Date:

Item 4

Date of Warrant Agreement between the Company and the United States Department of the Treasury: September 28, 2020

Item 5

Number of shares of Common Stock:

Item 6

Company's address: 4545 Airport Way, Denver, CO 80239

Item 7

Notice information:

Frontier Group Holdings, Inc.  
4545 Airport Way  
Denver CO, 80239  
Attention of General Counsel  
Telephone No. ###-###-####  
Email: ###

With copies to (which shall not constitute notice):

Latham & Watkins LLP  
140 Scott Drive  
Menlo Park, CA 94025  
Attention: Tony Richmond  
Facsimile: (###) ###-####  
Email: ###

**WARRANT SHARES FORMULA**

(a) The Exercise Price shall equal the Equity Value (as defined in Annex B), subject to approval of such Equity Value by Treasury (such approval not to be unreasonably delayed or withheld), determined as of (i) either April 9, 2020 or (ii) if the Company has determined the Equity Value as of the last day of the Company's first fiscal quarter in 2020, as of the last day of the Company's first fiscal quarter in 2020 *divided by* the Fully Diluted Outstanding Common Stock (as defined in Annex B).

(b) The number of Warrant Shares for which Warrants issued on each Warrant Closing Date shall be exercisable shall equal:

- (i) On the date of the Initial Closing, the quotient of (x) the product of the principal amount of the initial Borrowing multiplied by 0.1 *divided by* (y) the Exercise Price; and
- (ii) On each Warrant Closing Date subsequent to the date of the Initial Closing, the quotient of (x) the product of the principal amount of the subsequent Borrowing multiplied by 0.1 *divided by* (y) the Exercise Price.

January 15, 2021

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

Re: Amendments to Loan and Guarantee Agreement

Reference is made to that certain Loan and Guarantee Agreement, dated as of September 28, 2020 (the "Existing Loan and Guarantee Agreement", and as amended hereby and as may be further amended, supplemented and restated or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among Frontier Airlines, Inc., a corporation organized under the laws of Colorado (the "Borrower"), Frontier Group Holdings, Inc., a corporation organized under the laws of Delaware (the "Parent"), the United States Department of the Treasury ("Treasury") and The Bank of New York Mellon as Administrative Agent and Collateral Agent. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Loan and Guarantee Agreement.

WHEREAS, Pursuant to Section 11.02 of the Loan and Guarantee Agreement, the Borrower has requested amendments to the Existing Loan and Guarantee Agreement as set forth herein; and

WHEREAS, Treasury, as the Initial Lender and constituting the Required Lenders, has agreed to amend the Existing Loan and Guarantee Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Effective as of the date hereof, Section 1.01 of the Existing Loan and Guarantee Agreement is hereby amended by inserting the following definition, in alphabetical order:

““PSP2 Warrant Agreement” means that certain warrant agreement, dated as of January 15, 2021 between Parent and Treasury.”

2. Effective as of the date hereof, the definition of “Warrants” in Section 1.01 of the Existing Loan and Guarantee Agreement is hereby amended and restated in its entirety as follows:

““Warrants” means, collectively, those certain warrants issued to Treasury under the Warrant Agreement, the PSP Warrant Agreement or the PSP2 Warrant Agreement.”

3. Effective as of the date hereof, Section 2.07 of the Existing Loan and Guarantee Agreement is hereby amended by deleting the reference to “March 26, 2021” and replacing it with “May 28, 2021”.

4. This letter agreement shall be limited as written and nothing herein shall be deemed to constitute an amendment or waiver of any other term, provision or condition of the Loan and Guarantee Agreement or any of the other Loan Documents in any other instance than as expressly set forth herein or prejudice any right or remedy that any Lender, the Administrative Agent or the Collateral Agent may now have or may in the future have under the Loan and Guarantee Agreement or any of the other Loan Documents. For the avoidance of doubt, this letter agreement is hereby deemed to be a Loan Document under the Loan and Guarantee Agreement. Except as herein provided, the Loan and Guarantee Agreement and the other Loan Documents shall remain unchanged and in full force and effect. This letter agreement shall not constitute a novation of the Loan and Guarantee Agreement or any other Loan Documents.



5. The Agents assume no responsibility for, and shall be entitled to rely on, without any obligation to ascertain or investigate, the correctness of the recitals and statements contained herein. The Agents shall not be liable or responsible in any manner whatsoever for, or in respect of, the validity or sufficiency of the amendments contained in this letter agreement.

6. Sections 11.06(b) (*Electronic Execution*), 11.09 (*Governing Law; Jurisdiction; Etc.*) and 11.10 (*Waiver of Jury Trial*) of the Loan and Guarantee Agreement shall apply mutatis mutandis to this letter agreement as if set out herein.

7. This letter agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this letter agreement by facsimile or in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this letter agreement.

The Lenders party hereto hereby authorize and direct the Administrative Agent and the Collateral Agent to acknowledge this letter agreement.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have caused this letter agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

FRONTIER AIRLINES, INC.

By: /s/ James Dempsey

Name: James Dempsey

Title: Chief Financial Officer

FRONTIER GROUP HOLDINGS, INC.

By: /s/ James Dempsey

Name: James Dempsey

Title: Chief Financial Officer

[Signature Page to Letter Agreement – Frontier Airlines]

UNITED STATES DEPARTMENT OF THE TREASURY,  
as the Initial Lender and a Lender

By: /s/ Brent McIntosh

Name: Brent McIntosh

Title: Under Secretary for International Affairs

[Signature Page to Letter Agreement – Frontier Airlines]

---

Acknowledged:

THE BANK OF NEW YORK MELLON, as Administrative  
Agent

By: /s/ Bret S. Derman  
Name: Bret S. Derman  
Title: Vice President

THE BANK OF NEW YORK MELLON, as Collateral  
Agent

By: /s/ Bret S. Derman  
Name: Bret S. Derman  
Title: Vice President

[Signature Page to Letter Agreement – Frontier Airlines]

PAYROLL SUPPORT PROGRAM EXTENSION AGREEMENT

<b>Recipient:</b> Frontier Airlines, Inc. 4545 Airport Way Denver, CO 80239	<b>PSP Participant Number:</b> PSA 2004031458 <b>Employer Identification Number:</b> 84-1256945 <b>DUNS Number:</b> <u>831153622</u>
---	--

**Additional Recipients:** N/A

**Amount of Initial Payroll Support Payment:** \$70,036,144

The Department of the Treasury (Treasury) hereby provides Payroll Support (as defined herein) under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021. The Signatory Entity named above, on behalf of itself and its Affiliates (as defined herein), agrees to comply with this Agreement and applicable Federal law as a condition of receiving Payroll Support. The Signatory Entity and its undersigned authorized representatives acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in connection with this Agreement may result in administrative remedies as well as civil and/or criminal penalties.

**The undersigned hereby agree to the attached Payroll Support Program Extension Agreement.**

<u>/s/ Steven T. Mnuchin</u> Department of the Treasury Name: Steven Mnuchin Title: Secretary Date: January 15, 2021	<u>/s/ James Dempsey</u> Frontier Airlines, Inc. First Authorized Representative: Name: James Dempsey Title: Chief Financial Officer Date: January 15, 2021  <u>/s/ Howard Diamond</u> Frontier Airlines, Inc. Second Authorized Representative: Name: Howard Diamond Title: General Counsel and Secretary Date: January 15, 2021
--	---

**PAYROLL SUPPORT PROGRAM EXTENSION AGREEMENT**

**INTRODUCTION**

Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (PSP Extension Law) directs the Department of the Treasury (Treasury) to provide Payroll Support (as defined herein) to passenger air carriers and certain contractors that must be exclusively used for the continuation of payment of Employee Salaries, Wages, and Benefits (as defined herein). The PSP Extension Law permits Treasury to provide Payroll Support in such form, and on such terms and conditions, as the Secretary of the Treasury determines appropriate, and requires certain assurances from the Recipient (as defined herein).

This Payroll Support Program Extension Agreement, including the application and all supporting documents submitted by the Recipient and the Payroll Support Program Extension Certification attached hereto (collectively, Agreement), memorializes the binding terms and conditions applicable to the Recipient.

**DEFINITIONS**

As used in this Agreement, the following terms shall have the following respective meanings, unless the context clearly requires otherwise. In addition, this Agreement shall be construed in a manner consistent with any public guidance Treasury may from time to time issue regarding the implementation of the PSP Extension Law.

*Additional Payroll Support Payment* means any disbursement of Payroll Support occurring after the first disbursement of Payroll Support under this Agreement.

*Affiliate* means any Person that directly or indirectly controls, is controlled by, or is under common control with, the Recipient. For purposes of this definition, "control" of a Person shall mean having the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by ownership of voting equity, by contract, or otherwise.

*Benefits* means, without duplication of any amounts counted as Salary or Wages, pension expenses in respect of Employees, all expenses for accident, sickness, hospital, and death benefits to Employees, and the cost of insurance to provide such benefits; any Severance Pay or Other Benefits payable to Employees pursuant to a bona fide voluntary early retirement program or voluntary furlough; and any other similar expenses paid by the Recipient for the benefit of Employees, including any other fringe benefit expense described in lines 10 and 11 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

*Corporate Officer* means, with respect to the Recipient, its president; any vice president in charge of a principal business unit, division, or function (such as sales, administration or finance); any other officer who performs a policy-making function; or any other person who performs similar policy making functions for the Recipient. Executive officers of subsidiaries or parents of the Recipient may be deemed Corporate Officers of the Recipient if they perform such policy-making functions for the Recipient.

*Employee* means an individual who is employed by the Recipient and whose principal place of employment is in the United States (including its territories and possessions), including salaried, hourly, full-time, part-time, temporary, and leased employees, but excluding any individual who is a Corporate Officer or independent contractor.

*Involuntary Termination or Furlough* means the Recipient terminating the employment of one or more Employees or requiring one or more Employees to take a temporary suspension or unpaid leave for any reason, including a shut-down or slow-down of business; provided, however, that an Involuntary Termination or Furlough does not include a Permitted Termination or Furlough.

*Maximum Awardable Amount* means the amount determined by the Secretary with respect to the Recipient pursuant to section 403(a) of the PSP Extension Law.

*Payroll Support* means funds disbursed by the Secretary to the Recipient under this Agreement, including the first disbursement of Payroll Support and any Additional Payroll Support Payment.

*PSP Extension Law* means Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021.

*Permitted Termination or Furlough* means, with respect to an Employee, (1) a voluntary furlough, voluntary leave of absence, voluntary resignation, or voluntary retirement, (2) termination of employment resulting from such Employee's death or disability, or (3) the Recipient terminating the employment of such Employee for cause or placing such Employee on a temporary suspension or unpaid leave of absence for disciplinary reasons, in either case, as reasonably determined by the Recipient acting in good faith.

*Person* means any natural person, corporation, limited liability company, partnership, joint venture, trust, business association, governmental entity, or other entity.

*PSP1* means the Payroll Support Program established under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. No. 116-136).

*Recall* means the dispatch of a notice by the Recipient, via mail, courier, or electronic mail, to an Employee who was subject to an Involuntary Termination or Furlough notifying the Employee that (1) the Employee must, within a specified period of time that is not less than 14 days or such other period for recall as is specified in an existing collective bargaining agreement entered into before December 27, 2020, elect either (a) to return to employment or bypass return to employment, in accordance with an applicable collective bargaining agreement or, in the absence of a collective bargaining agreement, the Recipient's policy; or (b) to permanently separate from employment with the Recipient; and (2) failure to respond within such time period specified shall be considered an election under clause (1)(b) of this definition.

*Recipient* means, collectively, the Signatory Entity; its Affiliates that are listed on the signature page hereto as Additional Recipients; and their respective heirs, executors, administrators, successors, and assigns.

*Returning Employee* means an Employee of the Recipient who was subject to an Involuntary Termination or Furlough and who has elected to return to employment pursuant to a Recall.

*Salary* means, without duplication of any amounts counted as Benefits, a predetermined regular payment, typically paid on a weekly or less frequent basis but which may be expressed as an hourly, weekly, annual or other rate, as well as cost-of-living differentials, vacation time, paid time off, sick leave, and overtime pay, paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

*Secretary* means the Secretary of the Treasury.

*Severance Pay or Other Benefits* means any severance payment or other similar benefits, including cash payments, health care benefits, perquisites, the enhancement or acceleration of the payment or vesting of any payment or benefit or any other in-kind benefit payable (whether in lump sum or over time, including after October 1, 2022) by the Recipient to a Corporate Officer or Employee in connection with any termination of such Corporate Officer's or Employee's employment (including, without limitation, resignation, severance, retirement, or constructive termination), which shall be determined and calculated in respect of any Employee or Corporate Officer of the Recipient in the manner prescribed in 17 CFR 229.402(j) (without regard to its limitation to the five most highly compensated executives and using the actual date of termination of employment rather than the last business day of the Recipient's last completed fiscal year as the trigger event).

*Signatory Entity* means the passenger air carrier or contractor that has entered into this Agreement.

*Taxpayer Protection Instruments* means warrants, options, preferred stock, debt securities, notes, or other financial instruments issued by the Recipient or an Affiliate to Treasury as compensation for the Payroll Support under this Agreement, if applicable.

*Total Compensation* means compensation including salary, wages, bonuses, awards of stock, and any other financial benefits provided by the Recipient or an Affiliate, as applicable, which shall be determined and calculated for the 2019 calendar year or any applicable 12-month period in respect of any Employee or Corporate Officer of the Recipient in the manner prescribed under paragraph e.5 of the award term in 2 CFR part 170, App. A, but excluding any Severance Pay or Other Benefits in connection with a termination of employment.

*Wage* means, without duplication of any amounts counted as Benefits, a payment, typically paid on an hourly, daily, or piecework basis, including cost-of-living differentials, vacation, paid time off, sick leave, and overtime pay, paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

#### **PAYROLL SUPPORT PAYMENTS**

1. Upon the execution of this Agreement by Treasury and the Recipient, the Secretary shall approve the Recipient's application for Payroll Support.
2. The Recipient may receive Payroll Support in multiple payments up to the Maximum Awardable Amount, and the amounts (individually and in the aggregate) and timing of such payments will be determined by the Secretary in his sole discretion. The Secretary may, in his sole discretion, increase or reduce the Maximum Awardable Amount (a) consistent with section 403(a) of the PSP Extension Law and (b) on a pro rata basis in order to address any shortfall in available funds, pursuant to section 403(c) of the PSP Extension Law.



3. The Secretary may determine in his sole discretion that any Payroll Support shall be conditioned on, and subject to, compliance by the Recipient with all applicable requirements under PSP1 if the Recipient received financial assistance in PSP1, and such additional terms and conditions (including the receipt of, and any terms regarding, Taxpayer Protection Instruments) to which the parties may agree in writing.

## TERMS AND CONDITIONS

### Retaining and Paying Employees

4. The Recipient shall use the Payroll Support exclusively for the continuation of payment of Wages, Salaries, and Benefits to the Employees of the Recipient, including the payment of lost Wages, Salaries, and Benefits to Returning Employees.
  - a. *Furloughs and Layoffs*. The Recipient shall not conduct an Involuntary Termination or Furlough of any Employee between the date of this Agreement and March 31, 2021.
  - b. *Employee Salary, Wages, and Benefits*
    - i. *Salary and Wages*. Except in the case of a Permitted Termination or Furlough, the Recipient shall not, between the date of this Agreement and March 31, 2021, reduce, without the Employee's consent, (A) the pay rate of any Employee earning a Salary, or (B) the pay rate of any Employee earning Wages.
    - ii. *Benefits*. Except in the case of a Permitted Termination or Furlough, the Recipient shall not, between the date of this Agreement and March 31, 2021, reduce, without the Employee's consent, the Benefits of any Employee; provided, however, that for purposes of this paragraph, personnel expenses associated with the performance of work duties, including those described in line 10 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, may be reduced to the extent the associated work duties are not performed.
- 4.1. If the Recipient received financial assistance in PSP1, the Recipient shall:
  - a. Recall, not later than 72 hours after this Agreement has been executed by each party hereto, any Employees who were subject to an Involuntary Termination or Furlough between October 1, 2020, and the effective date of this Agreement, and enable each Returning Employee to return to employment within 30 days after making the election to do so;

- b. compensate, not later than 30 days after a Returning Employee returns to employment, such Returning Employee for lost Salary, Wages, and Benefits (offset by any amounts received by the Returning Employee from the Recipient or an Affiliate as a result of such Returning Employee's Involuntary Termination or Furlough, including any Severance Pay or Other Benefits or furlough pay) between December 1, 2020, and the effective date of this Agreement; and
- c. restore the rights and protections for any Returning Employees as if such Returning Employees had not been subject to an Involuntary Termination or Furlough.

4.2. If the Recipient did not receive financial assistance in PSP1, the Recipient shall:

- a. Recall, not later than 72 hours after this Agreement has been executed by each party hereto, any Employees who were subject to an Involuntary Termination or Furlough between March 27, 2020, and the effective date of this Agreement, and enable each Returning Employee to return to employment within 30 days of making the election to do so;
- b. compensate, not later than 30 days after a Returning Employee returns to employment, such Returning Employee for lost Salary, Wages, and Benefits (offset by any amounts received by the Returning Employee from the Recipient or an Affiliate as a result of such Returning Employee's Involuntary Termination or Furlough, including any Severance Pay or Other Benefits or furlough pay) between December 1, 2020, and the effective date of this Agreement; and
- c. restore the rights and protections for any Returning Employees as if such Returning Employees had not been subject to an Involuntary Termination or Furlough.

#### Dividends and Buybacks

5. Through March 31, 2022, neither the Recipient nor any Affiliate shall, in any transaction, purchase an equity security of the Recipient or of any direct or indirect parent company of the Recipient that, in either case, is listed on a national securities exchange.
6. Through March 31, 2022, the Recipient shall not pay dividends, or make any other capital distributions, with respect to the common stock (or equivalent equity interest) of the Recipient.

#### Limitations on Certain Compensation

7. Beginning October 1, 2020, and ending October 1, 2022, the Recipient and its Affiliates shall not pay any of the Recipient's Corporate Officers or Employees whose Total Compensation exceeded \$425,000 in calendar year 2019 (other than an Employee whose compensation is determined through an existing collective bargaining agreement entered into before December 27, 2020):
  - a. Total Compensation which exceeds, during any 12 consecutive months of such two-year period, the Total Compensation the Corporate Officer or Employee received in calendar year 2019; or

- b. Severance Pay or Other Benefits in connection with a termination of employment with the Recipient which exceed twice the maximum Total Compensation received by such Corporate Officer or Employee in calendar year 2019.
8. Beginning October 1, 2020, and ending October 1, 2022, the Recipient and its Affiliates shall not pay, during any 12 consecutive months of such two-year period, any of the Recipient's Corporate Officers or Employees whose Total Compensation exceeded \$3,000,000 in calendar year 2019 Total Compensation in excess of the sum of:
  - a. \$3,000,000; and
  - b. 50 percent of the excess over \$3,000,000 of the Total Compensation received by such Corporate Officer or Employee in calendar year 2019.
9. For purposes of determining applicable amounts under paragraphs 7 and 8 with respect to any Corporate Officer or Employee who was employed by the Recipient or an Affiliate for less than all of calendar year 2019, the amount of Total Compensation in calendar year 2019 shall mean such Corporate Officer's or Employee's Total Compensation on an annualized basis.

Continuation of Service

10. If the Recipient is an air carrier, until March 1, 2022, the Recipient shall comply with any applicable requirement issued by the Secretary of Transportation under section 407) of the PSP Extension Law to maintain scheduled air transportation service to any point served by the Recipient before March 1, 2020.

Effective Date

11. This Agreement shall be effective as of the date of its execution by both parties.

Reporting and Auditing

12. Until the calendar quarter that begins after the later of October 1, 2022, and the date on which no Taxpayer Protection Instrument is outstanding, not later than 45 days after the end of each of the first three calendar quarters of each calendar year and 90 days after the end of each calendar year, the Signatory Entity, on behalf of itself and each other Recipient, shall certify to Treasury that it is in compliance with the terms and conditions of this Agreement and provide a report containing the following:
  - a. the amount of Payroll Support funds expended during such quarter;
  - b. the Recipient's financial statements (audited by an independent certified public accountant, in the case of annual financial statements);
  - c. a copy of the Recipient's IRS Form 941 filed with respect to such quarter; and

- d. a detailed summary describing, with respect to the Recipient, (a) any changes in Employee headcount during such quarter and the reasons therefor, including any Involuntary Termination or Furlough, (b) any changes in the amounts spent by the Recipient on Employee Wages, Salary, and Benefits during such quarter, and (c) any changes in Total Compensation for, and any Severance Pay or Other Benefits in connection with the termination of, Corporate Officers and Employees subject to limitation under this Agreement during such quarter; and the reasons for any such changes.
13. If the Recipient or any Affiliate, or any Corporate Officer of the Recipient or any Affiliate, becomes aware of facts, events, or circumstances that may materially affect the Recipient's compliance with the terms and conditions of this Agreement, the Recipient or Affiliate shall promptly provide Treasury with a written description of the events or circumstances and any action taken, or contemplated, to address the issue.
14. In the event the Recipient contemplates any action to commence a bankruptcy or insolvency proceeding in any jurisdiction, the Recipient shall promptly notify Treasury.
15. The Recipient shall:
  - a. Promptly provide to Treasury and the Treasury Inspector General a copy of any Department of Transportation Inspector General report, audit report, or report of any other oversight body, that is received by the Recipient relating to this Agreement.
  - b. Immediately notify Treasury and the Treasury Inspector General of any indication of fraud, waste, abuse, or potentially criminal activity pertaining to the Payroll Support.
  - c. Promptly provide Treasury with any information Treasury may request relating to compliance by the Recipient and its Affiliates with this Agreement.
16. The Recipient and Affiliates will provide Treasury, the Treasury Inspector General, and such other entities as authorized by Treasury timely and unrestricted access to all documents, papers, or other records, including electronic records, of the Recipient related to the Payroll Support, to enable Treasury and the Treasury Inspector General to make audits, examinations, and otherwise evaluate the Recipient's compliance with the terms of this Agreement. This right also includes timely and reasonable access to the Recipient's and its Affiliates' personnel for the purpose of interview and discussion related to such documents. This right of access shall continue as long as records are required to be retained. In addition, the Recipient will provide timely reports as reasonably required by Treasury, the Treasury Inspector General, and such other entities as authorized by Treasury to comply with applicable law and to assess program effectiveness.

#### Recordkeeping and Internal Controls

17. If the Recipient is a debtor as defined under 11 U.S.C. § 101(13), the Payroll Support funds, any claim or account receivable arising under this Agreement, and any segregated account holding funds received under this Agreement shall not constitute or become property of the estate under 11 U.S.C. § 541.

18. The Recipient shall expend and account for Payroll Support funds in a manner sufficient to:
  - a. Permit the preparation of accurate, current, and complete quarterly reports as required under this Agreement.
  - b. Permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used as required under this Agreement.
19. The Recipient shall establish and maintain effective internal controls over the Payroll Support; comply with all requirements related to the Payroll Support established under applicable Federal statutes and regulations; monitor compliance with Federal statutes, regulations, and the terms and conditions of this Agreement; and take prompt corrective actions in accordance with audit recommendations. The Recipient shall promptly remedy any identified instances of noncompliance with this Agreement.
20. The Recipient and Affiliates shall retain all records pertinent to the receipt of Payroll Support and compliance with the terms and conditions of this Agreement (including by suspending any automatic deletion functions for electronic records, including e-mails) for a period of three years following the period of performance. Such records shall include all information necessary to substantiate factual representations made in the Recipient's application for Payroll Support, including ledgers and sub-ledgers, and the Recipient's and Affiliates' compliance with this Agreement. While electronic storage of records (backed up as appropriate) is preferable, the Recipient and Affiliates may store records in hardcopy (paper) format. The term "records" includes all relevant financial and accounting records and all supporting documentation for the information reported on the Recipient's quarterly reports.
21. If any litigation, claim, investigation, or audit relating to the Payroll Support is started before the expiration of the three-year period, the Recipient and Affiliates shall retain all records described in paragraph 20 until all such litigation, claims, investigations, or audit findings have been completely resolved and final judgment entered or final action taken.

#### Remedies

22. If Treasury believes that an instance of noncompliance by the Recipient or an Affiliate with (a) this Agreement, (b) sections 404 or 406 of the PSP Extension Law, or (c) the Internal Revenue Code of 1986 as it applies to the receipt of Payroll Support has occurred, Treasury may notify the Recipient in writing of its proposed determination of noncompliance, provide an explanation of the nature of the noncompliance, and specify a proposed remedy. Upon receipt of such notice, the Recipient shall, within seven days, accept Treasury's proposed remedy, propose an alternative remedy, or provide information and documentation contesting Treasury's proposed determination. Treasury shall consider any such submission by the Recipient and make a final written determination, which will state Treasury's findings regarding noncompliance and the remedy to be imposed.

23. If Treasury makes a final determination under paragraph 22 that an instance of noncompliance has occurred, Treasury may, in its sole discretion, withhold any Additional Payroll Support Payments; require the repayment of the amount of any previously disbursed Payroll Support, with appropriate interest; require additional reporting or monitoring; initiate suspension or debarment proceedings as authorized under 2 CFR Part 180; terminate this Agreement; or take any such other action as Treasury, in its sole discretion, deems appropriate.
24. Treasury may make a final determination regarding noncompliance without regard to paragraph 22 if Treasury determines, in its sole discretion, that such determination is necessary to protect a material interest of the Federal Government. In such event, Treasury shall notify the Recipient of the remedy that Treasury, in its sole discretion, shall impose, after which the Recipient may contest Treasury's final determination or propose an alternative remedy in writing to Treasury. Following the receipt of such a submission by the Recipient, Treasury may, in its sole discretion, maintain or alter its final determination.
25. Any final determination of noncompliance and any final determination to take any remedial action described herein shall not be subject to further review. To the extent permitted by law, the Recipient waives any right to judicial review of any such determinations and further agrees not to assert in any court any claim arising from or relating to any such determination or remedial action.
26. Instead of, or in addition to, the remedies listed above, Treasury may refer any noncompliance or any allegations of fraud, waste, or abuse to the Treasury Inspector General.
27. Treasury, in its sole discretion, may grant any request by the Recipient for termination of this Agreement, which such request shall be in writing and shall include the reasons for such termination, the proposed effective date of the termination, and the amount of any unused Payroll Support funds the Recipient requests to return to Treasury. Treasury may, in its sole discretion, determine the extent to which the requirements under this Agreement may cease to apply following any such termination.
28. If Treasury determines that any remaining portion of the Payroll Support will not accomplish the purpose of this Agreement, Treasury may terminate this Agreement in its entirety to the extent permitted by law.

#### Debts

29. Any Payroll Support in excess of the amount which Treasury determines, at any time, the Recipient is authorized to receive or retain under the terms of this Agreement constitutes a debt to the Federal Government.
30. Any debts determined to be owed by the Recipient to the Federal Government shall be paid promptly by the Recipient. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made. Interest, penalties, and administrative charges shall be charged on delinquent debts in accordance with 31 U.S.C. § 3717, 31 CFR 901.9, and paragraphs 31 and 32. Treasury will refer any debt that is more than 180 days delinquent to Treasury's Bureau of the Fiscal Service for debt collection services.

31. Penalties on any debts shall accrue at a rate of not more than 6 percent per year or such other higher rate as authorized by law.
32. Administrative charges relating to the costs of processing and handling a delinquent debt shall be determined by Treasury.
33. The Recipient shall not use funds from other federally sponsored programs to pay a debt to the government arising under this Agreement.

#### Protections for Whistleblowers

34. In addition to other applicable whistleblower protections, in accordance with 41 U.S.C. § 4712, the Recipient shall not discharge, demote, or otherwise discriminate against an Employee as a reprisal for disclosing information to a Person listed below that the Employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant:
  - a. A Member of Congress or a representative of a committee of Congress;
  - b. An Inspector General;
  - c. The Government Accountability Office;
  - d. A Treasury employee responsible for contract or grant oversight or management;
  - e. An authorized official of the Department of Justice or other law enforcement agency;
  - f. A court or grand jury; or
  - g. A management official or other Employee of the Recipient who has the responsibility to investigate, discover, or address misconduct.

#### Lobbying

35. The Recipient shall comply with the provisions of 31 U.S.C. § 1352, as amended, and with the regulations at 31 CFR Part 21.

Non-Discrimination

36. The Recipient shall comply with, and hereby assures that it will comply with, all applicable Federal statutes and regulations relating to nondiscrimination including:
- a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*), including Treasury's implementing regulations at 31 CFR Part 22;
  - b. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
  - c. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101–6107), including Treasury's implementing regulations at 31 CFR Part 23 and the general age discrimination regulations at 45 CFR Part 90; and
  - d. The Air Carrier Access Act of 1986 (49 U.S.C. § 41705).

Additional Reporting

37. Within seven days after the date of this Agreement, the Recipient shall register in SAM.gov, and thereafter maintain the currency of the information in SAM.gov until at least October 1, 2022. The Recipient shall review and update such information at least annually after the initial registration, and more frequently if required by changes in the Recipient's information. The Recipient agrees that this Agreement and information related thereto, including the Maximum Awardable Amount and any executive total compensation reported pursuant to paragraph 38, may be made available to the public through a U.S. Government website, including SAM.gov.
38. For purposes of paragraph 37, the Recipient shall report total compensation as defined in paragraph e.5 of the award term in 2 CFR part 170, App. A for each of the Recipient's five most highly compensated executives for the preceding completed fiscal year, if:
- a. the total Payroll Support is \$25,000 or more;
  - b. in the preceding fiscal year, the Recipient received:
    - i. 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance, as defined at 2 CFR 170.320 (and subawards); and
    - ii. \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance, as defined at 2 CFR 170.320 (and subawards); and
  - c. the public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. To determine if the public has access to the compensation information, the Recipient shall refer to U.S. Securities and Exchange Commission total compensation filings at <http://www.sec.gov/answers/excomp.htm>.



39. The Recipient shall report executive total compensation described in paragraph 38:
  - a. as part of its registration profile at <https://www.sam.gov>; and
  - b. within five business days after the end of each month following the month in which this Agreement becomes effective, and annually thereafter.
40. The Recipient agrees that, from time to time, it will, at its own expense, promptly upon reasonable request by Treasury, execute and deliver, or cause to be executed and delivered, or use its commercially reasonable efforts to procure, all instruments, documents and information, all in form and substance reasonably satisfactory to Treasury, to enable Treasury to ensure compliance with, or effect the purposes of, this Agreement, which may include, among other documents or information, (a) certain audited financial statements of the Recipient, (b) documentation regarding the Recipient's revenues derived from its business as a passenger air carrier or regarding the passenger air carriers for which the Recipient provides services as a contractor (as the case may be), and (c) the Recipient's most recent quarterly Federal tax returns. The Recipient agrees to provide Treasury with such documents or information promptly.
41. If the total value of the Recipient's currently active grants, cooperative agreements, and procurement contracts from all Federal awarding agencies exceeds \$10,000,000 for any period before termination of this Agreement, then the Recipient shall make such reports as required by 2 CFR part 200, Appendix XII.

Other

42. The Recipient acknowledges that neither Treasury, nor any other actor, department, or agency of the Federal Government, shall condition the provision of Payroll Support on the Recipient's implementation of measures to enter into negotiations with the certified bargaining representative of a craft or class of employees of the Recipient under the Railway Labor Act (45 U.S.C. 151 *et seq.*) or the National Labor Relations Act (29 U.S.C. 151 *et seq.*), regarding pay or other terms and conditions of employment.
43. Notwithstanding any other provision of this Agreement, the Recipient has no right to, and shall not, transfer, pledge, mortgage, encumber, or otherwise assign this Agreement or any Payroll Support provided under this Agreement, or any interest therein, or any claim, account receivable, or funds arising thereunder or accounts holding Payroll Support, to any party, bank, trust company, or other Person without the express written approval of Treasury.
44. The Signatory Entity will cause its Affiliates to comply with all of their obligations under or relating to this Agreement.
45. Unless otherwise provided in guidance issued by Treasury or the Internal Revenue Service, the form of any Taxpayer Protection Instrument held by Treasury and any subsequent holder will be treated as such form for purposes of the Internal Revenue Code of 1986 (for example, a Taxpayer Protection Instrument in the form of a note will be treated as indebtedness for purposes of the Internal Revenue Code of 1986).

46. This Agreement may not be amended or modified except pursuant to an agreement in writing entered into by the Recipient and Treasury, except that Treasury may unilaterally amend this Agreement if required in order to comply with applicable Federal law or regulation.
47. Subject to applicable law, Treasury may, in its sole discretion, waive any term or condition under this Agreement imposing a requirement on the Recipient or any Affiliate.
48. This Agreement shall bind and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, and assigns.
49. The Recipient represents and warrants to Treasury that this Agreement, and the issuance and delivery to Treasury of the Taxpayer Protection Instruments, if applicable, have been duly authorized by all requisite corporate and, if required, stockholder action, and will not result in the violation by the Recipient of any provision of law, statute, or regulation, or of the articles of incorporation or other constitutive documents or bylaws of the Recipient, or breach or constitute an event of default under any material contract to which the Recipient is a party.
50. The Recipient represents and warrants to Treasury that this Agreement has been duly executed and delivered by the Recipient and constitutes a legal, valid, and binding obligation of the Recipient enforceable against the Recipient in accordance with its terms.
51. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute a single contract.
52. The words "execution," "signed," "signature," and words of like import in any assignment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement by electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party, shall be effective as delivery of a manually executed counterpart of this Agreement.
53. The captions and paragraph headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.
54. This Agreement is governed by and shall be construed in accordance with Federal law. Insofar as there may be no applicable Federal law, this Agreement shall be construed in accordance with the laws of the State of New York, without regard to any rule of conflicts of law (other than section 5-1401 of the New York General Obligations Law) that would result in the application of the substantive law of any jurisdiction other than the State of New York.

- 
55. Nothing in this Agreement shall require any unlawful action or inaction by either party.
  56. The requirement pertaining to trafficking in persons at 2 CFR 175.15(b) is incorporated herein and made applicable to the Recipient.
  57. This Agreement, together with the attachments hereto, including the Payroll Support Program Extension Certification and any attached terms regarding Taxpayer Protection Instruments, constitute the entire agreement of the parties relating to the subject matter hereof and supersede any previous agreements and understandings, oral or written, relating to the subject matter hereof. There may exist other agreements between the parties as to other matters, which are not affected by this Agreement and are not included within this integration clause.
  58. No failure by either party to insist upon the strict performance of any provision of this Agreement or to exercise any right or remedy hereunder, and no acceptance of full or partial Payroll Support (if applicable) or other performance by either party during the continuance of any such breach, shall constitute a waiver of any such breach of such provision.

**ATTACHMENT**

Payroll Support Program Extension Certification of Corporate Officer of Recipient

## PAYROLL SUPPORT PROGRAM EXTENSION

### CERTIFICATION OF CORPORATE OFFICER OF RECIPIENT

In connection with the Payroll Support Program Extension Agreement (Agreement) between Frontier Airlines, Inc. and the Department of the Treasury (Treasury) relating to Payroll Support being provided by Treasury to the Recipient under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021, I hereby certify under penalty of perjury to the Treasury that all of the following are true and correct. Capitalized terms used but not defined herein have the meanings set forth in the Agreement.

- (1) I have the authority to make the following representations on behalf of myself and the Recipient. I understand that these representations will be relied upon as material in the decision by Treasury to provide Payroll Support to the Recipient.
- (2) The information and certifications provided by the Recipient in an application for Payroll Support, and in any attachments or other information provided by the Recipient to Treasury related to the application, are true and correct and do not contain any materially false, fictitious, or fraudulent statement, nor any concealment or omission of any material fact.
- (3) The Recipient has the legal authority to apply for the Payroll Support, and it has the institutional, managerial, and financial capability to comply with all obligations, terms, and conditions set forth in the Agreement and any attachment thereto.
- (4) The Recipient and any Affiliate will give Treasury, Treasury's designee or the Treasury Office of Inspector General (as applicable) access to, and opportunity to examine, all documents, papers, or other records of the Recipient or Affiliate pertinent to the provision of Payroll Support made by Treasury based on the application, in order to make audits, examinations, excerpts, and transcripts.
- (5) No Federal appropriated funds, including Payroll Support, have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (6) If the Payroll Support exceeds \$100,000, the Recipient shall comply with the disclosure requirements in 31 CFR Part 21 regarding any amounts paid for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the Payroll Support.

**I acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in this certification, or in the application that it supports, may be the subject of criminal prosecution and also may subject me and the Recipient to civil penalties and/or administrative remedies for false claims or otherwise.**

/s/ James Dempsey

---

Corporate Officer of Signatory Entity

Name: James Dempsey

Title: Chief Financial Officer

Date: January 15, 2021

/s/ Howard Diamond

---

Second Authorized Representative

Name: Howard Diamond

Title: General Counsel and Secretary

Date: January 15, 2021

## PROMISSORY NOTE

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

Reference is made to that certain Payroll Support Program Extension Agreement (“PSP2 Agreement”) dated as of the date hereof by and among Frontier Airlines, Inc., a Colorado corporation (“Carrier”), having an office at 4545 Airport Way, Denver, CO 80239 and the United States Department of the Treasury (“Treasury”), having an office at 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220, entered into by Issuer and Treasury pursuant to the Consolidated Appropriations Act, 2021 (December 27, 2020) (“PSP Extension Law”).

WHEREAS, Carrier has requested that Treasury provide financial assistance to Carrier and certain of its Affiliates (as defined below) that are Recipients (as defined in the PSP2 Agreement) that shall be used for the continuation of payment of employee wages, salaries, and benefits as is permissible under Section 402(a) of the PSP Extension Law.

WHEREAS, as appropriate compensation to the Federal Government of the United States of America for the provision of financial assistance under the PSP2 Agreement, Frontier Group Holdings, Inc., a Delaware corporation and parent of Carrier (“Issuer”), has agreed to issue this Promissory Note (“Note”) to Treasury on the terms and conditions set forth herein.

FOR VALUE RECEIVED, Issuer unconditionally promises to pay to the Holder (as defined below) the principal sum of ZERO DOLLARS (\$0.00), subject to increases and/or decreases made pursuant to Section 2.1, as permissible under the PSP2 Agreement, or Section 2.3, in each case as noted by the Holder in Schedule I (the “Principal Amount”), outstanding hereunder, together with all accrued interest thereon on the Maturity Date (as defined below) as provided in this Note. Notations made by the Holder in Schedule I shall be final and conclusive absent manifest error; provided, however, that any failure by the Holder to make such notations or any error by omission by the Holder in this regard shall not affect the obligation of the Issuer to pay the full amount of the principal of and interest on the Note or any other amount owing hereunder.

### 1 DEFINITIONS

1.1 Defined Terms. As used in this Note, capitalized terms have the meanings specified in Annex A.

1.2 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” The word “or” is not exclusive. The word “year” shall refer (i) in the case of a leap year, to a year of three hundred sixty-six (366) days, and (ii) otherwise, to a year of three hundred sixty-five (365) days. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Note in its entirety and not to any particular provision hereof, (d) all references herein to Sections, Annexes and Schedules shall be construed to refer to Sections of, and Annexes and Schedules to, this Note, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

1.3 Accounting Terms. All accounting terms not otherwise defined herein shall be construed in conformity with GAAP, as in effect from time to time.

### 2 NOTE

2.1 Principal Amount. Upon any disbursement to Carrier under the PSP2 Agreement after the Closing Date, the Principal Amount of this Note shall be increased in an amount equal to 30 % of any such disbursement; provided, however, that no increases in the Principal Amount of this Note shall occur pursuant to this Section until the aggregate principal amount of any disbursements to Carrier under the PSP2 Agreement is greater than \$100,000,000.

2.2 Maturity Date. The aggregate unpaid principal amount of the Note, all accrued and unpaid interest, and all other amounts payable under this Note shall be due and payable on the Maturity Date, unless otherwise provided in Section 5.1.

### 2.3 Prepayments.

(a) Optional Prepayments. The Issuer may, upon written notice to the Holder, at any time and from time to time prepay the Note in whole or in part without premium or penalty in a minimum aggregate principal amount equal to the lesser of \$5,000,000 and the Principal Amount outstanding.

(b) Mandatory Prepayments. If a Change of Control occurs, within thirty (30) days following the occurrence of such Change of Control, the Issuer shall prepay the aggregate principal amount outstanding under the Note and any accrued interest or other amounts owing under the Note. The Issuer will not, and will not permit any Subsidiary to, enter into any Contractual Obligation (other than this Note) that, directly or indirectly, restricts the ability of the Issuer or any Subsidiary to make such prepayment hereunder.

### 2.4 Interest.

(a) Interest Rate. Subject to paragraph (b) of this Section, the Note shall bear interest on the Principal Amount outstanding from time to time at a rate per annum equal to 1.00% until the fifth anniversary of the Closing Date, and the Applicable SOFR Rate plus 2.00% thereafter until the Maturity Date. All interest hereunder shall be computed on the basis of the actual number of days in each interest period and a year of 365 or 366 days, as applicable, until the fifth anniversary of the Closing Date and computed in a manner determined by the Holder thereafter, based on prevailing customary market conventions for the use of the Applicable SOFR Rate in floating-rate debt instruments at the time of the announcement of the Applicable SOFR Rate. Each interest period will be from, and including, the Closing Date, or from and including the most recent interest payment date to which interest has been paid or provided for, to, but excluding the next interest payment date.

(b) Default Interest. If any amount payable by the Issuer or any Guarantor under this Note (including principal of the Note, interest, fees or other amount) is not paid when due, whether at stated maturity, upon acceleration or otherwise, such amount shall thereafter bear interest at a rate per annum equal to the applicable Default Rate. While any Event of Default exists, the Issuer or any Guarantor shall pay interest on the principal amount of the Note outstanding hereunder at a rate per annum equal to the applicable Default Rate.

(c) Payment Dates. Accrued interest on the Note shall be payable in arrears on the last Business Day of March and September of each year, beginning with March 31, 2021, and on the Maturity Date and at such other times as may be specified herein; provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of the Note, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(d) SOFR Fallback. If, at any time, the Holder or its designee determines that a Benchmark Transition Event has occurred with respect to the Applicable SOFR Rate or SOFR, or any successor rate, the Holder or its designee will designate a Benchmark Replacement and, as applicable, make Benchmark Conforming Changes in a manner consistent with the methodology set forth in the ARRC Fallback Provisions. Any determination, decision or election that may be made by the Holder or its designee pursuant to this Section 2.4(d), and any decision to take or refrain from taking any action or making any determination, decision or election arising out of or relating to this Section 2.4(d), shall be conclusive and binding absent manifest error, may be made by the Holder or its designee in its sole discretion, and, notwithstanding anything to the contrary in this Note, shall become effective without the consent of the Issuer, any Guarantor or any other party. Any terms used in this Section 2.4(d) but not defined in this Note shall be construed in a manner consistent with the ARRC Fallback Provisions.

### 2.5 Payments Generally.

(a) Payments by Issuer. All payments to be made by the Issuer hereunder shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, (i) for so long as Treasury is the Holder of this Note, each payment under this Note shall be paid in immediately available funds by electronic funds transfer to the account of the United States Treasury maintained at the Federal Reserve Bank of New York specified by Treasury in a written notice to the Issuer, or to such other account as may be specified from time to time by Treasury in a written notice to the Issuer, or (ii) in the event that Treasury is not the Holder of this Note, then each payment under this Note shall be made in immediately available funds by electronic funds transfer to

such account as shall be specified by the Holder in a written notice to the Issuer, in each case not later than 12:00 noon (Washington, D.C. time) on the date specified herein. All amounts received by the Holder after such time on any date shall be deemed to have been received on the next succeeding Business Day and any applicable interest or fees shall continue to accrue. If any payment to be made by the Issuer shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; provided that, if such next succeeding Business Day would fall after the Maturity Date, payment shall be made on the immediately preceding Business Day. Except as otherwise expressly provided herein, all payments hereunder shall be made in Dollars.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Holder to pay fully all amounts of principal, interest, fees and other amounts then due hereunder, such funds shall be applied (i) first, to pay interest, fees and other amounts then due hereunder, and (ii) second, to pay principal then due hereunder.

### 3 REPRESENTATIONS AND WARRANTIES

The Issuer and each Guarantor represents and warrants to the Holder on the Closing Date and is deemed to represent and warrant to the Holder on any date on which the amount of the Note is increased pursuant to the terms hereof and in accordance with the PSP2 Agreement that:

3.1 Existence, Qualification and Power. The Issuer, each Guarantor and each Subsidiary (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Note, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a) (other than with respect to the Issuer and each Guarantor), (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

3.2 Authorization; No Contravention. The execution, delivery and performance by the Issuer and each Guarantor of the Note have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which the Issuer or any Guarantor is a party or affecting the Issuer or any Guarantor or the material properties of the Issuer, any Guarantor or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Issuer, the Guarantor or any Subsidiary or its property is subject or (c) violate any Law, except to the extent that such violation could not reasonably be expected to have a Material Adverse Effect.

3.3 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Issuer or any Guarantor of this Note, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect.

3.4 Execution and Delivery; Binding Effect. This Note has been duly executed and delivered by the Issuer and each Guarantor. This Note constitutes a legal, valid and binding obligation of the Issuer and each Guarantor, enforceable against the Issuer and each Guarantor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

### 4 COVENANTS

Until all Obligations shall have been paid in full or until any later date as provided for in this Note, the Issuer covenants and agrees with the Holder that:

4.1 Notices. The Issuer will promptly notify the Holder of the occurrence of any Default.

4.2 Guarantors. The Guarantors listed on the signature page to this Note hereby Guarantee the Guaranteed Obligations as set forth in Annex B. If any Subsidiary (other than an Excluded Subsidiary) is formed or acquired after the Closing Date or if any Subsidiary ceases to be an Excluded Subsidiary, then the Issuer will cause such Subsidiary to become a Guarantor of this Note within 30 days of such Subsidiary being formed or acquired or of such Subsidiary ceasing to be an Excluded Subsidiary pursuant to customary documentation reasonably acceptable to the Holder and on the terms and conditions set forth in Annex B.



4.3 Pari Passu Ranking. The Obligations of the Issuer and any Guaranteed Obligations of any Guarantor under this Note shall be unsecured obligations of the Issuer and any Guarantor ranking *pari passu* with all existing and future senior unsecured Indebtedness of the Issuer or any Guarantor that is not subordinated in right of payment to the holder or lender of such Indebtedness.

## 5 EVENTS OF DEFAULT

5.1 Events of Default. If any of the following events (each, an “Event of Default”) shall occur:

(a) the Issuer shall fail to pay any principal of the Note when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Issuer shall fail to pay any interest on the Note, or any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Note, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of two (2) or more Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Issuer or any Guarantor, including those made prior to the Closing Date, in or in connection with this Note or any amendment or modification hereof, or any waiver hereunder, or in the PSP2 Agreement, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Note, the PSP2 Agreement or the PSP2 Application or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Note already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;

(d) the Issuer shall fail to observe or perform any covenant, condition or agreement contained in Section 4.1;

(e) the Issuer or any Guarantor shall fail to observe or perform any covenant, condition or agreement contained in this Note (other than those specified in clause (a), (b) or (d) of this Section) and such failure shall continue unremedied for a period of 30 or more days after notice thereof by the Holder to the Issuer;

(f) (i) the Issuer or any Guarantor shall default in the performance of any obligation relating to any Indebtedness (other than Indebtedness under the Note) having an aggregate principal amount equal to or greater than \$5,000,000 (“Material Indebtedness”) and any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with, and as a result of such default the holder or holders of such Material Indebtedness or any trustee or agent on behalf of such holder or holders shall have caused such Material Indebtedness to become due prior to its scheduled final maturity date or (ii) the Issuer or any Guarantor shall default in the payment of the outstanding principal amount due on the scheduled final maturity date of any Indebtedness outstanding under one or more agreements of the Issuer or any Guarantor, any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with and such failure to make payment when due shall be continuing for a period of more than five (5) consecutive Business Days following the applicable scheduled final maturity date or the applicable grace period thereunder, in an aggregate principal amount at any single time unpaid exceeding \$5,000,000;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Issuer, any Guarantor or any Subsidiary or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Issuer or any of its Subsidiaries or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Issuer, any Guarantor or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Issuer, any Guarantor or any Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding or (v) make a general assignment for the benefit of creditors;

(i) the Issuer, any Guarantor or any Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) there is entered against the Issuer, any Guarantor or any Subsidiary (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding an amount equal to or greater than \$5,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage), or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(k) any material provision of the Note, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or the Issuer, any Guarantor or any other Person contests in writing the validity or enforceability of any provision of the Note; or the Issuer or any Guarantor denies in writing that it has any or further liability or obligation under the Note, or purports in writing to revoke, terminate or rescind the Note;

then, and in every such event (other than an event with respect to the Issuer or any Guarantor described in clause (g) or (h) of this Section), and at any time thereafter during the continuance of such event, the Holder may, by notice to the Issuer, take any or all of the following actions, at the same or different times:

(i) declare any amounts then outstanding under the Note to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Note so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Issuer accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer and any Guarantor; and

(ii) exercise on all rights and remedies available to it under the Note and Applicable Law;

provided that, in case of any event with respect to the Issuer or any Guarantor described in clause (g) or (h) of this Section, the principal of the Note then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer and any Guarantor.

## 6 **MISCELLANEOUS**

### 6.1 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by email as follows:

(i) if to the Issuer or any Guarantor, to Frontier Airlines, Inc., 4545 Airport Way, Denver, CO, 80239, Attention of General Counsel (Telephone No. ###-###-####; Email: ##);

(ii) if to the Holder, to the Department of the Treasury at 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220, Attention of Assistant General Counsel (Banking and Finance) (Telephone No. ###-###-####; Email: ##); and

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Holder hereunder may be delivered or furnished by electronic communication (including e-mail, FpML, and Internet or intranet websites) pursuant to procedures approved by the Holder. The Holder, the Issuer or any Guarantor may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Holder otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day.

## 6.2 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Holder in exercising any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right remedy, power or privilege. The rights, remedies, powers and privileges of the Holder hereunder and under the Note are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Note, no amendment or waiver of any provision of this Note, and no consent to any departure by the Issuer therefrom, shall be effective unless in writing executed by the Issuer and the Holder, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

## 6.3 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Issuer shall pay (i) all reasonable out-of-pocket expenses incurred by the Holder (including the reasonable fees, charges and disbursements of any counsel for the Holder) in connection with the preparation, negotiation, execution, delivery and administration of this Note and the PSP2 Agreement, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by the Holder (including the fees, charges and disbursements of any counsel for the Holder), in connection with the enforcement or protection of its rights in connection with this Note and the PSP2 Agreement, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of such Note, PSP2 Agreement and other agreements or documents executed in connection herewith or therewith.

(b) Indemnification by the Issuer. The Issuer shall indemnify the Holder and each of its Related Parties (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, obligations, penalties, fines, settlements, judgments, disbursements and related costs and expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Issuer) arising out of, in connection with, or as a result of (i) the execution or delivery of this Note or any agreement or instrument contemplated hereby, the performance by the Issuer or any Guarantor of its obligations hereunder or the consummation of the transactions contemplated hereby, (ii) the Note or the use or proposed use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Issuer or any Guarantor, and regardless of whether any Indemnitee is a party thereto.

(c) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, the Issuer and any Guarantor shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Note or any agreement or instrument contemplated hereby, the transactions contemplated hereby, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Note or the transactions contemplated hereby.

(d) Payments. All amounts due under this Section shall be payable not later than five (5) days after demand therefor.

(e) Survival. Each party’s obligations under this Section shall survive the termination of the Note and payment of the obligations hereunder.

6.4 Successors and Assigns. Neither the Issuer nor any Guarantor may assign or transfer this Note or any of its rights or obligations hereunder and any purported assignment or transfer in violation of this Note shall be void. Holder may assign or participate a portion or all of its rights under this Note at any time in compliance with all Applicable Laws. This Note shall inure to the benefit of and be binding upon Issuer, any Guarantor and Holder and their permitted

successors and assigns. Any Holder that assigns, or sells participations in, any portion of the Note will take such actions as are necessary for the Note and such portion to be in "registered form" (within the meaning of Treasury Regulations Section 5f.103-1).

6.5 Counterparts; Integration; Effectiveness. This Note and any amendments, waivers, consents or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note constitutes the entire contract between Issuer, any Guarantor and the Holder with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Note by electronic means shall be effective as delivery of a manually executed counterpart of this Note.

6.6 Severability. If any term or provision of this Note is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction.

6.7 Right of Setoff. If an Event of Default shall have occurred and be continuing, the Holder is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by the Holder, to or for the credit or the account of the Issuer against any and all of the due and unpaid Obligations of the Issuer now or hereafter existing under this Note to the Holder, irrespective of whether or not the Holder shall have made any demand under this Note. The rights of the Holder under this Section are in addition to other rights and remedies (including other rights of setoff) that the Holder may have. The Holder agrees to notify the Issuer promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

6.8 Governing Law; Jurisdiction; Etc. This Note will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the Issuer, any Guarantor and the Holder agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Note or the transactions contemplated hereby, and (b) that notice may be served upon the Issuer, any Guarantor or the Holder at the applicable address in Section 6.1 hereof (or upon any Holder that is not Treasury at an address provided by such Holder to Issuer in writing). To the extent permitted by Applicable Law, each of the Issuer, any Guarantor and the Holder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Note or the transactions contemplated hereby.

6.9 Headings. Section headings used herein are for convenience of reference only, are not part of this Note and shall not affect the construction of, or be taken into consideration in interpreting, this Note.

IN WITNESS WHEREOF, the Issuer and each Guarantor have executed this Note as of the day and year written below.

FRONTIER GROUP HOLDINGS, INC.,  
as Issuer

By /s/ James Dempsey  
Name: James Dempsey  
Title: Chief Financial Officer  
Date: January 15, 2021

FRONTIER AIRLINES, INC.,  
as Guarantor

By /s/ James Dempsey  
Name: James Dempsey  
Title: Chief Financial Officer  
Date: January 15, 2021

FRONTIER AIRLINES HOLDINGS, INC.,  
as Guarantor

By /s/ James Dempsey  
Name: James Dempsey  
Title: Chief Financial Officer  
Date: January 15, 2021

## ANNEX A

### DEFINITIONS

“Affiliate” means any Person that directly or indirectly Controls, is Controlled by, or is under common Control with, the Issuer.

“Applicable Law” means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable SOFR Rate” means a rate of interest based on SOFR that shall be determined by the Holder and publicly announced by the Holder on or prior to the fifth anniversary of the Closing Date and shall, to the extent reasonably practicable, be based on customary market conventions as in effect at the time of such announcement. In no event will the Applicable SOFR Rate be less than 0.00% per annum.

“ARRC Fallback Provisions” means the Fallback Language for New Issuances of LIBOR Floating Rate Notes set forth in the ARRC Recommendations Regarding More Robust Fallback Language for New Issuances of LIBOR Floating Rate Notes, dated April 25, 2019.

“ASU” means the Accounting Standards Update 2016-02, Leases (Topic 842) by the Financial Accounting Standards Board issued on February 25, 2016.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“Business Day” means any on which Treasury and the Federal Reserve Bank of New York are both open for business.

“Capitalized Lease Obligations” means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capitalized Lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP; provided that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Note (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

“Capitalized Leases” means all leases that have been or should be, in accordance with GAAP as in effect on the Closing Date, recorded as capitalized leases; provided that for all purposes hereunder the amount of obligations under any Capitalized Lease shall be the amount thereof accounted for as a liability in accordance with GAAP; provided, further, that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Note (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

“Change of Control” means the occurrence of any of the following: (a) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries, or if the Issuer is a Subsidiary of any Guarantor, such Guarantor (the “Parent Guarantor”) and its Subsidiaries, taken as a whole to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)); or (b) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any “person” (as defined above)) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Issuer or Parent Guarantor, as applicable, (measured by voting power rather than number of shares), other than (i) any such transaction where the Voting Stock of the Issuer or Parent Guarantor, as applicable, (measured by voting power rather than number of shares) outstanding immediately prior to such transaction constitutes or is converted into or exchanged for at least a majority of the outstanding shares of the Voting Stock of such Beneficial Owner (measured by voting power rather than number of shares), or (ii) any merger or consolidation

of the Issuer or Parent Guarantor, as applicable, with or into any Person (including any “person” (as defined above)) which owns or operates (directly or indirectly through a contractual arrangement) a Permitted Business (a “Permitted Person”) or a Subsidiary of a Permitted Person, in each case, if immediately after such transaction no Person (including any “person” (as defined above)) is the Beneficial Owner, directly or indirectly, of more than 50% of the total Voting Stock of such Permitted Person (measured by voting power rather than number of shares).

“Closing Date” means the date set forth on the Issuer’s and each Guarantor’s signature page to this Note.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings analogous thereto.

“Debtor Relief Laws” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means an interest rate (before as well as after judgment) equal to the interest rate on the Note plus 2.00% per annum.

“Disqualified Equity Interest” means any equity interest that, by its terms (or the terms of any security or other equity interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for equity interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of Control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of Control or asset sale event shall be subject to the prior repayment in full of the Note and all other Obligations that are accrued and payable), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other equity interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one days after the Maturity Date; provided that if such equity interests are issued pursuant to a plan for the benefit of employees of the Issuer or any Subsidiary or by any such plan to such employees, such equity interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability.

“Dollar” and “\$” mean lawful money of the United States.

“Event of Default” has the meaning specified in Section 5.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Excluded Subsidiary” means any Subsidiary of the Issuer that is not an obligor in respect of any Material Indebtedness that is unsecured of the Issuer or any of its Subsidiaries, unless such Subsidiary is required to be an obligor under any agreement, instrument or other document relating to any Material Indebtedness that is unsecured of the Issuer or any of its Subsidiaries.

“GAAP” means United States generally accepted accounting principles as in effect as of the date of determination thereof. Notwithstanding any other provision contained herein, (a) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under FASB Accounting Standards Codification 825-Financial Instruments, or any successor thereto (including pursuant to the FASB Accounting Standards Codification), to value any Indebtedness of any subsidiary at “fair value,” as defined therein and (b) the amount of any Indebtedness under GAAP with respect to Capitalized Lease Obligations shall be determined in accordance with the definition of Capitalized Lease Obligations.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guaranteed Obligations” has the meaning specified in Annex B.

“Guarantor” means each Guarantor listed on the signature page to this Note and any other Person that Guarantees this Note.

“Holder” means the United States Department of the Treasury or its designees or any other Person that shall have rights pursuant to an assignment hereunder.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP: (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (b) all direct or contingent obligations of such Person arising under (i) letters of credit (including standby and commercial), bankers’ acceptances and bank guaranties and (ii) surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person; (c) net obligations of such Person under any swap contract; (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business); (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; (f) attributable indebtedness in respect of any Capitalized Lease Obligation and any synthetic lease obligation of any Person; (g) all obligations of such Person in respect of Disqualified Equity Interests; and (h) all Guarantees of such Person in respect of any of the foregoing. For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any swap contract on any date shall be deemed to be the swap termination value thereof as of such date. The amount of any Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

“Indemnitee” has the meaning specified in Section 6.3(b).

“Issuer” has the meaning specified in the preamble to this Note.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.



“Lien” means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Issuer and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Issuer or any Guarantor to perform its Obligations, (ii) the legality, validity, binding effect or enforceability against the Issuer or any Guarantors of the Note or (iii) the rights, remedies and benefits available to, or conferred upon, the Holder under the Note.

“Material Indebtedness” has the meaning specified in Section 5.1(f).

“Maturity Date” means the date that is ten years after the Closing Date (except that, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day).

“Note” has the meaning specified in the preamble to this Note.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, the Issuer arising under or otherwise with respect to the Note, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Issuer or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by the Issuer under the Note and (b) the obligation of the Issuer to reimburse any amount in respect of any of the foregoing that the Holder, in each case in its sole discretion, may elect to pay or advance on behalf of the Issuer.

“Obligee Guarantor” has the meaning specified in Annex B.

“Organizational Documents” means (a) as to any corporation, the charter or certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) as to any limited liability company, the certificate or articles of formation or organization and operating or limited liability agreement and (c) as to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Permitted Business” means any business that is the same as, or reasonably related, ancillary, supportive or complementary to, the business in which the Issuer and its Subsidiaries are engaged on the date of this Note.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Principal Amount” has the meaning specified in the preamble to this Note.

“PSP Extension Law” has the meaning specified in the preamble to this Note.

“PSP2 Agreement” has the meaning specified in the preamble to this Note.

“PSP2 Application” means the application form and any related materials submitted by the Carrier to Treasury in connection with an application for financial assistance under Division N, Title IV, Subtitle A of the PSP Extension Law.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the agents, advisors and representatives of such Person and of such Person’s Affiliates.

“SOFR” means the secured overnight financing rate published by the Federal Reserve Bank of New York, as administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s (or such successor’s) website.

“Subsidiary” of a Person means a corporation, partnership, limited liability company, association or joint venture or other business entity of which a majority of the equity interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is Controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Issuer.

“Treasury” has the meaning specified in the preamble to this Note.

“United States” and “U.S.” mean the United States of America.

“Voting Stock” of any specified Person as of any date means the equity interests of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

## ANNEX B

### GUARANTEE

1. Guarantee of the Obligations. Each Guarantor jointly and severally hereby irrevocably and unconditionally guarantees to the Holder, the due and punctual payment in full of all Obligations (or such lesser amount as agreed by the Holder in its sole discretion) when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "Guaranteed Obligations").
2. Payment by a Guarantor. Each Guarantor hereby jointly and severally agrees, in furtherance of the foregoing and not in limitation of any other right which the Holder may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of the Issuer to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), such Guarantor will upon demand pay, or cause to be paid, in cash, to the Holder an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for the Issuer's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Issuer for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to the Holder as aforesaid.
3. Liability of Guarantors Absolute. Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:
  - (a) this Guarantee is a guarantee of payment when due and not of collectability;
  - (b) the Holder may enforce this Guarantee upon the occurrence of an Event of Default notwithstanding the existence of any dispute between the Issuer and the Holder with respect to the existence of such Event of Default;
  - (c) a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against the Issuer or any other Guarantors and whether or not Issuer or such Guarantors are joined in any such action or actions;
  - (d) payment by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any other Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid;
  - (e) the Holder, upon such terms as it deems appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or subordinate the payment of the same to the payment of any other obligations; (iii) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guarantees of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; and (iv) enforce its rights and remedies even though such action may operate to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against the Issuer or any security for the Guaranteed Obligations; and
  - (f) this Guarantee and the obligations of each Guarantor hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment in full of the Guaranteed Obligations), including the occurrence of any of the following: (i) any failure, delay or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy with respect to the Guaranteed Obligations, or with respect to any security for the payment of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the

terms or provisions hereof; (iii) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the Holder's consent to the change, reorganization or termination of the corporate structure or existence of the Issuer or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (v) any defenses, set-offs or counterclaims which the Issuer or any Guarantor may allege or assert against the Holder in respect of the Guaranteed Obligations, including failure of consideration, lack of authority, validity or enforceability, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; and (vi) any other event or circumstance that might in any manner vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

4. Waivers by Guarantors. Each Guarantor hereby waives, for the benefit of the Holder: (a) any right to require the Holder, as a condition of payment or performance by such Guarantor, to (i) proceed against Issuer, any Guarantor or any other Person; (ii) proceed against or exhaust any security in favor of the Holder; or (iii) pursue any other remedy in the power of the Holder whatsoever or (b) presentment to, demand for payment from and protest to the Issuer or any Guarantor or notice of acceptance; and (c) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

5. Guarantors' Rights of Subrogation, Contribution, etc. Until the Guaranteed Obligations shall have been paid in full, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against the Issuer or any other Guarantor or any of its assets in connection with this Guarantee or the performance by such Guarantor of its obligations hereunder, including without limitation (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against the Issuer with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that the Holder now has or may hereafter have against the Issuer, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by the Holder. In addition, until the Guaranteed Obligations shall have been paid in full, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally and paid in full, such amount shall be held in trust for the Holder and shall forthwith be paid over to the Holder to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

6. Subordination. Any Indebtedness of the Issuer or any Guarantor now or hereafter held by any Guarantor (the "Obligee Guarantor") is hereby subordinated in right of payment to the Guaranteed Obligations, and any such indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for the Holder and shall forthwith be paid over to the Holder to be credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

7. Continuing Guarantee. This Guarantee is a continuing guarantee and shall remain in effect until all of the Guaranteed Obligations shall have been paid in full. Each Guarantor hereby irrevocably waives any right to revoke this Guarantee as to future transactions giving rise to any Guaranteed Obligations.

8. Financial Condition of the Issuer. The Note may be issued to the Issuer without notice to or authorization from any Guarantor regardless of the financial or other condition of the Issuer at the time of such grant. Each Guarantor has adequate means to obtain information from the Issuer on a continuing basis concerning the financial condition of the Issuer and its ability to perform its obligations under the Note, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Issuer and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations.

9. Reinstatement. In the event that all or any portion of the Guaranteed Obligations are paid by the Issuer or any Guarantor, the obligations of any other Guarantor hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from the Holder as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Guaranteed Obligations for all purposes hereunder.

10. Discharge of Guarantee Upon Sale of the Guarantor. If, in compliance with the terms and provisions of the Note, all of the capital stock of any Guarantor that is a Subsidiary of the Carrier or any of its successors in interest hereunder shall be sold or otherwise disposed of (including by merger or consolidation) to any Person (other than to the Issuer or to any other Guarantor), the Guarantee of such Guarantor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any beneficiary or any other Person effective as of the time of such asset sale.

SCHEDULE I

Date	Current Outstanding Principal Amount	Increase or Decrease in Outstanding Principal Amount	Resulting Outstanding Principal Amount	Notation Made By

Schedule I

---

WARRANT AGREEMENT

---

## TABLE OF CONTENTS

	Page
	Article I
	Closing
1.1 Issuance	1
1.2 Initial Closing; Warrant Closing Date.	1
1.3 Interpretation	2
	Article II
	Representations and Warranties
2.1 Representations and Warranties of the Company	3
	Article III
	Covenants
3.1 Commercially Reasonable Efforts	5
3.2 Expenses	6
3.3 Sufficiency of Authorized Common Stock	6
	Article IV
	Additional Agreements
4.1 Investment	6
4.2 Legends	7
4.3 Certain Transactions	7
4.4 Transfer of Warrants and Warrant Shares	7
4.5 Registration Rights	7
4.6 Voting of Warrant Shares	19
	Article V
	Miscellaneous
5.1 Survival of Representations and Warranties	19
5.2 Amendment	20
5.3 Waiver of Conditions	20
5.4 <b>Governing Law: Submission to Jurisdiction, Etc.</b>	20
5.5 Notices	20
5.6 Definitions	21
5.7 Assignment	21
5.8 Severability	22
5.9 No Third Party Beneficiaries	22

LIST OF ANNEXES

ANNEX A:	FORM OF OPINION
ANNEX B:	FORM OF WARRANT
SCHEDULE 1:	WARRANT SHARES FORMULA
SCHEDULE 2:	CAPITALIZATION
SCHEDULE 3:	REQUIRED STOCKHOLDER APPROVALS



## INDEX OF DEFINED TERMS

<u>Term</u>	<u>Location of Definition</u>
Affiliate	Annex B
Agreement	Recitals
Appraisal Procedure	Annex B
Board of Directors	2.1(g)
Business Combination	Annex B
Business Day	Annex B
Capitalization Date	2.1(b)
Closing	1.2(a)
Common Stock	Annex B
Company	Recitals
Company Reports	2.1(h)(i)
Exchange Act	Annex B
Governmental Authority	5.6(a)
Holder	4.5(l)(i)
Indemnitee	4.5(h)(i)
Initial Closing	1.2(a)
IPO	4.5(r)
Lien	5.6(c)
Material Adverse Effect	5.6(d)
Organizational Documents	5.6(e)
Pending Underwritten Offering	4.5(m)
Piggyback Registration	4.5(b)(iv)
Promissory Note	Recitals
register; registered; registration	4.5(l)(ii)
Registrable Securities	4.5(l)(iii)
Registration Expenses	4.5(l)(iv)
Rule 144; Rule 144A; Rule 159A; Rule 405; Rule 415	4.5(l)(v)
SEC	2.1(i)
Securities Act	Annex B
Selling Expenses	4.5(l)(vi)
Shelf Registration Statement	4.5(b)(ii)
Special Registration	4.5(j)
Stockholder Proposals	3.1(b)
Subsidiary	5.6(f)
Transfer	4.4
Treasury	Recitals
Warrant Closing Date	1.2(a)
Warrants	Recitals
Warrant Shares	Annex B

WARRANT AGREEMENT dated as of January 15, 2021 (this "Agreement"), between Frontier Group Holdings, Inc., a corporation organized under the laws of Delaware (the "Company") and the UNITED STATES DEPARTMENT OF THE TREASURY ("Treasury").

WHEREAS, the Company has requested that Treasury provide financial assistance to the Recipient (as defined in the PSP2 Agreement) that shall exclusively be used for the continuation of payment of employee wages, salaries, and benefits as is permissible under Section 402(a) of Title IV of Division N of the Consolidated Appropriations Act, 2021 (December 27, 2020), as the same may be amended from time to time, and Treasury is willing to do so on the terms and conditions set forth in that certain Payroll Support Program Extension Agreement dated as of January 15, 2021, between Frontier Airlines, Inc. and Treasury (the "PSP2 Agreement"); and

WHEREAS, as appropriate compensation to the Federal Government of the United States of America for the provision of financial assistance under the PSP2 Agreement, the Company has agreed to issue a note to be repaid to Treasury on the terms and conditions set forth in the promissory note dated as of January 15, 2021, issued by the Company, in the name of Treasury as the holder (the "Promissory Note") and agreed to issue in a private placement warrants to purchase the number of shares of its Common Stock determined in accordance with Schedule 1 to this Agreement (the "Warrants") to Treasury;

**NOW, THEREFORE**, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

## Article I Closing

### 1.1 Issuance.

(a) On the terms and subject to the conditions set forth in this Agreement, the Company agrees to issue to Treasury, on each Warrant Closing Date, Warrants for a number of shares of Common Stock determined by the formula set forth in Schedule 1.

### 1.2 Initial Closing; Warrant Closing Date.

(a) On the terms and subject to the conditions set forth in this Agreement, the closing of the initial issuance of the Warrants (the "Initial Closing") will take place on or before the 90th day after the Closing Date (as defined in the Promissory Note) or, if on the 90th day after the Closing Date the principal amount of the Promissory Note is \$0, the first date on which such principal amount is increased. After the Initial Closing, the closing of any subsequent issuance will take place on the date of each increase, if any, of the principal amount of the Promissory Note (each subsequent closing, together with the Initial Closing, a "Closing" and each such date a "Warrant Closing Date").

(b) On each Warrant Closing Date, the Company will issue to Treasury a duly executed Warrant or Warrants with an Exercise Price determined by the formula set forth in paragraph (a) of Schedule 1 for a number of shares of Common Stock determined by the formula set forth in paragraph (b) of Schedule 1, as evidenced by one or more certificates dated the Warrant Closing Date and bearing appropriate legends as hereinafter provided for and in substantially the form attached hereto as Annex B.

(c) On each Warrant Closing Date, the Company shall deliver to Treasury (i) a written opinion from counsel to the Company (which may be internal counsel) addressed to Treasury and dated as of such Warrant Closing Date, in substantially the form attached hereto as Annex A and (ii) a certificate executed by the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller confirming that the representations and warranties of the Company in this Agreement are true and correct with the same force and effect as though expressly made at and as of such Warrant Closing Date and the Company has complied with all agreements on its part to be performed or satisfied hereunder at or prior to such Closing.

(d) On the initial Warrant Closing Date, the Company shall deliver to Treasury (i) such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller as Treasury may require evidencing the identity, authority and capacity of each such officer thereof authorized to act as such officer in connection with this Agreement and (ii) customary resolutions or evidence of corporate authorization, secretary's certificates and such other documents and certificates (including Organizational Documents and good standing certificates) as Treasury may reasonably request relating to the organization, existence and good standing of the Company and any other legal matters relating to the Company, this Agreement, the Warrants or the transactions contemplated hereby or thereby.

### 1.3 Interpretation.

(a) When a reference is made in this Agreement to "Recitals," "Articles," "Sections," or "Annexes" such reference shall be to a Recital, Article or Section of, or Annex to, this Warrant Agreement, unless otherwise indicated. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References to "herein," "hereof," "hereunder" and the like refer to this Agreement as a whole and not to any particular section or provision, unless the context requires otherwise. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation." No rule of construction against the draftsman shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel. All references to "\$" or "dollars" mean the lawful currency of the United States of America. Except as expressly stated in this Agreement, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any section of any statute, rule or regulation include any successor to the section.

(b) Capitalized terms not defined herein have the meanings ascribed thereto in Annex B.

Article II  
**Representations and Warranties**

2.1 Representations and Warranties of the Company. The Company represents and warrants to Treasury that as of the date hereof and each Warrant Closing Date (or such other date specified herein):

(a) Existence, Qualification and Power. The Company is duly organized or formed, validly existing and, if applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, and the Company and each Subsidiary (a) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the this Agreement and the Warrants, and (b) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a)(i) or (b), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Capitalization. The authorized capital stock of the Company, and the outstanding capital stock of the Company (including securities convertible into, or exercisable or exchangeable for, capital stock of the Company) as of the most recent fiscal month-end preceding the date hereof (the "Capitalization Date") is set forth in Schedule 2. The outstanding shares of capital stock of the Company have been duly authorized and are validly issued and outstanding, fully paid and nonassessable, and subject to no preemptive rights, other than, if applicable, those set forth on Schedule 3 (and were not issued in violation of any preemptive rights). Except as provided in the Warrants, as of the date hereof, the Company does not have outstanding any securities or other obligations providing the holder the right to acquire Common Stock that is not reserved for issuance as specified on Schedule 2, and the Company has not made any other commitment to authorize, issue or sell any Common Stock. Since the Capitalization Date, the Company has not issued any shares of Common Stock, other than (i) shares issued upon the exercise of stock options or delivered under other equity-based awards or other convertible securities or warrants which were issued and outstanding on the Capitalization Date and disclosed on Schedule 2 and (ii) shares disclosed on Schedule 2 as it may be updated by written notice from the Company to Treasury in connection with each Warrant Closing Date. Each holder of 5% or more of any class of capital stock of the Company and such holder's primary address are set forth in Schedule 2.

(c) Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of this Agreement, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and are in full force and effect.

(d) Execution and Delivery; Binding Effect. This Agreement has been duly authorized, executed and delivered by the Company. This Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its

terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

(e) The Warrants and Warrant Shares. Each Warrant has been duly authorized and, when executed and delivered as contemplated hereby, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity. The Warrant Shares have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(f) Authorization, Enforceability.

(i) The Company has the corporate power and authority to execute and deliver this Agreement and the Warrants and, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3, to carry out its obligations hereunder and thereunder (which includes the issuance of the Warrants and Warrant Shares). The execution, delivery and performance by the Company of this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or other organizational action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company, subject, in each case, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(ii) The execution, delivery and performance by the Company of this Agreement do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien (as defined in the Promissory Note) under, or require any payment to be made under (i) any material Contractual Obligation to which the Company is a party or affecting the Company or the properties of the Company or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Company or any Subsidiary or its property is subject or (c) violate any Law, except to the extent that such violation could not reasonably be expected to have Material Adverse Effect.

(iii) Such filings and approvals as are required to be made or obtained under any state "blue sky" laws, and such filings and approvals as have been made or obtained, no notice to, filing with, exemption or review by, or authorization, consent or approval of, any Governmental Authority is required to be made or obtained by the Company in connection with the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the issuance of the Warrants except for any such notices, filings, exemptions, reviews, authorizations, consents and approvals the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(g) Anti-takeover Provisions and Rights Plan. The Board of Directors of the Company (the “Board of Directors”) has taken all necessary action, and will in the future take any necessary action, to ensure that the transactions contemplated by this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants in accordance with their terms, will be exempt from any anti-takeover or similar provisions of the Company’s Organizational Documents, and any other provisions of any applicable “moratorium”, “control share”, “fair price”, “interested stockholder” or other anti-takeover laws and regulations of any jurisdiction, whether existing on the date hereof or implemented after the date hereof. The Company has taken all actions necessary, and will in the future take any necessary action, to render any stockholders’ rights plan of the Company inapplicable to this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants by Treasury in accordance with its terms.

(h) Reports. Since December 31, 2017, the Company and each Subsidiary has timely filed all reports, registrations, documents, filings, statements and submissions, together with any amendments thereto, that it was required to file with any Governmental Authority (the foregoing, collectively, the “Company Reports”) and has paid all fees and assessments due and payable in connection therewith, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of their respective dates of filing, the Company Reports complied in all material respects with all statutes and applicable rules and regulations of the applicable Governmental Authority.

(i) Offering of Securities. Neither the Company nor any person acting on its behalf has taken any action (including any offering of any securities of the Company under circumstances which would require the integration of such offering with the offering of any of the Warrants under the Securities Act, and the rules and regulations of the Securities and Exchange Commission (the “SEC”) promulgated thereunder), which might subject the offering, issuance or sale of any of the Warrants to Treasury pursuant to this Agreement to the registration requirements of the Securities Act

(j) Brokers and Finders. No broker, finder or investment banker is entitled to any financial advisory, brokerage, finder’s or other fee or commission in connection with this Agreement or the Warrants or the transactions contemplated hereby or thereby based upon arrangements made by or on behalf of the Company or any Subsidiary for which Treasury could have any liability.

### Article III Covenants

#### 3.1 Commercially Reasonable Efforts.

(a) Subject to the terms and conditions of this Agreement, each of the parties will use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, to enable consummation of the transactions contemplated hereby and shall use commercially reasonable efforts to cooperate with the other party to that end.

(b) If the Company is required to obtain any stockholder approvals set forth on Schedule 3, then the Company shall comply with this Section 3.1(b). The Company shall call a special meeting of its stockholders, as promptly as practicable following the Initial Closing, to vote on proposals (collectively, the "Stockholder Proposals") to amend the Company's Organizational Documents to increase the number of authorized shares of Common Stock to at least such number as shall be sufficient to permit the full exercise of the Warrants for Common Stock and comply with the other provisions of this Section 3.1(b). The Board of Directors shall recommend to the Company's stockholders that such stockholders vote in favor of the Stockholder Proposals. In the event that the approval of any of the Stockholder Proposals is not obtained at such special stockholders meeting, the Company shall include a proposal to approve (and the Board of Directors shall recommend approval of) each such proposal at a meeting of its stockholders no less than once in each subsequent six-month period beginning on March 31, 2021 until all such approvals are obtained or made.

3.2 Expenses. The Company shall pay (i) all reasonable out-of-pocket expenses incurred by Treasury (including the reasonable fees, charges and disbursements of any counsel for Treasury) in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the Warrants, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by Treasury (including the fees, charges and disbursements of any counsel for Treasury), in connection with the enforcement or protection of its rights in connection with this Agreement and the Warrants, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of such Warrant Agreement, Warrant and other agreements or documents executed in connection herewith or therewith.

### 3.3 Sufficiency of Authorized Common Stock

(a) During the period from each Warrant Closing Date (or, if the approval of the Stockholder Proposals is required, the date of such approval) until the date on which no Warrants remain outstanding, the Company shall at all times have reserved for issuance, free of preemptive or similar rights, a sufficient number of authorized and unissued Warrant Shares to effectuate such exercise. Nothing in this Section 3.3 shall preclude the Company from satisfying its obligations in respect of the exercise of the Warrants by delivery of shares of Common Stock which are held in the treasury of the Company.

## Article IV **Additional Agreements**

4.1 Investment Purposes. Treasury acknowledges that the Warrants and the Warrant Shares have not been registered under the Securities Act or under any state securities laws. Treasury (a) is acquiring the Warrants pursuant to an exemption from registration under the Securities Act solely for investment without a view to sell and with no present intention to

distribute them to any person in violation of the Securities Act or any applicable U.S. state securities laws; (b) will not sell or otherwise dispose of any of the Warrants or the Warrant Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. state securities laws; and (c) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of the Warrants and the Warrant Shares and of making an informed investment decision.

#### 4.2 Legends.

(a) Treasury agrees that all certificates or other instruments representing the Warrants and the Warrant Shares will bear a legend substantially to the following effect:

“THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.”

(b) In the event that any Warrants or Warrant Shares (i) become registered under the Securities Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act (other than Rule 144A), the Company shall issue new certificates or other instruments representing such Warrants or Warrant Shares, which shall not contain the legend in Section 4.2(a) above; *provided* that Treasury surrenders to the Company the previously issued certificates or other instruments.

4.3 Certain Transactions. The Company will not merge or consolidate with, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless the successor, transferee or lessee party (or its ultimate parent entity), as the case may be (if not the Company), expressly assumes the due and punctual performance and observance of each and every covenant, agreement and condition of this Agreement and the Warrants to be performed and observed by the Company.

4.4 Transfer of Warrants and Warrant Shares. Subject to compliance with applicable securities laws, Treasury shall be permitted to transfer, sell, assign or otherwise dispose of (“Transfer”) all or a portion of the Warrants or Warrant Shares at any time, and the Company shall take all steps as may be reasonably requested by Treasury to facilitate the Transfer of the Warrants and the Warrant Shares.

#### 4.5 Registration Rights.

(a) Unless and until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall have no obligation to comply with the provisions of this Section 4.5; *provided* that the Company covenants and agrees that it shall comply with this Section 4.5 as soon as practicable after the date that it becomes subject to such reporting requirements.



(b) Registration.

(i) Subject to the terms and conditions of this Agreement, the Company covenants and agrees that as soon as practicable after the date that the Company becomes subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act (and in any event no later than 180 days thereafter), the Company shall prepare and file with the SEC a Shelf Registration Statement covering the maximum number of Registrable Securities (or otherwise designate an existing Shelf Registration Statement filed with the SEC to cover the Registrable Securities) that may be issued pursuant to this Agreement and any Warrants outstanding at that time, and, to the extent the Shelf Registration Statement has not theretofore been declared effective or is not automatically effective upon such filing, the Company shall use reasonable best efforts to cause such Shelf Registration Statement to be declared or become effective and to keep such Shelf Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for a period from the date of its initial effectiveness until such time as there are no Registrable Securities remaining (including by refiling such Shelf Registration Statement (or a new Shelf Registration Statement) if the initial Shelf Registration Statement expires). So long as the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) at the time of filing of the Shelf Registration Statement with the SEC, such Shelf Registration Statement shall be designated by the Company as an automatic Shelf Registration Statement. Notwithstanding the foregoing, if on the date hereof the Company is not eligible to file a registration statement on Form S-3, then the Company shall not be obligated to file a Shelf Registration Statement unless and until it is so eligible and is requested to do so in writing by Treasury.

(ii) Any registration pursuant to Section 4.5(b)(i) shall be effected by means of a shelf registration on an appropriate form under Rule 415 under the Securities Act (a "Shelf Registration Statement"). If Treasury or any other Holder intends to distribute any Registrable Securities by means of an underwritten offering it shall promptly so advise the Company and the Company shall take all reasonable steps to facilitate such distribution, including the actions required pursuant to Section 4.5(d); *provided* that the Company shall not be required to facilitate an underwritten offering of Registrable Securities unless the total number of Warrant Shares and Warrants expected to be sold in such offering exceeds, or are exercisable for, at least 20% of the total number of Warrant Shares for which Warrants issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); and *provided, further* that the Company shall not be required to facilitate more than two completed underwritten offerings within any 12-month period. The lead underwriters in any such distribution shall be selected by the Holders of a majority of the Registrable Securities to be distributed.

(iii) The Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(b): (A) with respect to securities that are not Registrable Securities; or (B) if the Company has notified Treasury and all other Holders that in the good faith judgment of the Board of Directors, it would be materially detrimental to the Company or its securityholders for such registration or underwritten

offering to be effected at such time, in which event the Company shall have the right to defer such registration or offering for a period of not more than 45 days after receipt of the request of Treasury or any other Holder; *provided* that such right to delay a registration or underwritten offering shall be exercised by the Company (1) only if the Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that have registration rights and (2) not more than three times in any 12-month period and not more than 90 days in the aggregate in any 12-month period. The Company shall notify the Holders of the date of any anticipated termination of any such deferral period prior to such date.

(iv) If during any period when an effective Shelf Registration Statement is not available, the Company proposes to register any of its equity securities, other than a registration pursuant to Section 4.5(b)(i) or a Special Registration, and the registration form to be filed may be used for the registration or qualification for distribution of Registrable Securities, the Company will give prompt written notice to Treasury and all other Holders of its intention to effect such a registration (but in no event less than ten days prior to the anticipated filing date) and will include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten Business Days after the date of the Company's notice (a "Piggyback Registration"). Any such person that has made such a written request may withdraw its Registrable Securities from such Piggyback Registration by giving written notice to the Company and the managing underwriter, if any, on or before the fifth Business Day prior to the planned effective date of such Piggyback Registration. The Company may terminate or withdraw any registration under this Section 4.5(b)(iv) prior to the effectiveness of such registration, whether or not Treasury or any other Holders have elected to include Registrable Securities in such registration.

(v) If the registration referred to in Section 4.5(b)(iv) is proposed to be underwritten, the Company will so advise Treasury and all other Holders as a part of the written notice given pursuant to Section 4.5(b)(iv). In such event, the right of Treasury and all other Holders to registration pursuant to Section 4.5(b) will be conditioned upon such persons' participation in such underwriting and the inclusion of such person's Registrable Securities in the underwriting if such securities are of the same class of securities as the securities to be offered in the underwritten offering, and each such person will (together with the Company and the other persons distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company; *provided* that Treasury (as opposed to other Holders) shall not be required to indemnify any person in connection with any registration. If any participating person disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the managing underwriters and Treasury (if Treasury is participating in the underwriting).

(vi) If either (x) the Company grants "piggyback" registration rights to one or more third parties to include their securities in an underwritten offering under the Shelf Registration Statement pursuant to Section 4.5(b)(ii) or (y) a Piggyback Registration under Section 4.5(b)(iv) relates to an underwritten offering on behalf of the Company,

and in either case the managing underwriters advise the Company that in their reasonable opinion the number of securities requested to be included in such offering exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in such offering only such number of securities that in the reasonable opinion of such managing underwriters can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (A) first, in the case of a Piggyback Registration under Section 4.5(b)(iv), the securities the Company proposes to sell, (B) then the Registrable Securities of Treasury and all other Holders who have requested inclusion of Registrable Securities pursuant to Section 4.5(b)(ii) or Section 4.5(b)(iv), as applicable, *pro rata* on the basis of the aggregate number of such securities or shares owned by each such person and (C) lastly, any other securities of the Company that have been requested to be so included, subject to the terms of this Agreement; *provided, however*, that if the Company has, prior to the date hereof, entered into an agreement with respect to its securities that is inconsistent with the order of priority contemplated hereby then it shall apply the order of priority in such conflicting agreement to the extent that this Agreement would otherwise result in a breach under such agreement.

(c) Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance hereunder shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder shall be borne by the holders of the securities so registered *pro rata* on the basis of the aggregate offering or sale price of the securities so registered.

(d) Obligations of the Company. The Company shall use its reasonable best efforts, for so long as there are Registrable Securities outstanding, to take such actions as are under its control to not become an ineligible issuer (as defined in Rule 405 under the Securities Act) and to remain a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) if it has such status on the date hereof or becomes eligible for such status in the future. In addition, whenever required to effect the registration of any Registrable Securities or facilitate the distribution of Registrable Securities pursuant to an effective Shelf Registration Statement, the Company shall, as expeditiously as reasonably practicable:

(i) Prepare and file with the SEC a prospectus supplement with respect to a proposed offering of Registrable Securities pursuant to an effective registration statement, subject to Section 4.5(e), keep such registration statement effective and keep such prospectus supplement current until the securities described therein are no longer Registrable Securities. The plan of distribution included in such registration statement, or, as applicable, prospectus supplement thereto, shall include, among other things, an underwritten offering, ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers, block trades, privately negotiated transactions, the writing or settlement of options or other derivative transactions and any other method permitted pursuant to applicable law, and any combination of any such methods of sale.

(ii) Prepare and file with the SEC such amendments and supplements to the applicable registration statement and the prospectus or prospectus supplement used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(iii) Furnish to the Holders and any underwriters such number of copies of the applicable registration statement and each such amendment and supplement thereto (including in each case all exhibits) and of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned or to be distributed by them.

(iv) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders or any managing underwriter(s), to keep such registration or qualification in effect for so long as such registration statement remains in effect, and to take any other action which may be reasonably necessary to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such Holder; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(v) Notify each Holder of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of an event as a result of which the applicable prospectus, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(vi) Give written notice to the Holders:

(A) when any registration statement filed pursuant to Section 4.5(b) or any amendment thereto has been filed with the SEC (except for any amendment effected by the filing of a document with the SEC pursuant to the Exchange Act) and when such registration statement or any post-effective amendment thereto has become effective;

(B) of any request by the SEC for amendments or supplements to any registration statement or the prospectus included therein or for additional information;

(C) of the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose;

(D) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Common Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(E) of the happening of any event that requires the Company to make changes in any effective registration statement or the prospectus related to the registration statement in order to make the statements therein not misleading (which notice shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made); and

(F) if at any time the representations and warranties of the Company contained in any underwriting agreement contemplated by Section 4.5(d)(x) cease to be true and correct.

(vii) Use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of any registration statement referred to in Section 4.5(d)(vi)(C) at the earliest practicable time.

(viii) Upon the occurrence of any event contemplated by Section 4.5(d)(v), 4.5(d)(vi)(E) or 4.5(e), promptly prepare a post-effective amendment to such registration statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to the Holders and any underwriters, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with Section 4.5(d)(vi)(E) to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Holders and any underwriters shall suspend use of such prospectus and use their reasonable best efforts to return to the Company all copies of such prospectus (at the Company's expense) other than permanent file copies then in such Holders' or underwriters' possession. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify the Holders of the date of any anticipated termination of any such suspension period prior to such date.

(ix) Use reasonable best efforts to procure the cooperation of the Company's transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical stock certificates into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s).

(x) If an underwritten offering is requested pursuant to Section 4.5(b)(ii), enter into an underwriting agreement in customary form, scope and substance and take all such other actions reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith or by the managing underwriter(s), if any, to expedite or facilitate the underwritten disposition of such Registrable Securities, and in connection therewith in any underwritten offering (including making members of management and executives of the Company available to participate in "road shows", similar sales events and other marketing activities), (A) make such representations and warranties to the Holders that are selling stockholders and the managing underwriter(s), if any, with respect to the business of the Company and its subsidiaries, and the Shelf Registration Statement, prospectus and documents, if any, incorporated or deemed to be

incorporated by reference therein, in each case, in customary form, substance and scope, and, if true, confirm the same if and when requested, (B) use its reasonable best efforts to furnish the underwriters with opinions and “10b-5” letters of counsel to the Company, addressed to the managing underwriter(s), if any, covering the matters customarily covered in such opinions and letters requested in underwritten offerings, (C) use its reasonable best efforts to obtain “cold comfort” letters from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any business acquired by the Company for which financial statements and financial data are included in the Shelf Registration Statement) who have certified the financial statements included in such Shelf Registration Statement, addressed to each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in “cold comfort” letters, (D) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures customary in underwritten offerings (provided that Treasury shall not be obligated to provide any indemnity), and (E) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith, their counsel and the managing underwriter(s), if any, to evidence the continued validity of the representations and warranties made pursuant to clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company.

(xi) Make available for inspection by a representative of Holders that are selling stockholders, the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or managing underwriter(s), at the offices where normally kept, during reasonable business hours, financial and other records, pertinent corporate documents and properties of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested (and of the type customarily provided in connection with due diligence conducted in connection with a registered public offering of securities) by any such representative, managing underwriter(s), attorney or accountant in connection with such Shelf Registration Statement.

(xii) Use reasonable best efforts to cause all such Registrable Securities to be listed on each national securities exchange on which similar securities issued by the Company are then listed or, if no similar securities issued by the Company are then listed on any national securities exchange, use its reasonable best efforts to cause all such Registrable Securities to be listed on such securities exchange as Treasury may designate.

(xiii) If requested by Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith, or the managing underwriter(s), if any, promptly include in a prospectus supplement or amendment such information as the Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith or managing underwriter(s), if any, may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such amendment as soon as practicable after the Company has received such request.

(xiv) Timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

(e) Suspension of Sales. Upon receipt of written notice from the Company that a registration statement, prospectus or prospectus supplement contains or may contain an untrue statement of a material fact or omits or may omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that circumstances exist that make inadvisable use of such registration statement, prospectus or prospectus supplement, Treasury and each Holder of Registrable Securities shall forthwith discontinue disposition of Registrable Securities until Treasury and/or Holder has received copies of a supplemented or amended prospectus or prospectus supplement, or until Treasury and/or such Holder is advised in writing by the Company that the use of the prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, Treasury and/or such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in Treasury and/or such Holder's possession, of the prospectus and, if applicable, prospectus supplement covering such Registrable Securities current at the time of receipt of such notice. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify Treasury prior to the anticipated termination of any such suspension period of the date of such anticipated termination

(f) Termination of Registration Rights. A Holder's registration rights as to any securities held by such Holder shall not be available unless such securities are Registrable Securities.

(g) Furnishing Information.

(i) Neither Treasury nor any Holder shall use any free writing prospectus (as defined in Rule 405) in connection with the sale of Registrable Securities without the prior written consent of the Company.

(ii) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 4.5(d) that Treasury and/or the selling Holders and the underwriters, if any, shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registered offering of their Registrable Securities.

(h) Indemnification.

(i) The Company agrees to indemnify each Holder and, if a Holder is a person other than an individual, such Holder's officers, directors, employees, agents, representatives and Affiliates, and each Person, if any, that controls a Holder within the meaning of the Securities Act (each, an "Indemnitee"), against any and all losses, claims, damages, actions, liabilities, costs and expenses (including reasonable fees, expenses and disbursements of attorneys and other professionals incurred in connection with investigating, defending, settling, compromising or paying any such losses, claims, damages, actions, liabilities, costs and expenses), joint or several, arising out of or based

upon any untrue statement or alleged untrue statement of material fact contained in any registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto or any documents incorporated therein by reference or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto); or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, that the Company shall not be liable to such Indemnitee in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (A) an untrue statement or omission made in such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto), in reliance upon and in conformity with information regarding such Indemnitee or its plan of distribution or ownership interests which was furnished in writing to the Company by such Indemnitee for use in connection with such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto, or (B) offers or sales effected by or on behalf of such Indemnitee "by means of" (as defined in Rule 159A) a "free writing prospectus" (as defined in Rule 405) that was not authorized in writing by the Company.

(ii) If the indemnification provided for in Section 4.5(h)(i) is unavailable to an Indemnitee with respect to any losses, claims, damages, actions, liabilities, costs or expenses referred to therein or is insufficient to hold the Indemnitee harmless as contemplated therein, then the Company, in lieu of indemnifying such Indemnitee, shall contribute to the amount paid or payable by such Indemnitee as a result of such losses, claims, damages, actions, liabilities, costs or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnitee, on the one hand, and the Company, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, actions, liabilities, costs or expenses as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Indemnitee, on the other hand, shall be determined by reference to, among other factors, whether the untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company or by the Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; the Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.5(h)(ii) were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 4.5(h)(i). No Indemnitee guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Company if the Company was not guilty of such fraudulent misrepresentation.



(i) Assignment of Registration Rights. The rights of Treasury to registration of Registrable Securities pursuant to Section 4.5(b) may be assigned by Treasury to a transferee or assignee of Registrable Securities in connection with a transfer of a total number of Warrant Shares and/or Warrants exercisable for at least 20% of the total number of Warrant Shares for which Warrants issued and to be issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); *provided, however*, the transferor shall, within ten days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the number and type of Registrable Securities that are being assigned.

(j) Clear Market. With respect to any underwritten offering of Registrable Securities by Treasury or other Holders pursuant to this Section 4.5, the Company agrees not to effect (other than pursuant to such registration or pursuant to a Special Registration) any public sale or distribution, or to file any Shelf Registration Statement (other than such registration or a Special Registration) covering, in the case of an underwritten offering of Common Stock or Warrants, any of its equity securities, or, in each case, any securities convertible into or exchangeable or exercisable for such securities, during the period not to exceed 30 days following the effective date of such offering. The Company also agrees to cause such of its directors and senior executive officers to execute and deliver customary lock-up agreements in such form and for such time period up to 30 days as may be requested by the managing underwriter. "Special Registration" means the registration of (A) equity securities and/or options or other rights in respect thereof solely registered on Form S-4 or Form S-8 (or successor form) or (B) shares of equity securities and/or options or other rights in respect thereof to be offered to directors, members of management, employees, consultants, customers, lenders or vendors of the Company or Company Subsidiaries or in connection with dividend reinvestment plans.

(k) Rule 144; Rule 144A. With a view to making available to Treasury and Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(i) (A) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act, and (B) if at any time the Company is not required to file such reports, make available, upon the request of any Holder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

(ii) so long as Treasury or a Holder owns any Registrable Securities, furnish to Treasury or such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as Treasury or Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; *provided, however*, that the availability of the foregoing reports on the EDGAR filing system of the SEC will be deemed to satisfy the foregoing delivery requirements; and

(iii) take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act.

(l) As used in this Section 4.5, the following terms shall have the following respective meanings:

(i) “Holder” means Treasury and any other holder of Registrable Securities to whom the registration rights conferred by this Agreement have been transferred in compliance with Section 4.5(i) hereof.

(ii) “Register,” “registered,” and “registration” shall refer to a registration effected by preparing and (A) filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of effectiveness of such registration statement or (B) filing a prospectus and/or prospectus supplement in respect of an appropriate effective registration statement on Form S-3.

(iii) “Registrable Securities” means (A) the Warrants (subject to Section 4.5(q)) and (B) any equity securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clause (A) by way of conversion, exercise or exchange thereof, including the Warrant Shares, or share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other reorganization, *provided* that, once issued, such securities will not be Registrable Securities when (1) they are sold pursuant to an effective registration statement under the Securities Act, (2) except as provided below in Section 4.5(q), they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, (3) they shall have ceased to be outstanding or (4) they have been sold in a private transaction in which the transferor’s rights under this Agreement are not assigned to the transferee of the securities. No Registrable Securities may be registered under more than one registration statement at any one time.

(iv) “Registration Expenses” mean all expenses incurred by the Company in effecting any registration pursuant to this Agreement (whether or not any registration or prospectus becomes effective or final) or otherwise complying with its obligations under this Section 4.5, including all registration, filing and listing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, expenses incurred in connection with any “road show”, the reasonable fees and disbursements of Treasury’s counsel (if Treasury is participating in the registered offering), and expenses of the Company’s independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, but shall not include Selling Expenses.

(v) “Rule 144”, “Rule 144A”, “Rule 159A”, “Rule 405” and “Rule 415” mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

(vi) “Selling Expenses” mean all discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of Treasury’s counsel included in Registration Expenses).

(m) At any time, any holder of Securities (including any Holder) may elect to forfeit its rights set forth in this Section 4.5 from that date forward; *provided*, that a Holder forfeiting such rights shall nonetheless be entitled to participate under Section 4.5(b)(iv) – (vi) in any Pending Underwritten Offering to the same extent that such Holder would have been entitled to if the holder had not withdrawn; and *provided, further*, that no such forfeiture shall terminate a Holder’s rights or obligations under Section 4.5(g) with respect to any prior registration or Pending Underwritten Offering. “*Pending Underwritten Offering*” means, with respect to any Holder forfeiting its rights pursuant to this Section 4.5(m), any underwritten offering of Registrable Securities in which such Holder has advised the Company of its intent to register its Registrable Securities either pursuant to Section 4.5(b)(ii) or 4.5(b)(iv) prior to the date of such Holder’s forfeiture.

(n) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations under this Section 4.5 and that Treasury and the Holders from time to time may be irreparably harmed by any such failure, and accordingly agree that Treasury and such Holders, in addition to any other remedy to which they may be entitled at law or in equity, to the fullest extent permitted and enforceable under applicable law shall be entitled to compel specific performance of the obligations of the Company under this Section 4.5 in accordance with the terms and conditions of this Section 4.5.

(o) No Inconsistent Agreements. The Company shall not, on or after the date hereof, enter into any agreement with respect to its securities that may impair the rights granted to Treasury and the Holders under this Section 4.5 or that otherwise conflicts with the provisions hereof in any manner that may impair the rights granted to Treasury and the Holders under this Section 4.5. In the event the Company has, prior to the date hereof, entered into any agreement with respect to its securities that is inconsistent with the rights granted to Treasury and the Holders under this Section 4.5 (including agreements that are inconsistent with the order of priority contemplated by Section 4.5(b)(vi)) or that may otherwise conflict with the provisions hereof, the Company shall use its reasonable best efforts to amend such agreements to ensure they are consistent with the provisions of this Section 4.5. Any transaction entered into by the Company that would reasonably be expected to require the inclusion in a Shelf Registration Statement or any Company Report filed with the SEC of any separate financial statements pursuant to Rule 3-05 of Regulation S-X or pro forma financial statements pursuant to Article 11 of Regulation S-X shall include provisions requiring the Company’s counterparty to provide any information necessary to allow the Company to comply with its obligation hereunder.

(p) Certain Offerings by Treasury. In the case of any securities held by Treasury that cease to be Registrable Securities solely by reason of clause (2) in the definition of “Registrable Securities,” the provisions of Sections 4.5(b)(ii), clauses (iv), (ix) and (x)-(xii) of Section 4.5(d), Section 4.5(h) and Section 4.5(j) shall continue to apply until such securities otherwise cease to be Registrable Securities. In any such case, an “underwritten” offering or other disposition shall include any distribution of such securities on behalf of Treasury by one or more broker-dealers, an “underwriting agreement” shall include any purchase agreement entered into by such broker-dealers, and any “registration statement” or “prospectus” shall include any offering document approved by the Company and used in connection with such distribution.

(q) Registered Sales of the Warrants. The Holders agree to sell the Warrants or any portion thereof under the Shelf Registration Statement only beginning 30 days after notifying the Company of any such sale, during which 30-day period Treasury and all Holders of the Warrants shall take reasonable steps to agree to revisions to the Warrants, at the expense of the Company, to permit a public distribution of the Warrants, including entering into a revised warrant agreement, appointing a warrant agent, and making the securities eligible for book entry clearing and settlement at the Depository Trust Company.

(r) Market Stand-Off. In the event of an IPO, the Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(b) and Treasury agrees, if requested by the managing underwriter or underwriters in such IPO, not to (i) offer for sale, sell, pledge, or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any Registrable Securities (including Registrable Securities that may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the SEC); (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of Registrable Securities, whether any such transaction is to be settled by delivery of Registrable Securities, in cash or otherwise; (iii) make any demand for or exercise any right or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any Registrable Securities; or (iv) publicly disclose the intention to do any of the foregoing, in each case (to the extent timely notified in writing by the Company or the managing underwriter or underwriters), during the period beginning seven days before and ending 90 days after the date of the underwriting agreement entered into in connection with such IPO. If requested by the managing underwriter or underwriters of any such IPO, Treasury shall execute a separate agreement to the foregoing effect. The Company may impose stop-transfer instructions with respect to Registrable Securities subject to the foregoing restriction until the end of the period referenced above. The foregoing provisions of this Section 4.5(r) shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall be applicable only if all officers, directors, and shareholders beneficially owning more than one percent (1%) of the Company's outstanding Common Stock are subject to the same restrictions.

"IPO" means the first underwritten public offering and sale of the Common Stock for cash pursuant to an effective registration statement (other than on Form S-4, S-8 or a comparable form) under the Securities Act.

4.6 Voting of Warrant Shares. Notwithstanding anything in this Agreement to the contrary, Treasury shall not exercise any voting rights with respect to the Warrant Shares.

## Article V Miscellaneous

5.1 Survival of Representations and Warranties. The representations and warranties of the Company made herein or in any certificates delivered in connection with the Initial Closing or any subsequent Closing shall survive such Closing without limitation.

5.2 Amendment. No amendment of any provision of this Agreement will be effective unless made in writing and signed by an officer or a duly authorized representative of each party; *provided* that Treasury may unilaterally amend any provision of this Agreement to the extent required to comply with any changes after the date hereof in applicable federal statutes. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative of any rights or remedies provided by law.

5.3 Waiver of Conditions. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

5.4 Governing Law: Submission to Jurisdiction, Etc. **This Agreement will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the parties hereto agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia and the United States Court of Federal Claims for any and all civil actions, suits or proceedings arising out of or relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby, and (b) that notice may be served upon (i) the Company at the address and in the manner set forth for notices to the Company in Section 5.5 and (ii) Treasury in accordance with federal law. To the extent permitted by applicable law, each of the parties hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby.**

5.5 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices to the Company shall be delivered as set forth below, or pursuant to such other instruction as may be designated in writing by the Company to Treasury. All notices to Treasury shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by Treasury to the Company.

If to the Company:

Frontier Group Holdings, Inc.  
4545 Airport Way  
Denver CO, 80239  
Attention of General Counsel  
Telephone No. ###-###-####  
###

With copies to (which shall not constitute notice):  
Latham & Watkins LLP  
140 Scott Drive  
Menlo Park, CA 94025  
Attention: Tony Richmond  
Facsimile: (###) ###-####  
Email: ###

If to Treasury:

United States Department of the Treasury  
1500 Pennsylvania Avenue, NW, Room 2312  
Washington, D.C. 20220  
Attention: Assistant General Counsel (Banking and Finance)

#### 5.6 Definitions.

(a) The term "Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

(b) The term "Laws" has the meaning ascribed thereto in the Promissory Note.

(c) The term "Lien" has the meaning ascribed thereto in the Promissory Note.

(d) The term "Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Company to perform its obligations under this Agreement or any Warrant or (ii) the legality, validity, binding effect or enforceability against the Company of this Agreement or any Warrant to which it is a party.

(e) The term "Organizational Documents" has the meaning ascribed thereto in the Promissory Note.

(f) The term "Subsidiary." has the meaning ascribed thereto in the Promissory Note.

5.7 Assignment. Neither this Agreement nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other party, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except (a) an assignment, in the case of a Business Combination where such party is not the surviving entity, or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale and (b) as provided in Section 4.5.

5.8 Severability. If any provision of this Agreement or the Warrants, or the application thereof to any person or circumstance, is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

5.9 No Third Party Beneficiaries. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person or entity other than the Company and Treasury any benefit, right or remedies, except that the provisions of Section 4.5 shall inure to the benefit of the persons referred to in that Section.

\* \* \*

*[Signature page follows]*

- 22 -

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE UNITED STATES DEPARTMENT OF THE  
TREASURY

By: /s/ Steven Mnuchin

Name: Steven Mnuchin

Title: Secretary

FRONTIER GROUP HOLDINGS, INC.

By: /s/ James Dempsey

Name: James Dempsey

Title: Chief Financial Officer



**FORM OF OPINION**

(a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of its incorporation.

(b) Each of the Warrants has been duly authorized and, when executed and delivered as contemplated by the Agreement, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity.

(c) The shares of Common Stock issuable upon exercise of the Warrants have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable **[insert, if applicable: ,** subject to the approvals of the Company's stockholders set forth on Schedule 3].

(d) The Company has the corporate power and authority to execute and deliver the Agreement and the Warrants and **[insert, if applicable: ,** subject to the approvals of the Company's stockholders set forth on Schedule 3] to carry out its obligations thereunder (which includes the issuance of the Warrants and Warrant Shares).

(e) The execution, delivery and performance by the Company of the Agreement and the Warrants and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company **[insert, if applicable: ,** subject, in each case, to the approvals of the Company's stockholders set forth on Schedule 3].

(f) The Agreement is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity; *provided, however,* such counsel need express no opinion with respect to Section 4.5(h) or the severability provisions of the Agreement insofar as Section 4.5(h) is concerned.

(g) No registration of the Warrant and the Common Stock issuable upon exercise of the Warrant under the U.S. Securities Act of 1933, as amended, is required for the offer and sale of the Warrant or the Common Stock issuable upon exercise of the Warrant by the Company to the Holder pursuant to and in the manner contemplated by this Agreement.

(h) The Company is not required to be registered as an investment company under the Investment Company Act of 1940, as amended.

**FORM OF WARRANT**

[SEE ATTACHED]

## WARRANT TO PURCHASE COMMON STOCK

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

### WARRANT to purchase

[ • ]

---

Shares of Common Stock

of Frontier Group Holdings, Inc.

Issue Date: [ • ], 2021

1. Definitions. Unless the context otherwise requires, when used herein the following terms shall have the meanings indicated.

“*Affiliate*” means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”) when used with respect to any person, means the possession, directly or indirectly, of the power to cause the direction of management and/or policies of such person, whether through the ownership of voting securities by contract or otherwise.

“*Aggregate Net Cash Settlement Amount*” has the meaning ascribed thereto in Section 2(A).

“*Aggregate Net Share Settlement Amount*” has the meaning ascribed thereto in Section 2(B).

“*Average Market Price*” means, with respect to any security, (i) the arithmetic average of the Market Price of such security for the 15 consecutive trading day period ending on and including the trading day immediately preceding the determination date or (ii) if the security has not been traded on any national or regional securities exchange for at least the 15 consecutive trading day period ending on and including the trading day immediately preceding the determination date and the Quotations are not available for the remainder of such period, the arithmetic average of the Market Price of such security for the trading days within such period during which the security was traded on such national securities exchange.

“*Board of Directors*” means the board of directors of the Company, including any duly authorized committee thereof.

“*Business Combination*” means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company’s stockholders.

“*Business Day*” means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close; *provided* that banks shall be deemed to be generally open for business in the event of a “shelter in place” or similar closure of physical branch locations at the direction of any governmental entity if such banks’ electronic funds transfer system (including wire transfers) are open for use by customers on such day.

“*Capital Stock*” means (A) with respect to any Person that is a corporation or company, any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (B) with respect to any Person that is not a corporation or company, any and all partnership or other equity interests of such Person.

“*Charter*” means, with respect to any Person, its certificate or articles of incorporation, articles of association, or similar organizational document.

“*Common Stock*” means common stock of the Company, par value \$0.001 subject to adjustment as provided in Section 13(C).

“*Company*” means the Person whose name, corporate or other organizational form and jurisdiction of organization is set forth in Item 1 of Schedule A hereto.

“*conversion*” has the meaning set forth in Section 13(B)(ii).

“*convertible securities*” has the meaning set forth in Section 13(B)(ii).

“*Equity Value*” means the aggregate fair market value of all outstanding equity securities of the Company determined by (i) Armanino LLP using the same methodology as was used to perform the most recent determination of the equity value of the Company as per the valuation attached as Exhibit A hereto (excluding any discounts or adjustments for lack of marketability included therein) or (ii) a nationally recognized independent appraiser using valuation techniques then prevailing in the securities industry, retained by the Company at its expense for this purpose and approved by Treasury in its sole discretion. The methodology used in determining the Equity Value for purposes of clause (ii) shall consider discounts for the minority interest represented by the Warrant Shares, but exclude any discounts or adjustments for lack of marketability.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“*Exercise Date*” means each date a Notice of Exercise substantially in the form annexed hereto is delivered to the Company in accordance with Section 2 hereof.

“*Exercise Price*” means the amount set forth in Item 2 of Schedule A hereto, subject to any adjustment as contemplated herein.

“*Expiration Time*” means the Original Expiration Time or, if the Warrantholder is subject to a Lockup Period at the Original Expiration Time, 5pm New York City time on the fifth Business Day immediately following the termination of such Lockup Period.

“*Fully-Diluted Outstanding Common Stock*” means, with respect to a determination date, the number of shares of all issued and outstanding Common Stock of the Company and all Common Stock issuable upon the exercise or conversion of any outstanding security or obligation that is by its terms, directly or indirectly, convertible into or exchangeable or exercisable for Common Stock, and any option, warrant or other right to subscribe for, purchase or acquire Common Stock as of such date, whether or not such instrument is at the time exercisable, convertible or exchangeable.

“*Initial Number*” has the meaning set forth in Section 13(B)(ii)(1).

“*Issue Date*” means the date set forth in Item 3 of Schedule A hereto.

“*Lockup Period*” means any period during which the Warrantholder is subject to restrictions on resale pursuant to Section 4.5(r) of the Warrant Agreement.

“*Market Price*” means, with respect to a particular security, on any given day, the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the last closing bid and ask prices regular way, in either case on the principal national securities exchange on which the applicable securities are listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the average of the closing bid and ask prices as furnished by two members of the Financial Industry Regulatory Authority, Inc. selected from time to time by the Company for that purpose (the “*Quotations*”). “*Market Price*” shall be determined without reference to after hours or extended hours trading.

“*Minimum Exercise Amount*” means 20% of the total number of the shares of Common Stock with respect to which Warrants issued pursuant to the Warrant Agreement could be exercised (including, for the avoidance of doubt, Warrants that were previously exercised), adjusted as described in Section 13 hereof.

“*Original Expiration Time*” means 5:00 p.m. New York City time on the fifth anniversary of the Issue Date of this Warrant.

“*Original Warrantholder*” means the United States Department of the Treasury. Any actions specified to be taken by the Original Warrantholder hereunder may only be taken by such Person and not by any other Warrantholder.

“*Permitted Transactions*” has the meaning set forth in Section 13(B)(ii).

“*Per Share Fair Market Value*” has the meaning set forth in Section 13(B)(iii).

“*Per Share Net Cash Settlement Amount*” means the Per Share Value of a share of Common Stock determined as of the relevant Exercise Date less the Exercise Price.

“*Per Share Net Share Settlement Amount*” means the quotient of (i) the Per Share Value of a share of Common Stock determined as of the relevant Exercise Date less the then applicable Exercise Price *divided by* (ii) the Per Share Value of a share of Common Stock determined as of the relevant Exercise Date.

“*Per Share Value*” means (i) if the Common Stock is listed on a national securities exchange as of day preceding the determination date or the Quotations are available as of such date, the Average Market Price or (ii) if the Common Stock is not so listed, the quotient of the Equity Value determined as of the most recent Valuation Date divided by the Fully Diluted Outstanding Common Stock.

“*Person*” has the meaning given to it in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

“*Pro Rata Repurchases*” means any purchase of shares of Common Stock by the Company or any Affiliate thereof pursuant to (A) any tender offer or exchange offer subject to Section 13(e) or 14(e) of the Exchange Act or Regulation 14E promulgated thereunder or (B) any other offer available to substantially all holders of Common Stock, in the case of both (A) or (B), whether for cash, shares of Capital Stock of the Company, other securities of the Company, evidences of indebtedness of the Company or any other Person or any other property (including, without limitation, shares of Capital Stock, other securities or evidences of indebtedness of a subsidiary), or any combination thereof, effected while this Warrant is outstanding. The “*Effective Date*” of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange by the Company under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

“*Regulatory Approvals*” with respect to the Warrantholder, means, to the extent applicable and required to permit the Warrantholder to exercise this Warrant for shares of Common Stock and to own such Common Stock without the Warrantholder being in violation of applicable law, rule or regulation, the receipt of any necessary approvals and authorizations of, filings and registrations with, notifications to, or expiration or termination of any applicable waiting period under, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Securities Act*” means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“*trading day*” means (A) if the shares of Common Stock are not traded on any national or regional securities exchange or association or over-the-counter market, a Business Day or (B) if the shares of Common Stock are traded on any national or regional securities exchange or association or over-the-counter market, a Business Day on which such relevant exchange or quotation system is scheduled to be open for business and on which the shares of Common Stock (i) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market for any period or periods aggregating one half hour or longer; and (ii) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the shares of Common Stock.

“*Valuation Date*” means the date as of which the Equity Value was most recently determined.

“*Warrant*” means this Warrant, issued pursuant to the Warrant Agreement.

“*Warrant Agreement*” means the Warrant Agreement, dated as of the date set forth in Item 4 of Schedule A hereto, as amended from time to time, between the Company and the United States Department of the Treasury.

“*Warrantholder*” has the meaning set forth in Section 2.

“*Warrant Shares*” has the meaning set forth in Section 2.

2. Number of Warrant Shares; Net Exercise. This certifies that, for value received, the United States Department of the Treasury or its permitted assigns (the “*Warrantholder*”) is entitled, upon the terms and subject to the conditions hereinafter set forth, to acquire from the Company, in whole or in part, after the receipt of all applicable Regulatory Approvals, if any, up to an aggregate of the number of fully paid and nonassessable shares of Common Stock set forth in Item 5 of Schedule A hereto. The number of shares of Common Stock (the “*Warrant Shares*”) issuable upon exercise of this Warrant and the Exercise Price are subject to adjustment as provided herein, and all references to “Common Stock,” “Warrant Shares” and “Exercise Price” herein shall be deemed to include any such adjustment or series of adjustments.

Upon exercise of the Warrant in accordance with Section 3 hereof prior to the date that is 30 days prior to the Expiration Time, the Company shall elect to pay or deliver, as the case may be, to the exercising Warrantholder (a) cash (“*Net Cash Settlement*”) or (b) Warrant Shares together with cash, if applicable, in lieu of delivering any fractional shares in accordance with Section 5 of this Warrant (“*Net Share Settlement*”). The Company will notify the exercising Warrantholder of its election of a settlement method within one Business Day after the relevant Exercise Date and if it fails to deliver a timely notice shall be deemed to have elected Net Share Settlement.

If the Common Stock is not listed on a national securities exchange on an Exercise Date, the Company shall be deemed to irrevocably elect Net Cash Settlement with respect to such exercise.

A. *Net Cash Settlement*. If the Company elects Net Cash Settlement, it shall pay to the Warrantholder cash equal to the Per Share Net Cash Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the “*Aggregate Net Cash Settlement Amount*”).

B. *Net Share Settlement*. If the Company elects Net Share Settlement, it shall deliver to the Warrantholder a number of shares of Common Stock equal to the Per Share Net Share Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the “*Aggregate Net Share Settlement Amount*”).

3. Term; Method of Exercise; Valuation Requests.

A. Subject to Section 2, to the extent permitted by applicable laws and regulations, this Warrant is exercisable, in whole or in part, by the Warrantholder, at any time or from time to time after the execution and delivery of this Warrant by the Company on the date hereof, but in no event later than the Expiration Time.

B. This Warrant may be exercised by the surrender of this Warrant and delivery of the Notice of Exercise annexed hereto, duly completed and executed on behalf of the Warrantholder, at the principal executive office of the Company located at the address set forth in Item 6 of Schedule A hereto (or such other office or agency of the Company in the United States as it may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company).

C. If the Common Stock is not listed on a national securities exchange on the applicable Exercise Date, the Warrantholder may only exercise this Warrant if the number of shares of Common Stock with respect to which the Warrantholder is exercising this Warrant, aggregated with the number of shares of Common Stock with respect to which the Warrantholder is exercising other warrants issued under the Warrant Agreement on the relevant Exercise Date, is no less than the Minimum Exercise Amount.

D. If the Warrantholder does not exercise this Warrant in its entirety, the Warrantholder will be entitled to receive from the Company within a reasonable time after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, and in any event not exceeding three Business Days after the date thereof, a new warrant in substantially identical form for the purchase of that number of Warrant Shares equal to the difference between the number of Warrant Shares subject to this Warrant and the number of Warrant Shares as to which this Warrant is so exercised. Notwithstanding anything in this Warrant to the contrary, the Warrantholder hereby acknowledges and agrees that its exercise of this Warrant for Warrant Shares is subject to the condition that the Warrantholder will have first received any applicable Regulatory Approvals.

E. If the Common Stock is not listed on a national securities exchange the Company shall (i) upon request of a Warrantholder, promptly deliver to such Warrantholder the most recent Equity Value of the Company and (ii) obtain an Equity Value as of a date within 90 days subsequent to receipt of a written request from a Warrantholder for such valuation, provided that the Company shall not be required to obtain an Equity Value more than 4 times in any 12 month period.

4. Method of Settlement.

A. *Net Cash Settlement.* If the Company elects Net Cash Settlement, the Company shall, (A) if the Common Stock at the time of such election is not listed on a national securities exchange, use its best efforts to as soon as possible, and no more than sixty days after, and (B) if the Common Stock at the time of such election is listed on a national securities



exchange, within a reasonable time, not to exceed five Business Days, after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, pay to the exercising Warrantholder the Aggregate Net Cash Settlement Amount.

B. *Net Share Settlement.* If the Company elects Net Share Settlement, shares of Common Stock equal to the Aggregate Net Share Settlement Amount shall be (x) issued in such name or names as the exercising Warrantholder may designate and (y) delivered by the Company or the Company's transfer agent to such Warrantholder or its nominee or nominees (i) if the shares are then able to be so delivered, via book-entry transfer crediting the account of such Warrantholder (or the relevant agent member for the benefit of such Warrantholder) through the Depository's DWAC system (if the Company's transfer agent participates in such system), or (ii) otherwise in certificated form by physical delivery to the address specified by the Warrantholder in the Notice of Exercise, within a reasonable time, not to exceed three Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant. The Company hereby represents and warrants that any Warrant Shares issued upon the exercise of this Warrant in accordance with the provisions of Section 3 will be duly and validly authorized and issued, fully paid and nonassessable and free from all taxes, liens and charges (other than liens or charges created by the Warrantholder, income and franchise taxes incurred in connection with the exercise of the Warrant or taxes in respect of any transfer occurring contemporaneously therewith). The Company agrees that the Warrant Shares so issued will be deemed to have been issued to the Warrantholder as of the close of business on the date on which this Warrant and payment of the Exercise Price are delivered to the Company in accordance with the terms of this Warrant, notwithstanding that the stock transfer books of the Company may then be closed or certificates representing such Warrant Shares may not be actually delivered on such date. The Company will at all times reserve and keep available, out of its authorized but unissued Common Stock, solely for the purpose of providing for the exercise of this Warrant, the aggregate number of shares of Common Stock then issuable upon exercise of this Warrant at any time. If the Common Stock is listed on a national securities exchange, the Company will (A) procure, at its sole expense, the listing of the Warrant Shares issuable upon exercise of this Warrant at any time, subject to issuance or notice of issuance, on all principal stock exchanges on which the Common Stock is then listed or traded and (B) maintain such listings of such Warrant Shares at all times after issuance. The Company will use reasonable best efforts to ensure that the Warrant Shares may be issued without violation of any applicable law or regulation or of any requirement of any securities exchange on which the Warrant Shares are listed or traded.

5. No Fractional Warrant Shares or Scrip. No fractional Warrant Shares or scrip representing fractional Warrant Shares shall be issued upon any exercise of this Warrant. In lieu of any fractional Share to which the Warrantholder would otherwise be entitled, the Warrantholder shall be entitled to receive a cash payment equal to the Per Share Value of the Common Stock determined as of the Exercise Date multiplied by such fraction of a share, less the pro-rated Exercise Price for such fractional share.

6. No Rights as Stockholders; Transfer Books. This Warrant does not entitle the Warrantholder to any voting rights or other rights as a stockholder of the Company prior to the date of exercise hereof. The Company will at no time close its transfer books against transfer of this Warrant in any manner which interferes with the timely exercise of this Warrant.

7. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares to the Warrantholder upon the exercise of this Warrant shall be made without charge to the Warrantholder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; *provided, however,* that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate, or any certificates or other securities in a name other than that of the registered holder of the Warrant surrendered upon exercise of the Warrant.

8. Transfer/Assignment.

A. Subject to compliance with clause (B) of this Section 8, this Warrant and all rights hereunder are transferable, in whole or in part, upon the books of the Company by the registered holder hereof in person or by duly authorized attorney, and a new warrant shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of one or more transferees, upon surrender of this Warrant, duly endorsed, to the office or agency of the Company described in Section 3. All expenses (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of the new warrants pursuant to this Section 8 shall be paid by the Company.

B. If and for so long as required by the Warrant Agreement, this Warrant shall contain the legend as set forth in Section 4.2(a) of the Warrant Agreement.

9. Exchange and Registry of Warrant. This Warrant is exchangeable, upon the surrender hereof by the Warrantholder to the Company, for a new warrant or warrants of like tenor and representing the right to purchase the same aggregate number of Warrant Shares. The Company shall maintain a registry showing the name and address of the Warrantholder as the registered holder of this Warrant. This Warrant may be surrendered for exchange or exercise in accordance with its terms, at the office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

10. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in the case of any such loss, theft or destruction, upon receipt of a bond, indemnity or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company shall make and deliver, in lieu of such lost, stolen, destroyed or mutilated Warrant, a new Warrant of like tenor and representing the right to purchase the same aggregate number of Warrant Shares as provided for in such lost, stolen, destroyed or mutilated Warrant.

11. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding day that is a Business Day.

12. Information. With a view to making available to Warrantheolders the benefits of certain rules and regulations of the SEC which may permit the sale of the Warrants and Warrant Shares to the public without registration, the Company agrees to use its reasonable best efforts to:

A. (x) if the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, file with the SEC, in a timely manner, all reports and other documents required of the Company under the Securities Act and the Exchange Act, and (y) if at any time the Company is not required to file such reports, make available, upon the request of any Warrantheolder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

B. if the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, furnish to any holder of Warrants or Warrant Shares forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of the Exchange Act and Rule 144(c)(1);

C. furnish to any holder of Warrants or Warrant Shares forthwith upon request a copy of the Company's most recent annual or quarterly report and such other reports and documents as the Warrantheolder may reasonably request; and

D. take such further action as any Warrantheolder may reasonably request, all to the extent required from time to time to enable such Warrantheolder to sell Warrants or Warrant Shares without registration under the Securities Act.

13. Adjustments and Other Rights.

A. Adjustments at a time when the Common Stock is not listed on a national securities exchange. If, at any time at which the Common Stock is not listed on a national securities exchange, any event occurs that, in the good faith judgment of the Board of Directors of the Company, would require adjustment of the Exercise Price or number of Warrant Shares issuable upon exercise of this Warrant in order to fairly and adequately protect the purchase rights of the Warrants in accordance with the essential intent and principles of the Warrant Agreement and the Warrants, then the Board of Directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of the Board of Directors, to protect such purchase rights as aforesaid. The Exercise Price or the number of Warrant Shares shall not be adjusted in the event of a change in the par value of the Common Stock or a change in the jurisdiction of incorporation of the Company.

B. Adjustments at a time when the Common Stock is listed on a national securities exchange. At any time at which the Common Stock is listed on a national securities exchange, the Exercise Price and the number of Warrant Shares issuable upon exercise of the Warrant shall be subject to adjustment from time to time as follows; *provided*, that if more than one subsection of this Section 13(B) is applicable to a single event, the subsection shall be applied that produces the largest adjustment and no single event shall cause an adjustment under more than one subsection of this Section 13(B) so as to result in duplication:

- i. Stock Splits, Subdivisions, Reclassifications or Combinations. If the Company shall (i) declare and pay a dividend or make a distribution on its Common Stock

in shares of Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares, the number of Warrant Shares issuable upon exercise of this Warrant at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the Warrantholder after such date shall be entitled to acquire the number of shares of Common Stock which such holder would have owned or been entitled to receive in respect of the shares of Common Stock subject to this Warrant after such date had this Warrant been exercised immediately prior to such date. In such event, the Exercise Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment and (2) the Exercise Price in effect immediately prior to the record or effective date, as the case may be, for the dividend, distribution, subdivision, combination or reclassification giving rise to this adjustment by (y) the new number of Warrant Shares issuable upon exercise of the Warrant determined pursuant to the immediately preceding sentence.

- ii. Certain Issuances of Common Stock or Convertible Securities. If the Company shall issue shares of Common Stock (or rights or warrants or other securities exercisable or convertible into or exchangeable (collectively, a “conversion”) for shares of Common Stock) (collectively, “convertible securities”) (other than in Permitted Transactions (as defined below) or a transaction to which subsection (i) of this Section 13(B) is applicable) without consideration or at a consideration per share (or having a conversion price per share) that is less than 90% of the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities) then, in such event:
1. the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) (the “Initial Number”) shall be increased to the number obtained by multiplying the Initial Number by a fraction (A) the numerator of which shall be the sum of (x) the number of shares of Common Stock of the Company outstanding on such date and (y) the number of additional shares of Common Stock issued (or into which convertible securities may be exercised or convert) and (B) the denominator of which shall be the sum of (I) the number of shares of Common Stock outstanding on such date and (II) the number of shares of Common Stock which the aggregate consideration receivable by the Company for the total number of shares of Common Stock so issued (or into which convertible securities may be exercised or convert) would purchase at the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities); and

2. the Exercise Price payable upon exercise of the Warrant shall be adjusted by multiplying such Exercise Price in effect immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) by a fraction, the numerator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant prior to such date and the denominator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant immediately after the adjustment described in clause (1) above.

For purposes of the foregoing, the aggregate consideration receivable by the Company in connection with the issuance of such shares of Common Stock or convertible securities shall be deemed to be equal to the sum of the net offering price (including the Fair Market Value of any non-cash consideration and after deduction of any related expenses payable to third parties) of all such securities plus the minimum aggregate amount, if any, payable upon exercise or conversion of any such convertible securities into shares of Common Stock; and “*Permitted Transactions*” shall mean issuances (i) as consideration for or to fund the acquisition of businesses and/or related assets, (ii) in connection with employee benefit plans and compensation related arrangements in the ordinary course and consistent with past practice approved by the Board of Directors, (iii) in connection with a public or broadly marketed offering and sale of Common Stock or convertible securities for cash conducted by the Company or its affiliates pursuant to registration under the Securities Act or Rule 144A thereunder on a basis consistent with capital raising transactions by comparable institutions and (iv) in connection with the exercise of preemptive rights on terms existing as of the Issue Date. Any adjustment made pursuant to this Section 13(B)(ii) shall become effective immediately upon the date of such issuance.

- iii. Other Distributions. In case the Company shall fix a record date for the making of a distribution to all holders of shares of its Common Stock of securities, evidences of indebtedness, assets, cash, rights or warrants (excluding dividends of its Common Stock and other dividends or distributions referred to in Section 13(B)(i)), in each such case, the Exercise Price in effect prior to such record date shall be reduced immediately thereafter to the price determined by multiplying the Exercise Price in effect immediately prior to the reduction by the quotient of (x) the Average Market Price of the Common Stock determined as of the first date on which the Common Stock trades regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading without the right to receive such distribution, minus the amount of cash and/or the Fair Market Value of the securities, evidences of indebtedness, assets, rights or warrants to be so distributed in respect of one share of Common Stock (such amount and/or Fair Market Value, the “*Per Share Fair Market Value*”) divided by (y) the Average Market Price specified in clause (x); such adjustment shall be made successively whenever such a record date is fixed. In such event, the number of Warrant Shares issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of

Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the distribution giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. In the event that such distribution is not so made, the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant then in effect shall be readjusted, effective as of the date when the Board of Directors determines not to distribute such shares, evidences of indebtedness, assets, rights, cash or warrants, as the case may be, to the Exercise Price that would then be in effect and the number of Warrant Shares that would then be issuable upon exercise of this Warrant if such record date had not been fixed.

- iv. Certain Repurchases of Common Stock. In case the Company effects a Pro Rata Repurchase of Common Stock, then the Exercise Price shall be reduced to the price determined by multiplying the Exercise Price in effect immediately prior to the Effective Date of such Pro Rata Repurchase by a fraction of which the numerator shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Pro Rata Repurchase and (y) the Average Market Price of a share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase, minus (ii) the aggregate purchase price of the Pro Rata Repurchase, and of which the denominator shall be the product of (i) the number of shares of Common Stock outstanding immediately prior to such Pro Rata Repurchase minus the number of shares of Common Stock so repurchased and (ii) the Average Market Price per share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase. In such event, the number of shares of Common Stock issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the Pro Rata Repurchase giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. For the avoidance of doubt, no increase to the Exercise Price or decrease in the number of Warrant Shares issuable upon exercise of this Warrant shall be made pursuant to this Section 13(B)(v).
- v. Other Events. For so long as the Original Warrantholder holds this Warrant or any portion thereof, if any event occurs as to which the provisions of this Section 13 are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the Board of Directors of the Company, fairly and adequately protect the purchase rights of the Warrants in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of the Board of Directors, to protect such purchase rights as aforesaid. The Exercise Price or the number of Warrant Shares shall not be adjusted in the event of a change in the par value of the Common Stock or a change in the jurisdiction of incorporation of the Company.

C. Business Combinations. In case of any Business Combination or reclassification of Common Stock (other than a reclassification of Common Stock referred to in Section 13(B)(i)), the Warrantholder's right to receive Warrant Shares upon exercise of this Warrant shall be converted into the right to exercise this Warrant to acquire the number of shares of stock or other securities or property (including cash) which the Common Stock issuable (at the time of such Business Combination or reclassification) upon exercise of this Warrant immediately prior to such Business Combination or reclassification would have been entitled to receive upon consummation of such Business Combination or reclassification; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the Warrantholder shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to the Warrantholder's right to exercise this Warrant in exchange for any shares of stock or other securities or property pursuant to this paragraph. In determining the kind and amount of stock, securities or the property receivable upon exercise of this Warrant following the consummation of such Business Combination, if the holders of Common Stock have the right to elect the kind or amount of consideration receivable upon consummation of such Business Combination, then the consideration that the Warrantholder shall be entitled to receive upon exercise shall be deemed to be the types and amounts of consideration received by the majority of all holders of the shares of common stock that affirmatively make an election (or of all such holders if none make an election).

D. Rounding of Calculations; Minimum Adjustments. All calculations under this Section 13 shall be made to the nearest one-tenth (1/10th) of a cent or to the nearest one-hundredth (1/100th) of a share, as the case may be. Any provision of this Section 13 to the contrary notwithstanding, no adjustment in the Exercise Price or the number of Warrant Shares shall be made if the amount of such adjustment would be less than \$0.01 or one-tenth (1/10th) of a share of Common Stock, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.01 or 1/10th of a share of Common Stock, or more.

E. Timing of Issuance of Additional Common Stock Upon Certain Adjustments. In any case in which the provisions of this Section 13 shall require that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (i) issuing to the Warrantholder of this Warrant exercised after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such exercise by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such exercise before giving effect to such adjustment and (ii) paying to such Warrantholder any amount of cash in lieu of a fractional share of Common Stock; *provided, however*, that the Company upon request shall deliver to such Warrantholder a due bill or other appropriate instrument evidencing such Warrantholder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

F. Statement Regarding Adjustments. Whenever the Exercise Price or the number of Warrant Shares shall be adjusted as provided in this Section 13, the Company shall forthwith file at the principal office of the Company a statement showing in reasonable detail the facts requiring such adjustment and the Exercise Price that shall be in effect and the number of Warrant Shares after such adjustment, and the Company shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each Warrantholder at the address appearing in the Company's records.

G. Notice of Adjustment Event. In the event that the Company shall propose to take any action of the type described in this Section 13 (but only if the action of the type described in this Section 13 would result in an adjustment in the Exercise Price or the number of Warrant Shares or a change in the type of securities or property to be delivered upon exercise of this Warrant), the Company shall give notice to the Warrantholder, in the manner set forth in this Section 13(G), which notice shall specify the record date, if any, with respect to any such action and the approximate date on which such action is to take place. Such notice shall also set forth the facts with respect thereto as shall be reasonably necessary to indicate the effect on the Exercise Price and the number, kind or class of shares or other securities or property which shall be deliverable upon exercise of this Warrant. In the case of any action which would require the fixing of a record date, such notice shall be given at least 10 days prior to the date so fixed, and in case of all other action, such notice shall be given at least 15 days prior to the taking of such proposed action. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

H. Proceedings Prior to Any Action Requiring Adjustment. As a condition precedent to the taking of any action which would require an adjustment pursuant to this Section 13, the Company shall take any action which may be necessary, including obtaining regulatory, New York Stock Exchange, NASDAQ Stock Market or other applicable national securities exchange or stockholder approvals or exemptions, as applicable, in order that the Company may thereafter validly and legally issue as fully paid and nonassessable all shares of Common Stock that the Warrantholder is entitled to receive upon exercise of this Warrant pursuant to this Section 13.

I. Adjustment Rules. Any adjustments pursuant to this Section 13 shall be made successively whenever an event referred to herein shall occur. If an adjustment in Exercise Price made hereunder would reduce the Exercise Price to an amount below par value of the Common Stock, then such adjustment in Exercise Price made hereunder shall reduce the Exercise Price to the par value of the Common Stock.

14. No Impairment. The Company will not, by amendment of its Charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in taking of all such action as may be necessary or appropriate in order to protect the rights of the Warrantholder.



15. Governing Law. This Warrant will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the Company and the Warrantholder agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Warrant or the transactions contemplated hereby, and (b) that notice may be served upon the Company at the address in Section 19 below and upon the Warrantholder at the address for the Warrantholder set forth in the registry maintained by the Company pursuant to Section 9 hereof. To the extent permitted by applicable law, each of the Company and the Warrantholder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Warrant or the transactions contemplated hereby or thereby.

16. Binding Effect. This Warrant shall be binding upon any successors or assigns of the Company.

17. Amendments. This Warrant may be amended and the observance of any term of this Warrant may be waived only with the written consent of the Company and the Warrantholder.

18. Prohibited Actions. The Company agrees that it will not take any action which would entitle the Warrantholder to an adjustment of the Exercise Price if the total number of shares of Common Stock issuable after such action upon exercise of this Warrant, together with all shares of Common Stock then outstanding and all shares of Common Stock then issuable upon the exercise of all outstanding options, warrants, conversion and other rights, would exceed the total number of shares of Common Stock then authorized by its Charter.

19. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices hereunder shall be delivered as set forth in Item 7 of Schedule A hereto, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

20. Entire Agreement. This Warrant, the forms attached hereto and Schedule A hereto (the terms of which are incorporated by reference herein), and the Warrant Agreement (including all documents incorporated therein), contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

*[Remainder of page intentionally left blank]*

[Form of Notice of Exercise]

Date:

TO: **Frontier Group Holdings, Inc.**

RE: Exercise of Warrant

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby notifies the Company of its intention to exercise its option with respect to the number of shares of the Common Stock set forth below covered by such Warrant. Pursuant to Section 4 of the Warrant, the undersigned acknowledges that the Company may settle this exercise in net cash or shares. Cash to be paid pursuant to a Net Cash Settlement or payment of fractional shares in connection with a Net Share Settlement should be deposited to the account of the Warrantholder set forth below. Common Stock to be delivered pursuant to a Net Share Settlement shall be delivered to the Warrantholder as indicated below. A new warrant evidencing the remaining shares of Common Stock covered by such Warrant, but not yet subscribed for and purchased, if any, should be issued in the name set forth below.

Number of Warrant Shares: \_\_\_\_\_

Aggregate Exercise Price: \_\_\_\_\_

Address for Delivery of Warrant Shares: \_\_\_\_\_

Wire Instructions:

Proceeds to be delivered: \$

Name of Bank:

City/ State of Bank:

ABA Number of Bank

SWIFT #

Name of Account:

Account Number at Bank:

Securities to be issued to:

If in book-entry form through the Depository:

Depository Account Number: \_\_\_\_\_

Name of Agent Member: \_\_\_\_\_

If in certificated form:

Social Security Number or Other Identifying Number: \_\_\_\_\_

Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State and Zip Code: \_\_\_\_\_

Any unexercised Warrants evidenced by the exercising Warrantholder's interest in the Warrant:

Social Security Number or Other Identifying Number: \_\_\_\_\_

Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State and Zip Code: \_\_\_\_\_

Holder: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by a duly authorized officer.

Dated:

**COMPANY: FRONTIER GROUP HOLDINGS, INC.**

By: \_\_\_\_\_  
Name: Howard Diamond  
Title: General Counsel and Secretary

**Attest:**

By: \_\_\_\_\_  
Name: James Dempsey  
Title: Chief Financial Officer

**[Signature Page to Warrant]**

Item 1

Name: Frontier Group Holdings, Inc.  
Corporate or other organizational form: Corporation  
Jurisdiction of organization: Delaware

Item 2

Exercise Price: \$[ • ]

Item 3

Issue Date: [ • ], 2021

Item 4

Date of Warrant Agreement between the Company and the United States Department of the Treasury: January 15, 2021

Item 5

Number of shares of Common Stock: [ • ]

Item 6

Company's address: 4545 Airport Way, Denver, CO 80239

Item 7

Notice information:

Frontier Group Holdings, Inc.  
4545 Airport Way  
Denver CO, 80239  
Attention of General Counsel  
Telephone No. ###-###-####  
Email: ###

With copies to (which shall not constitute notice):

Latham & Watkins LLP  
140 Scott Drive  
Menlo Park, CA 94025  
Attention: Tony Richmond  
Facsimile: (###) ###-####  
Email: ###

**VALUATION**

[See Attached]

**WARRANT SHARES FORMULA**

(a) The Exercise Price shall equal the Equity Value (as defined in Annex B), subject to approval of such Equity Value by Treasury (such approval not to be unreasonably delayed or withheld), determined as of the last day of the Company's last fiscal quarter in 2020 *divided by* the Fully Diluted Outstanding Common Stock (as defined in Annex B).

(b) The number of Warrant Shares for which Warrants issued on each Warrant Closing Date shall be exercisable shall equal:

- (i) On the date of the Initial Closing, the quotient of (x) the product of the full outstanding principal amount of the Promissory Note on the date of the Initial Closing multiplied by 0.1 *divided by* (y) the Exercise Price; and
- (ii) On each Warrant Closing Date subsequent to the date of the Initial Closing, the quotient of (x) the product of the amount by which the principal amount of the Promissory Note is increased on such Warrant Closing Date multiplied by 0.1 *divided by* (y) the Exercise Price.

**CAPITALIZATION**  
**FRONTIER GROUP HOLDINGS, INC.**  
**As of December 31, 2020**

**Authorized Capital Stock**

- Voting Common Stock, par value \$0.001 per share: 12,000,000
- Non-Voting Common Stock, par value \$0.001 per share: 2,000,000
- Preferred Stock, par value \$0.001 per share: 1,000,000

**Issued and Outstanding Capital Stock**

- Voting Common Stock, par value \$0.001 per share: 5,248,371
- Non-Voting Common Stock, par value \$0.001 per share: 0
- Preferred Stock, par value \$0.001 per share: 0

**Capital Stock reserved for issuance for outstanding equity awards**

- Voting Common Stock, par value \$0.001 per share: 310,539
- Non-Voting Common Stock, par value \$0.001 per share: 0
- Preferred Stock, par value \$0.001 per share: 0

**Additional shares of Capital Stock reserved for issuance under equity award plans**

- Voting Common Stock, par value \$0.001 per share: 641,090
- Non-Voting Common Stock, par value \$0.001 per share: 0
- Preferred Stock, par value \$0.001 per share: 0

**Names and Addresses of 5% and greater holders**

Indigo Frontier Holdings, LLC  
c/o Indigo Partners  
2525 East Camelback Road, Suite 900  
Phoenix, Arizona 85016



REQUIRED STOCKHOLDER APPROVALS

None.

AMENDED AND RESTATED IAE ENGINE BENEFITS AGREEMENT

A321NEO AIRCRAFT (2022 AND 2023 DELIVERIES)

**THIS AMENDED AND RESTATED IAE ENGINE BENEFITS AGREEMENT**, dated as of December 22, 2020 (this “**Agreement**”), is among Vertical Horizons, Ltd., a Cayman Islands company (the “**Borrower**”), International Aero Engines, LLC, a Delaware limited liability company (the “**Engine Manufacturer**” or “**IAE**”), Bank of Utah, not in its individual capacity but solely as Security Trustee for the Lenders under the Credit Agreement (together with its successors and assigns in such capacity, the “**Security Trustee**”), and Frontier Airlines, Inc., a Colorado corporation (“**Frontier**”).

**WHEREAS**, this Agreement amends and restates in its entirety the IAE engine benefits agreement A320neo and A321neo aircraft (2022 Deliveries) dated as of September 28, 2020, among the Borrower, the Engine Manufacturer, the Security Trustee and Frontier;

**WHEREAS**, pursuant to the Sixth Amended and Restated Credit Agreement, dated as of December 22, 2020 among the Borrower, the Lenders from time to time party thereto, Citibank, N.A., as facility agent, and the Security Trustee (as amended, supplemented or otherwise modified from time to time in accordance with the applicable provisions thereof, the “**Credit Agreement**”; capitalized terms used herein and not otherwise defined herein being used herein as defined in the Credit Agreement) the Lenders have agreed to reimburse the Borrower for, and finance further, certain pre-delivery payments made and to be made to Airbus with respect to twenty-four (24) model A321neo aircraft to be delivered in 2022 and 2023 pursuant to the Assigned Purchase Agreement (as identified in Exhibit 1 of this Agreement, the “**Subject Aircraft**”);

**WHEREAS**, the Engine Manufacturer has agreed to supply and Airbus has agreed to install on the Subject Aircraft the engines which are identified for each Subject Aircraft (each, a “**Subject Engine**” and collectively, the “**Subject Engines**”);

**WHEREAS**, pursuant to the Sixth Amended and Restated Mortgage and Security Agreement dated as of December 22, 2020 between the Borrower and the Security Trustee (as amended, supplemented or otherwise modified from time to time in accordance with the applicable provisions thereof, the “**Security Agreement**”), the Borrower has pledged to the Security Trustee, among other things, all of the Borrower’s right, title and interest in and to the Assigned Purchase Agreement relating to the Subject Aircraft; and

**WHEREAS**, it is a condition precedent to each Lender’s funding of Loans in respect of the Subject Aircraft under the Credit Agreement to the Borrower that, among other things, the Engine Manufacturer shall have executed and delivered this Agreement;

**THEREFORE**, in consideration of the payment of [\*\*\*], and for other good and valuable consideration, the receipt of and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meaning:

“**Assigned Purchase Agreement**” has the meaning given to such term in the Credit Agreement.

“**Engine Purchase Agreement**” means the PW1100G-JM Engine Purchase and Support Agreement by and between the Engine Manufacturer and Frontier.

“**Engine Warranties**” means the Engine Manufacturer’s PW1100G-JM Engine Warranty and Service Policy, as set forth in Appendix 7 of the Engine Purchase Agreement, and as modified by Section 8.3 of the Engine Purchase Agreement, in the form of Attachment A hereto.

“**Permitted Transferee**” means the Facility Agent, Citibank, N.A., in its capacity as a Lender, and any other person to whom the Security Trustee intends to transfer the rights granted to it pursuant to this Agreement and who has been approved in writing by IAE (such approval not to be unreasonably withheld or delayed), which transferee may be another Lender, a sub-participant of a Lender, or any of their affiliates; it being understood by the Security Trustee and IAE that it shall only be reasonable for IAE to refuse its approval in respect of any person proposed by the Security Trustee: (i) who is a person to whom it is illegal for IAE to sell an engine or a party with which IAE is prohibited or restricted by applicable law or regulation from doing business; or (ii) who is a special purpose company or similar entity (unless such special purpose company or other entity has been guaranteed to the satisfaction of IAE by an entity that otherwise satisfies the definition of a Permitted Transferee); or (iii) who is a competitor to IAE or its affiliates or shareholders or Raytheon Technologies Corporation or any of its subsidiaries or affiliates, including, without limitation, an engine manufacturer or an airframe manufacturer or an affiliate of any such person; or (iv) who is a person with which IAE, acting reasonably, objects to doing business generally either (A) by reason of the occurrence of a contractual or non-contractual dispute with that person or any of its affiliate(s) or (B) by reason of the default by such person or any of its affiliates in the performance of any obligation owed to IAE under any contract.

2. **Provision of Engine Warranties.**

**2.1** The Engine Manufacturer hereby confirms to Frontier, the Borrower and the Security Trustee that (i) if the Security Trustee or a Permitted Transferee takes delivery from Airbus of a Subject Aircraft such Security Trustee or Permitted Transferee, as applicable, will receive the Engine Warranties for the Subject Engines installed on such Subject Aircraft and shall assume and accept all of the rights, obligations, liabilities, exceptions, and limitations with respect to such Engine Warranties with respect to such Subject Engines and (ii) it consents to the collateral assignment by the Borrower to the Security Trustee of its rights under this Agreement, and agrees that the Security Trustee’s rights under Section 2.1(i) and such assignment shall not give rise to any duties or obligations whatsoever on the part of the Security Trustee owing to the Engine

Manufacturer except (i) for the Security Trustee’s agreement that in exercising any right under the this Agreement with respect to such Engines, or in making any claim with respect to such Engines, the terms and conditions of such Engine Purchase Agreement relating to the Engines and the Engine Warranties shall apply to and be binding upon the Security Trustee to the same extent as Frontier and/or the Borrower and (ii) as otherwise expressly provided in this Agreement, including without limitation pursuant to Section 5.2 of this Agreement. In no event shall the Engine Manufacturer have any liability or obligation under the Engine Warranties with respect to an Engine more than once in respect of any particular claim. In exercising any rights under such Engine Warranties or in making any claim with respect thereto, the applicable terms and conditions of the Engine Purchase Agreement, as far as disclosed in Attachment A, shall apply to, and be binding upon the Security Trustee or Permitted Transferee (if applicable).

2.2 The Security Trustee acknowledges and agrees, in relation to each Subject Aircraft, that Frontier will continue to have the right to receive any applicable credit or other allowance for the Subject Engines installed on such Subject Aircraft (each of such two Subject Engines, a “**Subject Engine Set**”) that is available under the Engine Purchase Agreement and the right to exercise any applicable warranties for such Subject Engine Set (or the relevant individual Subject Engine) under the Engine Purchase Agreement until such time as the Security Trustee has served a Step-In Notice in accordance with the Step In Agreement.

3. Provision of Credits

3.1 IAE hereby confirms that the Introductory Assistance Credits, as provided in the table below and as further described below, corresponding with a given Subject Aircraft identified in the such table (such amount, [\*\*\*], the “**Introductory Assistance Credit**” or “**Credit**”) shall be made available by IAE to the Security Trustee or the Permitted Transferee, as the case may be, upon delivery and acceptance of such applicable Subject Aircraft by such person, and subject to Section 3.6 below. The Credit for each Subject Aircraft, and the corresponding Unit Base Price per Subject Engine Set, as provided in the table below, [\*\*\*]. For the avoidance of doubt, the Introductory Assistance Credits set forth in the table below shall apply solely to the Subject Aircraft.

**INTRODUCTORY ASSISTANCE CREDITS FOR SUBJECT AIRCRAFT**

**EXPRESSED IN [\*\*\*] UNITED STATES DOLLARS**

<u>Subject Aircraft Model</u>	<u>Subject Engine Model</u>	<u>Unit Base Price Per Subject Engine Set</u>	<u>Introductory Assistance Credit Per Subject Aircraft</u>
A321neo	PW1133GA-JM	[***]	[***]
A321neo	PW1133G1-JM	[***]	[***]

- 3.2 IAE will issue the Introductory Assistance Credit directly to Airbus and will instruct Airbus, in writing, to credit such Introductory Assistance Credit against the purchase price for the applicable Subject Aircraft. IAE shall be entitled to rely on a notice from the Security Trustee (or the Permitted Transferee, if applicable) that the Security Trustee or such Permitted Transferee is entitled to take delivery of a Subject Aircraft and shall have no liability for any such reliance.
- 3.3 The Security Trustee agrees and, if applicable will cause the Permitted Transferee to agree, that the Credit for any applicable Subject Aircraft shall not vest in Airbus nor be applied toward payment of the purchase price for such Subject Aircraft until acceptance by and delivery of such Subject Aircraft to the Security Trustee or Permitted Transferee, as the case may be; provided that the parties agree that the assignment of the Credit shall occur sufficiently in advance of delivery to allow for timely delivery and shall take final effect at delivery to and acceptance by the Security Trustee or Permitted Transferee of the respective Subject Aircraft. In the event that the Security Trustee or Permitted Transferee does not accept delivery of any Subject Aircraft, the Security Trustee or Permitted Transferee, as applicable, shall have its management team induce Airbus' management to refund the Credit to IAE.
- 3.4 Frontier hereby acknowledges and agrees that payment of the Credit by IAE in respect of the applicable Subject Aircraft pursuant to this Section 3 of this Agreement will relieve and release IAE of any and all obligations to pay the Credit with respect to such Subject Aircraft under the Engine Purchase Agreement. The parties further agree IAE shall have no liability to any other party, or any Permitted Transferee, for paying a Credit in respect of the applicable Subject Aircraft pursuant to this Section 3 or for relying on any notice provided by the Security Trustee or any Permitted Transferee of its right to take delivery of a Subject Aircraft. Save to the extent expressly provided in this Agreement, all other terms of the Engine Purchase Agreement (including, without limitation, the Engine Warranties) shall continue to apply and shall have full force and effect between the Frontier and IAE.
- 3.5 Each of Frontier, Borrower, the Security Trustee or the Permitted Transferee, as applicable, will ensure its compliance with any, and all, requirements (including but not limited to reporting and approval requirements) of any applicable currency control or other law, rule, or regulation relating to an Introductory Assistance Credit issued under this Agreement.
- 3.6 The Security Trustee acknowledges and agrees that IAE's obligation to pay the Credit with respect to a Subject Aircraft to be purchased by the Security Trustee or a Permitted Transferee (as provided above) shall be subject to the Security Trustee (or Permitted Transferee, if applicable) providing prior written notice to IAE that the Security Trustee (or Permitted Transferee, if applicable) has exercised its right to purchase such Subject Aircraft pursuant to the Step In Agreement and is entitled to purchase the Aircraft under the Assigned Purchase Agreement (the "**Purchase Notice**"). IAE shall be entitled to (and Frontier and Borrower hereby authorize IAE to) rely on the information contained in any such Purchase Notice from the Security Trustee (or Permitted Transferee, if applicable). The Security Trustee (or Permitted Transferee, if applicable) shall provide the Purchase Notice to IAE as soon as reasonably practicable after such person has acquired an unfettered right to purchase such Subject Aircraft under the Step In Agreement. The Security Trustee (or Permitted Transferee, if applicable) is not, and will not, be obligated to purchase any Subject Aircraft or serve any Purchase Notice unless it exercises the right to purchase a Subject Aircraft under the Step In Agreement.

4. Except as otherwise expressly provided in this Agreement, nothing contained in this Agreement shall subject the Engine Manufacturer to any obligation, and nothing contained in this Agreement shall subject the Engine Manufacturer to any liability, in each case to which it would not otherwise be subject under the Engine Purchase Agreement, nor shall anything contained in this Agreement modify in any respect the Engine Manufacturer's contract rights under the Engine Purchase Agreement. In no event shall the Engine Manufacturer be subject to any multiple or duplicative liability or obligation under the Engine Purchase Agreement or any Engine Warranties. The Engine Manufacturer shall have no obligation to recognize an assignment by Security Trustee of its rights with respect to the Engine Warranties in connection with a transfer of a Subject Engine (i) unless Security Trustee has given the Engine Manufacturer written notice of such assignment and the assignee is a Permitted Transferee, or (ii) if the Engine Manufacturer reasonably believes that is prohibited or restricted by law from dealings with the purported assignee. The Engine Warranties will be kept confidential in accordance with Section 18 of the Credit Agreement. To the extent that there is any inconsistency in the terms of the assignment provided for in the Security Agreement and this Agreement, the terms of this Agreement shall govern.

5. Representations and Warranties.

5.1 The parties hereby represent and warrant as follows:

5.1.1 The Engine Manufacturer hereby represents and warrants to the Security Trustee that, as of the date hereof, (a) the Engine Manufacturer is a limited liability company duly organized and existing under the laws of the State of Delaware, (b) the Engine Manufacturer's execution of this Agreement has been duly authorized and (c) this Agreement and the Engine Warranties constitute the legal, valid and binding obligation of the Engine Manufacturer, enforceable against the Engine Manufacturer in accordance with their respective terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.1.2 The Security Trustee hereby represents and warrants to the Engine Manufacturer that, as of the date hereof, (a) the Security Trustee is a corporation duly organized and existing under the laws of the State of Utah, (b) the Security Trustee's execution of this Agreement has been duly authorized and (c) this Agreement is the legal, valid and binding obligation of the Security Trustee, enforceable against the Security Trustee in accordance with its terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.1.3 Frontier hereby represents and warrants to each of the Engine Manufacturer and the Security Trustee that, as of the date hereof, (a) Frontier is a corporation duly incorporated and existing under the laws of the State of Colorado, (b) Frontier's execution of this Agreement has been duly authorized and (c) this Agreement is the legal, valid and binding obligation of Frontier, enforceable against Frontier in accordance with its terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.2 In consideration of the Introductory Assistance Credits and the Engine Warranties, Borrower and the Security Trustee each agrees that it shall not disassemble any of the Subject Engines for the purposes of selling parts of any such Subject Engine. If Borrower or the Security Trustee decides to sell, assign, transfer or otherwise dispose of any Subject Engines, Borrower or the Security Trustee, as applicable, shall ensure in any agreement with a third party (including a Permitted Transferee) for the sale, assignment, transfer or other disposal of any Subject Engine that such third party agrees not to disassemble such Subject Engine for the purpose of selling parts from such Subject Engine or for use in support of other Subject Engines and agrees that IAE is a third party beneficiary of such commitment by the third party.

5.3 Frontier, Borrower, and the Security Trustee hereby confirm that:

5.3.1 nothing in this Agreement, unless otherwise stated herein, shall modify in any way the contractual rights of IAE and Frontier with respect to the Engine Warranties or credits under the Engine Purchase Agreement or any other agreement executed between IAE and Frontier, or shall subject IAE to any obligation or liability with respect to the Engine Warranties or credits to which it would not otherwise be subject under the Engine Purchase Agreement or any other agreement executed between IAE and Frontier, or modify in any respect IAE's contractual rights with respect to the Engine Warranties or credits thereunder, except pursuant to the terms of this Agreement;

5.3.2 except as otherwise specifically stated herein or otherwise required by law, IAE shall incur no obligations, costs, expenses or liabilities whatsoever by reason of this Agreement, the Credit Agreement, or any of the transactions contemplated thereby; and

5.3.3 Frontier shall indemnify and hold harmless IAE from and against any and all costs, expenses, losses and liabilities (including any taxes or duties of any kind) imposed on, incurred by or asserted against IAE in any way relating to or arising out of this Agreement and which costs, expenses, losses and liabilities would not have been incurred but for IAE entering into this Agreement, except to the extent such costs, expenses, losses and liabilities are the result of the negligence, willful misconduct or bad faith by IAE.

5.4 Acknowledgment of Security Trustee. The Security Trustee hereby confirms to the Engine Manufacturer that in exercising any right it may have in this Agreement or the Engine Purchase Agreement with respect to the Engines, or in making any claim under the Engine Warranties or otherwise with respect to the Engines, the terms and conditions of this Agreement, the Engine Purchase Agreement and the Engine Warranties, including, without limitation, the terms and conditions contained therein, shall apply to and be binding upon the Security Trustee to the same extent as Frontier. The Engine Manufacturer hereby represents and warrants to the Security Trustee that the terms of the Engine Warranties provided herein are the same in all material respects to the warranties for the Subject Engines in the Engine Purchase Agreement.

6. Assignment. Neither this Agreement, nor any of the rights, benefits, duties, or obligations set forth in this Agreement or any related agreement may be assigned in whole or in part without the prior written consent of each of the Parties, which consent shall not be unreasonably delayed or withheld, and any attempted assignment in contravention of this restriction shall be null and void, except that (i) IAE may, without recourse, assign its rights and/or delegate its obligations under this Agreement to any of its affiliates or to any subsidiary or affiliate of Raytheon Technologies Corporation, or in connection with the merger, consolidation, reorganization or voluntary sale or transfer of its assets and (ii) with respect to any of the Subject Aircraft, the Security Trustee shall be entitled to assign or transfer, in whole or in part, with prior written notice to IAE, its rights under this Agreement (and/or the Engine Warranties) to a Permitted Transferee.

7. Confidentiality. This Agreement and its contents are confidential and, as such, shall not be disclosed by any party to this Agreement to any third party other than:

(a) with the prior written consent of the Engine Manufacturer;

(b) pursuant to any applicable law or in connection with any proceeding arising out of or in connection with the Security Agreement, provided however that the Security Trustee shall provide the Engine Manufacturer reasonable notice prior to disclosing this Agreement and allow the Engine Manufacturer the opportunity to seek protective orders;

(c) to any successor, permitted assign or permitted transferee of such party, provided they agree in writing to not disclose this agreement without the prior written consent of the Engine Manufacturer;

(d) to Citibank, N.A., provided that Citibank agrees in writing to not disclose this Agreement without the prior written consent of the Engine Manufacturer; or



(e) to the legal advisers of such party, provided they agree in writing to not disclose this agreement without the prior written consent of the Engine Manufacturer.

8. Section References. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

9. Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

10. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

11. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

12. Submission to Jurisdiction. Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each party hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

13. Entire Agreement. This Agreement supersedes any previous arrangements between the parties in relation to the matters set forth herein.

[This space intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

**FRONTIER AIRLINES, INC.**

By: /s/ Howard Diamond  
Name: Howard Diamond  
Title: Senior Vice President, General  
Counsel and Secretary

**INTERNATIONAL AERO ENGINES, LLC,**  
as Engine Manufacturer

By: /s/ Nicholas Tomassetti  
Name: Nicholas Tomassetti  
Title: VP Sales, Americas

**BANK OF UTAH,** as Security Trustee

By: /s/ Michael Arsenault  
Name: Michael Arsenault  
Title: Vice President

By: /s/ Joseph H. Pugsley  
Name: Joseph H. Pugsley  
Title: Vice Presiden

**VERTICAL HORIZONS, LTD.**

By: /s/ Evert Brunekreef  
Name: Evert Brunekreef  
Title: Director

**Exhibit 1**  
**Subject Aircraft**

**ATTACHMENT A**  
**ENGINE WARRANTIES**

**ATTACHMENT B**

[\*\*\*]

[\*\*\*]

[\*\*\*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

**Exhibit 10.46**

**PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT  
BY AND BETWEEN  
INTERNATIONAL AERO ENGINES, LLC  
AND  
FRONTIER AIRLINES, INC.  
DATED AS OF 13 April 2020**

This document contains proprietary information of International Aero Engines, LLC ("IAE"). IAE offers the information contained in this document on the condition that you not disclose or reproduce the information to or for the benefit of any third party without IAE's written consent. Neither receipt nor possession of this document, from any source, constitutes IAE's permission. Possessing, using, copying or disclosing this document to or for the benefit of any third party without IAE's written consent may result in criminal and/or civil liability.

This document does not contain any export regulated technical data.

1. DEFINITIONS	4
2. PURCHASE OBLIGATIONS	4
3. FINANCIAL ASSISTANCE	5
4. [***]	10
5. PERFORMANCE IMPROVEMENT PACKAGE	10
6. SPARE PARTS PROVISIONS	10
7. FLEET MANAGEMENT PROGRAM	10
8. GUARANTEE PLANS AND TECHNICAL SUPPORT	11
9. CERTIFICATION	11
10. [***]	12
11. LIQUIDATED DAMAGES	12
12. TERMS AND CONDITIONS; MISCELLANEOUS	13
13. NOTICES	14
14. REQUESTS FOR PROPOSAL	14
15. ENTIRE AGREEMENT	15
16. PARTICIPATION OF PARTIES	15

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

---

## LIST OF APPENDICES

- Appendix 1 Agreement Definitions
- Appendix 2 Delivery Schedule
- Appendix 3 Engine Specifications
- Appendix 4 [\*\*\*]
- Appendix 5 Fleet Management Program
- Appendix 6 Product Support for the PW1100G-JM Engine
- Appendix 7 PW1100G-JM Engine Warranty and Service Policy
- Appendix 8 Spare Engine Payment Schedule
- Appendix 9 Guarantee Plan Definitions and Conditions
- Appendix 10 [\*\*\*]
- Appendix 11 Terms and Conditions of Sale of Goods and Services

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.



This PW1100G-JM Engine Purchase and Support Agreement, dated as of **13 April 2020** (this “Agreement”), is entered into by and between IAE and Frontier. IAE and Frontier are sometimes referred to individually as a “Party” or together as the “Parties.”

**WHEREAS:**

Frontier has entered into a binding agreement with Airbus for the purchase of one hundred thirty-four (134) Firm Aircraft;

Frontier desires to purchase from IAE [\*\*\*] Firm Spare Engines;

Frontier also has an option to purchase up to an additional [\*\*\*] Option Spare Engines;

IAE desires to provide Engines, support and other assistance for the Engines installed on the Firm Aircraft, and sell to Frontier the Firm Spare Engines and, if elected by Frontier, the Option Spare Engines;

Frontier desires to have all off-wing engine maintenance services performed exclusively by IAE under the FMP (as set out in Appendix 5) both for the Engines installed on the Firm Aircraft, and for the Firm Spare Engines;

IAE is willing to become Frontier’s exclusive maintenance provider for such Engines through the FMP; and

IAE and Frontier desire to express herein their complete understanding and agreement in connection with Frontier’s selection of the Engines to power the Firm Aircraft, its purchase of the Firm Spare Engines, and its selection of the FMP for all off-wing Engine maintenance services for the Firm Spare Engines and the Engines that power the Firm Aircraft.

**NOW THEREFORE:**

In consideration of the above recitals and the conditions, mutual covenants, and agreements contained in this Agreement, including those contained in the FMP attached hereto as Appendix 5, IAE and Frontier mutually agree as follows:

1. **DEFINITIONS**

Capitalized terms used but not defined in the body of the Agreement are defined in Appendix 1.

2. **PURCHASE OBLIGATIONS**

Upon mutual execution of this Agreement, the Parties agree as follows:

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

- 2.1 Frontier has placed a firm purchase order with Airbus (the “Airbus Purchase Agreement”) for all of the Firm Aircraft and will take delivery of the Firm Aircraft in accordance with the Airbus Purchase Agreement and in accordance with the Delivery Schedule;
- 2.2 IAE will sell, under separate agreements with Airbus, new PW1100G-JM Engines for installation on the Firm Aircraft (the “Frontier Aircraft”);
- 2.3 Frontier will purchase and take delivery of, and IAE will sell and deliver to Frontier, the Firm Spare Engines in accordance with the Delivery Schedule (and the other terms and conditions of this Agreement. This Agreement constitutes Frontier’s firm purchase order with IAE for the Firm Spare Engines scheduled for delivery in accordance with the Delivery Schedule;
- 2.4 Frontier acknowledges that receipt of the benefits under this Agreement is subject to and conditioned upon Frontier performing its obligations under the FMP as set forth in Appendix 5 in accordance with the terms hereof; and
- 2.5 This Agreement (including its Appendixes) constitutes a valid, binding, and legally enforceable contract by and between IAE and Frontier for the (i) support of the Engines installed on the Frontier Aircraft, (ii) purchase and sale of the Firm Spare Engines, and (iii) performance of the FMP, as each is described in this Agreement or the FMP, as applicable.

3. **FINANCIAL ASSISTANCE**

IAE agrees to provide Frontier with the financial assistance identified in this Article 3. IAE’s issuance of all credits identified herein is conditioned upon: (a) Frontier accepting delivery of each Firm Aircraft and the Firm Spare Engines in accordance with the Delivery Schedule, and (b) Frontier not being in material breach of its obligations in accordance with the FMP, in each case in accordance with the provisions of this Agreement.

Unless otherwise specified, each credit identified in this Article 3 will be issued in accordance with the applicable terms set forth in Section 3.6.

3.1 **Introductory Assistance Credit**

The following table states the Unit Base Price per Engine Shipset for installation on the corresponding aircraft model. To assist Frontier with the introduction of the Firm Aircraft into Frontier’s fleet, IAE will credit Airbus in the amount of the Introductory Assistance Credit set forth in the table below in accordance with Section 3.7.1. The Unit Base Price per Engine Shipset and Introductory Assistance Credit per Firm Aircraft are subject to [\*\*\*] in accordance with Article 4.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

INTRODUCTORY ASSISTANCE CREDITS

EXPRESSED IN [\*\*\*] UNITED STATES DOLLARS

<u>Aircraft Model</u>	<u>Engine Model</u>	<u>Unit Base Price Per Engine Shipset</u>	<u>Introductory Assistance Credit Per Firm Aircraft</u>
A320neo	PW1127GA-JM	[***]	[***]
A321neo	PW1133GA-JM	[***]	[***]
A321neo	PW1133G1-JM	[***]	[***]
A321XLR	PW1133GA-JM	[***]	[***]
A321XLR	PW1133G1-JM	[***]	[***]
A321XLR	PW1134GA-JM	[***]	[***]

3.2 Firm Spare Engine Credit

The following table states the Unit Base Price and the amount of the Firm Spare Engine Credit for the Firm Spare Engines, which are identified in the Delivery Schedule, and purchased and delivered in accordance with this Agreement. To assist Frontier with spare PW1100G-JM Engine provisioning, Frontier will wire IAE's account the net invoice corresponding amount below for each such Firm Spare Engine (taking into account the Firm Spare Engine Credit). The Unit Base Price and Firm Spare Engine Credit are subject to [\*\*\*] in accordance with Article 4. Notwithstanding the foregoing, if IAE is the primary cause of a Spare Engine delivery delay, then IAE will [\*\*\*] as set forth in the Delivery Schedule.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

FIRM SPARE ENGINE CREDIT

EXPRESSED IN [\*\*\*] UNITED STATES DOLLARS

<u>ENGINE TYPE</u>	<u>UNIT BASE PRICE*</u>	<u>[***]</u>	<u>[***]</u>
PW1127GA-JM	[***]	[***]	[***]
PW1133GA-JM	[***]	[***]	[***]
PW1133G1-JM	[***]	[***]	[***]
PW1134GA-JM	[***]	[***]	[***]

\* The Unit Base Price for each Spare Engine includes a Shipping Stand, a Spare Engine bag, Standard Equipment and EBU1 per the corresponding Engine Specification, but does not include EBU2, engine mounts or installation thereof.

The Parties agree to apply the Firm Spare Engine Credit to the final invoice for the corresponding Firm Spare Engine.

3.3 Delivery, Shipping Stand and Engine Bag

Delivery of each Firm Spare Engine, including the Additional Equipment included with the Firm Spare Engine and any additional Additional Equipment purchased therewith, is Ex Works at IAE’s designated facility in the United States.

3.4 [\*\*\*]

3.5 [\*\*\*] Credit

To assist Frontier with [\*\*\*], for each of the one hundred thirty-four (134) Frontier Aircraft delivered, IAE will credit Frontier’s account with IAE in the amount of [\*\*\*] in accordance with Section 4.1 to [\*\*\*]. Such [\*\*\*] Credit will be issued to Frontier’s account with IAE at the delivery of the Frontier Aircraft and thereafter, may be used to [\*\*\*]. Notwithstanding the foregoing, Frontier may use all or a portion of such [\*\*\*] Credit towards [\*\*\*].

3.6 [\*\*\*] Credit

In addition, to assist Frontier with [\*\*\*], upon delivery of the first Firm Aircraft, IAE will credit Frontier’s account with IAE in the fixed amount of [\*\*\*] (the “[\*\*\*] Credit”). The [\*\*\*] Credit may be used by Frontier to [\*\*\*]. Notwithstanding the foregoing, Frontier may also use all or a portion of such [\*\*\*] Credit towards [\*\*\*].

3.7 Credit Issuance and Application

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

3.7.1 IAE will issue all of the credits described in this Article 3 in accordance with the applicable terms set forth in this Section 3.7. The Parties agree that each Introductory Assistance Credit described in Section 3.1 will be assigned by Frontier to Airbus to be applied toward the payment for the Engines for the corresponding Firm Aircraft. In such case, the Parties agree that the assignment of the Introductory Assistance Credit shall occur sufficiently in advance of delivery to allow for timely delivery and shall take final effect at delivery to and acceptance by Frontier of the respective Firm Aircraft. In the event that Frontier does not accept delivery of any Firm Aircraft, Frontier shall have its management team induce Airbus' management to refund the Introductory Assistance Credit to IAE. In the event that Frontier elects not to assign any portion of the Introductory Assistance Credit to Airbus, Frontier must provide written notice to IAE [\*\*\*] prior to delivery of the applicable Firm Aircraft; in such case, Frontier may use the Introductory Assistance Credit towards [\*\*\*].

3.7.2 IAE agrees that the credits provided to Frontier [\*\*\*] provided that: (i) this Agreement remains in full force and effect, (ii) the credits have not been applied to overdue amounts arising under this Agreement under rights of set off and (iii) Frontier continues to operate at least one (1) Firm Aircraft for which the applicable credit was provided.

3.8 Notwithstanding any other provision of this Agreement to the contrary, IAE reserves the right following prior written notice to Frontier to apply any and all credits due and issuable to Frontier to any outstanding invoices issued by IAE and/or PWEL to Frontier.

3.9 Frontier will ensure compliance with any and all requirements (including but not limited to reporting and approval requirements) of any applicable currency control or other law, rule, or regulation relating to any credits issued under this Agreement.

#### 3.10 Training Assistance

In accordance with the Product Support Plan, IAE agrees to provide to Frontier up to [\*\*\*] student-days of training at any of IAE's designated training facilities. Frontier may select the training courses and locations in accordance with the Product Support Plan.

Frontier may assign some or all of the aforementioned student-training days, at no cost to Frontier, to any third party or parties contracted by Frontier to provide line maintenance for the FMP Engines, subject to any such third party executing an intellectual property agreement acceptable to IAE, acting reasonably and in accordance with its policies applicable to its customers in general, prior to (i) being given access to any manuals or documentation necessary to perform such line maintenance activities and (ii) any such assignment.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

### 3.11 Technical Publications

In accordance with the Product Support Plan, IAE will at no cost to Frontier produce, and make available to (i) Frontier and (ii) up to [\*\*\*] third parties contracted by Frontier to provide engineering support or line and/or base maintenance for the Engines, subject to each such maintenance provider executing IAE's standard commercial access joinder agreement, technical publications necessary for the operation and maintenance of the Engines at no cost to Frontier or the third party maintenance provider. Regular, temporary, and "as required" revisions to such technical publications will also be made available at no cost during the service life of the Engines.

### 3.12 Customer Support Representative

The customer support representatives provided by IAE to Frontier will be fully trained on all facets of engine line maintenance and are stationed around the world to assist operators with the introduction of the Engine into their fleets. IAE will assign, on a non-exclusive basis (except as set forth in Appendix 10), a customer support representative in Denver, Colorado to assist Frontier in preparing for Engine operation (the "Customer Support Representative"). Additionally, beginning [\*\*\*] and ending [\*\*\*] or as otherwise mutually agreed, IAE will assign, on an exclusive basis, a Customer Support Representative in Denver, Colorado. The Customer Support Representative will provide the following services to Frontier:

- (a) twenty-four (24) hour support;
- (b) maintenance action recommendations, in consultation with Program Manager for the FMP;
- (c) daily reporting on engine technical situations;
- (d) on-the-job training;
- (e) Service Policy and Warranty preparation assistance,
- (f) AOG Event assistance; and
- (g) prompt communication with IAE on all pending action items and questions.

The Customer Support Representative will provide on-site technical support for Engines at Frontier's line stations, upon Frontier's reasonable request, on an as-required basis to be determined by IAE.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

When IAE is providing a Customer Support Representative on an exclusive basis as contemplated under this Section 3.12 and Appendix 10, Frontier will provide the Customer Support Representative free of charge segregated office space at a location to be mutually agreed and conveniently located with respect to Frontier's maintenance facilities, with office furniture and equipment including telephone and internet connection (all in a manner that is customary for Frontier employees). For the avoidance of doubt, IAE's assigned Customer Support Representative may provide coverage for other IAE engine models in Frontier's fleet. Except for providing such office, furniture, office equipment and telephone support to such Customer Support Representative, such IAE Customer Support Representative and any additional customer support or field representatives that IAE may assign from time to time shall be provided at no cost or charge to Frontier.

4. [\*\*\*]

4.1 [\*\*\*]

4.2 [\*\*\*]

[\*\*\*]

5. **PERFORMANCE IMPROVEMENT PACKAGE**

If any Engine is delivered to Airbus (for installation on a Firm Aircraft) or to Frontier or its assignee (as a Firm Spare Engine) in satisfaction of IAE's obligations under this Agreement with a performance improvement package, at a thrust equivalent to the PW1127G-JM or PW1133G-JM Engine ("PIP"), [\*\*\*] under this Agreement. Frontier and IAE agree that the foregoing does not create any obligation on IAE to, at any time, develop or incorporate PIP into any Engine. Frontier and IAE further agree that if PIP is developed, (a) there will be a production ramp-up during which time Frontier may receive all or some of its Engines without PIP, and for which IAE shall have no obligation to compensate Frontier, (b) IAE will have no obligation to make PIP, including any parts thereof, retrofitable for those Engines already delivered to Frontier without PIP, (c) if PIP, or any parts thereof, are retrofitable, IAE will have no obligation to incorporate such retrofitable parts into an FMP Engine at a Shop Visit and (d) each Engine that incorporates PIP will be covered by the same FMP Rate and other terms applicable to a PW1127G-JM or PW1133G-JM, as applicable, Engine without PIP. For clarity, nothing in this Article 5 entitles Frontier to receive any Engines with PIP at thrust levels other than those levels identified above.

6. **SPARE PARTS PROVISIONS**

[\*\*\*]

7. **FLEET MANAGEMENT PROGRAM**

[\*\*\*]

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

8. **GUARANTEE PLANS AND TECHNICAL SUPPORT**

8.1 Guarantee Plans

IAE will provide Frontier with the Guarantee Plans set forth in Attachments [\*\*\*] to Appendix 9, Guarantee Plan Definitions and Conditions (the "Guarantee Plans"). The Guarantee Plans are subject to the terms and conditions set forth in the Guarantee Plan Definitions and Conditions attached as Appendix 9. Eligibility under the Guarantee Plans is conditioned upon all PW1100G-JM Engines covered under this Agreement and installed on the Frontier Aircraft and all Firm Spare Engines purchased under this Agreement being maintained exclusively in the IAE Network (except as otherwise expressly set forth in this Agreement) or, in the event of a premature termination of the FMP in accordance with the terms thereof, being maintained throughout the term and in accordance with the terms of the applicable Guarantee Plan(s) with only Parts and IAE-approved repairs and in accordance with IAE instructions and recommendations or publications.

8.2 Product Support for the PW1100G-JM Engine

IAE will provide Frontier the benefits of the Product Support Plan for First-Generation Owners/Operators Acquiring New PW1100G-JM Engines, attached as Appendix 6.

8.3 PW1100G-JM Engine Warranties and Service Policies

IAE will provide Frontier and its assignees the benefits of the Warranties and Service Policies for the PW1100G-JM Engine, attached as Appendix 7, except that [\*\*\*] of Section 3 (Standard Terms and Conditions) of the Engine Service Policy is deleted in its entirety and replaced with the following:

[\*\*\*]

8.4 Intellectual Property Agreement

Concurrent with the execution of this Agreement, the Parties will enter into a mutually satisfactory Intellectual Property Agreement under which IAE will provide Frontier with limited rights to certain manuals and other technical information necessary for the maintenance and repair of the Engines in accordance with Section 3.11.

[\*\*\*]

9. **CERTIFICATION**

[\*\*\*]

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.



10. [\*\*\*]

[\*\*\*]

10.1 [\*\*\*]

10.2 [\*\*\*]

[\*\*\*]

11. **LIQUIDATED DAMAGES**

11.1 The Parties agree that IAE's damages flowing from Frontier's failure or inability to take delivery, wrongful rejection or wrongful revocation of acceptance of any Firm Aircraft or Firm Spare Engine in accordance with the Delivery Schedule are difficult to calculate and prove accurately (any such failure or inability to take delivery, wrongful rejection or wrongful revocation of acceptance constitutes a "Cancellation"; any Cancellation of a Firm Aircraft, a "Cancelled Aircraft"; and the Cancellation of a Firm Spare Engine, a "Cancelled Spare Engine"). [\*\*\*] The Parties further agree that it would be inconvenient or infeasible to obtain an adequate remedy for any Cancellation. Accordingly, taking into account the types of harm that might be anticipated or actually caused by any Cancellation, Frontier agrees that the liquidated damages below are reasonable. Frontier agrees to pay IAE the sums listed below as liquidated damages, and not as a penalty, in the event of any Cancellation:

11.1.1 For any Cancelled Aircraft, and without prejudice to Frontier's rights hereunder, including, without limitation, the provisions of Article 10 above, Frontier shall pay IAE a fixed amount equal to the number of Cancelled Aircraft multiplied by [\*\*\*]. Such amount shall be increased to [\*\*\*], for any Cancelled Aircraft where Frontier does not give IAE written notice of such Cancellation at least [\*\*\*] prior to the then-scheduled delivery date for such Cancelled Aircraft pursuant to the Delivery Schedule.

11.1.2 For any Cancelled Spare Engine, Frontier shall pay IAE an amount equal to the number of Cancelled Spare Engines multiplied by [\*\*\*]. Such amount shall be increased to [\*\*\*] for any Cancelled Spare Engine where Frontier does not give IAE written notice of such Cancellation at least [\*\*\*] prior to the then-scheduled delivery date for such Cancelled Spare Engine pursuant to the Delivery Schedule.

11.2 No amount will be owed under this Article 11 on account of a Cancellation that: (i) occurs due to no act or omission of Frontier and is due to the fault or delay directly or indirectly of either IAE or Airbus (in the case of Airbus, beyond the contractual grace periods for Airbus' excusable and/or inexcusable delay in the Airbus Purchase Agreement); or (ii) is attributable to any failure by either IAE or Airbus to perform its obligations under this Agreement or the Airbus Purchase Agreement as applicable, in accordance with the provisions hereof or thereof.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

- 11.3 The payment by Frontier of the amounts set forth in Section 11.1 shall be IAE's sole and exclusive remedy under this Agreement for any Cancellation; provided, however, that the on-going benefits and rights of Frontier under the Guarantee Plans and the FMP remain predicated and conditioned upon Frontier's acceptance and continued operation of all of the FMP Engines, and IAE retains any and all legal and equitable rights and remedies under the Guarantee Plans and/or FMP that derive from or are related to Frontier's failure to satisfy such condition.
- 11.4 Frontier will pay to IAE any amount payable under this Article 11 within [\*\*\*] following receipt of IAE's written demand (which shall include reasonable detail for the basis of the demand). Interest shall be payable from the date falling [\*\*\*] after demand until paid and shall be calculated at Prime Rate plus [\*\*\*] from the date of IAE's demand until the actual date of payment in full.

**12. TERMS AND CONDITIONS; MISCELLANEOUS**

**12.1 Terms and Conditions; Controlling Provision**

The Terms and Conditions (which are attached hereto as Appendix 11) govern all transactions under this Agreement. In the event of a conflict between a provision set forth in the main body of this Agreement and a provision set forth in an appendix or attachment to this Agreement, or if a provision in the main body of this Agreement modifies a provision set forth in an appendix or attachment to this Agreement, the provision set forth in the main body of this Agreement shall govern over the provision set forth in the appendix or attachment to this Agreement.

**12.2 Incorporation of Appendices**

All appendices and attachments attached hereto and referred to in this Agreement form an integral part of this Agreement and are hereby incorporated and made a part of this Agreement for all purposes.

**12.3 Headings**

The headings in this Agreement are provided for convenience only and do not affect its meaning.

**12.4 Amendments and Supplements**

Any reference to this Agreement means this Agreement as amended or supplemented, subject to any restrictions on amendment contained herein.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

12.5 Frontier agrees to display IAE's logo on the nacelle for all Firm Aircraft. IAE shall be responsible for properly installing the logos at its own cost for any nacelles that IAE chooses to have display such logo(s). IAE shall be responsible for obtaining the consent to the display of such logo in respect of any Firm Aircraft owned by a lessor leasing such Firm Aircraft to Frontier and to be responsible for the cost of removing the logo(s) if required by a lessor at lease return.

**13. NOTICES**

The Parties agree that all demands, notices, and other communications under this Agreement must be in writing and will be deemed to be duly given when personally delivered or when deposited in the mail, confirmation of receipt requested, first-class postage prepaid, or sent by internationally recognized courier service, or sent by email with email confirmation of receipt, addressed as follows:

To Seller: International Aero Engines, LLC  
400 Main Street, Mail Stop 115-25  
East Hartford, Connecticut 06118 USA  
  
E-Fax: (###) ###-####  
Email: ###  
Attention: Chief Legal Officer

To Buyer: Frontier Airlines, Inc.  
4545 Airport Way  
Denver, Colorado 80239  
  
Email: ###  
Attention: Treasurer

With a copy to: Frontier Airlines, Inc.  
4545 Airport Way  
Denver, Colorado 80239  
  
Email: ###  
Attention: General Counsel

or at such other address as may hereafter be furnished in writing by either Party to the other.

**14. REQUESTS FOR PROPOSAL**

[\*\*\*]

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

15. **ENTIRE AGREEMENT**

This Agreement, including its appendices and attachments, contains the entire understanding between the Parties with respect to the subject matter hereof and supersedes in their entirety all prior or contemporaneous oral or written communications, agreements or understandings between the Parties with respect to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which will be considered an original but all of which together constitute one and the same instrument.

16. **PARTICIPATION OF PARTIES**

16.1 Direct Negotiations

It is hereby understood and agreed between IAE and Frontier that this Agreement and all documentation leading to such Agreement have been, and any and all amendments resulting from such Agreement shall be, agreed and concluded by direct negotiations between IAE and Frontier, without any intermediaries, agents or brokers. Both Parties hereby represent, undertake and warrant to the other Party that it has not paid, agreed to pay, promised to pay, authorized the payment of or caused to be paid directly or indirectly in any form whatsoever any commission, percentage, contingent fee, brokerage, gift, anything of value or other similar payments of any kind whatsoever, in connection with the establishment, selection, negotiation or operation of this Agreement prior to, now or afterwards to any person (whether a governmental official or private individual) or any entity in the United States or elsewhere in violation of the provisions of this Section 16.1. Notwithstanding the foregoing, the Parties may engage and remit payment to professional advisers retained or engaged in connection with the drafting, negotiation, execution, performance and/or enforcement of this Agreement.

Each Party hereby agrees to indemnify, defend and hold harmless the other from any loss, damage, cost, expense, liability or claim, including legal fees, which the other may reasonably incur or suffer in connection with any person seeking by, through or under the Party being indemnified any obligation for a commission, fee or payment incurred by the indemnifying Party in connection with the transaction contemplated by this Agreement or as a result of a breach of the representation contained in the preceding paragraph.

16.2 Rule of Construction

The Parties hereto acknowledge that this Agreement and all matters contemplated herein have been negotiated between the Parties and that the Parties have, from the commencement of negotiations to the execution hereof, participated in the drafting and preparation of this Agreement. If any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

This Agreement is available for Frontier's consideration until April 30, 2020.

Upon mutual execution, this Agreement will become an enforceable contract. The Parties agree that electronic signatures will be deemed to be of the same force and effect as an original executed document. If executed or delivered by other electronic means (i.e. email), the Parties agree to provide original signature pages upon request.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first entered above and deem that it is executed in the State of Connecticut.

**FRONTIER AIRLINES, INC.**

By /s/ Howard Diamond  
Name Howard Diamond  
Title General Counsel

**INTERNATIONAL AERO ENGINES, LLC**

By /s/ Hendrik Deurloo  
Name Hendrik Deurloo  
Title Senior Vice President, Chief Commercial Officer

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT

AGREEMENT DEFINITIONS

For all purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“Accepted Technical Data” means OEM data, recommendations, or information that has been provided by the OEM that is not “Approved Technical Data” (as defined herein). This includes but is not limited to all operator wires, special instructions, illustrated parts catalogs, and EagleNet or similar wires.

“AD” means an Aviation Authority-issued Engine airworthiness directive.

“Additional Equipment” means any item in the Engine Specification identified under the Additional Equipment section thereof.

“ADEM” means IAE’s Advanced Diagnostics & Engine Management web-based software tools.

“Airbus” means Airbus S.A.S.

“Airbus Contract” means the contracts between (a) Airbus and Frontier (i.e., the Airbus Purchase Agreement), (b) Airbus and Wizz Air Hungary Ltd. (“Wizz Air”), (c) Airbus and Controladora Vuela Compania de Aviacion, S.A.B. de C.V. and/or Concesionaria Vuela Compania de Aviacion, S.A.P. de C.V. (“Volaris”), and (d) Airbus and JetSMART Airlines, Spa (“JetSMART”), under which Frontier, Wizz Air, Volaris and JetSMART have in total agreed to collectively purchase up to four hundred sixty-two (462) A320neo aircraft, A321neo aircraft and A321XLR aircraft.

“Airbus Delivery Schedule Acceleration” has the meaning set forth in the definition of “Delivery Schedule.”

“Airbus Delivery Schedule Change” means an Airbus Delivery Schedule Acceleration or Airbus Delivery Schedule Deferral.

“Airbus Delivery Schedule Deferral” has the meaning set forth in the definition of “Delivery Schedule.”

“Airbus Purchase Agreement” has the meaning set forth in Section 2.1.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

“AOG Event” or “Aircraft-on-Ground Event” is any situation or condition causing a Firm Aircraft to be unavailable for operational service solely because an FMP Engine installed on such Firm Aircraft is unserviceable and incapable of continued operation, so long as (i) Frontier or a representative acting on behalf of Frontier has performed reasonable on-wing Engine corrective action, so long as the on-wing troubleshooting and corrective actions take no more than [\*\*\*] by Frontier or a representative acting on behalf of Frontier acting reasonably, (ii) no replacement FMP Engine or Lease Engine is promptly available to support such Firm Aircraft, and (iii) Frontier complies with (x) the Spare Engine Ratio requirements set forth in Section 1(f) of Attachment 1 of Appendix 5 and (y) the requirements set forth in Section 10.2 of Appendix 5. An AOG Event will terminate upon correction of the situation or condition that renders the Firm Aircraft unserviceable or at the time a replacement engine becomes available for operational service of the Firm Aircraft, whichever first occurs.

“Approved Technical Data” means technical data that has been approved by the Aviation Authority or by an Aviation Authority DER.

“Aviation Authority” means the [\*\*\*] (a) under the laws of the State of Registration of the relevant Frontier Aircraft may, from time to time, have control or supervision of civil aviation in that state; and (b) have jurisdiction over the registration, airworthiness or operation of, or other matters relating to a Frontier Aircraft, provided that it is substantially similar to, and no more prescriptive than, the FAA requirements related to safety standards or overall part and engine level reliability certification requirements.

“BFE” means “Buyer Furnished Equipment,” which is aircraft manufacturer-supplied or Frontier furnished engine-mounted accessories (typically including such items as integrated drive generator, quick accessory disconnect adapter, hydraulic pumps, shut-off valve, and pressure regulating valve).

“Business Day” means Monday through Friday, except for any bank holidays in the State of Colorado, United States and/or the State of New York, United States, as applicable.

[\*\*\*]

“CMM” means the applicable component maintenance manual.

“Collins” means Collins Aerospace Inc., which is an affiliate of IAE.

“Collins Accessory(ies)” means those parts listed in Attachment 5 to Appendix 5 as “Collins Accessories”, originally installed on FMP Engines or acquired new and dedicated solely for the support of FMP Engines, as may be exchanged or replaced in accordance with this Agreement.

“Commencement Date” has the meaning set forth in Article 2 of Appendix 5.

[\*\*\*].

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

“Customized Engine Maintenance Program” or “CEMP” means the program for Engine maintenance established by IAE for Frontier in accordance with and as may be amended in accordance with Section 8.1 of the FMP.

[\*\*\*]

“Delivery Schedule” means the delivery schedule attached as Appendix 2, which may be adjusted by Airbus for each Firm Aircraft to a date (x) no earlier than [\*\*\*] prior to the relevant date in Appendix 2 (any such acceleration, a “Airbus Delivery Schedule Acceleration”) or (y) [\*\*\*] in Appendix 2 (any such deferral, an “Airbus Delivery Schedule Deferral”), which is further subject to Frontier’s [\*\*\*], provided, however, that no Firm Aircraft will be delivered after [\*\*\*], and no Firm Spare Engines will be delivered after [\*\*\*]. In the event of any Airbus Delivery Schedule Change or exercise by Frontier of a [\*\*\*], Frontier shall notify IAE within [\*\*\*] thereof, and the Parties shall promptly thereafter enter into an amendment to Appendix 2 hereto to reflect such changes. In furtherance of the foregoing, the Parties agree that the term “Delivery Schedule” shall mean the Delivery Schedule originally attached as Appendix 2 to this Agreement on the date hereof, as the same be amended from time to time in writing and in accordance with the terms of this Agreement.

[\*\*\*]

“DER” means Designated Engineering Representative.

“EA” has the meaning given in Section 5.5 of Appendix 5.

[\*\*\*]

“Economically Repairable” generally means that the cost hereunder of the repair, exclusive of modification and transportation costs of a Part, will be equal to or less than [\*\*\*] of the IAE commercial price of the Part at the time the repair is considered, or shall be otherwise reasonably determined by IAE.

“EIS” means the entry into service of a Frontier Aircraft.

“Eligible Engines” has the meaning set forth in Article 1 of Appendix 9.

“Engine” means an IAE PW1127GA-JM, PW1133GA-JM, or PW1133G1-JM or PW1134GA-JM engine, described as Standard Equipment in the relevant Engine Specification, attached as Appendix 3, sold by IAE for commercial aviation use, whether installed as new equipment on the Frontier Aircraft by Airbus or delivered directly to Frontier from IAE for use as a spare or replacement Engine.

“Engine Build Up” or “EBU” refers to either the EBU 1 or EBU 2, as applicable, as each is described in the Additional Equipment section of the Engine Specification.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.



[\*\*\*]

“Engine Lease Agreement” means a short term spare engine lease agreement based on the International Air Transport Association short-term spare engine form lease agreement, with appropriate mutually agreed modifications entered into between PWEL and Frontier for a spare PW1100G-JM engine.

“Engine Shipset” means two (2) new Engines delivered by IAE to Airbus for installation on a Firm Aircraft, and which does not include engine mounts, EBU 1, EBU 2 or installation thereof.

“Engine Specification” means the relevant Engine specification attached as Appendix 3, which is subject to revision prior to Engine delivery.

“Engine Warranty and Service Policy” or “Service Policy” means the Warranties and Service Policies for the PW1100G-JM Engine attached as Appendix 7.

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

“External Equipment” means any accessory, component, or part that is mounted, directly or indirectly, to the outside of any engine case, case flange, or to the main gearbox, including Engine accessory components, line replacement units, BFE, EBU parts and hardware, nacelle propulsion system components and any related mounting hardware, wiring harnesses, plumbing, brackets, and kit-and-bin material associated with any such components. External Equipment also includes accessories or components that are maintained per the manufacturer’s CMM and any related mounting hardware, wiring harnesses, plumbing, brackets, and kit-and-bin material associated with any such accessories or components.

“Extreme Environmental Conditions” means atmospheric conditions typical of a severe environment, including but not limited to, high temperature or high concentrations of particulates such as sand, volcanic ash, calcium sulfate, or other contaminants. Operation of the Engines in the following countries (but not limited to the following countries) is considered a severe environment: [\*\*\*] A country or region other than those noted above could be considered a severe environment to the extent that there is a significant and sustained change in that environment (including an increase in pollution in the air) as documented by (a) service bulletins or all operator wires issued by IAE LLC or Airbus, (b) AMM or Engine manual revisions, or (c) ADs or other publications issued by the Aviation Authority.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

“FAA” means the Federal Aviation Administration of the United States of America or any successor agency thereto.

“Firm Aircraft”, individually or collectively, means the one hundred thirty-four (134) new firm-ordered PW1100G-JM engine-powered A320neo, A321neo or A321XLR aircraft identified in the Delivery Schedule included in Appendix 2 in the table, such Firm Aircraft to be delivered to Frontier in accordance with the Delivery Schedule, PW1100G-JM engine-powered A320neo or A321neo aircraft added to this Agreement [\*\*\*] will also be considered Firm Aircraft scheduled for delivery on the date provided in Frontier’s notice to IAE.

“Firm Spare Engine Credit” means the credit provided by IAE to Frontier as described in Section 3.2 of this Agreement.

“Firm Spare Engines” means the [\*\*\*] new firm-ordered spare engines identified in the Delivery Schedule as “Firm Spare Engines” to be delivered to Frontier in accordance with the Delivery Schedule and the Option Spare Engines when Frontier has notified IAE of its confirmation to purchase such Option Spare Engines in accordance with the definition of “Option Spare Engines.”

“FMP” has the meaning set forth in Article 1 to Appendix 5.

“FMP Engines” has the meaning set forth in Article 1 of Appendix 5.

[\*\*\*]

“FOD” means foreign object damage. Such damage refers to any damage to an Engine that is directly caused by an object that is foreign to the Engine during such Engine’s normal operation. In general, if damage is not conclusively attributable to an Engine part, it shall be attributed to a foreign object; however, in each case IAE will use good faith, reasonable measures to determine and demonstrate to Frontier that such damage is caused by a foreign object or to rule out impact damage from Engine Parts as the cause of damage.

“Frontier” means Frontier Airlines, Inc., a corporation organized and existing under the laws of Delaware, USA, which has an office located at 4545 Airport Way, Denver, Colorado, 80239 USA.

“Frontier Aircraft” has the meaning set forth in Section 2.2.

[\*\*\*]

“Guarantee Plans” has the meaning set forth in Section 8.1 of this Agreement.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

“IAE” means International Aero Engines, LLC, a limited liability company organized and existing under the laws of Delaware, USA, which has an office located at 400 Main Street, East Hartford, Connecticut 06118 USA.

[\*\*\*]

“Intellectual Property Agreement” means the existing Intellectual Property Agreement dated on or about the date of this Agreement between IAE and Frontier, as amended or supplemented from time to time.

“Introductory Assistance Credit” means the credit provided by IAE to Frontier as described in Section 3.1 of this Agreement.

“Invoice Price” for each Firm Spare Engine purchased and delivered under this Agreement, except the [\*\*\*] Firm Spare Engines as set forth in Section 3.4, means the Unit Base Price escalated to the actual month of delivery by IAE to Frontier in accordance with this Agreement.

“Lease Engine” has the meaning set forth in Section 10.1 of Appendix 5.

“LLPs” or “Life Limited Parts” means those rotating Parts which have Parts Life Limit. For purposes of this Agreement, LLPs do not include static, non-rotating LLPs.

[\*\*\*]

[\*\*\*]

“Miscellaneous Shop Visit” has the meaning set forth in Section 3.1.4 of Appendix 5.

“Missing Part” means any part, including, but not limited to, accessories, that was not installed on an FMP Engine at the time of engine induction or was not subsequently provided to IAE by Frontier for such FMP Engine’s shop visit.

“Option Spare Engines” means the [\*\*\*] new IAE option spare PW1133GA-JM model engines identified in the Delivery Schedule as “Option Spare Engines” to be delivered to Frontier in accordance with the Delivery Schedule. IAE’s obligation to provide Option Spare Engines is subject to and conditioned upon Frontier providing IAE with a firm and unconditional purchase order for the applicable Option Spare Engine(s) no less than

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

[\*\*\*] before the scheduled delivery date per the Delivery Schedule. For the avoidance of doubt, any terms and conditions contained in Frontier's purchase order that add to, delete or modify the terms of this Agreement will have no force or effect. An Option Spare Engine shall be deemed to be a "Firm Spare Engine" upon IAE's receipt of a purchase order from Frontier for an Option Spare Engine.

"PAH" or "Production Approval Holder" means an entity holding a production certificate issued under the authority of the FAA.

[\*\*\*]

"Parts", as defined in the Service Policy, means Engine parts sold by IAE and delivered as original equipment in an Engine or Engine parts sold and delivered by IAE as new spare parts in support of an Engine.

"Parts Life Limit" means the maximum allowable total parts time or total parts cycles for specific Parts, including re-operation if applicable, as established by IAE and the applicable Airworthiness Authority. Parts Life Limits are published in the Airworthiness Limitations section of the applicable Instructions for Continued Airworthiness.

"Period of Cover" has the meaning set forth in Section 2.2 of Appendix 5.

"PMA" or "Parts Manufacturer Approval" means the authority granted by the FAA to manufacture parts for installation in type-certificated products.

"Price Assurance Credit" has the meaning set forth in Section 4.2 of this Agreement.

"Prime Rate" shall mean the base annual interest rate on corporate loans posted by at least [\*\*\*] as published in Eastern edition of the Wall Street Journal as of the date of determination.

"Product Support Plan" means the Product Support Plan for the PW1100G-JM Engine, attached as Appendix 6.

"PWEL" means PW1100G-JM Engine Leasing, LLC, or IAE, or any other IAE affiliate that provides spare engine lease support.

"SB" means an IAE-issued Engine service bulletin.

"Scrapped" means those parts determined by IAE, acting reasonably, to be unserviceable and not Economically Repairable.

"Shipping Stand" means a new shipping stand provided by IAE to Frontier, suitable for road shipment of spare PW1100G-JM engines.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

“Shop Visit” means an FMP Engine has been removed and inducted into an IAE facility within the IAE Network and the separation of major mating engine flanges or the removal of a disk, hub, or spool is performed on such FMP Engine.

“SLB Aircraft” means a Firm Aircraft that Frontier sells or assigns its rights to purchase under the Airbus Purchase Agreement or otherwise transfers ownership to an aircraft leasing company and concurrently leases back from such aircraft leasing company (a sale-leaseback transaction).

“SLB Spare Engine” means a Spare Engine that Frontier sells or assigns its rights to purchase under this Agreement or otherwise transfers ownership to an engine leasing company and concurrently leases back from such aircraft leasing company (a sale-leaseback transaction).

“Spare Engine” means a spare IAE PW1100G-JM engine, as the term “ENGINE” is defined as Standard Equipment (as described in the Engine Specification), and the applicable Additional Equipment supplied by IAE, as described under Additional Equipment of the Engine Specification.

“Spare Engine Ratio” means the percent of Firm Spare Engines to Engines installed on Frontier Aircraft.

[\*\*\*]

“Specific Conditions” means the operating conditions set forth in Attachment 1 to Appendix 5, upon which the FMP Rate is predicated.

“Standard Equipment” means any item identified under the Standard Equipment section in the Engine Specification.

“State of Registration” means the country(ies) in which the Frontier Aircraft are registered.

[\*\*\*]

“T&M Rates and Charges” means those rates and charges contained in Attachment 3 to Appendix 5 for maintenance services not covered under the FMP Rate.

“TCH” or “Type Certificate Holder” means an entity holding a type certificate issued under the authority of the FAA.

“Term” has the meaning set forth in Section 2.1 of Appendix 5.

“Terms and Conditions” means the Terms and Conditions of Sale of Goods and Services attached hereto as Appendix 11, which govern all transactions under this Agreement.

[\*\*\*].

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

---

“Unit Base Price” means the respective IAE unit base price set forth in Article 3 of this Agreement.

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

---

**APPENDIX 2**

**PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT**

**DELIVERY SCHEDULE\***

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

---

**APPENDIX 3**

**PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT**

**ENGINE SPECIFICATIONS**

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.



---

**APPENDIX 4**

**PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT**

[\*\*\*]

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

---

**APPENDIX 5**

**PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT**

**FLEET MANAGEMENT PROGRAM**

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

**PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT**

**PRODUCT SUPPORT FOR THE PW1100G-JM ENGINE**

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

**PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT**

**PW1100G-JM ENGINE WARRANTY AND SERVICE POLICY**

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

---

**APPENDIX 8**

**PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT**

**SPARE ENGINE PAYMENT SCHEDULE**

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

**PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT**

**GUARANTEE PLAN DEFINITIONS AND CONDITIONS**

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT

\*\*\*

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.

**PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT**

**TERMS AND CONDITIONS OF SALE OF GOODS AND SERVICES**

IAE Proprietary – Subject to the Restrictions on the Front Page  
This document does not contain any export regulated technical data.



List of Subsidiaries of Frontier Group Holdings, Inc.

Subsidiaries  
Frontier Airlines Holdings, Inc.  
Frontier Airlines, Inc.

Jurisdiction of  
Incorporation or  
Organization  
Delaware  
Colorado