UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2022

or

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

For the transition period from to

Commission File Number: 001-40304

Frontier Group Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-3681866**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

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

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

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

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

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately $348 million computed by reference to the closing sale price of the registrant’s common stock on the Nasdaq Global Select Market on June 30, 2022, the last trading day of the registrant’s most recently completed second fiscal quarter.

The registrant had 218,059,843 shares of common stock, $0.001 par value per share, outstanding as of February 17, 2023.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to its 2023 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2022.

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Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K should be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. All statements other than statements of historical factors are "forward-looking statements" for purposes of these provisions. In some cases, you can identify forward-looking statements by terms such as "may," "might," "will," "should," "could," "would," "expect," "intends," "plan," "anticipate," "believe," "estimate," "project," "targets," "predict," "potential," and similar expressions intended to identify forward-looking statements. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Forward-looking statements are based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A, "Risk Factors", Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other factors set forth from time to time under the sections captioned "Risk Factors" in our reports and other documents filed with the Securities and Exchange Commission (the "SEC"). Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Summary Risk Factors

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

Risks Related to Our Industry

- changes in economic conditions, including economic slowdowns, recessions, inflationary pressures, rising interest rates, financial market fluctuations, supply chain challenges and reduced credit availability;
- the ability to attract and retain qualified personnel at reasonable costs or maintain our company culture;
- the ability to operate in an exceedingly competitive industry against legacy network airlines, low-cost carriers ("LCCs") and other ultra low-cost carriers ("ULCCs");
- the price and availability of aircraft fuel;
- compliance with, and any changes in, governmental regulation;
- any restrictions on or increased taxes applicable to charges for non-fare products and services paid by airline passengers or the imposition of burdensome consumer protection regulations or laws;
- the impact of climate change and related laws, regulations and changing consumer preferences;
- environmental and noise laws and regulations;
- competition from air travel substitutes;
- future public health threats or outbreaks of disease, including pandemics similar to the COVID-19 pandemic, as well as measures to reduce the spread of such disease and the related economic impact, that negatively impact the demand for air travel;
- threatened or actual terrorist attacks or security concerns;
- factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, government shutdowns, major airport construction, aircraft and engine defects, adverse weather conditions, increased security measures or outbreak of disease;

- our presence in international emerging markets that may experience political or economic instability and a failure to comply with legal requirements;
- increases in insurance costs or inability to secure adequate insurance coverage;
- decline in, or suspension of, funding or operations of the U.S. federal government or its agencies; and
- deployment of new 5G C-band service by wireless communications service providers.

Risks Related to Our Business

- our failure to implement our business strategy successfully;
- our ability to control our costs and maintain a competitive cost structure;
- our ability to grow or maintain our unit revenues or maintain our non-fare revenues;
- our ability to grow our fleet is dependent on a limited number of suppliers;
- 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;
- any damage to our reputation or brand image;
- our reputation and business being adversely affected in the event of an emergency, accident, or similar public incident involving our aircraft or personnel;
- increasing scrutiny and evolving expectations from customers, regulators, investors and other stakeholders with respect to our environmental, social and governance practices;
- any negative publicity regarding our customer service;
- our inability to maintain a high daily aircraft utilization rate;
- being highly dependent upon cash balances and operating cash flows;
- our ability to obtain financing or access capital markets;
- the long-term nature of our fleet and order book and the unproven new engine technology utilized by the related aircraft;
- our maintenance obligations;
- aircraft-related fixed obligations and obligations under other debt arrangements that could impair our liquidity; and
- our reliance on third-party specialists and other commercial partners to perform functions integral to our operations.

PART I

ITEM 1. BUSINESS

Overview

Frontier Airlines is an ultra low-cost carrier whose business strategy is focused on *Low Fares Done Right*. We are headquartered in Denver, Colorado and offer flights throughout the United States and to select near international destinations in the Americas. As of December 31, 2022, we had a fleet of 120 Airbus single-aisle aircraft, consisting of 13 A320ceos, 82 A320neos, 21 A321ceos and 4 A321neos. Our unique strategy is underpinned by our low-cost structure and superior low-fare brand.

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 ULCCs as a result of our focus on delivering a higher-quality, family-friendly customer experience with a more upscale look and feel than traditionally experienced on ULCCs globally. From the perspective of our customers, our business model provides a product offering that combines low base fares with dependable customer service, a customer-friendly digital platform, a rewarding frequent flyer program, a modern fleet, comfortable cabin seating, flexible optional services and operational integrity.

Our Competitive Strengths & Our Business Strategy— *Low Fares Done Right*

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

Low Unit Costs. Our low-cost structure, built around low aircraft ownership cost, fuel efficiency and low operational costs, is our key strategic advantage. We intend to strengthen and maintain our low unit costs, including by:

- maintaining high utilization levels as the U.S. market continues to recover from the COVID-19 pandemic;
- utilizing new generation, fuel-efficient aircraft that deliver lower operating costs compared to prior generation aircraft;
- increasing the average size and seat capacity of the aircraft in our fleet through the continued introduction and operation of the 186-seat A320neo aircraft and the recent introduction of the 240-seat A321neo aircraft;
- utilizing a low-cost distribution model, with our services primarily sold through direct distribution channels including our website, mobile app and contact centers;
- maintaining a highly productive workforce and third-party specialist providers;
- outsourcing non-core functions, including customer contact centers, lost bag services, ground handling services and catering services; and
- taking a disciplined approach to our operational performance in order to reduce disruption.

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

- continuing to offer attractive low fares;
- expanding our marketing efforts, including family-friendly elements that appeal to a large audience, such as an attentive staff, popular animals on our aircraft tails and novelty cards for children, particularly

highlighting endangered species, and certain offers tailored for families including our Kids Fly Free program to continue to position our brand as a family-friendly and environmentally-friendly ULCC;
- continuing to improve penetration of our reasonably priced bundle options, including *The Works* and *The Perks,* introducing the new *GoWild! All-You-Can-Fly Pass*, and further enhancing our *Discount Den* membership program and our *Frontier Miles* offering to improve reward opportunities for our branded credit card customers;
- maintaining our focus on sustainability and environmental responsibility, including our position as "America's Greenest Airline" as measured by fuel efficiency (available seat miles ("ASMs") per fuel gallon consumed);
- modeling 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;
- maintaining a strong online presence with a customer-friendly digital platform that includes our passenger reservation system, improved website and mobile app;
- operating a modern fleet with amenities such as extra seat padding and our exit row and *Stretch* seating options, which provide up to a comfortable 53-inch seat pitch depending on aircraft type; and
- 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 our business model will stimulate demand and growth. This strategy has enabled us to reduce the seasonality of our revenue, improve utilization, lower unit costs, increase revenues and enhance profitability from 2013 through 2019, prior to the impacts of the COVID-19 pandemic, and has us well positioned for success as demand continues to recover. 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;
- continuing to take advantage of opportunities in overpriced and/or underserved markets across the United States and select international destinations in the Americas;
- leveraging our diverse geographic footprint and existing crew and maintenance base infrastructure to take advantage of lower-risk network growth opportunities while maintaining high operational standards;
- utilizing our low-cost structure to offer low fares which organically drive growth through market stimulation;
- continuing to rebalance our network to mitigate seasonal fluctuations in our results and discontinue underperforming routes; and
- focusing on what we believe are the most profitable opportunities where our cost differential drives the largest competitive advantage.

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

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

- Daniel M. Shurz, our Senior Vice President, Commercial, previously served in various roles with United Airlines and Air Canada; and
- Trevor J. Stedke, our Senior Vice President, Operations, previously served as Vice President, Aircraft Technical Operations for Southwest Airlines.

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

As of December 31, 2022, we had $761 million of cash and cash equivalents, and our capital structure was comprised of the following (please refer to "Notes to Consolidated Financial Statements — 9. Debt"):

- $277 million of the available $290 million under our pre-delivery deposit ("PDP") payment credit facility with Citibank ("PDP Financing Facility");
- $71 million from our pre-purchased miles facility;
- $66 million in unsecured loans as part of our participation in the payroll support programs under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"); and
- $17 million under our floating rate building note.

Our Fares and the Choices We Offer

We provide low-fare passenger airline service primarily to leisure travelers. Our low fares are designed to stimulate demand from price-sensitive travelers and consist of a base fare, plus taxes and governmental fees. For the years ended December 31, 2022 and 2021 our total revenue per passenger was $130.50 and $99.49, respectively.

We combine our low fares with flexible optional services for an additional cost. Such additional options include carry-on and checked baggage, advance seat selection, our extended-legroom *Stretch* seats, ticket changes and cancellations and refundability. Our bundled options include *The Works*, a hassle-free option that includes a guaranteed seat assignment, carry-on and checked baggage, ticket refundability and changes and priority boarding, all at an attractive low price and available only on our website, and *The Perks*, which enables customers to book the same amenities included in *The Works*, excluding refundability and ticket changes. During the fourth quarter of 2022, we launched the new *GoWild! All-You-Can-Fly Pass*. We also promote and sell products in-flight to enhance the customer experience. We offer a convenient onboard payment system that enables customers to bundle products together to save money, make multiple purchases with a single credit card transaction and provide gratuities to our flight attendants. We reward our repeat customers through our *Frontier Miles* frequent flyer program and also offer our *Discount Den* membership program, which provides subscribers with exclusive access to some of our lowest fares. In addition to enhancing the customer experience, these offerings have helped us to increase our ancillary revenues from $12.80 per passenger in 2013 to $60.55 in 2021 and $76.28 in 2022. 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:

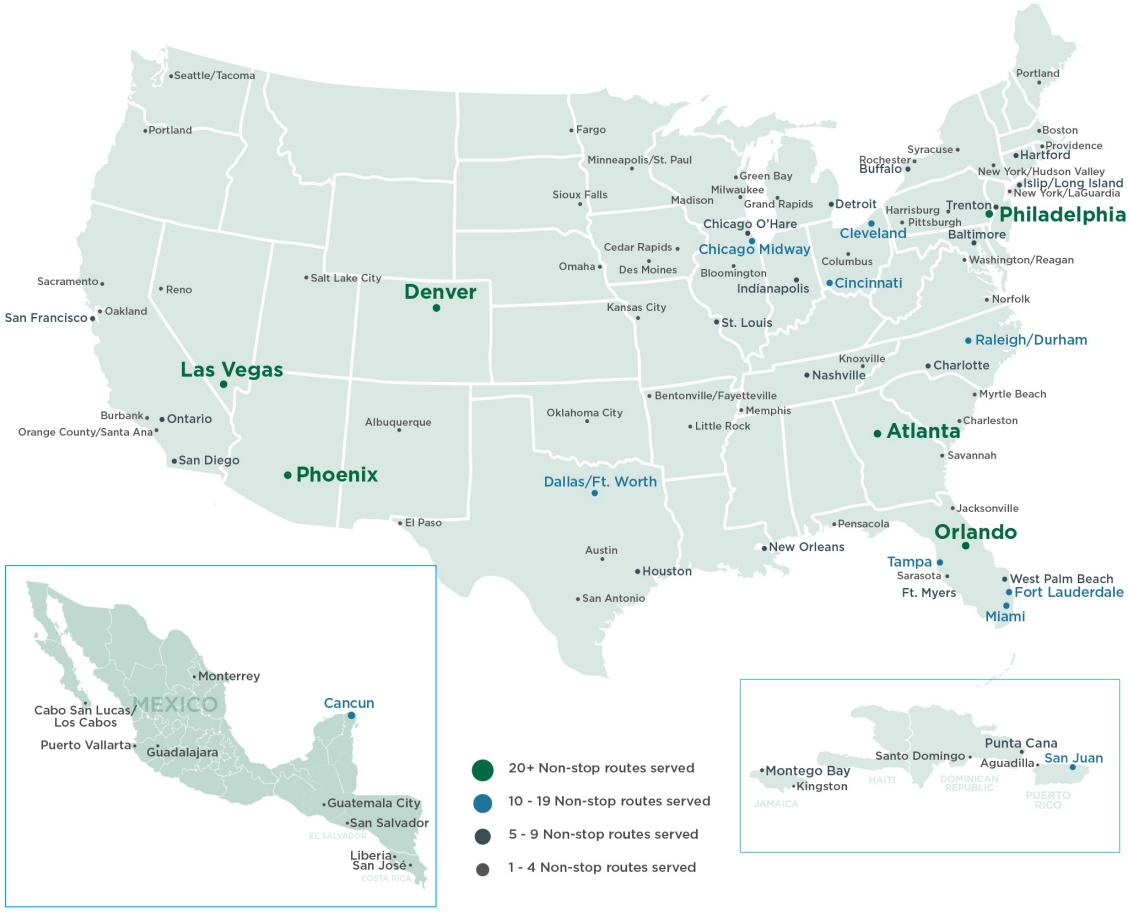
	Year Ended December 31,	
	2022	**2021**
Fare revenue per passenger	$ 54.22	$ 38.94
Ancillary revenue per passenger:		
Non-fare passenger revenue per passenger	73.21	57.65
Other revenue per passenger	3.07	2.90
Total ancillary revenue per passenger	**76.28**	**60.55**
Total revenue per passenger	**$ 130.50**	**$ 99.49**

Route Network

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

During the year ended December 31, 2022, we served approximately 100 airports throughout the United States and international destinations in the Americas. While our primary focus is to capture point-to-point demand on the nonstop routes that we serve, we also sell connecting itineraries, providing us with the opportunity to capture demand across a large number of routes beyond our nonstop footprint.

Below is a map of the destinations we serve as of our scheduled flights available for sale as of December 31, 2022:



We use publicly available data related to existing traffic, fares and capacity in domestic markets, as well as other data sources, to identify growth opportunities. To monitor the profitability of each route, we analyze monthly profitability reports as well as actual and forecasted advanced bookings. We routinely make capacity adjustments within our network based on the financial performance of our markets, and we discontinue service in markets where we determine that long-term profitability is not likely to meet our expectations. During the year ended December 31, 2022, we discontinued service to Newark Liberty International Airport (EWR) and Dulles International Airport (IAD), among others. In 2023, we plan to discontinue service to Rhode Island T.F. Green International Airport (PVD), Albuquerque International Sunport (ABQ) and Reno Tahoe International Airport (RNO).

Competition

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

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

The airline industry is particularly susceptible to price discounting 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 route-by-route basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flyer initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to maximize revenue per available seat mile ("RASM"). The prevalence of discount fares can be particularly acute when a competitor has excess capacity that it is under financial pressure to sell. A key element of our competitive strategy is to maintain very low unit costs in order to permit us to compete successfully in price-sensitive markets.

Distribution

We primarily sell our product through direct distribution channels, including via our website at *www.flyfrontier.com*, our mobile app and our contact centers, with our website and mobile app serving as the primary platforms for ticket sales. Approximately 70% and 71% of our total tickets sold for the years ended December 31, 2022 and 2021, respectively, were sold directly to our customers through these distribution channels. Sales through our website and mobile app represent our low-cost distribution channels.

We also offer the option to purchase tickets through third parties, such as travel agents who access us through Global Distribution Systems ("GDSs"), e.g., Amadeus, Galileo, Sabre and Worldspan, and select online travel agents ("OTAs"), e.g., Priceline and websites owned by Expedia, including Orbitz and Travelocity. Third-party channels represented approximately 30% and 29% of sales for the years ended December 31, 2022 and 2021, respectively. We maintain a zero percent standard commission policy for travel agency bookings worldwide unless local regulations mandate that we pay a commission. We also have agreements with all the leading GDSs. GDSs provide flight schedules and pricing information and allow travel agents to electronically book a flight reservation without separately contacting our reservations facility.

Marketing and Brand

Our principal marketing message to our customers is our *Low Fares Done Right* strategy. Consistent with our ULCC business model, we use a simple marketing message to keep marketing costs low and we regularly offer promotional one-way base fares of $19.

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

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

Our brand includes our focus on sustainability and environmental responsibility. According to our internal estimates, we believe we are "America's Greenest Airline" as measured by fuel efficiency (ASMs per fuel gallon

consumed). Based on these estimates, our fleet continues to be the most fuel-efficient of all major U.S. carriers, generating over 100 ASMs per gallon during the year ended December 31, 2022, representing our focus on continued fuel efficiency as we grow. In addition, our headquarters is located in a LEED-certified building, which certification indicates buildings designed to achieve energy savings, water efficiency and lower CO_2 emissions.

We spent approximately 5% of total revenues on marketing, brand and distribution for each of the years ended December 31, 2022 and 2021.

Loyalty and Membership Programs

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

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

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

The *GoWild! All-You-Can-Fly Pass* is a membership launched in the fourth quarter of 2022 that allows members unlimited travel for a specified period of time for a fare price of $0.01, beginning in May 2023. This service is subject to certain restrictions including availability, the timing of booking and blackout dates and does not include taxes or ancillary charges.

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 understands our goal of providing excellent customer service. Overall, our business model is designed to deliver what we believe our customers want: low fares and a high-quality flight experience. While we are not focused on stimulating business travel, we believe our low fares do attract a significant number of small business travelers who may be more sensitive to travel costs.

Fleet

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

We retired the last of the A319 aircraft from our fleet during the year ended December 31, 2021 and began taking in the first of the A321neo aircraft in our order book during the year ended December 31, 2022, increasing the proportion of the larger and more fuel-efficient A320neo family aircraft to 72% of our total fleet as of December 31, 2022. The A320neo family aircraft that we continue to place in service are expected to continue delivering a 20% fuel burn and CO_2 emissions advantage compared to the prior generation of A320ceo family aircraft. In addition, while our entire fleet features new and lightweight seats, which eliminate excess weight and reduce fuel consumption per seat, the seat density on the A320neo family aircraft is higher than the prior generation of A320ceo family aircraft. With the transition to the higher density aircraft, we increased our average seats per departure to 193 for the year ended December 31, 2022. The use of the A320neo family aircraft and our seating configuration, weight-saving tactics and baggage process have all contributed to our ability to continue to be the most fuel-efficient of all major U.S. carriers of significant size when measured by ASMs per fuel gallon consumed.

As of December 31, 2022, we had a fleet of 120 Airbus single-aisle aircraft, consisting of 13 A320ceos, 82 A320neos, 21 A321ceos and 4 A321neos. We won third place for the World's Youngest Aircraft Fleet Award for 2023 by ch-aviation, and as of December 31, 2022, the average aircraft age of our fleet was approximately four years. As of December 31, 2022, all 120 aircraft in our fleet were financed under operating leases, and the operating leases for 7, 4, 8, 20 and 17 aircraft in our fleet were scheduled to terminate during 2023, 2024, 2025, 2026 and 2027, respectively. In certain circumstances, such operating leases may be extended. We intend to replace retired aircraft with A320neo family aircraft.

As of December 31, 2022, we had a firm purchase commitment with Airbus to acquire 221 A320neo family aircraft. Additionally, we had commitments with Pratt & Whitney for 19 additional spare aircraft engines by the end of 2029. After the consideration of planned aircraft returns in addition to planned direct leasing arrangements, we expect to operate a fleet of 272 A320 family aircraft by the end of 2029, all powered by new engine technology. The table below does not include commitments that are contingent on events or other factors that are uncertain or unknown at this time. Our firm fleet and engine commitments as of December 31, 2022 were comprised of the following aircraft:

	A320neo	A321neo	Total Aircraft[(a)]	Engines
Year Ending				
2023	—	13	13	4
2024	—	33	33	2
2025	17	13	30	4
2026	19	22	41	4
2027	21	21	42	3
Thereafter	10	52	62	2
Total	**67**	**154**	**221**	**19**

(a) While the commitments presented above reflect the agreed-upon delivery dates as of December 31, 2022, we have recently experienced delays in the deliveries of Airbus aircraft which may persist in future periods.

During October 2019, we entered into an amendment to the previously existing master purchase agreement that allows us the option to convert 18 A320neo aircraft to A321XLR aircraft. This conversion right is available until June 2023, per the latest amendment, and is not reflected in the table above as this option has not been exercised.

In November 2021, we entered into an amendment with Airbus to add an additional 91 A321neo aircraft to the committed purchase agreement, which are expected to be delivered starting in 2024 and continuing through 2029 per the latest delivery schedule.

In April 2022, the agreement with Pratt & Whitney, the provider of engines for our incremental order book, was amended to include additional spare engine commitments and adjust the timing of remaining deliveries, which has been reflected in the table above.

As of December 31, 2022, we had signed lease agreements with two of our leasing partners to add ten additional A321neo aircraft through direct leases, with deliveries beginning in the first quarter of 2023 and continuing into the third quarter of 2023 based on the latest delivery schedule. None of these ten aircraft are reflected in the table above given they are not committed purchase agreements.

Aircraft Fuel

Aircraft fuel is one of our largest expenses, representing 34% and 26% of our total operating costs for the years ended December 31, 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, we had the most fuel-efficient fleet of all U.S. carriers of significant size when measured by ASMs per fuel gallon consumed. The price and availability of jet fuel are volatile due to global economic and geopolitical factors as well as domestic and local supply factors, which contributed to the increase in fuel prices during the year ended December 31, 2022. Our fuel consumption and costs were as follows:

	Year Ended December 31,	
	2022	**2021**
Gallons consumed (millions)	312	266
Average price per gallon[(a)]	$ 3.72	$ 2.17

(a) Average price per gallon includes related fuel fees and taxes.

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 are swaps and collar contracts on jet fuel, fixed forward prices ("FFPs"), which allow us to lock in the price of jet fuel for specified quantities and at specified locations in future periods, and call options. As of December 31, 2022 and 2021, we had no fuel cash flow hedges for future fuel consumption, and fuel hedges had no impact within our consolidated statements of operations for the years ended December 31, 2022 and 2021.

Maintenance and Repairs

We have a U.S. Federal Aviation Administration ("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 Orlando, Las Vegas, Denver, Philadelphia, Miami, Atlanta, Cleveland and Trenton.

Major airframe maintenance checks consist of a series of more complex tasks that can take from one to four weeks to accomplish and typically are required approximately every 24 months. Engine overhauls and engine

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

We currently have a firm obligation to purchase 221 A320neo family aircraft by the end of 2029 and to acquire another ten A321neo aircraft through direct leases, all to be delivered in 2023. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a "maintenance holiday") because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are required. Once these maintenance holidays expire, these aircraft will require more maintenance as they age and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. See Part I, Item IA. Risk Factors — "Our maintenance costs will increase over the near term, and we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet."

Human Capital Resources

Employees and Labor Relations

As of December 31, 2022, we had 6,470 total employees, consisting of 1,997 pilots, 3,350 flight attendants, 175 aircraft technicians, 45 aircraft appearance agents, 34 flight dispatchers, 24 material specialists, 19 maintenance controllers and 826 employees in administrative roles.

In February 2022, we launched the Ascend Management Trainee Program, designed to develop our future leaders and strengthen our diversity as a company. The Ascend Management Trainee Program is a 12-month rotational development program for all Frontier employees and employees of our business partners who are interested in growing their career through opportunities at our headquarters office.

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 of direct-entry First Officers from other carriers, but also by expanding our focus on pilot-recruiting channels that we more directly manage. In July 2022, we launched the F9 Pilot Cadet Program to train the next generation of pilots in as little as 24 months with the direct pathway to become a First Officer. The program, operated in partnership with Airline Transport Pilot ("ATP") Flight School, allows applicants to complete flight training at over 70 ATP Flight School locations nationwide. In October 2022, we launched our Rotor Transition Program in partnership with the Rotary to Air Group, which allows U.S. military-trained helicopter pilots to complete their fixed wing training and join Frontier as a First Officer. In 2022, we also

expanded our focus on international pilots who are eligible to work in the U.S. under an E-3 visa. We also expanded our partnerships with university-based flight training programs to provide opportunities for recent graduates who have their ATP or Restricted ATP to begin their career as a pilot. We have seen strong demand for these programs, with nearly 5,000 applicants across all of our hiring channels as of December 31, 2022. We believe we are an attractive employer for pilots as a result of our strong growth, which provides our pilots with career progression opportunities and enables them to achieve substantial pay increases under the collective bargaining agreement. For example, as a result of our continuing fleet expansion, First Officers hired since late-2013 have been eligible for upgrade to Captain within 24 to 48 months of joining us.

As of December 31, 2022, approximately 87% 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, 2022:

Employee Group	Representative	Amendable Date	Percentage of Workforce December 31, 2022
Pilots	Air Line Pilots Association (ALPA)	January 2024	31%
Flight Attendants	Association of Flight Attendants (AFA-CWA)	May 2024	52%
Aircraft Technicians	International Brotherhood of Teamsters (IBT)	May 2025[(a)]	3%
Aircraft Appearance Agents	IBT	October 2023	1%
Dispatchers	Transport Workers Union (TWU)	December 2021[(b)]	<1%
Material Specialists	IBT	March 2022[(b)]	<1%
Maintenance Controllers	IBT	October 2023	<1%

(a) We conducted off-cycle negotiations in May 2022 with our aircraft technicians, represented by IBT, where the amendable date was extended from March 2024 to May 2025.

(b) Our collective bargaining agreements with our dispatchers and material specialists, represented by TWU and IBT, respectively, were still amendable as of December 31, 2022 and negotiations are ongoing; however, each agreement is operating under its current arrangement until an amendment is reached.

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

Diversity, Equity and Inclusion

We seek to provide equal employment opportunities for all persons and prohibiting discrimination in all aspects of our operation. We believe that fostering an inclusive and diverse culture will add value and lead to a more highly engaged workforce, allowing us to deliver better business results. We have established Business Resource Groups — employee-led, voluntary organizations of people with similar interests, experiences, or demographic

characteristics — including the Women's Leadership Network, the Veterans' Resource Group, the Green Leadership Group, the LGBTQIA+ Business Resource Group and the Society of Black Professional Business Resource Group. We also partner with organizations such as the Latino Pilots Association, National Gay Pilot's Association, Asian Pilots Association, Organization of Black Aviation Professionals, Women in Aviation and Rotary to Airline Group to help foster opportunities and careers in aviation. We honor and celebrate our differences throughout the year by recognizing meaningful achievements and shared stories through our company newsletters during Black History Month, Women's History Month and Pride Month.

We are focused on creating an equitable workforce, seeking to consider diverse slates of candidates for all positions. The table below illustrates our employee diversity based on self-identification across all U.S. employees as of December 31, 2022:

Male	Female	Minority
53%	47%	37%

Compensation and Benefits

We design our compensation and benefits with the goal of supporting the financial, mental, and physical well-being of our employees and their families. We evaluate our benefit programs each year in terms of value of benefit offerings and out-of-pocket costs so that they are competitive with the benefit offerings of other companies with whom we compete for talent. We continuously evaluate our benefit offerings through these market studies as well as annual employee surveys. In 2021, we implemented the Rally wellness program to incentivize employees to invest in their health, earn points and participate in various health and wellness competitions. In late 2022, we announced a new online weight management program (United Healthcare's Real Appeal) which launched in January 2023, and aims to help members achieve real, lifelong results and live a healthier life. Our compensation philosophy is continuously adjusted to better meet the standards set in the marketplace. In response to COVID-19, we follow all federal, state and local protocols to help protect the health of our workforce and our customers. In March 2020, we implemented a pay protection policy, which remains in place as of December 31, 2022, to ensure employees take necessary time away from work to recover from COVID-19.

Safety and Security

We prioritize 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 on relevant standards and providing them with the tools and equipment they require so they can perform their job functions in a safe and efficient manner. Safety in the workplace targets several areas of our operation including: flight operations, maintenance, in-flight, dispatch, and station operations.

The U.S. Transportation Security Administration (the "TSA") is charged with aviation security for both airlines and airports. We maintain active, open lines of communication with the TSA at all of our locations so that we incorporate relevant standards for security of our personnel, customers, equipment and facilities throughout the operation.

Insurance

We maintain insurance policies we believe are of the types customary in the airline industry and as required by the U.S. Department of Transportation ("DOT"), lessors and other financing parties. Although we currently believe

our insurance coverage is adequate, we cannot assure 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 believe we are currently in compliance with these ownership provisions. Please see "Risk Factors—Risks Related to Owning Our Common Stock—Our amended and restated certificate of incorporation and amended and restated bylaws include provisions limiting ownership, control and voting by non-U.S. citizens."

Seasonality and Other Factors

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

Government Regulation

Aviation Regulation

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

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

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

International Regulation

All international air service is subject to certain U.S. federal requirements and approvals, as well as the regulatory requirements of the foreign countries involved. If we decide to increase our routes to additional international destinations, we will be required to obtain necessary authority from the DOT, and/or approvals from the FAA, as well as any applicable foreign government entity. In addition, we are required to comply with overfly regulations in countries that lay along our routes but which we do not serve.

International service is also subject to U.S. Customs and Border Protection ("CBP"), immigration and agriculture requirements and the requirements of equivalent foreign governmental agencies. The CBP is charged with international trade, collecting import duties, and enforcing U.S. regulations with respect to trade, customs and immigration. Like other airlines flying international routes, from time to time we may be subject to civil fines and penalties imposed by CBP if unmanifested or illegal cargo, such as illegal narcotics, is found on our aircraft. These fines and penalties, which in the case of narcotics are based upon the retail value of the seizure, may be substantial. We seek to cooperate actively with CBP and other U.S. and foreign law enforcement agencies in investigating incidents or attempts to introduce illegal cargo.

In addition, foreign regulatory agencies located in jurisdictions we serve can impose requirements on various aspects of our business, including safety, marketing, ticket sales, staffing, and tax. We will continue to comply with all contagious disease requirements issued by the United States and foreign governments, including those related to the COVID-19 pandemic, but we cannot forecast what additional requirements may be imposed in the future.

Airport Access

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

Consumer Protection Regulation

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

The DOT has recently engaged in rulemaking with respect to airlines ticketing and fees.

In July 2021, the DOT issued a Notice of Proposed Rulemaking ("NPRM") requiring airlines to refund checked bag fees for delayed bags if they are not delivered to the passenger within a specified number of hours and refunding ancillary fees for services related to air travel that passengers did not receive.

In October 2022, the DOT issued a NPRM which would require airlines to increase disclosure of bag fees, change and cancellation fees and family seating policies during the ticket purchase process in an effort to improve the transparency of airline pricing.

The DOT has also issued several NPRMs related to aircraft accessibility measures. In January 2020, the DOT published a NPRM 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 their 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. Comments were reopened on this NPRM in November 2021. In March 2022, the DOT issued a NPRM requiring airlines to ensure that at least one lavatory on new single-aisle aircraft with 125 seats or more is large enough to permit a passenger with a disability (with the help of an assistant, if necessary) to approach, enter and maneuver within the lavatory, as necessary, to use all lavatory facilities and to leave by means of the aircraft's onboard wheelchair. If enacted as currently proposed, this NPRM would apply to new aircraft ordered 18 years or delivered 20 years after the effective date of a final rule. As of December 31, 2022, final rules have not been issued but, if any of these NPRMs are enacted as proposed, our business would be subject to additional costs.

Security Regulation

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

Environmental Regulation

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

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

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

Aircraft Emissions and Climate Change Requirements

Concern about climate change and greenhouse gases may result in additional regulation and taxation of aircraft emissions in the United States and abroad. In particular, in August 2016, the EPA published a final rule finding that GHG emissions from aircraft cause or contribute to air pollution that may reasonably be anticipated to endanger public health and welfare. Several states are also considering or have adopted initiatives to regulate emissions of GHGs, primarily through the planned development of GHG emissions inventories and/or regional cap-and-trade programs. On March 6, 2017, the International Civil Aviation Organization (the "ICAO") adopted new carbon dioxide certification standards for new aircraft beginning in 2020. The new CO_2 standards 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 adopted GHG emission standards for new aircraft engines, which are aligned with the 2017 ICAO aircraft engine GHG emission standards. Like the ICAO standards, the final EPA standards would not apply retroactively to engines on in-service aircraft. These final standards have been challenged by several states and environmental groups, and the Biden Administration has issued an executive order requiring review of these final standards. On November 15, 2021, the EPA announced that it would not rewrite the existing aircraft engine GHG emissions standards but would seek more ambitious new aircraft GHG emission standards within ICAO process. The outcome of the legal challenge and whether there will be any development of new aircraft GHG emissions standards cannot be predicted at this time. On November 23, 2022, the EPA published the final rule for particulate matter emission standards and test procedures for civil aircraft engines, which took effect on January 1, 2023.

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

In addition, we are subject to the requirements of the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), an international, market-based emissions reduction program adopted by ICAO in 2016. CORSIA is intended to achieve carbon-neutral growth in the international aviation sector from 2021 through 2035 by requiring airlines to compensate for the growth in CO_2 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 2032, CORSIA requires each airline to compensate for the rate of growth of the CO_2 emissions of the aviation sector as a whole as determined by ICAO. Starting in 2033, CORSIA will require airlines to compensate for growth in CO_2 emissions using a formula that will give 85% weight to the growth in aviation sector emissions and 15% weight to the growth in the individual airline's emissions over the period 2033 through 2035.

ICAO originally defined the baseline as the average emissions from covered flights in 2019 and 2020. However, due to the impact of the COVID-19 pandemic on air travel, in June 2020 ICAO determined to remove 2020 from the baseline for the CORSIA "pilot phase" implementation (2021-2023). At the 41st ICAO Assembly that concluded in October 2022, ICAO member states have agreed that 2019 emissions would continue to be used as the baseline for the CORSIA "pilot phase" (2021-2023) and that 85% of 2019 emissions would be used as the baseline for the remainder of CORSIA's term (2024-2035). Accordingly, ICAO member countries further agreed to a long-term aspirational goal of reaching net zero aviation emissions by 2050.

The costs of complying with our future obligations under CORSIA are uncertain, because of the difficulty in estimating the return of demand for international air travel in the recovery from the COVID-19 pandemic and because there is a significant uncertainty with respect to the future supply and price of carbon offset credits and lower-carbon aircraft fuels. As of December 31, 2022, we have not been required to purchase any carbon offset credits or lower-carbon aircraft fuels for the CORSIA pilot phase (2021-2023). In addition, as described above, we will not directly control our CORSIA compliance costs because our compliance obligations through 2032 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 2033.

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

Noise

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

Other Regulations

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

Future Regulations

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

Impact of Regulatory Requirements on Our Business

Regulatory requirements, including but not limited to those discussed above, affect operations and increase operating costs for the airline industry and future regulatory developments may continue to do the same. For additional information, please see Part I, Item 1A. Risk Factors — "We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition," "We are subject to risks associated with climate change, including increased regulation of our CO_2 emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure," "We are subject to extensive regulation by the FAA, the DOT, TSA, the CBP and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition," and "Changes in legislation, regulation and government policy have affected, and may in the future have a material adverse effect on our business."

Available Information

Our website is located at *www.flyfrontier.com*. We have made and expect in the future to make public disclosures to investors and the general public by means of the investor relations section of our website at *ir.flyfrontier.com.* In order to receive notifications regarding new postings to our website, investors are encouraged

to enroll on our website to receive automatic email alerts (see *https://ir.flyfrontier.com/ir-resources/email-alerts*). We make available, free of charge, on our website our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after these reports are filed with or furnished to the SEC. The information on our website is not part of, and is not incorporated by reference in, this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making an investment decision related to our common stock. The risks and uncertainties described below may not be the only ones we face. We operate in a continually changing business environment, and new risks and uncertainties emerge from time to time. 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 demand for airline services is highly sensitive to changes in economic conditions, and a recession or similar economic downturn in the United States or globally would further weaken demand for our services and have a material adverse effect on our business, results of operations and financial condition, particularly since a substantial portion of our customers travel for leisure or other non-essential purposes.

The demand for travel services is affected by U.S. and global economic conditions. Unfavorable economic conditions, such as those resulting from an inflationary economic environment and the responses by monetary authorities to control such inflation, rising interest rates, debt and equity market fluctuations, diminished liquidity and credit availability, increased unemployment rates, decreased investor and consumer confidence, political turmoil, supply chain challenges, natural catastrophes and the effects of climate change, regional and global conflicts and terrorist attacks and/or reactions to the COVID-19 pandemic or other health threats, have historically impaired airline economics. For most cost-conscious leisure travelers, travel is a discretionary expense, and though we believe ULCCs are best suited to attract travelers during periods of unfavorable economic conditions as a result of such carriers' low base fares, travelers have often elected to replace air travel at such times with various other forms of ground transportation or have opted not to travel at all. Likewise, during periods of unfavorable economic conditions, businesses have deferred air travel or forgone it altogether. Travelers have also reduced spending by purchasing fewer non-fare services, which can result in a decrease in average revenue per passenger. Because airlines typically have relatively high fixed costs as a percentage of total costs, much of which cannot be mitigated during periods of lower demand for air travel, the airline business is particularly sensitive to changes in U.S. and global economic conditions. A reduction in the demand for air travel due to unfavorable economic conditions also limits our ability to raise fares to counteract increased fuel, labor and other costs. If U.S. or global economic conditions are unfavorable or uncertain for an extended period of time, including due to inflationary pressures and/or the disruption, instability and volatility in global markets resulting from the war between Russia and Ukraine, it could have a material adverse effect on our business, results of operations and financial condition. In particular, the COVID-19 pandemic and associated decline in economic activity had a severe and prolonged effect on the U.S. economy and global markets generally, and a resurgence of the COVID-19 pandemic or a similar outbreak of disease could depress demand for air travel in the future. Although we have seen a significant recovery of demand as of December 31, 2022, we can provide no assurance that demand for air travel will continue to recover and/or grow.

If we are unable to attract and retain qualified personnel at reasonable costs or fail to maintain our company culture, our business, results of operations and financial condition 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 airlines for pilots, mechanics and other skilled labor and certain U.S. airlines offer wage and benefit packages exceeding ours. The airline industry is currently experiencing certain shortages 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. These factors have caused us recently to maintain a larger workforce than is immediately necessary for our planned operations in order to maintain network reliability and support planned growth in light of the challenges of hiring and retaining employees under current economic conditions,

including the current worker shortage impacting certain sectors of the U.S. labor market. As a result of the foregoing, there can be no assurance that we will be able to attract or retain qualified personnel and we may be required to increase wages and/or benefits in order to do so. In addition, we may lose personnel due to the impact of the COVID-19 pandemic or an outbreak of another disease or similar public health threat, including, among other things, employee response to the related health and safety initiatives or to a return to office initiative. Legally required vaccine mandates have been imposed and have resulted in multiple unresolved court challenges, some of which remain ongoing. We cannot predict what policies we may elect to or be required to implement in the future, or the effect thereof on our business, including whether the imposition of a mandatory vaccination requirement could cause us to lose, or experience difficulties hiring, qualified personnel. For instance, our retention of executives has been impaired by the executive compensation restrictions imposed by the CARES Act, which are not scheduled to expire until April 2023. 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.

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

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

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

In addition, airlines increase or decrease capacity in markets based on perceived profitability. If our competitors increase overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route that we serve, it could have a material adverse impact on our business. For instance, in 2017 there was widespread capacity growth across the United States, including in many of the markets in which we operate. In particular, during 2017, both Southwest Airlines and United Airlines increased their capacity in Denver. The domestic airline industry has often been the source of fare wars undertaken to grow market share or for other reasons, including, for example, actions by American Airlines in 2015 and United Airlines in 2017 to match fares offered in many of their respective 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. If we continue to experience increased competition our business, results of operations and financial condition could be materially adversely affected.

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

Our growth and the success of our ULCC business model could stimulate competition in our markets through our competitors' development of their own ULCC strategies or through new market entrants. For example, certain legacy network airlines have further segmented the cabins of their aircraft in order to enable them to offer a tier of reduced base fares designed to be competitive with those offered by us and other ULCCs. We expect the legacy airlines to continue to match LCC and ULCC pricing on portions of their networks. 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, and the proposed combination of Spirit and JetBlue. 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 of, 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 34% and 26% of our operating expenses for the years ended December 31, 2022 and 2021, respectively. High fuel prices or increases in fuel costs (or in the price of crude oil) would result in increased levels of expense, and we may not be able to increase ticket prices sufficiently to cover such increased fuel costs, particularly when fuel prices rise quickly, as occurred in 2022. We also sell a significant number of tickets to passengers well in advance of travel and, as a result, fares sold for future travel may not reflect such increased fuel costs. In addition, our ability to increase ticket prices to offset an increase in fuel costs is limited by the competitive nature of the airline industry and the price sensitivity associated with air travel, particularly leisure travel, and any increases in fares may reduce the general demand. Conversely, prolonged periods of 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 periods of 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 periods of 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. Significant increases in the price of fuel led to a 71% increase in the fuel cost per gallon, from $2.17 in the year ended December 31, 2021 to $3.72 in the year ended December 31, 2022. Any future fluctuations in aircraft

fuel prices or sustained high or low fuel prices could have a material adverse effect on our business, results of operations and financial condition.

Our business is also dependent on the availability of aircraft fuel (or crude oil), which is not predictable. Weather-related events, natural disasters, terrorism, wars, political disruption or instability involving oil-producing countries (including due to the ongoing war between Russia and Ukraine), changes in governmental or cartel policy concerning crude oil or aircraft fuel production, labor strikes, cyberattacks or other events affecting refinery production, transportation, taxes, marketing, environmental concerns, market manipulation, price speculation and other unpredictable events may drive actual or perceived fuel supply shortages. Shortages in the availability of, or increases in demand for, crude oil in general, other crude oil-based fuel derivatives and aircraft fuel in particular have resulted, and could continue to 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, 2022 and 2021, we had no fuel cash flow hedges for future fuel consumption, and fuel hedges therefore had no impact within our consolidated statements of operations for the year ended December 31, 2022. We cannot assure you that any potential future 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 fuel 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.

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

Airlines are subject to extensive regulatory and legal compliance requirements, both domestically and internationally, that involve significant costs. In the last several years, the U.S. Congress has passed laws and the FAA, the DOT and the 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, or have the effect of raising ticket prices, reducing revenue and increasing costs. For example, in December 2022 the Emergency Vacating of Aircraft Cabin Act (the "EVAC Act") was introduced in the U.S. Congress. If enacted, the EVAC Act would require the FAA to promulgate a rule establishing evacuation standards, considering, among other factors, the ability of passengers with disabilities and passengers of different ages, heights and weight to safely and efficiently evacuate the aircraft, and the impact of seat size and seat pitch on the evacuation process. Required changes to the configuration of our aircraft could significantly increase our operational costs and could decrease potential passenger revenue.

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 unfair or deceptive practices and unfair methods of competition including undisclosed display bias, lengthy tarmac delays, chronically delayed flights, airline advertising and marketing practices, codeshare disclosure, denied boarding compensation, ticket refunds, baggage liability, contracts of carriage, customer service commitments, consumer notices and disclosures, customer complaints and transportation of passengers with disabilities. Among these is the series of Enhanced Airline Passenger Protection rules issued by the DOT. In addition, the FAA Reauthorization Act of 2018, signed into law on October 5, 2018, provided for several new

requirements and rulemakings related to airlines, including but not limited to: (i) prohibition on voice communication cell phone use during certain flights, (ii) insecticide use disclosures, (iii) new training policy best practices for training regarding racial, ethnic, and religious non-discrimination, (iv) training on human trafficking for certain staff, (v) departure gate stroller check-in, (vi) the protection of pets on airplanes and service animal standards, (vii) requirements to refund promptly to passengers any ancillary fees paid for services not received, (viii) consumer complaint process improvements, (ix) pregnant passenger assistance, (x) restrictions on the ability to deny a revenue passenger permission to board or involuntarily remove such passenger from the aircraft, (xi) minimum customer service standards for large ticket agents, (xii) information publishing requirements for widespread disruptions and passenger rights, (xiii) submission of plans pertaining to employee and contractor training consistent with the Airline Passengers with Disabilities Bill of Rights, (xiv) ensuring assistance for passengers with disabilities, (xv) flight attendant duty period limitations and rest requirements, including submission of a fatigue risk management plan, (xvi) submission of policies concerning passenger sexual misconduct, (xvii) development of an Employee Assault Prevention and Response Plan related to the customer service agents, (xviii) increased penalties available related to harm to passengers with disabilities or damage to wheelchairs or mobility aids, and (xix) minimum dimensions for passenger seats.

In January 2020, the DOT published a NPRM 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 their 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. Comments were reopened on this NPRM in November 2021. In July 2021, the DOT issued a NPRM requiring airlines to refund checked bag fees for delayed bags if they are not delivered to the passenger within a specified number of hours and refunding ancillary fees for services related to air travel that passengers did not receive. In March 2022, the DOT issued a NPRM requiring airlines to ensure that at least one lavatory on new single-aisle aircraft with 125 seats or more is large enough to permit a passenger with a disability (with the help of an assistant, if necessary) to approach, enter and maneuver within the lavatory, as necessary, to use all lavatory facilities and to leave by means of the aircraft's onboard wheelchair. If enacted as currently proposed, this NPRM would apply to new aircraft ordered 18 years or delivered 20 years after the effective date of a final rule. In October 2022, the DOT issued a NPRM which would require airlines to increase disclosure of bag fees, change and cancellation fees and family seating policies during the ticket purchase process in an effort to improve the transparency of airline pricing. As of December 31, 2022, final rules have not been issued but, if any of these NPRMs are enacted as proposed, they could increase our costs and adversely affect our results of operations.

The DOT has also published final rules regarding traveling by air with service animals, defining unfair or deceptive practices, clarifying that the maximum amount of denied boarding compensation that a carrier may provide to a passenger denied boarding involuntarily is not limited, prohibiting airlines from involuntarily denying boarding to a passenger after the passenger's boarding pass has been collected or scanned and the passenger has boarded (subject to safety and security exceptions), raising the liability limits for denied boarding compensation and raising the liability limit for mishandled baggage in domestic air transportation.

The FAA has issued final regulations governing pilot rest periods and work hours for all passenger airlines certificated under Part 121 of the Federal Aviation Regulations. The rule known as FAR Part 117, which became effective January 4, 2014, impacts the required amount and timing of rest periods for pilots between work assignments and modifies duty and rest requirements based on the time of day, number of scheduled segments, time zones and other factors. In addition, the U.S. Congress enacted a law and the FAA issued regulations requiring U.S. airline pilots to have a minimum number of hours as a pilot in order to qualify for an Air Transport Pilot certificate, which all pilots on U.S. airlines must obtain. Furthermore, in 2019, the FAA published an advance NPRM regarding flight attendant duty-period limitations and rest requirements, and in October 2022, the FAA issued a final rule mandating rest periods of at least 10 consecutive hours for flight attendants who are scheduled for a duty period of 14 hours or less and prohibiting the reduction of the rest period under any circumstances, which will impact our scheduling flexibility. 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, on March 12, 2021, the DOT advised us that it was in receipt of information indicating that we had failed to comply with certain DOT consumer protection requirements relating to our consumer refund and credit practices and requested that we provide certain information to the DOT. The original DOT request for information and subsequent correspondence and requests were focused on our refund practices on Frontier-initiated flight cancellations and/or significant schedule changes in flights as a result of the COVID-19 pandemic. We fully cooperated with the DOT request, and during November 2022 reached a settlement with the DOT that required us to offer refunds to any impacted passengers who did not use a provided flight credit or were not provided other travel accommodations and/or incentives in connection with Frontier-initiated flight cancellations and/or significant schedule changes. We were also required to provide short duration flight credits for certain customers who were unable to redeem their flight credits during a period in 2020 due to technological issues, as well as pay a net cash penalty of $1 million. The impact of the settlement for amounts in excess of reserves previously established for this matter for the year ended December 31, 2022 was not material.

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 United States and foreign governments and our ability to obtain the necessary authority from the United States 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".

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, 2022 and 2021, we generated non-fare passenger revenues of $1,866 million and $1,194 million, respectively. Our non-fare passenger revenue consists primarily of revenue generated from air

travel-related services such as service fees, baggage fees, seat selection fees and other passenger-related revenue and is a component of passenger revenue within our consolidated statements of operations. DOT has rules governing many facets of the airline-consumer relationship including, for instance, unfair or deceptive practices and unfair methods of competition including undisclosed display bias, lengthy tarmac delays, chronically delayed flights, airline advertising and marketing practices, codeshare disclosure, denied boarding compensation, ticket refunds, baggage liability, contracts of carriage, customer service commitments, consumer notices and disclosures, customer complaints and transportation of passengers with disabilities. The DOT 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, on March 12, 2021, the DOT advised us that it was in receipt of information indicating that we had failed to comply with certain DOT consumer protection requirements relating to our consumer refund and credit practices and requested that we provide certain information to the DOT. The original DOT request for information and subsequent correspondence and requests were focused on our refund practices on Frontier-initiated flight cancellations and/or significant schedule changes in flights as a result of the COVID-19 pandemic. We fully cooperated with the DOT request, and during November 2022 reached a settlement with the DOT that required us to offer refunds to any impacted passengers who did not use a provided flight credit or were not provided other travel accommodations and/or incentives in connection with Frontier-initiated flight cancellations and/or significant schedule changes. We were also required to provide short duration flight credits for certain customers who were unable to redeem their flight credits during a period in 2020 due to technological issues, as well as pay a net cash penalty of $1 million. The impact of the settlement for amounts in excess of reserves previously established for this matter for the year ended December 31, 2022 was not material.

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. For a discussion of DOT regulations and rulemaking efforts, please see "—We are subject to extensive regulations by the FAA, the DOT, the TSA, the CBP and other U.S. and foreign governmental agencies, compliance with which would cause us to incur increased costs and adversely affect our business, results of operations and financial condition."

The U.S. Congress and the DOT have also examined the increasingly common airline industry practice of unbundling the pricing of certain products and ancillary services, a practice that is a core component of our business strategy. If new laws or regulations are adopted that make unbundling of airline products and services impermissible, or more cumbersome or expensive, or if new taxes are imposed on non-fare passenger revenues, our business, results of operations and financial condition could be harmed. Congressional, federal agency and other government scrutiny may also change industry practice or the public's willingness to pay for non-fare ancillary services. See also "—We are subject to extensive regulation by the FAA, the DOT, the TSA, the CBP 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."

We are subject to risks associated with climate change, including increased regulation of our CO_2 emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure.

Efforts to transition to a low-carbon future have increased the focus by global, regional and national regulators on climate change and GHG emissions, including CO_2 emissions. In particular, ICAO has adopted rules, including those pertaining to CORSIA, which will require us to address the growth in CO_2 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, because it is difficult to estimate the return of demand for international air travel as the recovery from, and residual effects of, the COVID-19 pandemic continues and because there is a significant uncertainty with respect to the future supply and price of carbon offset credits and lower-carbon aircraft fuels. In addition, we will not directly control our CORSIA

compliance costs through 2032 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 2033. Due to the competitive nature of the airline industry and unpredictability of the market for air travel, we can offer no assurance that we may be able to increase our fares, impose surcharges or otherwise increase revenues or decrease other operating costs sufficiently to offset our costs of meeting obligations under CORSIA.

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

In addition, in January 2021, the EPA adopted GHG emission standards for new aircraft engines, which are aligned with the 2017 ICAO aircraft engine GHG emission standards. Like the ICAO standards, the final EPA standards for new aircraft engines would not apply retroactively to engines on in-service aircraft. The final standards have been challenged by several states and environmental groups, and the Biden Administration has issued an executive order requiring a review of these final standards. On November 15, 2021, the EPA announced that it would not rewrite the existing airplane GHG emissions standards but would seek for more ambitious new airplane GHG emission standards within the ICAO process. The outcome of the legal challenge and the development of new airplane GHG emissions standards cannot be predicted at this time.

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

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

Growing recognition among consumers of the dangers of climate change may mean some customers choose to fly less frequently or fly on an airline they perceive as operating in a manner that is more sustainable to the climate or generally. 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 costs.

Finally, the potential acute and chronic physical effects of climate change, such as increased frequency and severity of storms, floods, fires, sea-level rise, excessive heat, longer-term changes in weather patterns and other climate-related events, could affect our operations, infrastructure and financial results. Operational impacts, such as the cancelling of flights, could result in loss of revenue. We could incur significant costs to improve the climate resiliency of our infrastructure and otherwise prepare for, respond to and mitigate such physical effects of climate

change. We are not able to predict accurately the materiality of any potential losses or costs associated with the physical effects of climate change at this time.

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

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

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

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

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

We face competition from air travel substitutes.

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

Future public health threats or outbreaks of disease, including pandemics similar to the COVID-19 pandemic, as well as measures to reduce the spread of such disease and the related economic impact, could have a material adverse impact on our business, results of operations and financial condition.

The outbreak and global spread of COVID-19 beginning in our 2020 fiscal year resulted in a severe decline in demand for air travel and the resulting measures to reduce its spread adversely impacted our business, operating results, financial condition and liquidity. The duration and severity of similar public health threats or outbreaks of

disease, including COVID-19, that we may face in the future cannot be predicted, and such outbreaks could result in additional adverse effects on our business, operating results, financial condition, and liquidity.

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, thereby 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 United States, or the fear of such attacks or other hostilities, including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats, would have a negative impact on the airline industry and could have a material adverse effect on our business, results of operations and financial condition.

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

Like other airlines, our business is affected by factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, government shutdowns, major construction or improvements at airports at which we operate, aircraft and engine defects, FAA grounding of aircraft, 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. Federal government slowdowns or shutdowns may further impact the availability of federal resources, such as air traffic controllers and security personnel, necessary to provide air traffic control and airport security. Staffing shortages, such as those recently experienced at the Jacksonville Air Traffic Control Center during the first half of 2022, can cause delays or cancellations of flights or may impact our ability to take delivery of aircraft or expand our route network or airport footprint. In addition, 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. Further, implementation of the Next Generation Air Transport System, or NextGen, by the FAA could result in changes to aircraft routings and flight paths that could lead to increased noise complaints and other lawsuits, resulting in increased costs. The U.S. Congress could enact legislation that could impose a wide range of consumer protection requirements, which could increase our costs of doing business.

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

We provide service to many areas of the United States that are at risk of, and from time to time experience, severe weather events. Adverse weather conditions and natural disasters, such as hurricanes, thunderstorms, blizzards, snowstorms or earthquakes, can cause flight cancellations or significant delays. Cancellations or delays

due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security or other factors may affect us to a greater degree than other larger airlines that may be able to recover more quickly from these events, and therefore could have a material adverse effect on our business, results of operations and financial condition to a greater degree than other air carriers. Because of our high utilization and point-to-point network, operational disruptions can have a disproportionate impact on our ability to recover from such disruptions. 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 resulted, 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 currently charges visitors from certain countries a $17 fee every two years to travel into the United States to subsidize certain travel promotion efforts, could also result in decreases in passenger traffic. Any general reduction in airline passenger traffic could have a material adverse effect on our business, results of operations and financial condition.

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

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

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

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

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

We currently obtain third-party war risk (terrorism) insurance as part of our commercial aviation hull and liability policy and additional third-party war risk (terrorism) insurance through a separate policy with a different private insurance company. Our current third-party war risk (terrorism) insurance from commercial underwriters excludes nuclear, radiological and certain other events. If we are unable to obtain adequate war risk insurance or if

an event not covered by the insurance we maintain were to take place, our business, results of operations and financial condition could be materially adversely affected.

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

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

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

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

On January 17, 2022, various executives of U.S. passenger airlines and cargo carriers, and airline industry associations, warned the U.S. federal government of the potential adverse impact the imminent deployment of AT&T and Verizon's new 5G C-band service would have on U.S. aviation operations. According to aviation leaders, the deployment of the new 5G C-band service could cause, among other consequences, operational and security issues, interference with critical aircraft instruments and adverse impact to low-visibility operations. Any of these consequences could potentially cause flight cancellations, diversions and delays, or could result in damage to our aircraft and other equipment and a diminished margin of safety in airline operations. On January 18, 2022, AT&T and Verizon agreed to delay the implementation of 5G C-band service near airports until July 5, 2022 while working with the FAA to develop long-term mitigations to support safe aviation operations. While AT&T and Verizon agreed to delay the activation of 5G transmitters in close proximity to airports, they did move forward with the activation of a vast majority of 5G transmitters away from airports, and we expect they will continue expanding their 5G C-band service over the next several years. As a result, the FAA has taken precautionary steps to mitigate any remaining interference risks, which have resulted in minimal impacts to our operations, particularly in low-visibility conditions at certain airports. On June 17, 2022, the FAA announced that AT&T and Verizon had agreed to keep 5G mitigations beyond July 5, 2022, but simultaneously announced their expectation that the U.S. mainline commercial fleet have radio altimeter retrofits or other enhancements in place by July 2023. In December 2022, the FAA proposed a requirement that all U.S. carriers have 5G C-band-tolerant radio altimeters or install approved filters by February 2024. We believe that the impact, if any, on our operations will be minimal. We cannot predict if any new requirements or restrictions will be imposed on airlines by the DOT, the FAA or other government agencies, but any such requirement or restriction could have an adverse effect on our operations and any sustained impact to our operations could adversely affect our business, results of operations and financial condition.

Risks Related to Our Business

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

Our growth strategy includes significantly expanding our fleet and expanding the number of markets we serve. We select target markets and routes where we believe we can achieve profitability within a reasonable timeframe,

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

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

In addition, in order to successfully implement our growth strategy, which includes the planned growth of our fleet size and a firm commitment to purchase 221 A320neo family aircraft by the end of 2029, we will require access to a large number of gates and other services at airports we currently serve or may seek to serve. We believe there are currently significant restraints on gates and related ground facilities at many of the most heavily utilized airports in the United States, in addition to the fact that three major domestic airports (JFK and LaGuardia in New York and Reagan National in Washington, D.C.) require government-controlled take-off or landing "slots" to operate at those airports. As a result, if we are unable to obtain access to a sufficient number of slots, gates or related ground facilities at desirable airports to accommodate our growing fleet, we may be unable to compete in those markets, our aircraft utilization rate could decrease and we could suffer a material adverse effect on our business, results of operations and financial condition.

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

Some of our target growth markets outside of the United States include countries with less developed economies that may be vulnerable to unstable economic and political conditions, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets we serve, and the resulting instability, may adversely affect our ability to implement our growth strategy.

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

Our low-cost structure is one of our primary competitive advantages. However, we have limited control over some of our costs. For example, we have limited control over the price and availability of aircraft fuel, aviation insurance, the acquisition and operating cost of aircraft, airport and related infrastructure costs, taxes, the cost of meeting changing regulatory requirements and our cost to access capital or financing. In addition, the compensation and benefit costs applicable to a significant portion of our employees are established by the terms of collective bargaining agreements, which could result in increased labor costs. See "— Increased labor costs, union disputes, employee strikes and other labor-related disruption may adversely affect our business, results of operations and

financial condition." Further, in an inflationary environment which is also exhibiting worker and fuel shortages, such as the current U.S. economic environment, depending on airline industry and other economic conditions, we may be unable to manage through the resulting increases in our operating costs. We cannot predict how long the current inflationary period will last or the extent to which high inflation may occur in the U.S. economy in the future. As such, we cannot guarantee we will be able to maintain our relatively low costs. If our costs increase and we are no longer able to maintain a competitive cost structure, it could have a material adverse effect on our business, results of operations and financial condition.

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

A key component of our *Low Fares Done Right* strategy is attracting customers with low fares and garnering repeat business by delivering a high-quality, family-friendly customer experience with a more upscale look and feel than traditionally experienced on other 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 we experience significant excess capacity such as that caused by the COVID-19 pandemic.

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

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 delivery delays, design defects, mechanical problems or other technical or regulatory issues associated with this aircraft type or these engines. In the event of any actual or suspected design defects or mechanical problems with the Airbus A320 family aircraft or CFM International or Pratt & Whitney engines, whether involving our aircraft or that of another airline, we may choose, or be required, to suspend or restrict the use of our aircraft. Our business could also be materially adversely affected if the public avoids flying on our aircraft due to an adverse perception of the Airbus A320 family aircraft or CFM International or Pratt & Whitney engines, whether because of safety concerns or other problems, real or perceived, or in the event of an accident involving such aircraft or engines. Separately, if any of Airbus, CFM International or Pratt & Whitney becomes unable to perform its contractual obligations, including a failure to delivery aircraft or engines on schedule, and we must lease or purchase aircraft or engines from another supplier, we would incur substantial transition costs, including expenses related to acquiring new aircraft, engines, spare parts, maintenance facilities and training activities, and we would lose the cost benefits from our current single-fleet composition, any of which could have a material adverse effect on our business, results of operations and financial condition. We have recently experienced delays in the deliveries of Airbus aircraft, which have not exceeded several months, and our business could be additionally impacted if delays persist in future periods. 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 related aircraft. See also "—

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

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% and 28% of our total operating costs for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, approximately 87% of our workforce was represented by labor unions. We have ratified labor agreements with several of the labor unions representing our employees, including with the union representing our pilots in January 2019, with the union representing our flight attendants in May 2019 and with the union representing our aircraft technicians in May 2022. See "Business—Human Capital Resources". We cannot assure you that our labor costs going forward will remain competitive or that any new agreements into which we enter will not have terms with higher labor costs or that the negotiations of such labor agreements will not result in any work stoppages.

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

We cannot provide assurance that we will not experience operational disruption resulting from any future negotiations or disagreements with our pilots or with any of our other union-represented employee groups. In addition, we cannot provide any estimate with regard to the amount or probability of future compensation increases, ratification incentives or other costs that may come as a result of future negotiations with our pilots or our other union-represented groups. Future operational disruptions or other costs related to labor negotiations, including reputational harm that may come as a result of such disruptions, if any, may have a material adverse impact on our business, results of operations and financial condition.

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

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

We are highly dependent on markets served from airports that are significant to our business, including Denver, Orlando, Las Vegas, Philadelphia and 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;
- 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.

We primarily operate out of Concourse A at Denver International Airport, and in May 2022, we entered into a 10-year airport use and lease agreement with the City and County of Denver which includes a new ground-level boarding facility and 14 accompanying gates. In general, any changes in airport operations could have a material adverse effect on our business, results of operations and financial condition.

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

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

In addition, our reputation or brand image could be adversely impacted by any inability to deliver strong operational performance, which we believe helps strengthen our customer loyalty and attract new customers. The DOT publishes statistics regarding measures of customer satisfaction for domestic airlines, including on-time performance and completion factors. Our on-time performance, which measures the percentage of our scheduled flights with on-time arrivals (within 15 minutes) for domestic routes only, was 66.9%, 76.6% and 83.9%, for the nine months ended September 30, 2022 and the years ended December 31, 2021 and 2020, respectively, based on the latest publicly available information. Our completion factor, which measures the percentage of our scheduled flights that were completed by us for domestic routes only, whether or not delayed (i.e., not cancelled), was 97.2%, 98.6% and 94.9% for the nine months ended September 30, 2022 and the years ended December 31, 2021 and 2020, respectively. As of September 30, 2022, the ranges of on-time performance and completion factor for the 10 airlines of significant size in the United States ranged from 62.8% to 81.8% and 95.6% to 99.3%, respectively, and we ranked 8th and 5th, respectively. Any sustained inability to maintain or improve our operational performance could result in decreased customer loyalty and, in turn, could significantly harm our brand and reputation and adversely affect our business and financial results.

Moreover, the outbreak and spread of COVID-19 has adversely impacted consumer perceptions of the health and safety of travel, and airline travel in particular, and these negative perceptions, whether or not based in fact, could continue even after the pandemic subsides. Although we have taken various measures to reassure our team members and the traveling public of the safety of air travel, actual or perceived risk of infection on our flights has had, and may continue to have, a material adverse effect on the public's perception of us, which has harmed, and may continue to harm, our reputation and business.

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.

Increasing scrutiny and evolving expectations from customers, regulators, investors and other stakeholders with respect to our environmental, social and governance ("ESG") practices may impose additional costs on us, harm our reputation, adversely impact our access to capital and financial results, or expose us to new or additional risks.

Companies are facing increasing scrutiny from customers, regulators, investors and other stakeholders related to their ESG practices and disclosure, including practices and disclosures related to GHGs and climate change in the airline industry in particular, and diversity, inclusion, health and safety and human rights initiatives and governance standards among companies more generally. As a result, we may face increasing pressure regarding our ESG practices and disclosures. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation and the trading price of our common stock. New government regulations could also result in new or more stringent forms of ESG oversight and expanded mandatory and voluntary reporting, diligence and disclosure. Increased ESG-related compliance costs could result in increases to our overall operational costs, which could have a material adverse effect on our business, results of operations and financial condition. To the extent ESG matters negatively impact our reputation, we may also not be able to compete as effectively to recruit or retain employees.

In addition, we have announced a number of ESG initiatives, which will require ongoing investment, and there is no assurance that we will achieve any of these goals or that our initiatives will achieve their intended outcomes. Consumers' perceptions of our efforts to achieve these goals often differ widely and present risks to our reputation and brand. Further, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on ESG matters. Such ratings are used by some investors to inform their investment or voting decisions. If we are unable to meet the ESG standards or investment criteria set by these investors, we may lose investors, investors may allocate a portion of their capital away from us and our reputation may also be negatively affected.

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 received customer complaints related to, among other things, our customer service and reservations and ticketing systems, in addition to complaints related to our COVID-19-related refund policy. We and other airlines have also received complaints regarding the treatment and handling of passengers' noncompliance with airline policies, including policies implemented in response to the COVID-19 pandemic. Passenger complaints, together with reports of lost baggage, delayed and cancelled flights and other service issues, are reported to the public by the DOT. The DOT may choose to investigate such customer complaints and this could result in fines. For instance, on March 12, 2021,

the DOT advised us that it was in receipt of information indicating that we had failed to comply with certain DOT consumer protection requirements relating to our consumer refund and credit practices and requested that we provide certain information to the DOT. The original DOT request for information and subsequent correspondence and requests were focused on our refund practices on Frontier-initiated flight cancellations and/or significant schedule changes in flights as a result of the COVID-19 pandemic. We fully cooperated with the DOT request, and during November 2022 reached a settlement with the DOT that required us to offer refunds to any impacted passengers who did not use a provided flight credit or were not provided other travel accommodations and/or incentives in connection with Frontier-initiated flight cancellations and/or significant schedule changes. We were also required to provide short duration flight credits for certain customers who were unable to redeem their flight credits during a period in 2020 due to technological issues, as well as pay a net cash penalty of $1 million. The impact of the settlement for amounts in excess of reserves previously established for this matter for the year ended December 31, 2022 was not material.

In November 2022, we completed our migration to a self-service customer service model. Following this transition, our customers are able to receive support via online, mobile and text channels, including the option to chat with a live agent, but will no longer be able to speak with an agent over the telephone. Some of our customers may still prefer to speak with a live agent and could develop a negative perception of our self-service model. If we do not meet our customers' expectations with respect to reliability and service, our brand and product could be negatively impacted, which could result in customers deciding not to fly with us and adversely affect our business and reputation.

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

We have maintained a high daily aircraft utilization rate prior to the COVID-19 pandemic and expect our utilization rate to increase as the U.S. market continues to recover from the pandemic. Our average daily aircraft utilization was 11.1 hours and 9.8 hours for the years ended December 31, 2022 and 2021, 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 Southeast, 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 and during hurricane season. 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 that caused by the COVID-19 pandemic, reduces the utilization of our fleet and results in a related increase in unit costs, which may be material. Due to the relatively small size of our fleet, our point-to-point network and high daily aircraft utilization rate, the unexpected unavailability of one or more aircraft and resulting reduced capacity or even a modest decrease in demand could have a material adverse effect on our business, results of operations and financial condition.

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

As of December 31, 2022, we had $761 million of total available liquidity in cash and cash equivalents. We will continue to be dependent on our operating cash flows (if any) and cash balances to fund our operations, provide capital reserves and 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, which includes PDP payments.

Under the terms of the PDP Financing Facility, we are subject to a fixed charge coverage ratio requirement (the "FCCR Test"). If the FCCR Test is not maintained, we are required to test the loan to collateral ratio for the underlying aircraft in the PDP Financing Facility that are subject to financing (the "LTV Test") and make any pre-payments or post additional collateral required in order to reduce the loan to value on each aircraft in the PDP Financing Facility that are subject to financing below a ratio threshold. The LTV Test is largely dependent on the appraised fair value of the underlying aircraft subject to financing. LTV Tests performed recently have not resulted in any required pre-payment of the PDP Financing Facility or posting of additional collateral.

As of December 31, 2022, we were not subject to any credit card holdbacks, although if we fail to maintain certain liquidity and other financial covenants, our credit card processors have the right to hold back credit card remittances to cover our obligations to them, which would result in a reduction of unrestricted cash that could be material. In addition, while we recently have been able to arrange aircraft lease financing that does not require that we maintain a maintenance reserve account, we are required by some of our aircraft leases, and could in the future be required, to fund reserves in cash in advance for scheduled maintenance to act as collateral for the benefit of lessors. In those circumstances, a portion of our cash is therefore unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases. Based on the age of our fleet and our growth strategy, we expect these maintenance deposits to decrease as we enter into operating leases for newly acquired aircraft that do not require reserves. If we fail to generate sufficient funds from operations to meet our operating cash requirements or do not obtain a line of credit, other borrowing facility or equity financing, we could default on our operating leases and fixed obligations. Our inability to meet our obligations as they become due could have a material adverse effect on our business, results of operations and financial condition.

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

We have significant obligations to purchase aircraft and spare engines that we have on order from Airbus and Pratt & Whitney. As of December 31, 2022, we had a firm obligation to purchase 221 A320neo family aircraft to be delivered by the end of 2029, 8 of which had committed operating leases for 2023 deliveries. We are evaluating 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 and order book and the unproven new engine technology utilized by the related aircraft.

As of December 31, 2022, we had existing aircraft purchase commitments through 2029, all of which are for Airbus A320neo family aircraft. Of the 221 A320neo family aircraft we have committed to purchase by the end of 2029, 130 will be equipped with Pratt & Whitney Geared Turbo Fan ("GTF") engines and we are still evaluating engine options for the remaining 91 aircraft on our order book related to the amendment that was entered into with Airbus in the fourth quarter of 2021. In addition, the majority of our current fleet is equipped with the LEAP engine manufactured by CFM International, an affiliate of General Electric Company. The A320neo family represents the latest step in the modernization of the A320 family aircraft, and 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. We are one of the first airlines to utilize the A320neo family as well as the LEAP engine, and 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 family aircraft and LEAP or GTF engines into our fleet or if we experience unexpected costs or delays in our operations as a result of such implementation, our business, results of operations and financial condition could be materially adversely affected. Furthermore, as technological evolution occurs in our industry, through the use of composites and other innovations, we may be competitively disadvantaged because we have existing extensive fleet commitments that would prohibit us from adopting new technologies on an expedited basis.

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

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

As of December 31, 2022, the operating leases for 7, 4, 8, 20 and 17 aircraft in our fleet were scheduled to terminate during 2023, 2024, 2025, 2026 and 2027, respectively. In certain circumstances, such operating leases may be extended. Prior to such aircraft being returned, we will incur costs to restore these aircraft to the condition required by the terms of the underlying operating leases. The amount and timing of these so-called "return conditions" costs can prove unpredictable due to uncertainty regarding the maintenance status of each particular aircraft at the time it is to be returned, and it is not unusual for disagreements to ensue between the airline and the leasing company as to the required maintenance on a given aircraft or engine.

In addition, as of December 31, 2022, we had a firm obligation to purchase 221 A320neo family aircraft by the end of 2029. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a "maintenance holiday") because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are first required. Following these initial maintenance holiday periods, the new aircraft we have an obligation to acquire will require more maintenance as they age and our maintenance and repair expenses for each newly purchased aircraft will be incurred at approximately the same intervals. Moreover, because a large portion of our future fleet will be acquired over a relatively short period, significant maintenance to be scheduled on each of these planes may occur concurrently with other aircraft acquired around the same time, meaning we may incur our heavy maintenance obligations across large portions of our fleet around the same time. These more significant maintenance activities result in out-of-service periods during which our aircraft are dedicated to maintenance activities and unavailable to fly revenue service.

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

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

We have a significant amount of aircraft-related fixed obligations and obligations under other debt arrangements 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, 2022, all 120 aircraft in our fleet were financed under operating leases. For the years ended December 31, 2022 and 2021, we incurred aircraft rent of $556 million and $530 million, respectively, and maintenance costs of $146 million, $119 million, respectively. The payback of all previous aircraft and engine rent deferrals related to deferral arrangements with our lessors due to the COVID-19 pandemic was completed as of December 31, 2021, and, therefore, there was no impact to aircraft rent within our consolidated statement of operations for the year ended December 31, 2022. For the year ended December 31, 2021, aircraft rent included a $31 million unfavorable impact from payments related to deferral arrangements. As of December 31, 2022 and 2021, we had future operating lease obligations of approximately $2,499 million and $2,435 million, respectively, and future principal debt obligations of $431 million and $423 million, respectively. For the years ended December 31, 2022 and 2021, we made cash payments for interest related to debt of $14 million and $9 million, respectively. In addition, we have significant obligations for aircraft and spare engines that we have on order from Airbus and Pratt & Whitney for delivery through 2029.

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

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

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

We have historically entered into agreements with third-party specialists to furnish certain facilities and services required for our operations, including ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities, as well as administrative and support services. In response to the COVID-19 pandemic, we have increased our reliance on such third parties. As the U.S. market continues to recover

from the pandemic, we are likely to enter into similar service agreements in new markets we decide to enter, and we cannot assure you that we will be able to obtain the necessary services at acceptable rates. In addition, as airlines continue to restore capacity in response to increased demand for air travel following the height of the pandemic, certain third-party vendors may have difficulty hiring or retaining sufficient talent to meet their obligations to us due to the worker shortage impacting certain sectors of the U.S. labor market and the impact of the COVID-19 pandemic including, among other things, employee responses to any potential vaccine mandates.

As we outsource certain critical business activities to third parties and we depend on a limited number of suppliers for our aircraft and engines, we have increased our reliance on the successful implementation and execution of the business continuity planning of such third-party service providers in the current environment. If one or more of such third parties experience operational failures as a result of the impacts of the COVID-19 pandemic, including due to the significant disruption in global supply chains and staffing shortages caused by the pandemic, or due to sanctions imposed by the United States and foreign government bodies in response to the war between Russia and Ukraine, 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. We cannot guarantee that, as a result of the ongoing, or future, supply chain disruptions or staffing shortages, we or our third-party service providers will be able to timely source all of the products and services we require in the course of our business, or that we will be successful in procuring suitable alternatives.

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, brand and operations. In addition, we could experience a significant business disruption if we were to change vendors or if an existing provider ceased to be able to serve us. We expect to be dependent on such third-party arrangements for the foreseeable future.

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

We rely on third-party distribution channels, including those provided by or through GDSs, conventional travel agents and OTAs to distribute a portion of our airline tickets and to collect a portion of our ancillary revenues. These distribution channels are more expensive and at present have less functionality in respect of ancillary 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 ancillary revenues. In addition, in the last several years there has been significant consolidation among GDSs and OTAs, including the acquisition by Expedia of both Orbitz and Travelocity, and the acquisition by Amadeus of Navitaire (the reservations system that we use). This consolidation and any further consolidation could affect our ability to manage our distribution costs due to a reduction in competition or other industry factors. Any inability to manage such costs, rights and functionality at a competitive level or any material diminishment in the distribution of our tickets could have a material adverse effect on our competitive position and our results of operations. Moreover, our ability to compete in the markets we serve may be threatened by changes in technology or other factors that may make our existing third-party sales channels impractical, uncompetitive or obsolete.

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

We are highly dependent on technology and computer systems and networks to operate our business. These technologies and systems include our computerized airline reservation system provided by Navitaire, now a unit of Amadeus, flight operations systems, telecommunications systems, mobile app, airline website, maintenance systems

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

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

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

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

A significant cybersecurity incident could result in a range of potentially material negative consequences for us, including lost revenue; unauthorized access to, disclosure, modification, misuse, loss or destruction of company systems or data; theft of sensitive, regulated or confidential data, such as personal identifying information or our intellectual property; the loss of functionality of critical systems through ransomware, denial of service or other attacks; and business delays, service or system disruptions, damage to equipment and injury to persons or property. The costs and operational consequences of defending against, preparing for, responding to and remediating an incident may be substantial. As cybersecurity threats become more frequent, intense and sophisticated, costs of proactive defense measures are increasing. Further, we could be exposed to litigation, regulatory enforcement or other legal action as a result of an incident, carrying the potential for damages, fines, sanctions or other penalties, as well as injunctive relief requiring costly compliance measures. A cybersecurity incident could also impact our brand, harm our reputation and adversely impact our relationship with our customers, employees and stockholders. Additionally, any material failure by us or our third-party specialists to maintain compliance with the Payment Card Industry security requirements or to rectify a data security issue may result in fines and restrictions on our ability to accept credit and debit cards as a form of payment. While we have taken precautions to avoid an unauthorized

incursion of our computer systems, we cannot assure you that our precautions are either adequate or implemented properly to prevent and detect a data breach or other cybersecurity incident and its adverse financial and reputational consequences to our business.

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

Although we have significantly reconfigured our network since 2013, our business remains dependent on select large markets and increases in competition or congestion or a reduction in demand for air travel in these markets would harm our business.

We are highly dependent on select markets where we maintain a large presence, with 26% and 23% of our flights during the year ended December 31, 2022 having Denver International Airport and Orlando International Airport as either their origin or destination, respectively. We primarily operate out of Concourse A at Denver International Airport, and in May 2022, we entered into a 10-year airport use and lease agreement with the City and County of Denver which includes a new ground-level boarding facility and 14 accompanying gates. Additionally, we operate at Orlando International Airport under an operating lease which expires in 2024. We have experienced an increase in flight delays and cancellations at these airports due to airport congestion, which has adversely affected our operating performance and results of operations. We have also experienced increased competition at Denver International Airport since 2017 from carriers adding flights to and from Denver. Additionally, flight operations in both Orlando and Denver can face extreme weather challenges 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 select markets we operate in 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 select markets we operate in, such as adverse changes in local economic conditions, health concerns, adverse weather conditions, negative public perception of those markets, terrorist attacks or significant price or tax increases linked to increases in airport access costs and fees imposed on passengers.

Changes in legislation, regulation and government policy have affected, and may in the future have a material adverse effect on, our business, results of operations, cash flows and financial condition.

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

uncertainty, these changes may materially impact our business, results of operations, cash flows and financial condition.

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

On August 16, 2022, the Inflation Reduction Act (the "IRA") was signed into law in the United States. Among other changes, the IRA introduced a corporate minimum tax on certain corporations with average adjusted financial statement income over a three-tax year period in excess of $1 billion and an excise tax on certain stock repurchases by certain covered corporations for taxable years beginning after December 31, 2022. The corporate minimum tax and any excise tax imposed on any repurchases of our common stock made after December 31, 2022 may adversely affect our financial condition in the future. The U.S. government may enact additional significant changes to the taxation of business entities including, among others, an increase in the corporate income tax rate, significant changes to the taxation of income derived from international operations and an addition of further limitations on the deductibility of business interest. We are currently unable to predict whether such additional changes will occur. If such changes are enacted or implemented, we are currently unable to predict the ultimate impact on our business and therefore there can be no assurance that our business will not be adversely affected.

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

Under the Internal Revenue Code of 1986, as amended (the "Code"), for U.S. federal income tax purposes, a corporation is generally allowed a deduction for net operating losses ("NOLs") carried over from prior taxable years. As of December 31, 2022, we had deferred tax assets of approximately $32 million, $11 million and $7 million related to NOLs available to reduce future federal, state and foreign taxable income, respectively. Under current tax law, our federal NOL carryforwards do not expire, but the deductibility of such NOL carryforwards is limited to 80% of our taxable income. Our state NOLs may expire, if not utilized, from one year to having no expiration depending on the state the NOL is attributed to, and our foreign NOLs expire in eight years. As a result of our assessment over the future realizability of these NOLs, as of December 31, 2022, we maintained a $7 million valuation allowance related to our foreign deferred tax assets and a $1 million valuation allowance related to certain state deferred tax assets, as these benefits related to our NOLs will most likely not be realized given the short expiry periods in foreign and certain state jurisdictions.

Realization of these NOL carryforwards depends on our future taxable income, and there is a risk that, due to the COVID-19 pandemic and other economic factors, a portion of our existing NOL carryforwards could expire before we can generate sufficient taxable income to use them.

In addition, under Sections 382 and 383 of the Code, if a corporation undergoes an "ownership change," generally defined as a greater than 50 percentage point change (by value) in its equity ownership by significant stockholders or groups of stockholders over a three-year period, the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change taxable income or income tax liabilities may be limited. We may experience ownership changes in the future because of, among other things, shifts in our stock ownership, many of which are outside of our control. If we were to experience an ownership change for purposes of Section 382 of the Code, our ability to use our NOL carryforwards and other tax attributes to offset future U.S. federal taxable income or income tax liabilities may become subject to limitations. Similar rules and limitations may apply under state and foreign tax laws. If our NOL carryforwards expire unused (to the extent subject to expiration) or are otherwise subject to limitation and unavailable to offset future taxable income, this could materially adversely affect our results of operations and financial condition.

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

Certain of the products and services that we purchase, including our aircraft and related parts, are sourced from suppliers located in foreign countries, and the imposition of new tariffs, or any increase in existing tariffs, by the U.S. government on the importation of such products or services could materially increase the amounts we pay for

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

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

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

We rely on our private equity sponsor.

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

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

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

season. Such periods of low demand for air travel during the winter months could have a material adverse effect on our business, results of operations and financial condition.

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

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

Risks Related to Owning Our Common Stock

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

The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including, but not limited to:

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

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

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

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

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

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

We may conduct future offerings of our common stock, preferred stock or other securities that are convertible into, or exercisable for, our common stock to finance our operations or fund acquisitions, or for other purposes. In connection with our participation in the PSP, the second Payroll Support Program ("PSP2") and the Payroll Support Program 3 ("PSP3"), we issued warrants to the Treasury which are exercisable for up to an aggregate of 759,850 shares of our common stock.

In connection with the $150 million borrowing from the Treasury Loan, which was repaid in full on February 2, 2022, we issued warrants to the Treasury which are exercisable for up to 2,358,090 shares of our common stock. Further, we reserve shares of our common stock for future issuance under our equity incentive plans, which shares are eligible for sale in the public market to the extent permitted by the provisions of various agreements and, to the extent held by affiliates, the volume and manner of sale restrictions of Rule 144. If these additional shares are sold, or if it is perceived that they will be sold, into the public market, the trading 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 sell 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 could significantly decline. In addition, the issuance of additional shares of common stock would dilute the ownership interests of our existing common stockholders.

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

Any future issuances or sales of our common stock by us will be dilutive to our existing common stockholders. We had 217,875,890 shares of common stock outstanding as of December 31, 2022. An investment fund managed by Indigo, the holder of approximately 178.8 million shares of our common stock as of December 31, 2022, is entitled to rights with respect to registration of all such shares under the Securities Act pursuant to a registration rights agreement. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur or the issuance of securities exercisable or convertible into our common stock could adversely affect the prevailing trading price of our common stock.

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

As of the date of this report, an investment fund managed by Indigo beneficially owns approximately 82.0% of our outstanding common stock.

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

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

- the composition of our board of directors and, through our board of directors, any determination with respect to our business plans and policies;
- the compensation of our named executive officers;
- 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 trading price of our common stock to decline or prevent our stockholders from realizing a premium over the trading price of their common stock. Moreover, Indigo is not prohibited from selling a controlling interest in us to a third-party and may do so without your approval and without providing for a purchase of your shares of common stock. Accordingly, your shares of common stock may be worth less than they would be if Indigo did not maintain voting control over us.

In addition, the interests of Indigo could conflict with the interests of other stockholders. As of December 31, 2022, investment funds managed by Indigo Partners held 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. In addition, one of our directors, Andrew S. Broderick, is an alternate on the board of directors for Volaris. As of December 31, 2022, we had only two overlap markets with Volaris. Neither Indigo Partners, its portfolio companies, funds or other affiliates, nor any of their officers, directors, agents, stockholders, members or current or future partners will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. See "—Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities."

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

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

- our board of directors is divided into three classes, with each class serving for a staggered three-year term, which prevents stockholders from electing an entirely new board of directors at an annual meeting;
- no cumulative voting in the election of directors, which prevents the minority stockholders from electing director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;

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

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

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

Our amended and restated certificate of incorporation and amended and restated bylaws provide that: (i) unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for: (A) any derivative action or proceeding brought on our behalf, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former directors, officers, other employees, agents or stockholders to us or our stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a claim against us or any of our current or former directors, officers, employees, agents or stockholders arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (D) any action asserting a claim related to or involving us that is governed by the internal affairs doctrine; (ii) unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act, and the rules and regulations promulgated thereunder, including all causes of action asserted against any defendant to such complaint; (iii) any person or entity purchasing or otherwise acquiring or holding any interest in our shares of capital stock will be deemed to have notice of and consented to these provisions; and (iv) failure to enforce the foregoing provisions would cause us irreparable harm, and we will be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. This provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or

certified any part of the documents underlying the offering. This exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. Nothing in our amended and restated certificate of incorporation or amended and restated bylaws precludes stockholders that assert claims under the Exchange Act from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

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

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

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

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

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

To comply with restrictions imposed by federal law on foreign ownership and control of U.S. airlines, our amended and restated certificate of incorporation and amended and restated bylaws restrict ownership, voting and control of shares of our common stock by non-U.S. citizens. The restrictions imposed by federal law and DOT policy require that we must be owned and controlled by U.S. citizens, that no more than 25.0% of our voting stock be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens, as defined 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, and subject to the limitation 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, up to 49.0% of our outstanding stock may be owned or controlled,

directly or indirectly, by persons or entities who are not U.S. citizens but only if those non-U.S. citizens are from countries that have entered into "open skies" air transport agreements with the United States which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. Our amended and restated certificate of incorporation and amended and restated bylaws provide that the failure of non-U.S. citizens to register their shares on a separate stock record, which we refer to as the "foreign stock record," would result in a loss of their voting rights in the event and to the extent that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law. Our amended and restated bylaws further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record, resulting in the loss of voting rights, in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law. We believe we are currently in compliance with these ownership restrictions. See "Business—Foreign Ownership" and the Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, which is filed as Exhibit 4.1 hereto.

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

As of the date of this report, Indigo controls approximately 82.0% of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the Nasdaq Stock Market rules and exempt from the obligation to comply with certain corporate governance requirements, including the requirements that a majority of our board of directors consists of "independent directors," as defined under the rules of the Nasdaq Stock Market, and that we have a compensation committee and a nominating and corporate governance committee that are composed entirely of independent directors. These exemptions do not modify the requirement for a fully independent audit committee, and our board of directors has determined that all of the members of our audit committee are independent under SEC rules and the rules of the Nasdaq Stock Market. 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, subject to certain phase-in requirements. 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 continue to 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.

General Risk Factors

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

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

We are 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, our management is 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 and our compliance with Section 404 requires that we incur substantial costs and expend significant management efforts. In connection with the attestation process by our independent registered public accounting firm, we may encounter problems or delays in implementing any requested improvements and receiving a favorable attestation. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our consolidated financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the Nasdaq Stock Market, regulatory investigations, civil or criminal sanctions and litigation, any of which could have a material adverse effect on our business, results of operations and financial condition.

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

We have in the past been, are currently, and may in the future become, involved in private actions, class actions, investigations and various other legal proceedings, including from employees, commercial partners, customers, competitors and government agencies, among others. Such claims could involve discrimination (for example, based on gender, age, race or religious affiliation), sexual harassment, privacy, patent, commercial, product liability,

whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings.

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Aircraft

As of December 31, 2022, we operated a fleet of 120 aircraft as detailed in the following table:

Aircraft Type	Seats	Average Age (Years)	Number of Aircraft	Number Owned	Number Leased
A320ceo	180 or 186	9	13	—	13
A320neo	186	3	82	—	82
A321ceo	230	6	21	—	21
A321neo	240	—	4	—	4
		4	**120**	**—**	**120**

As of December 31, 2022, we had signed lease agreements with two of our leasing partners to add ten additional A321neo aircraft through direct leases, with deliveries beginning in the first quarter of 2023 and continuing into the third quarter of 2023 based on the latest delivery schedule.

In November 2021, we entered into an amendment with Airbus to purchase an additional 91 A321neo aircraft, which are expected to be delivered starting in 2024 and continuing through 2029 per the latest delivery schedule.

Ground Facilities

Our facility leases are primarily for space at approximately 100 airports that are primarily located in the United States. These leases are classified as operating leases and reflect the use of airport terminals, ticket counters, office space, and maintenance facilities. Generally, this space is leased from government agencies that control the use of

the airport. The majority of these leases are short-term in nature and renew on an evergreen basis. For these leases, the contractual term is used as the lease term. As of December 31, 2022, the remaining lease terms vary from one month to ten years. At the majority of the U.S. airports, the lease rates depend on airport operating costs or use of the facilities and are reset at least annually. Because of the variable nature of the rates, these leases are not recorded on the consolidated balance sheets as right-of-use assets and lease liabilities.

During the year ended December 31, 2022, 26% of our flights had Denver International Airport as either their origin or destination. We primarily operate out of Concourse A at Denver International Airport, and in May 2022, we entered into a 10-year airport use and lease agreement with the City and County of Denver which includes a new ground-level boarding facility and 14 accompanying gates. We typically use 11 gates within Concourse A, with preferential access to 9 specified gates and common use access to the remaining gates. We also lease a 154,900 square foot hangar, which includes office space and is where we provide certain maintenance on our aircraft. Other airports through which we conduct significant operations include Orlando International Airport (MCO), McCarran International Airport (LAS), Philadelphia International Airport (PHL), Hartsfield-Jackson Atlanta International Airport (ATL), and Tampa International Airport (TPA).

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

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Market Information

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

Holders

As of February 17, 2023, there were two holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

In connection with our receipt of financial assistance under the PSP, PSP2, and PSP3 and acceptance of the loan agreement with the Treasury, we agreed not to make dividend payments in respect of our common stock until February 2, 2023. Following the expiration of these restrictions, 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

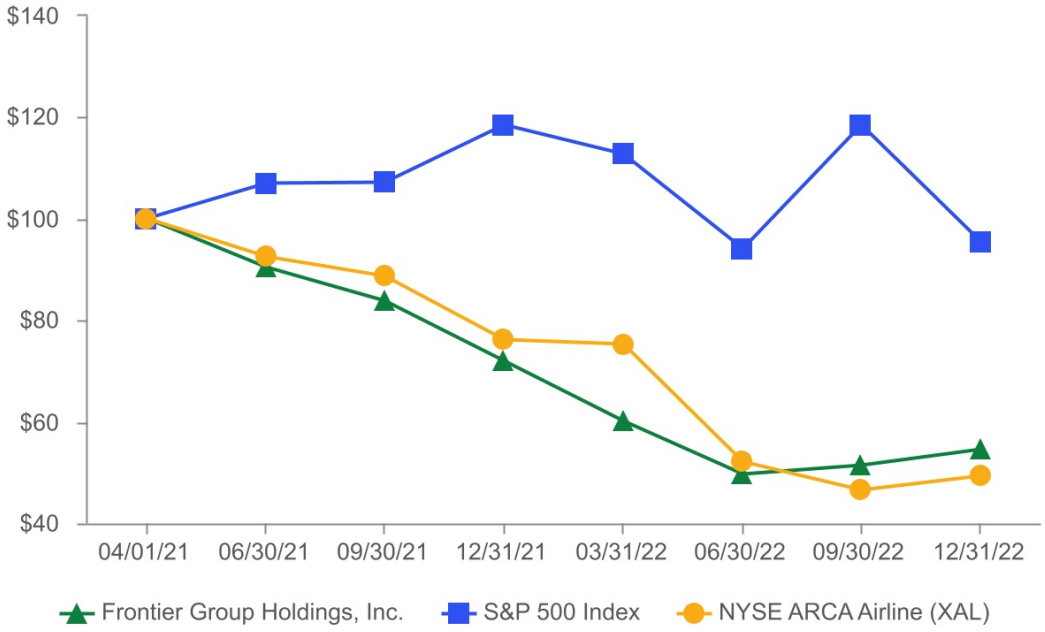
conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Stock Performance Graph

The following stock performance graph and related information shall not be deemed "soliciting material" or "filed" with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act or the Exchange Act, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

The following graph compares the cumulative total returns during the period from April 1, 2021 (the date our common stock commenced trading on Nasdaq) through December 31, 2022 of our common stock to the NYSE ARCA Airline Index and the Standard & Poor's 500 Index. The comparison assumes $100 was invested on April 1, 2021 in each of our common stock and the indices and assumes that all dividends were reinvested. The stock performance shown on the following graph represents historical stock performance and is not necessarily indicative of future stock price performance.

Cumulative Total Returns



Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

We do not have a share repurchase program and no shares were repurchased during the fourth quarter of 2022. Under the CARES Act, we were restricted from conducting certain share repurchases through February 2, 2023.

ITEM 6. [RESERVED]

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

General

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report on Form 10-K. Our discussion and analysis of fiscal year 2022 compared to fiscal year 2021 is included herein. For discussion of results for the fiscal year 2020 and analysis of year-to-year comparisons between 2021 and 2020, please refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which was filed with the SEC on February 23, 2022.

Overview

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

The following table provides select financial and operational information for the years ended December 31, 2022 and 2021:

	Year Ended December 31,		
	2022	2021	Change
	(in millions)		
Total operating revenues	$ 3,326	$ 2,060	61 %
Total operating expenses	$ 3,371	$ 2,177	55 %
Income (loss) before income taxes	$ (45)	$ (144)	(69)%
Available seat miles (ASMs)	31,746	26,867	18 %

Total operating revenues for the year ended December 31, 2022 totaled $3,326 million, an increase of 61% compared to the year ended December 31, 2021, primarily due to a 37% increase in RASM as compared to the corresponding period in 2021, along with an 18% increase in capacity, as measured by ASMs, as the demand for leisure travel continued to recover from the COVID-19 pandemic.

Total operating expenses during the year ended December 31, 2022 totaled $3,371 million, resulting in a cost per available seat mile ("CASM") of 10.62¢, compared to 8.10¢ for the year ended December 31, 2021. Fuel expense was 102% higher during the year ended December 31, 2022, as compared to the year ended December 31, 2021, with the $585 million increase in fuel expense driven by a 71% increase in fuel rates and an 18% increase in fuel consumption associated with the 18% increase in our capacity. Our non-fuel expenses increased by 38% compared to the corresponding prior year period, driven primarily by the cessation of grant funding received under the CARES Act in the fourth quarter of 2021, resulting in no credits being recognized during the year ended December 31, 2022 as compared to a $278 million benefit we recorded from this funding under PSP2 and PSP3, in addition to $17 million in CARES Act employee retention credits received during the year ended December 31, 2021. The increase was further driven by higher capacity and a larger fleet size and the resulting increase in operations during the year ended December 31, 2022 as compared to the corresponding prior year period as well as $10 million in net transaction and merger-related costs during the year ended December 31, 2022. These increases, mainly due to the cessation of CARES Act credits, resulted in a 17% increase in CASM (excluding fuel), a non-GAAP measure, from 5.96¢ for the year ended December 31, 2021 to 6.96¢ for the year ended December 31, 2022. Adjusted (non-GAAP) CASM (excluding fuel), which excludes the impact of $10 million in transaction and merger-related costs, $7 million in asset impairment and $2 million in collective bargaining contract ratification costs for the year ended December 31, 2022, and excludes the $295 million impact of the CARES Act credits and $11 million in costs incurred with the early lease termination of our A319 leased aircraft for the year ended December 31, 2021,

decreased from 7.02¢ for the year ended December 31, 2021 to 6.90¢ for the year ended December 31, 2022. For the reconciliation to corresponding GAAP measures, see "—Results of Operations—Reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, CASM including net interest and Adjusted CASM including net interest."

We generated a net loss of $37 million and $102 million during the years ended December 31, 2022 and 2021, respectively. Our results for the year ended December 31, 2022 included $10 million of net transaction and merger-related costs, $7 million of asset impairment costs and $2 million of collective bargaining contract ratification costs within operating expenses, as well as $7 million in other non-operating expenses from the write-off of unamortized deferred financing costs due to the paydown of the Treasury Loan. Our results for the year ended December 31, 2021 included $295 million in CARES Act credits and $11 million in early lease termination costs within operating expenses, and $22 million in other non-operating expenses related to mark to market adjustments associated with the warrants issued pursuant to the loans taken under the CARES Act. Considering these aforementioned non-GAAP adjustments and the related tax impacts, our adjusted (non-GAAP) net loss was $17 million for the year ended December 31, 2022, as compared to an adjusted (non-GAAP) net loss of $299 million for the year ended December 31, 2021. For the reconciliation to corresponding GAAP measures, see "—Results of Operations —Reconciliation of Net income (loss) to Adjusted net income (loss) and to EBITDA, Adjusted EBITDA, EBITDAR and Adjusted EBITDAR."

As of December 31, 2022, our total available liquidity was $761 million, made up of cash and cash equivalents. On February 2, 2022, we repaid the $150 million outstanding under the Treasury Loan pursuant to the secured loan program established under the CARES Act. The repayment of this loan unencumbered our co-branded credit card program and related brand assets that secured the Treasury Loan obligation.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic had a material adverse effect on our business and results of operations for the years ended December 31, 2022 and 2021. Although we have continued to experience a significant and sustained recovery during the year ended December 31, 2022 as compared to the year ended December 31, 2021, we are unable to predict the future spread and impact of COVID-19, or the efficacy and adherence rates of vaccines and other therapeutics and the resulting measures that may be introduced by governments or other parties and what the overall impact may be to consumer behavior and the resulting demand for air travel.

We received significant financial assistance from the Treasury under the CARES Act and the PSP, PSP2 and PSP3 (collectively, the "PSPs"). Please refer to "Notes to Consolidated Financial Statements — 2. Impact of COVID-19" for additional detail on the CARES Act and the PSPs, and "Notes to Consolidated Financial Statements — 9. Debt" for further information on the promissory notes entered into with the Treasury in connection with our participation in the PSPs (collectively, the "PSP Promissory Notes"). The impact on our consolidated financial statements for the year ended December 31, 2022 and 2021 are as follows:

On September 28, 2020, we entered into a loan agreement with the Treasury for a term loan facility of up to $574 million pursuant to the secured loan program established under the CARES Act. As of December 31, 2021, we had borrowed $150 million under the Treasury Loan, for which the right to draw any further funds lapsed in May 2021. On February 2, 2022, we repaid the Treasury Loan which included the $150 million principal balance along with accrued interest and associated fees of $1 million. Additionally, we recognized a $7 million loss on the extinguishment of debt during the year ended December 31, 2022 from the write-off of unamortized deferred financing costs associated with the Treasury Loan.

On January 15, 2021, we entered into an agreement with the Treasury for installment funding under the PSP2 (the "PSP2 Agreement"), pursuant to which we received $161 million, comprised of a $143 million grant (the "PSP2 Grant") for the continuation of payroll support through March 31, 2021, and an $18 million unsecured 10-year, low-interest loan (the "PSP2 Promissory Note"), all of which was received during the year ended December 31, 2021. The PSP2 Grant was recognized over the period it was intended to support payroll. We recognized the full $143

million of PSP2 Grant proceeds, net of deferred financing costs, during the year ended December 31, 2021, within CARES Act credits in our consolidated statements of operations.

On April 29, 2021, we entered into an agreement with the Treasury for installment funding under the PSP3 (the "PSP3 Agreement"), pursuant to which we received $150 million, comprised of a $135 million grant (the "PSP3 Grant") for the continuation of payroll support through September 30, 2021, and a $15 million unsecured 10-year, low-interest loan (the "PSP3 Promissory Note"), all of which was received during the year ended December 31, 2021. The PSP3 Grant was recognized over the period it was intended to support payroll. We recognized the full $135 million of PSP3 Grant proceeds, net of deferred financing costs, during the year ended December 31, 2021, within CARES Act credits in our consolidated statements of operations.

In connection with our participation in the PSPs and the Treasury Loan, we have been subject to certain restrictions and limitations related to our operations, our use of the grant funds, our ability to terminate or furlough employees and executive compensation and dividends, of which we have been compliant with through December 31, 2022, as applicable. While most of the restriction periods have lapsed, as of the date of this filing we are still subject to additional reporting and recordkeeping requirements as well as subject to limitations on certain executive compensation, including limiting pay increases and severance pay or other benefits upon terminations, until April 1, 2023.

In connection with the PSP Promissory Notes and the Treasury Loan, we issued to the Treasury warrants to purchase 3,117,940 shares of our common stock at a weighted-average price of $6.95 per share. The initial fair value of these warrants upon issuance was treated as a loan discount, which reduced the carrying value of the related Treasury Loan and PSP Promissory Notes, and is amortized utilizing the effective interest method as interest expense in our consolidated statements of operations over the term of each loan. These awards were originally classified as liability-based awards within other current liabilities on our consolidated balance sheets, with periodic mark to market remeasurements being included in interest expense in our consolidated statements of operations given we only had the option of settling in cash prior to being publicly traded. As a result of our initial public offering of our common stock (the "IPO"), we have the intent and ability to settle the warrants issued to the Treasury in shares, and as a result, as of April 6, 2021, we reclassified the warrant liability to additional paid-in capital on our consolidated balance sheet and are no longer required to mark to market the warrants. We recorded no mark to market adjustments during the year ended December 31, 2022, and recorded $22 million during the year ended December 31, 2021, to interest expense within our consolidated statements of operations. The Treasury has not exercised any warrants as of December 31, 2022.

The CARES Act also provided for an employee retention credit (the "CARES Employee Retention Credit"), which is a refundable tax credit against certain employment taxes that we qualified for beginning on April 1, 2020. In December 2020, the CARES Employee Retention Credit program was extended and enhanced through June 30, 2021. The American Rescue Plan Act, enacted on March 11, 2021, further extended the availability of the CARES Employee Retention Credit through December 31, 2021. As a result of the increase in revenues after the first quarter of 2021, we were no longer eligible for future credits due to the provisions of the gross receipt test applicable to this program. During the year ended December 31, 2021 we recognized $17 million related to the CARES Employee Retention Credit within CARES Act credits in our consolidated statements of operations.

The Proposed Merger with Spirit Airlines, Inc.

On February 5, 2022, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Top Gun Acquisition Corp. ("Merger Sub"), a direct wholly-owned subsidiary of ours, and Spirit Airlines, Inc. ("Spirit"). The Merger Agreement provided that, among other things, the Merger Sub would be merged with and into Spirit (the "Merger"), with Spirit surviving the Merger and continuing as a wholly-owned subsidiary of ours. On July 27, 2022, we and Spirit mutually terminated the Merger Agreement.

During the year ended December 31, 2022, we recorded $10 million in net expenses related to the proposed Merger within transaction and merger-related costs, net in our consolidated statement of operations. Costs related to the proposed Merger included $19 million in retention bonus expense, which included an acceleration of 50% of

Merger-related retention costs for all eligible employees who were not subject to CARES Act compensation restrictions, and $16 million in transaction costs, which are made up of banking, legal and accounting fees, among others, offset by $25 million received from Spirit for reimbursement of incurred Merger-related expenses in accordance with the termination provisions set forth in the Merger Agreement.

In the event that Spirit, within twelve months following the termination of the Merger Agreement, consummates an acquisition with another acquiror or enters into a definitive written agreement providing for an acquisition with another acquiror, which is ultimately consummated, we will be owed an additional $69 million, as provided for in the Merger Agreement.

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 route-by-route basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flyer initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to maximize RASM. The prevalence of discount fares can be particularly acute when a competitor has excess capacity that it is under financial pressure to sell. A key element of our competitive strategy is to maintain very low unit costs in order to permit us to compete successfully in price-sensitive markets. In addition, some of the legacy network carriers match LCC 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 (with the exception of the impacts of COVID-19), transitioning to larger and more fuel-efficient aircraft, maximizing seat density, renegotiating the majority of our distribution agreements, realigning our network, migrating to a self-service customer service model, enhancing our website and mobile app, boosting employee productivity and contracting with leading specialists to provide us with select operating and other services.

Our cost structure has generally allowed us to achieve strong results from operations relative to the rest of the industry during periods of competitive pricing and price discounts and has helped our ability to manage through the COVID-19 pandemic. While we have already completed the substantial majority of strategic initiatives to reduce our unit operating costs, we believe that we are well positioned to maintain our low unit operating costs relative to our competitors through on-going strategic initiatives, including continuing our cost optimization efforts and further realizing economies of scale. To the extent that we are unable to maintain our low-cost structure, our ability to compete effectively may be impaired. 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. Aircraft fuel prices and availability are subject to market fluctuations, refining capacity, periods of market surplus and shortage and demand for heating oil, gasoline and other petroleum products, as well as meteorological, economic and political factors and events occurring throughout the world, which we can neither control nor accurately predict. The future cost and availability of aircraft fuel cannot be predicted with any degree of certainty.

Volatility. The air transportation business is volatile and highly affected by economic cycles and trends. Global pandemics and related health scares, consumer confidence and discretionary spending, fear of terrorism or war, weakening economic conditions, fare initiatives, fluctuations in fuel prices, labor actions, changes in governmental

regulations on taxes and fees, weather and other factors have resulted in significant fluctuations in revenue and results of operations in the past.

Seasonality. Our results of operations for any interim period are not necessarily indicative of those for the entire year because the air transportation business and our route network are subject to seasonal fluctuations. We generally expect demand to be greater in the second and third quarters compared to the rest of the year. While we have, over recent years, reduced our concentration in Denver to decrease the impact of seasonality in our business, 26% of our flights during the year ended December 31, 2022 had Denver International Airport as either their origin or destination, as compared to 29% of our flights during the year ended December 31, 2021.

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

We have seven union-represented employee groups comprising approximately 87% of our employees as of December 31, 2022. Our pilots are represented by the Air Line Pilots Association ("ALPA"); our flight attendants are represented by the Association of Flight Attendants ("AFA-CWA"); our aircraft technicians, aircraft appearance agents, material specialists and maintenance controllers are all represented by the International Brotherhood of Teamsters ("IBT"); and our dispatchers are represented by the Transport Workers Union ("TWU").

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

As of December 31, 2022, the average age of our aircraft was approximately four years and all of the aircraft in our fleet were financed with operating leases, the last of which is scheduled to expire by the end of 2034. As of December 31, 2022, we had a firm obligation to purchase 221 A320neo family aircraft by the end of 2029 and to acquire another ten A321neo aircraft through direct leases, all to be delivered in 2023. Please refer to "Notes to Consolidated Financial Statements—14. Commitments and Contingencies" for further discussion. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a "maintenance holiday") because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are required. Once these maintenance holidays expire, these aircraft will require more maintenance as they age and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. When these more significant maintenance activities occur, this will result in out-of-service periods during which our aircraft are dedicated to maintenance activities and unavailable to generate revenue.

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

The terms of certain of our aircraft lease agreements require us to post deposits for future maintenance, also known as maintenance reserves, to the lessor in advance of and as collateral for the performance of heavy maintenance events, resulting in us recording significant prepaid deposits on our consolidated balance sheet. As a result, for leases requiring maintenance reserves, the cash costs of scheduled heavy maintenance events are paid in advance of the recognition of the maintenance event in our results of operations. Please see "Notes to Consolidated Financial Statements—10. Operating Leases—Aircraft Rent Expense and Maintenance Obligations."

Critical Accounting Policies and Estimates

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

Frequent Flyer Program

Our *Frontier Miles* frequent flyer program provides frequent flyer travel awards to program members based on accumulated mileage credits. Mileage credits are accumulated as a result of travel, purchases using the co-branded credit card and purchases from other participating partners. As of December 31, 2022 and 2021, our total frequent flyer liability was $45 million and $54 million, respectively.

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

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

For the year ended December 31, 2022, holding other factors constant, a 10% change in our estimated frequent flyer breakage rate would have resulted in a change to passenger revenues of approximately $4 million, or less than 1%.

Leased Aircraft Return Costs

Our aircraft operating lease agreements generally require us to return aircraft airframes and engines to the lessor in a certain condition or pay an amount to the lessor based on the airframe and engine's actual return condition.

These return provisions are evaluated at inception of the lease and throughout the lease terms and are accounted for as either fixed or variable lease payments (depending on the nature of the lease return condition). When such costs become both probable and estimable, they are accrued as a component of supplemental rent through the remaining lease term. Changes to the assumptions utilized in the estimation of these lease return costs are accounted for on a cumulative catch-up basis. As of December 31, 2022 and 2021, our total leased aircraft return cost liability was $102 million and $49 million, respectively.

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

If actual estimates vary materially from those utilized in the estimation of lease return costs we could incur more or less supplemental rent expense depending on the direction of the adjustments necessary. There can be no assurance that the projections utilized will not materially change in the future given the inherent difficulty in forecasting future utilization of aircraft over their lease terms; however, the estimates utilized are the best available at the time the financial statements were issued.

Income Tax Valuation Allowance

As of December 31, 2022, our total deferred tax assets, net of an $8 million valuation allowance, were $677 million, which included $50 million of deferred tax assets related to NOL carry forwards. These deferred tax assets are comprised of $32 million, $11 million and $7 million related to NOLs available to reduce future federal, state and foreign taxable income, respectively. We assess whether it is more likely than not that sufficient taxable income will be generated to realize deferred tax assets, and a valuation allowance is established if it is not likely that deferred income tax assets will be realized. We consider sources of taxable income from prior period carryback periods, future reversals of existing taxable temporary differences, tax planning strategies and future taxable income when assessing the future utilization of deferred tax assets.

As part of our assessment of whether a valuation allowance is warranted, we consider all available positive and negative evidence in conjunction with evaluating the source and availability of taxable income to utilize such deferred tax assets. We updated this assessment as of December 31, 2022, noting that, in part as a result of the significant impacts caused by the COVID-19 pandemic, particularly prior to the wide availability of vaccines, we were in a cumulative three-year loss position. Conversely, prior to the pandemic, we have had a consistent history of generating significant earnings and resulting taxable income and have typically utilized significant deferred tax assets such as those related to NOLs prior to expiration. The main source of taxable income that supports realization of our deferred tax assets was from projected future taxable income. Our projections of future taxable income considered the general business environment, our recent history of profitability outside of the impact of the COVID-19 pandemic including the last three consecutive quarters of profitability, industry wide consensus on air travel outlook and post-December 31, 2022 booking trends. These factors were considered in conjunction with other evidence such as our cumulative three-year loss position. Given the significant impact that the COVID-19 pandemic had on our results for which we continue to recover from post vaccine availability, we don’t believe the factors that caused our cumulative three-year loss to be indicative of future performance. Based on the factors outlined above, we concluded that as a result of projected future income, our deferred tax assets are likely to be realized, exclusive of those which have a valuation allowance established.

Additionally, under current tax law, our federal NOL carryforwards do not expire and our state NOLs will expire, if not utilized, from one year to having no expiration depending on the state the NOL is attributed to. As a result of our assessment, we maintained our valuation allowance on our foreign deferred tax assets of $7 million and on certain state deferred tax assets of $1 million, as we concluded this $8 million in benefits related to NOLs will

most likely not be realized, primarily due to short expiry periods combined with significant income required to utilize these deferred tax assets.

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

Results of Operations

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Operating Revenues

	Year Ended December 31,			
	2022	**2021**	**Change**	
Operating revenues ($ in millions):				
Passenger	$ 3,248	$ 2,000	$ 1,248	62 %
Other	78	60	18	30 %
Total operating revenues	**$ 3,326**	**$ 2,060**	**$ 1,266**	61 %
Operating statistics:				
Available seat miles (millions)	31,746	26,867	4,879	18 %
Revenue passenger miles (millions)	25,669	20,380	5,289	26 %
Average stage length (miles)	991	968	23	2 %
Load factor	80.9 %	75.9 %	5.0 pts	N/A
RASM (¢)	10.48	7.67	2.81	37 %
Total revenue per passenger ($)	130.50	99.49	31.01	31 %
Passengers (thousands)	25,486	20,709	4,777	23 %

Total operating revenue increased $1,266 million, or 61%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021, as we experienced increased demand for leisure travel on strong pricing. Revenue was favorably impacted by the 37% increase in RASM during the year ended December 31, 2022 as compared to the year ended December 31, 2021, due to a 31% increase in total revenue per passenger, including a 39% increase in fare revenue per passenger and a 26% increase in ancillary revenue per passenger, alongside a 5.0 point increase in load factor as compared to the corresponding prior year period. In addition, total operating revenue was favorably impacted by an 18% capacity growth, as measured by ASMs. This was driven by an increase in average daily aircraft utilization to 11.1 hours per day for the year ended December 31, 2022, as compared to 9.8 hours per day for the year ended December 31, 2021, as well as a 6% increase in average aircraft in service during the year ended December 31, 2022, as compared to the corresponding prior year period.

Operating Expenses

	Year Ended December 31,				Cost per ASM		
	2022	2021	Change		2022	2021	Change
Operating expenses ($ in millions):[a]							
Aircraft fuel	$ 1,160	$ 575	$ 585	102 %	3.66 ¢	2.14 ¢	71 %
Salaries, wages and benefits	715	616	99	16 %	2.25	2.29	(2)%
Aircraft rent	556	530	26	5 %	1.75	1.97	(11)%
Station operations	422	384	38	10 %	1.33	1.43	(7)%
Sales and marketing	164	109	55	50 %	0.52	0.41	27 %
Maintenance, materials and repairs	146	119	27	23 %	0.46	0.44	5 %
Depreciation and amortization	45	38	7	18 %	0.14	0.14	— %
CARES Act credits	—	(295)	295	N/M	—	(1.10)	N/M
Transaction and merger-related costs	10	—	10	N/M	0.03	—	N/M
Other operating expenses	153	101	52	51 %	0.48	0.38	26 %
Total operating expenses	**$ 3,371**	**$ 2,177**	**$ 1,194**	55 %	**10.62 ¢**	**8.10 ¢**	31 %
Operating statistics:							
Available seat miles (millions)	31,746	26,867	4,879	18 %			
Average stage length (miles)	991	968	23	2 %			
Departures	165,447	143,476	21,971	15 %			
CASM (excluding fuel) (¢) [b]	6.96	5.96	1.00	17 %			
Adjusted CASM (excluding fuel) (¢) [b]	6.90	7.02	(0.12)	(2)%			
Fuel cost per gallon ($)	3.72	2.17	1.55	71 %			
Fuel gallons consumed (thousands)	312,115	265,558	46,557	18 %			

N/M = Not meaningful

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

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

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

	Year Ended December 31,			
	2022		2021	
	($ in millions)	Per ASM (¢)	($ in millions)	Per ASM (¢)
Non-GAAP financial data (unaudited):[a]				
CASM		**10.62**		**8.10**
Aircraft fuel	(1,160)	(3.66)	(575)	(2.14)
CASM (excluding fuel)[b]		**6.96**		**5.96**
Transaction and merger-related costs, net[c]	(10)	(0.03)	—	—
Asset impairment[d]	(7)	(0.02)	—	—
Collective bargaining contract ratification[e]	(2)	(0.01)	—	—
Early lease termination costs[f]	—	—	(11)	(0.04)
CARES Act – grant recognition and employee retention credits[g]	—	—	295	1.10
Adjusted CASM (excluding fuel)[b]		**6.90**		**7.02**
Aircraft fuel	1,160	3.66	575	2.14
Adjusted CASM[h]		**10.56**		**9.16**
Net interest expense (income)	—	—	27	0.11
CARES Act - write-off of deferred financing costs due to paydown of loan[i]	(7)	(0.02)	—	—
CARES Act – mark to market impact for warrants[j]	—	—	(22)	(0.09)
Adjusted CASM + net interest[k]		**10.54**		**9.18**
CASM		**10.62**		**8.10**
Net interest expense (income)	—	—	27	0.11
CASM + net interest[k]		**10.62**		**8.21**

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

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

(c) Represents $19 million in employee retention costs and $16 million in transaction costs, including banking, legal and accounting fees, incurred in connection with the proposed Merger with Spirit, offset by $25 million received from Spirit for the reimbursement of incurred Merger-related expenses.

(d) Represents a write-off of $7 million in capitalized software development costs as a result of a termination of a vendor arrangement.

(e) Represents $2 million of costs related to a one-time contract ratification incentive, plus payroll-related taxes earned through May 2023 and committed to by us as part of an agreement with the union representing our aircraft technicians that was ratified and became effective in May 2022.

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

(g) Represents the recognition of the $278 million of grant funding received from the U.S. government for payroll support in addition to $17 million in employee retention credits we qualified for under the CARES Act during the year ended December 31, 2021.

(h) Adjusted CASM is included as supplemental disclosure because we believe it is a useful metric to properly compare our cost management and performance to other peers, as derivations of Adjusted CASM are well-recognized performance measurements in the airline industry

that are frequently used by our management, as well as by investors, securities analysts and other interested parties in comparing the operating performance of companies in the airline industry. Additionally, we believe this metric is useful because it removes certain items that may not be indicative of base operating performance or future results. Adjusted CASM is not determined in accordance with GAAP, may not be comparable across all carriers and should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

(i) On February 2, 2022, we repaid the Treasury Loan, which resulted in a one-time write-off of the remaining $7 million in unamortized deferred financing costs related to the Treasury Loan. This amount is a component of interest expense.

(j) Represents the mark to market adjustment to the value of the warrants issued as part of the funding provided under the CARES Act. This amount is a component of interest expense. As a result of our IPO and the resulting reclassification of warrants from liability-based awards to equity based awards, as of April 6, 2021, we no longer mark to market the warrants.

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

Aircraft Fuel. Aircraft fuel expense increased by $585 million, or 102%, during the year ended December 31, 2022, as compared to the corresponding prior year period. The increase was primarily due to a 71% increase in fuel rate and a 18% increase in fuel gallons consumed due to increased capacity.

Salaries, Wages and Benefits. Salaries, wages and benefits expense increased by $99 million, or 16%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase was due to higher crew costs, primarily from pilots, driven by elevated credit hours as well as pilot benefit costs and expansion in salaried support staff costs for the year ended December 31, 2022, as compared to the year ended December 31, 2021. In addition, during the year ended December 31, 2022, we incurred $2 million in expenses related to a one-time ratification incentive bonus and related payroll adjustments as a result of a contract ratification with IBT, the union representing our aircraft technicians, in May 2022.

Aircraft Rent. Aircraft rent expense increased by $26 million, or 5%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to the increase in our fleet period-over-period and higher costs associated with anticipated lease returns, which was partially offset by the payback of $31 million of lease deferrals from 2020 recognized in 2021, while no lease deferrals were paid for the year ended December 31, 2022.

Station Operations. Station operations expense increased by $38 million, or 10%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to a 15% increase in departures and the related increases in our airport support operations and higher passenger reaccommodation expenses. In addition, we experienced a $3 million unfavorable impact during the year ended December 31, 2022 related to deferral agreements on certain leases with our airport facilities that were negotiated to manage liquidity during the recovery from the COVID-19 pandemic, as compared to a favorable impact of $9 million during the year ended December 31, 2021. These increases were partially offset by favorable airport costs as a result of lower rates and revenue sharing arrangements.

Sales and Marketing. Sales and marketing expense increased by $55 million, or 50%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to higher credit card fees resulting from the 61% increase in revenue, in addition to increased sales support and advertising expenses.

The following table presents our distribution channel mix:

	Year Ended December 31,		
Distribution Channel	**2022**	**2021**	**Change**
Our website, mobile app and other direct channels	70 %	71 %	(1) pts
Third-party channels	30 %	29 %	1 pts

Maintenance, Materials and Repairs. Maintenance, materials and repair expense increased by $27 million, or 23%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021. This was primarily due to higher average daily utilization per aircraft and more average aircraft in service compared to the year ended December 31, 2021, which resulted in higher maintenance including associated contract labor costs as well as higher aircraft materials expenses. These increases were partially offset by a decrease in volume and extent of planned maintenance checks during the year ended December 31, 2022, as compared to the year ended December 31, 2021.

Depreciation and Amortization. Depreciation and amortization expense increased by $7 million, or 18%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to a $7 million asset impairment as a result of a write-off of certain capitalized software development costs.

CARES Act Credits. CARES Act credits decreased by $295 million, during the year ended December 31, 2022, as compared to the year ended December 31, 2021. During the year ended December 31, 2022, we did not recognize any CARES Act credits due to the cessation of the program in the fourth quarter of 2021.

Transaction and Merger-Related Costs, Net. As a result of the proposed Merger with Spirit, we incurred $10 million in related net costs during the year ended December 31, 2022, including $19 million in employee retention costs and $16 million in transaction costs, which are made up of banking, legal and accounting fees, among others, charged in connection with the Merger, offset by $25 million received from Spirit for the reimbursement of incurred merger-related expenses upon the termination of the Merger agreement.

Other Operating Expenses. Other operating expenses increased by $52 million, or 51%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021. The change was driven by increases in travel expenses relating to crew accommodations, higher supplies and general and administrative costs, including IT and professional services, and escalation in other operating costs during the year ended December 31, 2022 as compared to the year ended December 31, 2021, primarily due to an increase in capacity as demand continues to recover from COVID-19 pandemic. These increases were partly offset by $27 million in additional sale-leaseback gains during the year ended December 31, 2022 as compared to the year ended December 31, 2021.

Other Income (Expense). Other expenses decreased by $27 million, or 100%, during the year ended December 31, 2022, as compared to the year ended December 31, 2021. The decrease was primarily due to $22 million in interest expense related to the mark to market adjustments of warrants issued in conjunction with the PSP Promissory Notes and the Treasury Loan during the year ended December 31, 2021. Additionally, a growth in interest rates contributed to an increase in interest income for the year ended December 31, 2022. This decrease in other expenses was partially offset by a $7 million loss from the extinguishment of debt related to the write-off of unamortized deferred financing costs associated with the Treasury Loan during the year ended December 31, 2022.

Income Taxes. Our effective tax rate for the year ended December 31, 2022 was a benefit of 17.8%, compared to a benefit of 29.2% for the year ended December 31, 2021. The effective tax rate for the year ended December 31, 2022 was lower than the statutory rate primarily due to the non-deductibility of certain executive compensation costs and other employee benefits, coupled with return to provision adjustments. The effective tax rate for the year ended December 31, 2021 was higher than the statutory rate primarily attributable to the release of reserves related to

uncertain tax positions for which the statute of limitations has expired and excess tax benefit associated with our stock-based compensation arrangements, offset by the non-deductible interest from the mark to market adjustments of the warrants issued to the Treasury as part of our participation in the PSPs and the Treasury Loan.

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

	Year Ended December 31,	
	2022	2021
	(in millions)	
Non-GAAP financial data (unaudited):		
Adjusted net income (loss)[(a)]	$ (17)	$ (299)
EBITDA[(a)]	$ —	$ (79)
EBITDAR[(b)]	$ 556	$ 451
Adjusted EBITDA[(a)]	$ 12	$ (364)
Adjusted EBITDAR[(b)]	$ 568	$ 156

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

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

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

	Year Ended December 31,	
	2022	2021
	(in millions)	
Adjusted net income (loss) reconciliation (unaudited):		
Net income (loss)	$ (37)	$ (102)
Non-GAAP Adjustments[(a)]:		
Transaction and merger-related costs, net	10	—
Asset impairment	7	—
Collective bargaining contract ratification	2	—
Early lease termination costs	—	11
CARES Act – grant recognition and employee retention credits	—	(295)
CARES Act – write-off of deferred financing costs due to paydown of loan	7	—
CARES Act – mark to market impact for warrants	—	22
Pre-tax impact	**26**	**(262)**
Tax benefit (expense) related to non-GAAP adjustments	(6)	65
Adjusted net income (loss)	**$ (17)**	**$ (299)**
EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR reconciliation (unaudited):		
Net income (loss)	$ (37)	$ (102)
Plus (minus):		
Interest expense	21	33
Capitalized interest	(11)	(4)
Interest income and other	(10)	(2)
Income tax expense (benefit)	(8)	(42)
Depreciation and amortization	45	38
EBITDA	**—**	**(79)**
Plus: Aircraft rent	556	530
EBITDAR	**$ 556**	**$ 451**
EBITDA	**$ —**	**$ (79)**
Plus (minus)[(a)]:		
Transaction and merger-related costs, net	10	—
Collective bargaining contract ratification	2	—
Early lease termination costs	—	10
CARES Act – grant recognition and employee retention credits	—	(295)
Adjusted EBITDA	**12**	**(364)**
Plus: Aircraft rent[(b)]	556	520
Adjusted EBITDAR	**$ 568**	**$ 156**

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

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

Comparative Operating Statistics

The following table sets forth our operating statistics for the years ended December 31, 2022 and 2021. These operating statistics are provided because they are commonly used in the airline industry and, as such, allow readers to compare our performance against our results for the corresponding prior year periods, as well as against the performance of our peers.

	Year Ended December 31,			
	2022	2021	Change	
Operating statistics (unaudited)[a]				
Available seat miles (ASMs) (millions)	31,746	26,867	18	%
Departures	165,447	143,476	15	%
Average stage length (miles)	991	968	2	%
Block hours	451,156	381,018	18	%
Average aircraft in service	112	106	6	%
Aircraft – end of period	120	110	9	%
Average daily aircraft utilization (hours)	11.1	9.8	13	%
Passengers (thousands)	25,486	20,709	23	%
Average seats per departure	193	193	—	%
Revenue passenger miles (RPMs) (millions)	25,669	20,380	26	%
Load Factor	80.9 %	75.9 %	5.0	pts
Fare revenue per passenger ($)	54.22	38.94	39	%
Non-fare passenger revenue per passenger ($)	73.21	57.65	27	%
Other revenue per passenger ($)	3.07	2.90	6	%
Total ancillary revenue passenger ($)	76.28	60.55	26	%
Total revenue per passenger ($)	130.50	99.49	31	%
Total revenue per available seat mile (RASM) (¢)	10.48	7.67	37	%
Cost per available seat mile (CASM) (¢)	10.62	8.10	31	%
CASM (excluding fuel) (¢) [b]	6.96	5.96	17	%
CASM + net interest (¢) [b]	10.62	8.21	29	%
Adjusted CASM (¢) [b]	10.56	9.16	15	%
Adjusted CASM (excluding fuel) (¢) [b]	6.90	7.02	(2)	%
Adjusted CASM + net interest (¢) [b]	10.54	9.18	15	%
Fuel cost per gallon ($)	3.72	2.17	71	%
Fuel gallons consumed (thousands)	312,115	265,558	18	%
Full-Time Equivalent Employees (FTEs)	6,450	5,481	18	%

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

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

Liquidity, Capital Resources and Financial Position

Overview

As of December 31, 2022, we had $761 million in total available liquidity, made up of cash and cash equivalents. We had $429 million of total debt, net, of which $157 million was short-term. Our total debt, net is comprised of our $277 million pre-delivery deposit payment facility ("PDP Financing Facility"), $71 million pre-purchased miles facility with Barclays Bank Delaware ("Barclays"), $66 million in PSP Promissory Notes and $17 million in secured indebtedness for our headquarters building, partly offset by $2 million in deferred debt acquisition costs and other discounts.

On February 2, 2022, we repaid the Treasury Loan, which included the $150 million principal balance along with accrued interest and associated fees of $1 million. As a result, we recognized a $7 million non-cash charge from the write-off of unamortized deferred financing costs associated with the Treasury Loan for the year ended December 31, 2022. By repaying the amounts outstanding under the Treasury Loan, our co-branded credit card program and related brand assets that collateralized the Treasury Loan are now unencumbered.

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

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

	December 31,	
	2022	2021
	($ in millions)	
Cash and cash equivalents	$ 761	$ 918
Total current assets, excluding cash and cash equivalents	$ 259	$ 119
Total current liabilities, excluding current maturities of long-term debt and operating leases	$ 933	$ 755
Current maturities of long-term debt, net	$ 157	$ 127
Long-term debt, net	$ 272	$ 287
Stockholders' equity	$ 509	$ 530
Debt to capital ratio	46 %	44 %
Debt to capital ratio, including operating lease obligations	85 %	84 %

Use of Cash and Future Obligations

We expect to meet our cash requirements for the next twelve months through use of our available cash and cash equivalents, our PDP Financing Facility and cash flows from operating activities. We expect to meet our long-term cash requirements with cash flows from operating and financing activities, including, but not limited to, potential future borrowings on our credit facility and/or potential issuance of debt or equity. Our primary uses of cash are for working capital, aircraft PDPs, debt repayments and capital expenditures.

Our single largest capital commitment relates to the acquisition of aircraft. As of December 31, 2022, we operated all of our 120 aircraft under operating leases. PDPs relating to future deliveries under our agreement with Airbus are required at various times prior to each aircraft's delivery date. As of December 31, 2022, we had $371 million of PDPs held by Airbus which have been partially financed by our PDP Financing Facility. As of December 31, 2022 our PDP Financing Facility, which allows us to draw up to an aggregate of $290 million, had $277 million outstanding. As of December 31, 2022, we had a firm obligation to purchase 221 A320neo family

aircraft and 19 additional spare engines to be delivered by 2029. Of our aircraft commitments, eight had committed operating leases for 2023 deliveries, and we are evaluating financing options for the remaining aircraft.

Additionally, we are required by some of our aircraft lease agreements to pay maintenance reserves to our respective aircraft lessors in advance of the performance of major maintenance activities; these payments act as collateral for the lessors to ensure aircraft are returned in the agreed upon condition at the end of the lease period. Qualifying payments that are expected to be recovered from lessors are recorded as aircraft maintenance deposits on our 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, 2022 and 2021, we made $18 million and $20 million, respectively, in maintenance deposit payments to our lessors. As of December 31, 2022, we had $117 million in recoverable aircraft maintenance deposits on our consolidated balance sheets, of which $12 million was included in accounts receivable because the eligible maintenance had been performed and the remaining $105 million was included within aircraft maintenance deposits.

The following table summarizes current and long-term material cash requirements as of December 31, 2022, which we expect to fund primarily with operating and financing cash flows (in millions):

	Material Cash Requirements						
	2023	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total**
Debt obligations[(a)]	$ 157	$ 137	$ —	$ —	$ —	$ 137	$ 431
Interest commitments[(b)]	20	7	5	6	6	6	50
Operating lease obligations[(c)]	478	462	447	383	317	1,005	3,092
Flight equipment purchase obligations[(d)]	760	1,974	1,767	2,358	2,448	3,758	13,065
Maintenance deposit obligations[(e)]	3	3	3	3	4	5	21
Total	**$ 1,418**	**$ 2,583**	**$ 2,222**	**$ 2,750**	**$ 2,775**	**$ 4,911**	**$ 16,659**

(a) Includes principal commitments only associated with our PDP Financing Facility pertaining to deliveries through 2024, our floating rate building note through 2023, our affinity card unsecured debt due through 2029 and the PSP Promissory Notes through 2031. See “Notes to Consolidated Financial Statements — 9. Debt”.

(b) Represents interest on debt obligations.

(c) Represents gross cash payments related to our operating lease obligations that are not subject to discount as compared to the obligations measured on our consolidated balance sheets. See “Notes to Consolidated Financial Statements — 10. Operating Leases”.

(d) Represents purchase commitments for aircraft and engines. See “Notes to Consolidated Financial Statements — 14. Commitments and Contingencies”.

(e) Represents fixed maintenance reserve payments for aircraft including estimated amounts for contractual price escalations. See “Notes to Consolidated Financial Statements — 10. Operating Leases”.

Cash Flows

The following table presents information regarding our cash flows in the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	**2021**
	(in millions)	
Net cash provided by (used in) operating activities	$ (78)	$ 216
Net cash used in investing activities	(154)	(67)
Net cash provided by financing activities	75	391
Net increase (decrease) in cash, cash equivalents and restricted cash	**(157)**	**540**
Cash, cash equivalents and restricted cash at beginning of period	918	378
Cash, cash equivalents and restricted cash at end of period	**$ 761**	**$ 918**

Operating Activities

During the year ended December 31, 2022, net cash used in operating activities totaled $78 million, which was driven by a $37 million net loss, $14 million of outflows from changes in operating assets and liabilities and non-cash adjustments totaling $27 million.

The $14 million of outflows from changes in operating assets and liabilities includes:

- $94 million in increases in other long-term assets driven by increases in prepaid maintenance and capitalized maintenance;
- $40 million in increases in supplies from increased consumable and fuel inventory balances as well as increases to other current assets driven by swaption derivative premiums;
- $28 million in increases in accounts receivable;
- $18 million in increases in aircraft maintenance deposits; and
- $4 million in decreases in accounts payable; partially offset by
- $130 million in increases in other liabilities driven by growth in the business primarily through increased leased aircraft return costs, aircraft maintenance costs, and other related accruals; and
- $40 million in increases in our air traffic liability as a result of increased bookings.

Our net loss of $37 million was also adjusted by the following non-cash items to arrive at cash used in operating activities:

- $87 million in gains recognized on sale-leaseback transactions; and
- $8 million in deferred tax benefits; partly offset by
- $45 million in depreciation and amortization;
- $15 million in stock-based compensation expense;
- $7 million in losses on extinguishment of debt; and
- $1 million in amortization of cash flow hedges, net of tax.

During the year ended December 31, 2021, net cash provided by operating activities totaled $216 million, which was driven by $338 million of inflows from changes in operating assets and liabilities partly offset by a $102 million net loss resulting from the significant impact the COVID-19 pandemic had on our operations and non-cash adjustments totaling $20 million.

The $338 million of inflows from changes in operating assets and liabilities includes:

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

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

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

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

In response to the COVID-19 pandemic, beginning in 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. As these deferred payments are made, they are recognized in aircraft rent or station operations, as applicable, in our consolidated statements of operations. The payback of all previous aircraft and engine rent deferrals was completed as of December 31, 2021, and, therefore, there was no impact to operating cash flows for the year ended December 31, 2022. The payback of station deferrals during the year ended December 31, 2022 decreased operating cash flows by $3 million. The deferrals for the year ended December 31, 2021 decreased operating cash flows and unfavorably impacted our results of operations by $22 million, including a $31 million unfavorable impact to aircraft rent, partially offset by a $9 million favorable impact to station operations. As of December 31, 2022, we had $8 million in station deferrals which will be recognized to station operations within our consolidated statements of operations in future periods as the deferrals are repaid.

As of December 31, 2022, we did not have any other off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our results of operations, financial condition or cash flows.

Investing Activities

During the year ended December 31, 2022, net cash used in investing activities totaled $154 million, driven by:

- $111 million in net payments for pre-delivery deposit activity;
- $41 million in cash outflows for capital expenditures; and
- $2 million in cash outflows relating to other investing activity.

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

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

Financing Activities

During the year ended December 31, 2022, net cash provided by financing activities was $75 million, primarily driven by:

- $273 million in cash proceeds from debt issuances, consisting of $217 million in draws on our PDP Financing Facility, net of issuance costs, and a $56 million draw on our Barclays facility;
- $71 million in net proceeds received from sale-leaseback transactions; and
- $1 million in proceeds from the exercise of stock options; partially offset by
- $266 million in cash outflows from principal repayments on debt, which include the paydown of the $150 million Treasury Loan, $115 million in PDP Financing Facility payments and $1 million in payments pursuant to our floating rate building note; and
- $4 million of payments for tax withholdings related to vesting of share-based awards.

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

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

Commitments and Contractual Obligations

Our contractual purchase commitments as of December 31, 2022 include future aircraft and engine acquisitions. Except to the extent set forth in the applicable notes to our consolidated financial statements, the table below does not include commitments that are contingent on events or other factors that are uncertain or unknown at this time.

	A320neo	A321neo	Total Aircraft[(a)]	Engines
Year Ending				
2023	—	13	13	4
2024	—	33	33	2
2025	17	13	30	4
2026	19	22	41	4
2027	21	21	42	3
Thereafter	10	52	62	2
Total	**67**	**154**	**221**	**19**

(a) While the commitments presented above reflect the agreed-upon delivery dates as of December 31, 2022, we have recently experienced delays in the deliveries of Airbus aircraft which may persist in future periods.

During October 2019, we entered into an amendment with Airbus that allows us the option to convert 18 A320neo aircraft to A321XLR aircraft. This conversion right is available until June 2023, per the latest amendment, and is not reflected in the table above as this option has not been exercised.

In November 2021, we entered into an amendment with Airbus to add an additional 91 A321neo aircraft to the committed purchase agreement, which are expected to be delivered starting in 2024 and continuing through 2029 per the latest delivery schedule, all of which are reflected in the table above.

In April 2022, the agreement with Pratt & Whitney, a provider of engines for us, was amended to include additional spare engine commitments and adjust the timing of remaining deliveries, which has been reflected in the table above.

As of December 31, 2022, all 120 aircraft in our fleet were subject to operating leases. These leases expire between 2023 and the end of 2034. Leases for 21 of our aircraft could generally be renewed at rates based on fair market value at the end of a lease term for extensions ranging from less than one year to four years.

As of December 31, 2022, we had signed lease agreements with two of our leasing partners to add ten additional A321neo aircraft through direct leases, with deliveries beginning in the first quarter of 2023 continuing into the third quarter of 2023 based on the latest delivery schedule. None of these ten aircraft are reflected in the table above given they are not committed purchase agreements.

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

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

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

Recently Adopted Accounting Pronouncements

See "Notes to Consolidated Financial Statements — 1. Summary of Significant Accounting Policies" included in Part II, Item 8 of this Annual Report on Form 10-K for a discussion of recent accounting pronouncements.

GLOSSARY OF AIRLINE TERMS

Set forth below is a glossary of industry terms:

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

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

"Adjusted CASM" is a non-GAAP measure and means operating expenses, excluding special items, divided by ASMs. For a discussion of such special items and a reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, CASM including net interest 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" is a non-GAAP measure and means the sum of Adjusted CASM and Net interest expense (income) excluding special items divided by ASMs. For a discussion of such special items and a reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, CASM including net interest 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)" is a non-GAAP measure and means operating expenses less aircraft fuel expense, excluding special items, divided by ASMs. For a discussion of such special items and a reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, CASM including net interest 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" means the value of tickets, unearned membership fees and other related fees sold in advance of travel.

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

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

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

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

"Average stage length" means the average number of miles flown per flight segment.

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

"CASM" or "unit costs" means operating expenses divided by ASMs.

"CASM (excluding fuel)" is a non-GAAP measure and means CASM less fuel expenses divided by ASMs.

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

“CBA” means a collective bargaining agreement.

“CBP” means the United States Customs and Border Protection.

“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.

“GDSs” means Global Distribution Systems 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.

“OTA” means Online Travel Agent.

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

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

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

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

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

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

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

"RLA" means the United States Railway Labor Act.

"Total ancillary revenue per passenger" means ancillary revenue divided by passengers.

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

"Treasury" means the United States Department of the Treasury.

"TSA" means the United States Transportation Security Administration.

"ULCC" means ultra low-cost carrier.

"VFR" means visiting friends and relatives.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are subject to market risks in the ordinary course of our business. These risks include commodity price risk, with respect to aircraft fuel, as well as interest rate risk, specifically with respect to our floating rate obligations and interest rate swaps. 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 34% and 26% of total operating expenses for the years ended December 31, 2022 and 2021, respectively. Unexpected changes in the pricing of aircraft fuel or a shortage or disruption in the supply could have a material adverse effect on our business, results of operations and financial condition. Based on our annual fuel consumption over the last 12 months, a hypothetical 10% increase in the average price per gallon of aircraft fuel would have increased aircraft fuel expense by approximately $116 million.

Interest Rates. We are subject to market risk associated with changing interest rates, due to Secured Overnight Financing Rate ("SOFR")-based interest rates on our PDP Financing Facility and London Interbank Offered Rate ("LIBOR")-based interest rates on our floating rate building note and our affinity card advance purchase of mileage credits. During the year ended December 31, 2022 as applied to our average debt balances, a hypothetical increase of 100 basis points in average annual interest rates on our variable-rate debt would have increased the annual interest expense by $3 million.

In June 2023, LIBOR will be discontinued as a reference rate. As of December 31, 2022, we had $88 million of LIBOR-based debt maturing after June 2023.

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 swap rates. 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, 2022, we paid $19 million in upfront premiums for the option to enter into and exercise cash-settled swaps with a forward starting effective date. As of December 31, 2022, we had hedged $573 million in aircraft rent payments for 14 aircraft and 4 engines to be delivered by the end of 2023. During the year ended December 31, 2021, we did not enter into any swaps and therefore, paid no upfront premiums for options.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 22, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matters

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

Leased Aircraft Return Costs

Description of the matter

As described in Notes 1 and 10 to the consolidated financial statements, the Company's aircraft lease agreements often require the Company to return aircraft airframes and engines to the lessor in a certain condition or pay an amount to the lessor based on the leased airframe or engine's actual condition. Lease return costs are recognized beginning when it is probable that such costs will be incurred, and they can be estimated. When costs become both probable and estimable, they are accrued as a component of supplemental rent, through the remaining lease term. When determining the need to accrue lease return costs, there are various factors considered by management 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, 2022, the Company has accrued liabilities of $102 million for leased aircraft return costs.

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

How we Addressed the Matter in Our Audit

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

Realizability of Deferred Tax Assets

Description of the matter

At December 31, 2022, the Company had deferred tax assets of $677 million, inclusive of a related valuation allowance, and deferred tax liabilities of $644 million. As discussed in Notes 1 and 17 to the consolidated financial statements, the Company records a valuation allowance based on the assessment of the realizability of the Company's deferred tax assets. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, in management's judgment it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

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

How we Addressed the Matter in Our Audit

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

/s/ Ernst & Young LLP

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

Denver, Colorado
February 22, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control Over Financial Reporting

We have audited Frontier Group Holdings, Inc.'s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Frontier Group Holdings, Inc.'s (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, 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, 2022, and the related notes and our report dated February 22, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Denver, Colorado
February 22, 2023

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

	December 31,	
	2022	**2021**
Assets		
Cash and cash equivalents	$ 761	$ 918
Accounts receivable, net	90	50
Supplies, net	55	29
Other current assets	114	40
Total current assets	**1,020**	**1,037**
Property and equipment, net	226	186
Operating lease right-of-use assets	2,484	2,426
Pre-delivery deposits for flight equipment	371	260
Aircraft maintenance deposits	105	98
Intangible assets, net	28	29
Other assets	265	199
Total assets	**$ 4,499**	**$ 4,235**
Liabilities and stockholders' equity		
Accounts payable	$ 89	$ 86
Air traffic liability	313	273
Frequent flyer liability	13	13
Current maturities of long-term debt, net	157	127
Current maturities of operating leases	465	444
Other current liabilities	518	383
Total current liabilities	**1,555**	**1,326**
Long-term debt, net	272	287
Long-term operating leases	2,034	1,991
Long-term frequent flyer liability	32	41
Other long-term liabilities	97	60
Total liabilities	**3,990**	**3,705**
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock, $0.001 par value per share, with 217,875,890 and 217,065,096 shares issued and outstanding as of December 31, 2022 and 2021, respectively	—	—
Additional paid-in capital	393	381
Retained earnings	122	159
Accumulated other comprehensive income (loss)	(6)	(10)
Total stockholders' equity	**509**	**530**
Total liabilities and stockholders' equity	**$ 4,499**	**$ 4,235**

See Notes to Consolidated Financial Statements

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

	Year Ended December 31,		
	2022	**2021**	**2020**
Operating revenues:			
Passenger	$ 3,248	$ 2,000	$ 1,207
Other	78	60	43
Total operating revenues	**3,326**	**2,060**	**1,250**
Operating expenses:			
Aircraft fuel	1,160	575	338
Salaries, wages and benefits	715	616	533
Aircraft rent	556	530	396
Station operations	422	384	257
Sales and marketing	164	109	78
Maintenance, materials and repairs	146	119	83
Depreciation and amortization	45	38	33
CARES Act credits	—	(295)	(193)
Transaction and merger-related costs, net	10	—	—
Other operating	153	101	90
Total operating expenses	**3,371**	**2,177**	**1,615**
Operating income (loss)	**(45)**	**(117)**	**(365)**
Other income (expense):			
Interest expense	(21)	(33)	(18)
Capitalized interest	11	4	6
Interest income and other	10	2	5
Total other income (expense)	**—**	**(27)**	**(7)**
Income (loss) before income taxes	(45)	(144)	(372)
Income tax expense (benefit)	(8)	(42)	(147)
Net income (loss)	**$ (37)**	**$ (102)**	**$ (225)**
Earnings (loss) per share:			
Basic	$ (0.17)	$ (0.48)	$ (1.13)
Diluted	$ (0.17)	$ (0.48)	$ (1.13)

See Notes to Consolidated Financial Statements

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

	Year Ended December 31,		
	2022	**2021**	**2020**
Net income (loss)	**$ (37)**	**$ (102)**	**$ (225)**
Unrealized gains (losses) and amortization from cash flow hedges, net of adjustment for de-designation of fuel hedges, net of deferred tax benefit/(expense) of $(2), less than $(1), and $4 respectively (Note 7)	4	1	(15)
Other comprehensive income (loss)	**4**	**1**	**(15)**
Comprehensive income (loss)	**$ (33)**	**$ (101)**	**$ (240)**

See Notes to Consolidated Financial Statements

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

	Year Ended December 31,		
	2022	**2021**	**2020**
Cash flows from operating activities:			
Net income (loss)	$ (37)	$ (102)	$ (225)
Deferred income taxes	(8)	(32)	(14)
Depreciation and amortization	45	38	33
Gains recognized on sale-leaseback transactions	(87)	(60)	(48)
Loss on extinguishment of debt	7	—	—
Warrant liability unrealized loss	—	22	9
Stock-based compensation	15	11	8
Amortization of cash flow hedges, net of tax	1	1	—
Cash flows from operating leases	—	—	17
Changes in operating assets and liabilities:			
Accounts receivable	(28)	(14)	61
Supplies and other current assets	(40)	174	(170)
Aircraft maintenance deposits	(18)	(20)	(15)
Other long-term assets	(94)	(37)	(32)
Accounts payable	(4)	13	—
Air traffic liability	40	138	(114)
Other liabilities	130	84	(67)
Cash provided by (used in) operating activities	**(78)**	**216**	**(557)**
Cash flows from investing activities:			
Capital expenditures	(41)	(27)	(16)
Pre-delivery deposits for flight equipment, net of refunds	(111)	(36)	28
Other	(2)	(4)	(1)
Cash provided by (used in) investing activities	**(154)**	**(67)**	**11**
Cash flows from financing activities:			
Proceeds from issuance of debt, net of issuance costs	273	163	236
Principal repayments on debt	(266)	(97)	(126)
Proceeds from sale-leaseback transactions	71	59	47
Proceeds from initial public offering, net of offering costs, underwriting discounts and commissions	—	266	—
Proceeds from the exercise of stock options	1	3	—
Minimum tax withholdings on share-based awards	(4)	(3)	(1)
Cash provided by financing activities	**75**	**391**	**156**
Net increase (decrease) in cash, cash equivalents and restricted cash	(157)	540	(390)
Cash, cash equivalents and restricted cash, beginning of period	918	378	768
Cash, cash equivalents and restricted cash, end of period	**$ 761**	**$ 918**	**$ 378**

See Notes to Consolidated Financial Statements

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

	Common Stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
	Shares	Amount				
Balance at December 31, 2019	**199,242,854**	**$ —**	**$ 52**	**$ 486**	**$ 4**	**$ 542**
Net income (loss)	—	—	—	(225)	—	(225)
Restricted stock issued	99,408	—	—	—	—	—
Shares issued in connection with vesting of restricted stock units	134,900	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(39,064)	—	—	—	—	—
Unrealized loss from cash flow hedges net of adjustment for de-designation of fuel hedges, net of tax (Note 7)	—	—	—	—	(15)	(15)
Stock-based compensation	—	—	8	—	—	8
Balance at December 31, 2020	**199,438,098**	**$ —**	**$ 60**	**$ 261**	**$ (11)**	**$ 310**
Net income (loss)	—	—	—	(102)	—	(102)
Shares issued in connection with vesting of restricted stock units	645,206	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(200,735)	—	(3)	—	—	(3)
Amortization of cash flow hedges, net of tax	—	—	—	—	1	1
Restricted stock unit repurchases	(20,368)	—	—	—	—	—
Stock option exercises	2,202,895	—	3	—	—	3
Stock-based compensation	—	—	11	—	—	11
Issuance of common stock upon initial public offering, net of offering costs, underwriting discounts and commissions (Note 1)	15,000,000	—	267	—	—	267
CARES Act warrants (Note 2)	—	—	43	—	—	43
Balance at December 31, 2021	**217,065,096**	**$ —**	**$ 381**	**$ 159**	**$ (10)**	**$ 530**
Net income (loss)	—	—	—	(37)	—	(37)
Shares issued in connection with vesting of restricted stock units	845,606	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(312,541)	—	(4)	—	—	(4)
Amortization of cash flow hedges, net of tax	—	—	—	—	1	1
Unrealized gain from cash flow hedges, net of tax	—	—	—	—	3	3
Stock option exercises	277,729	—	1	—	—	1
Stock-based compensation	—	—	15	—	—	15
Balance at December 31, 2022	**217,875,890**	**$ —**	**$ 393**	**$ 122**	**$ (6)**	**$ 509**

See Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

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

The Company is an ultra low-cost, low-fare airline headquartered in Denver, Colorado that offers flights throughout the United States and to select international destinations in the Americas, serving approximately 100 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.

A reclassification of previously reported amounts has been made to conform to the current year's presentation in the Company's consolidated statements of cash flows. The reclassification relates to the removal of cash flows for derivative instruments, net within the operating section and the reclassification of those cash outflows into supplies and other current assets within the changes in operating assets and liabilities section of the Company's consolidated statements of cash flows. This reclassification did not impact previously reported amounts on the Company's audited consolidated balance sheets, consolidated statements of operations, consolidated statements of comprehensive income (loss), or consolidated statements of stockholders' equity and there was no impact to the total operating, investing or financing cash flows within the consolidated statements of cash flows.

In addition, certain reclassifications of previously reported amounts have been made to conform to the current year presentation in Note 4. Other Current Assets, Note 13. Other Long-Term Liabilities and within the effective income tax rate table in Note 17. Income Taxes. These reclassifications did not impact previously reported amounts on the Company's audited consolidated balance sheets, consolidated statements of operations, consolidated statements of comprehensive income (loss), consolidated statements of cash flows or consolidated statements of stockholders' equity.

Use of Estimates

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

Initial Public Offering

On March 31, 2021, the Company's registration statement on Form S-1 relating to the Company's initial public offering ("IPO") was declared effective by the Securities and Exchange Commission (the "SEC"), and the Company's common stock began trading on the NASDAQ Global Select Market on April 1, 2021 under the symbol "ULCC". In April 2021, the Company received net proceeds of $266 million after deducting underwriting discounts and commissions of $14 million and offering costs of $5 million, which consisted of direct incremental legal, accounting, consulting and other fees relating to the IPO, and exclusive of any income tax benefits from the transaction.

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash may include certificates of deposit that secure letters of credit issued for particular airport authorities as required in certain lease agreements. The Company holds restricted cash to secure medical claims paid. Restricted cash may also include funds held as collateral for future travel paid with a credit card. These funds may be held by credit card processors directly under contracts that require a holdback of funds equal to a certain percentage of the related air traffic liability. If the Company fails to maintain certain liquidity and other financial covenants, the credit card processors' rights to holdback would apply, which would result in a decrease of unrestricted cash. Restricted cash is carried at cost, which management believes approximates fair value. As of December 31, 2022 and 2021, the Company had less than $1 million of restricted cash.

Accounts Receivable, net

Receivables primarily consist of amounts due from credit card receivables, amounts due from select airport locations under revenue share agreements and amounts due from aircraft lessors for maintenance performed. The Company records an allowance for credit losses for amounts not expected to be collected. The Company estimates the allowance based on expected credit losses. The allowance for doubtful accounts was $4 million and $1 million as of December 31, 2022 and 2021, 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 $8 million and $12 million as of December 31, 2022 and 2021, 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 deposit 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 rotable 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,		
	2022	2021	2020
Depreciation	$ 44	$ 38	$ 32
Intangible amortization	1	—	1
Total depreciation and amortization	**$ 45**	**$ 38**	**$ 33**

The Company capitalizes certain internal and external costs associated with the acquisition and development of internal-use software for new products and enhancements to existing products that have reached the application development stage and are deemed feasible. The Company depreciates these costs using the straight-line method over the estimated useful life of the software. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining internal-use software, and labor cost for employees who are directly associated with, and devote time to, internal-use software projects. Capitalized computer software, net is included within ground and other equipment, which is a component of property and equipment, net on the accompanying consolidated balance sheets and totaled $10 million and $9 million as of December 31, 2022 and 2021, respectively.

Leases

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

When available, the rate implicit in the lease is used to discount lease payments to present value; however, most leases do not provide a readily determinable implicit rate. Therefore, the Company estimates its incremental borrowing rate ("IBR") to discount the lease payments based on information available at lease commencement. The IBR utilized by the Company is first determined using an unsecured recourse borrowing rate over a tenor that matches the period of lease payments for each individual lease and then is adjusted to arrive at a rate that is representative of a collateralized rate (secured rate). Given the Company does not have an established unsecured public credit rating, the Company utilizes current period and projected financial information to simulate an unsecured credit rating. The Company then determines its secured 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.

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.

As a result of the COVID-19 pandemic the Company performed a quantitative assessment on its indefinite-lived intangibles during 2020 and determined no impairment charges were necessary. As a result of the continued recovery during 2021 and 2022 and the substantial headroom between the book values and fair values of its indefinite-lived intangibles assets determined as part of the 2020 quantitative assessment, the Company performed qualitative assessments during 2022 and 2021, which resulted in no impairments.

The Company records impairment charges on long-lived assets used in operations and finite-lived intangible assets when events and circumstances indicate that the assets may be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net book value of the assets exceeds their estimated fair value. In making these determinations, the Company uses certain assumptions, including, but not limited to: (i) estimated fair value of the assets; and (ii) estimated undiscounted future cash flows expected to be generated by these assets, which are based on additional assumptions such as asset utilization including macroeconomic factors impacting future demand, length of service the asset will be used in the Company's operations and estimated salvage values. There were no events or circumstances identified during 2022 that required the Company to perform a quantitative impairment assessment.

Aircraft Maintenance

The Company accounts for heavy maintenance and major overhauls under the deferral method, whereby the cost of heavy maintenance and major overhauls is deferred and recorded as flight equipment and depreciated over the lesser of the remaining lease term or the period until the next scheduled heavy maintenance event. The Company has separate maintenance cost-per-hour contracts for the repair of certain rotable 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 included in other assets on the Company's consolidated balance sheets and then accounts for the underlying maintenance event when it occurs, in accordance with the Company's maintenance accounting policy.

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

The Company makes certain assumptions at the inception of the lease and at each balance sheet date to determine the recoverability of maintenance deposits. These assumptions are based on various factors, such as the estimated time between the maintenance events, the cost of such maintenance events, the date the aircraft is due to be returned to the lessor and the number of flight hours and cycles the aircraft is estimated to be utilized before it is returned to the lessor. Changes in estimates are accounted for on a cumulative catch-up basis. On a regular basis, the Company assesses the credit worthiness of the Company's lessors to ensure deposits are collectible and, specifically, whether any credit losses exist for aircraft maintenance deposits. Based on these assessments, the Company determined no allowance was necessary as of December 31, 2022 and 2021.

Certain of the Company's lease agreements provide that maintenance reserves held by the lessor at the expiration of the lease are nonrefundable to the Company and will be retained by the lessor. Consequently, any usage-based maintenance reserve payments after the last major maintenance event are not substantively related to the maintenance of the leased asset and, therefore, are accounted for as supplemental rent.

Leased Aircraft Return Costs

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

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

Derivative Instruments

Fuel Hedging Activities

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

The Company formally designates and accounts for the derivative instruments that meet established accounting criteria under ASC 815, *Derivatives and Hedging*, as cash flow hedges. For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative instruments is recorded in accumulated other comprehensive income/loss ("AOCI/L"), a component of stockholders' equity on the Company's consolidated balance sheets. The Company recognizes the associated gains or losses deferred in AOCI/L, as well as the amounts that are paid or received in connection with the purchase or sale of fuel-related financial derivative instruments (i.e., premium costs of option contracts), as a component of aircraft fuel expense within the Company's consolidated statements of operations in the period that the aircraft fuel is consumed. For derivative instruments that are not designated as cash flow hedges, the gain or loss on the instrument is recognized in current period earnings. Cash flows related to fuel derivative instruments are classified as operating activities in the Company's consolidated statements of cash flows. The Company presents its fuel derivative instruments gross on its consolidated balance sheets. The Company does not enter into derivative instruments for speculative purposes. Refer to Note 7 for additional information regarding the Company's hedge accounting and derivative instruments.

Aircraft and Spare Engine Purchase Hedging Activities

The Company is party to certain interest rate swaption agreements that are accounted for as cash flow hedges, as defined under ASC 815, *Derivatives and Hedging*. Some of the Company's aircraft and spare engine sale-leaseback agreements can expose it to interest rate risk as, depending on the agreement, rental payments are adjusted and become fixed based on the swap rate at the time of delivery. The primary objective for interest rate derivatives is to hedge the portion of the estimated future monthly rental payments related to the associated agreement's variable interest rate, primarily the Secured Overnight Financing Rate ("SOFR"). 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 interest rate derivatives, the Company recognizes the associated gains or losses deferred in AOCI/L, as well as amounts that are paid or received in connection with the purchase or sale of interest rate derivative instruments (i.e., premium costs of swaption contracts), as a component of aircraft rent expense within the Company's consolidated statements of operations over the period of the related aircraft lease. Cash flows related to interest rate swaption agreements are classified as operating activities in the Company's consolidated statements of cash flows. The Company presents its interest rate swaption derivative instruments gross on the consolidated balance sheets. The Company does not enter into derivative instruments for speculative purposes. Refer to Note 7 for additional information regarding the Company's hedge accounting and derivative instruments.

Passenger Revenues

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

Non-fare passenger revenues. Certain ancillary items such as service fees, baggage and seat selection deemed part of providing passenger transportation are recognized to non-fare passenger revenues in passenger revenues within the Company's consolidated statements of operations. Service fees include, among other things, convenience fees, charges for nonrefundable ticket expiration, cancellation charges and service charges assessed for itinerary changes made prior to the date of departure. Such change fees are recognized at the time of departure of the newly

scheduled travel. Beginning in March 2020, resulting from the reduction in demand from the COVID-19 pandemic, the Company waived cancellation and change fees for customers for most of 2020 and the first quarter of 2021.

Passenger Taxes and Fees. The Company is required to collect certain taxes and fees from customers on behalf of government agencies and airports and remit these back to the applicable governmental entity or airport on a periodic basis. These taxes and fees include U.S. federal transportation taxes, federal security charges, airport passenger facility charges, and foreign arrival and departure taxes. These taxes and fees are collected from customers at the time they purchase their tickets but are not included in passenger revenues. The Company records a liability within other current liabilities on the its consolidated balance sheets upon collection from the customer, and reduces the liability when payments are remitted to the applicable governmental agency or airport.

Other Revenues

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

Frequent Flyer Program

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

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

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

As a result of the reduction in demand due to the COVID-19 pandemic, beginning in March 2020, the Company extended the expiration dates of mileage credits issued under its frequent flyer program.

Aircraft Fuel

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

Sales and Marketing

Sales and marketing expense includes credit card processing fees, system booking fees, sponsorship and distribution costs such as the costs of the Company's contact centers and advertising costs. Advertising and the related production costs are expensed as incurred, and for the years ended December 31, 2022, 2021 and 2020 represented $9 million, $7 million and $4 million, respectively, of sales and marketing expense reported within the Company's consolidated statements of operations.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the tax and financial statement reporting bases of assets and liabilities. The Company periodically assesses whether it is more likely than not that sufficient taxable income will be generated to realize deferred income tax assets, and a valuation allowance is established if it is not likely that deferred income tax assets will be realized. The Company considers sources of taxable income from prior period carryback periods, future reversals of existing taxable temporary differences, tax planning strategies and future projected taxable income when assessing the future realization of deferred tax assets. In assessing the sources of income and the need for a valuation allowance, the Company considers all available positive and negative evidence, which includes a recent history of cumulative losses. As of December 31, 2022 and 2021, the Company has an $8 million valuation allowance against its foreign and certain state net operating loss ("NOL") deferred tax assets. Refer to Note 17 for additional information regarding the Company's valuation allowance recorded as of December 31, 2022 and 2021.

Stock-Based Compensation

The Company recognizes cost of employee services received in exchange for awards of equity instruments based on the fair value of each instrument at the date of grant. Compensation expense is recognized over the period during which an employee is required to provide service in exchange for an award, with forfeitures accounted for as they occur. The fair value of stock option awards is estimated on the date of grant using the Black-Scholes valuation model. Restricted stock awards and restricted stock units are valued at the fair value of the shares on the date of grant. The exercise price of all stock awards is determined by the Company's board of directors based, in part, on the ending stock price on the grant date. Prior to the Company's IPO, there were significant judgments and estimates inherent in these valuations which included assumptions regarding the Company's future operating performance, the time to complete potential liquidity events and the determinations of the appropriate valuation methods to be applied. Refer to Note 11 for additional disclosures regarding details of the Company's stock-based compensation plans.

Gains on Sale-Leaseback Transactions

The Company enters into sale-leaseback transactions for its aircraft and aircraft engine assets, whereby the Company sells one or more aircraft or aircraft engine assets to a third-party and simultaneously enters into an operating lease for a right to use such assets for a fixed period of time. Gains on sale-leaseback transactions are recognized in the period in which title to the asset transfers to the buyer-lessor and the lease commences, as a

component of other operating expenses within the Company's 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 and any liquidated damages received from the manufacturer, 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 34%, 26% and 21% of total operating expenses for the years ended December 31, 2022, 2021 and 2020, respectively. Gulf Coast Jet indexed fuel is the Company's basis for the majority of aircraft fuel purchases. Any disruption to the oil production or refinery capacity in the Gulf Coast or any other index, as a result of weather or any other disaster, or disruptions in the supply chain of jet fuel, dramatic escalations in the cost of jet fuel and/or the failure of fuel providers to perform under fuel arrangements for other reasons could have a material adverse effect on the Company's financial condition and results of operations.

As of December 31, 2022, the Company had seven union-represented employee groups that together represented approximately 87% of all employees. Additional disclosure relating to the Company's union-represented employee groups is included in Note 14.

As of December 31, 2022, the Company had all capitalized maintenance deposits with two lessors, and all pre-delivery deposits for flight equipment with one vendor.

Recently Adopted Accounting Pronouncements

The Company did not adopt any previously issued accounting pronouncements during the year ended December 31, 2022 and none of the recently issued accounting pronouncements are expected to have a material impact on the Company's consolidated financial statements.

2. Impact of COVID-19

Impact of the COVID-19 Pandemic

The COVID-19 pandemic, along with government-mandated restrictions on travel, required stay-in-place orders and other social distancing measures, had a material adverse effect on the Company's business and results of operations for the years ended December 31, 2022, 2021 and 2020. Although the Company has continued to experience a significant and sustained recovery during the year ended December 31, 2022 as compared to the years ended December 31, 2021 and 2020, the Company is unable to predict the future spread and impact of COVID-19, including future variants of the virus and its subvariants, or the efficacy and adherence rates of vaccines and other therapeutics and the resulting measures that may be introduced by governments or other parties and what the overall impact may be to consumer behavior and the resulting demand for air travel. Widespread distribution of COVID-19 vaccines has led to increased confidence in travel, particularly in the domestic leisure market on which the Company's business is focused.

COVID-19 Relief Funding

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") became law on March 27, 2020, and provided the airline industry with up to $25 billion for a Payroll Support Program (the "PSP") to be used for

employee wages, salaries and benefits and up to $25 billion in loans. During 2020 and 2021, the Company participated in the PSP, as well as the second Payroll Support Program (the "PSP2") and the third Payroll Support Program (the "PSP3," and, together with the PSP and the PSP2, the "PSPs") offered by the U.S. Department of the Treasury (the "Treasury"), each of which included both a grant and an unsecured 10-year, low-interest promissory note. The grants were recognized within CARES Act credits in the Company's consolidated statements of operations over the periods they were intended to support payroll. See Note 9 for further information on the promissory notes entered into with the Treasury as a result of participation in the payroll support programs (collectively, the "PSP Promissory Notes").

On April 30, 2020, the Company reached an agreement with the Treasury under which the Company received $211 million of installment funding comprised of a $178 million grant (the "PSP Grant") for payroll support for the period from April 2020 through September 2020, and a $33 million unsecured 10-year, low-interest loan (the "PSP Promissory Note"), all of which was received during the year ended December 31, 2020. The PSP Grant was recognized over the period it was intended to support payroll. The Company recognized the full $178 million of PSP Grant proceeds, net of deferred financing costs of $1 million, during the year ended December 31, 2020, within CARES Act credits in the Company's consolidated statements of operations.

On September 28, 2020, the Company entered into a loan agreement with the Treasury for a term loan facility of up to $574 million pursuant to the secured loan program established under the CARES Act (the "Treasury Loan"). As of December 31, 2021, the Company had borrowed $150 million under the Treasury Loan, for which the right to draw any further funds lapsed in May 2021. On February 2, 2022, the Company repaid the Treasury Loan, which included the $150 million principal balance along with accrued interest and associated fees of $1 million.

On January 15, 2021, pursuant to the Consolidated Appropriations Act, 2021, which extended the PSP provisions of the CARES Act, the Company entered into an agreement with the Treasury for installment funding under the PSP2, pursuant to which the Company received $161 million, comprised of a $143 million grant (the "PSP2 Grant") for the continuation of payroll support from the date of the agreement through March 31, 2021, and an $18 million unsecured 10-year, low-interest loan (the "PSP2 Promissory Note"), all of which was received during the year ended December 31, 2021. The PSP2 Grant was recognized over the period it was intended to support payroll. The Company recognized the full $143 million of PSP2 Grant proceeds, net of deferred financing costs, during the year ended December 31, 2021, within CARES Act credits in the Company's consolidated statements of operations.

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

In connection with participation in the PSPs and the Treasury Loan, the Company has been subject to certain restrictions and limitations related to operations, use of grant funds, ability to terminate or furlough employees and executive compensation and dividends, of which the Company has been compliant with through December 31, 2022, as applicable. While most of the restriction periods have lapsed, as of December 31, 2022, the Company was still subject to restrictions on repurchases of equity securities listed on a national securities exchange and on payment of dividends until February 2, 2023, and remains subject to limits on certain executive compensation, including limiting pay increases and severance pay or other benefits upon terminations, until April 1, 2023 with additional required reporting and recordkeeping responsibilities.

In connection with the PSP Promissory Notes and the Treasury Loan, the Company issued to the Treasury warrants to purchase 3,117,940 shares of FGHI common stock at a weighted-average price of $6.95 per share. The initial fair value of these warrants upon issuance was treated as a loan discount, which reduced the carrying value of the related Treasury Loan and PSP Promissory Notes, and is amortized utilizing the effective interest method as interest expense in the Company's consolidated statements of operations over the term of each loan. These awards were originally classified as liability-based awards within other current liabilities on the Company's consolidated balance sheets, with periodic mark to market remeasurements included in interest expense in the Company's consolidated statements of operations given the Company only had the option of settling in cash prior to being publicly traded. As a result of the IPO, the Company has the intent and ability to settle the warrants issued to the Treasury in shares and, as a result, as of April 6, 2021, the Company reclassified the warrant liability to additional paid-in capital on the Company's consolidated balance sheets and is no longer required to mark to market the warrants. The Company recorded no mark to market adjustments during the year ended December 31, 2022 and $22 million and $9 million in mark to market adjustments during the years ended December 31, 2021 and 2020, respectively, to interest expense within the Company's consolidated statements of operations. The Treasury has not exercised any warrants as of December 31, 2022.

The CARES Act also provided for an employee retention credit (the "CARES Employee Retention Credit"), which is a refundable tax credit against certain employment taxes that the Company qualified for beginning on April 1, 2020. In December 2020, the CARES Employee Retention Credit program was extended and enhanced through June 30, 2021. The ARP further extended the availability of the CARES Employee Retention Credit through December 31, 2021. As a result of the increase in revenues after the first quarter of 2021, the Company was no longer eligible for future credits due to the provisions of the gross receipt test applicable to this program. During the years ended December 31, 2021 and 2020, the Company recognized $17 million and $16 million, respectively, related to the CARES Employee Retention Credit within CARES Act credits in the Company's consolidated statements of operations.

3. Revenue Recognition

As of December 31, 2022 and 2021, the Company's air traffic liability balance was $328 million and $273 million, respectively, including short-term and long-term liabilities. During the year ended December 31, 2022, substantially all of the air traffic liability as of December 31, 2021 has been recognized as passenger revenue within the Company's consolidated statements of operations. Of the air traffic liability balances as of December 31, 2022 and 2021, $60 million and $11 million, respectively, was related to unearned membership fees, and $7 million and $59 million, respectively, was related to customer rights to book future travel, which either expire within 3 or 12 months after issuance if not redeemed by the customer. The amounts expected not to be redeemed are recognized over the historical pattern of rights exercised by customers to fare revenues in passenger revenues within the Company's consolidated statements of operations.

During the years ended December 31, 2022, 2021 and 2020, the Company recognized $82 million, $58 million and $126 million of revenue, respectively, in passenger revenues within the Company's consolidated statements of operations, 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.

The Company has a credit card affinity agreement with its credit card partner, Barclays Bank Delaware ("Barclays"), through 2029, which provides for joint marketing, grants certain benefits to co-branded credit 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.

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,		
	2022	2021	2020
Passenger revenues:			
Fare	$ 1,382	$ 806	$ 548
Non-fare passenger revenues:			
Service fees	817	521	303
Baggage	741	457	229
Seat selection	251	170	84
Other	57	46	43
Total non-fare passenger revenue	1,866	1,194	659
Total passenger revenues	3,248	2,000	1,207
Other revenues	78	60	43
Total operating revenues	**$ 3,326**	**$ 2,060**	**$ 1,250**

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

	Year Ended December 31,		
	2022	2021	2020
Domestic	$ 3,051	$ 1,950	$ 1,201
Latin America	275	110	49
Total operating revenues	**$ 3,326**	**$ 2,060**	**$ 1,250**

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

4. Other Current Assets

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

	December 31,	
	2022	2021
Supplier incentives	$ 55	$ 11
Derivative instruments	24	—
Prepaid expenses	20	14
Income tax and other taxes receivable	8	12
Other	7	3
Total other current assets	**$ 114**	**$ 40**

5. Property and Equipment, Net

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

	December 31,	
	2022	2021
Flight equipment	$ 255	$ 212
Ground and other equipment	122	104
Less: accumulated depreciation	(151)	(130)
Total property and equipment, net	**$ 226**	**$ 186**

During the years ended December 31, 2022, 2021 and 2020 the Company deferred $40 million, $18 million and $9 million of costs for heavy maintenance, respectively.

The Company's deferred heavy maintenance balance, net was $46 million and $20 million as of December 31, 2022 and 2021, respectively, and is included as a part of flight equipment within property and equipment, net on the Company's consolidated balance sheets.

6. Intangible Assets, net

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

		December 31,					
		2022			2021		
	Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived:							
Airport slots	Indefinite	$ 20	$ —	$ 20	$ 20	$ —	$ 20
Trademarks	Indefinite	6	—	6	6	—	6
		26	—	26	26	—	26
Finite-lived:							
Affinity credit card program	16 years	16	(14)	2	16	(13)	3
Total intangible assets, net		**$ 42**	**$ (14)**	**$ 28**	**$ 42**	**$ (13)**	**$ 29**

Expected future amortization expense of the Company's finite-lived intangible asset is less than $1 million per year from 2023 through 2029.

7. Financial Derivative Instruments and Risk Management

The Company is exposed to variability in jet fuel prices. Aircraft fuel is one of the Company's largest operating expenses. Increases in jet fuel prices may adversely impact its financial performance, operating cash flow and financial position. As part of its risk management program, the Company may enter into derivative contracts in order to limit exposure to the fluctuations in jet fuel prices. There were no fuel hedges entered into during the years ended December 31, 2022 and 2021. The Company's 2020 hedging program utilized call options and collar structures, which included 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 liability for the Company upon settlement.

Additionally, the Company may be exposed to interest rate risk through aircraft and spare engine lease contracts for the time period between agreement of terms and commencement of the lease, when portions of rental payments can be adjusted and become fixed based on the swap rate. As part of its risk management program, the Company enters into contracts in order to limit the exposure to fluctuations in interest rates. During the year ended December 31, 2022, the Company paid $19 million in upfront premiums for the option to enter into and exercise cash-settled swaps with a forward starting effective date. During the year ended December 31, 2021, the Company did not enter into any swaps and, therefore, paid no upfront premiums for options. During the year ended December 31, 2020, the Company paid $4 million in upfront premiums for options. As of December 31, 2022, the Company hedged the interest rate exposure on $573 million of total aircraft and spare engine rent for 14 aircraft and 4 engines, respectively, to be delivered by the end of 2023.

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

Additionally, the Company is exposed to credit losses in the event of nonperformance by counterparties to its derivative instruments but does not expect that any of its counterparties will fail to meet their respective 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 and monitors the market position with each counterparty. Based on the fair value of the Company's fuel derivative instruments, the Company's counterparties may require the Company to post collateral when the price of the underlying commodity decreases, and the Company may require its counterparties to provide collateral when the price of the underlying commodity increases. The amount of collateral posted, if any, is periodically adjusted based on the fair value of the hedge contracts. The Company's policy is to offset the liabilities represented by these contracts with any cash collateral paid to the counterparties.

The assets associated with the Company's derivative instruments are presented on a gross basis and include upfront premiums paid. These assets are recorded as a component of other current assets on the Company's consolidated balance sheets. There were $24 million of assets outstanding as of December 31, 2022 and no assets outstanding as of December 31, 2021.

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

	Year Ended December 31,		
	2022	2021	2020
Derivatives designated as cash flow hedges			
Losses on fuel derivative contracts	$ —	$ —	$ (26)
Amortization of cash flow hedges	$ (1)	$ (1)	$ (1)
Derivatives not designated as cash flow hedges			
Losses on fuel derivative contracts	$ —	$ —	$ (56)

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

	Year Ended December 31,		
	2022	2021	2020
Derivatives designated as cash flow hedges			
Fuel derivative contract gains (losses), net of tax	$ —	$ —	$ (16)
Fuel derivative losses reclassified to earnings due to de-designation, net of tax	—	—	11
Interest rate derivative contract gains (losses), net of tax	3	—	(10)
Amortization of cash flow hedges, net of tax	1	1	—
Total	**$ 4**	**$ 1**	**$ (15)**

As of December 31, 2022, $6 million is included in AOCI/L related to interest rate hedging instruments that is expected to be reclassified into aircraft rent within the Company's consolidated statements of operations over the aircraft or engine lease term.

8. Other Current Liabilities

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

	December 31,	
	2022	2021
Passenger and other taxes and fees payable	$ 113	$ 84
Salaries, wages and benefits	104	89
Leased aircraft return costs	84	25
Aircraft maintenance	63	36
Station obligations	57	64
Fuel liabilities	34	23
Current portion of phantom equity units (Note 11)	—	26
Other current liabilities	63	36
Total other current liabilities	**$ 518**	**$ 383**

9. Debt

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

	December 31,	
	2022	2021
Secured debt:		
Pre-delivery credit facility[(a)]	$ 277	$ 174
Floating rate building note[(b)]	17	18
Treasury Loan[(c)]	—	150
Unsecured debt:		
Affinity card advance purchase of mileage credits[(d)]	71	15
PSP Promissory Notes[(e)]	66	66
Total debt	**431**	**423**
Less current maturities of long-term debt	(157)	(127)
Less debt acquisition costs and other discounts, net	(2)	(9)
Long-term debt, net	**$ 272**	**$ 287**

(a) The Company, through an affiliate, entered into the PDP facility with Citibank, N.A., as facility agent, in December 2014 (as amended, the "PDP Financing Facility"). The PDP Financing Facility is primarily collateralized by the Company's purchase agreement for Airbus A320 family aircraft deliveries (see Note 14) through the term of the facility, which extends through December 2025. As of December 31, 2022, the PDP Financing Facility allows for total commitments up to $290 million.

Interest is paid every 90 days based on the SOFR plus a margin for each individual tranche. The PDP Financing Facility consists of separate loans for each PDP aircraft. Each separate loan matures upon the earlier of (i) delivery of that aircraft to the Company by Airbus, (ii) the date one month following the last day of the scheduled delivery month of such aircraft and (iii) if there is a delay in delivery of aircraft, depending on the cause of the delivery delay, up to six months following the last day of the scheduled delivery month of such aircraft. The PDP Financing Facility will be repaid periodically according to the preceding sentence with the last scheduled delivery of aircraft contemplated in the PDP Financing Facility, as currently in effect, expected to be in the fourth quarter of 2025.

(b) Represents a note with a commercial bank related to the Company's headquarters building. Under the terms of the agreement, the Company began repaying the outstanding principal balance with quarterly payments beginning in January 2022 and continuing until the maturity date in December 2023. On the maturity date, one final balloon payment will be made to cover all unpaid principal, accrued unpaid interest and other amounts due. The interest rate of one-month LIBOR plus a margin is payable monthly.

(c) On September 28, 2020, the Company entered into the Treasury Loan with the Treasury for a term loan facility of up to $574 million, and had borrowed $150 million under the loan as of December 31, 2021. On February 2, 2022, the Company repaid the Treasury Loan in full, along with accrued interest and associated fees of $1 million. Additionally, the Company recognized a $7 million loss on the extinguishment of debt for the year ended December 31, 2022 from the write-off of unamortized deferred financing costs associated with the Treasury Loan. The repayment terminated the loan agreement with the Treasury and substantially unencumbered the Company's co-branded credit card program and related brand assets that secured the Treasury Loan.

(d) The Company entered into an agreement with Barclays in 2003 which, as amended, provides for joint marketing, grants certain benefits to co-branded credit cardholders ("Cardholders") and allows Barclays to market using the Company's customer database, through 2029. 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 Cardholders. In addition, Barclays will pre-purchase miles if the Company meets certain conditions precedent. 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. Per the terms of the Treasury Loan, the facility amount could not be extended above $15 million until full extinguishment of the Treasury Loan, which occurred in February 2022, and, as a result, the Company borrowed an additional $56 million in the first quarter of 2022. The Company pays interest on a monthly basis, which is based on a one-month LIBOR plus a margin. Beginning March 31, 2028, the facility is scheduled to be repaid in 12 equal monthly installments.

(e) On April 30, 2020, the Company executed the PSP Promissory Note with the Treasury, pursuant to which the Company received a $33 million unsecured 10-year, low-interest loan. Subsequently, the Company entered into the PSP2 with the Treasury in January 2021 and the PSP3 with the Treasury in April 2021, from which the Company received an additional $18 million and $15 million, respectively, evidenced by the PSP2 Promissory Note and the PSP3 Promissory Note. The PSP Promissory Notes include an annual interest rate of 1.00% for the first five years and the SOFR plus 2.00% in the final five years, with bi-annual interest payments. The loans can be prepaid at par at any time without incurring a penalty.

Cash payments for interest related to debt was $14 million, $9 million and $7 million for the years ended December 31, 2022, 2021 and 2020, respectively.

The Company has issued standby letters of credit and surety bonds to various airport authorities and vendors that are collateralized by a portion of the Company's property and equipment and, as of December 31, 2022 and 2021, the Company did not have any outstanding letters of credit that were drawn upon.

As of December 31, 2022, future maturities of debt are payable as follows (in millions):

	December 31, 2022
2023	$ 157
2024	137
2025	—
2026	—
2027	—
Thereafter	137
Total debt principal payments	**$ 431**

The Company continues to monitor covenant compliance with various parties, including, but not limited to, its lenders and credit card processors, and as of the date of this report, the Company is in compliance with all of its covenants.

10. Operating Leases

Aircraft

As of December 31, 2022, the Company leased 120 aircraft with remaining terms ranging from one month to 12 years, all of which are under operating leases and are included within operating lease right-of-use assets and operating lease liabilities on the Company's consolidated balance sheets. In addition, as of December 31, 2022, the Company leased 30 spare engines which are all under operating leases, with the remaining term ranging from 1 month to 12 years. As of December 31, 2022, the lease rates for 12 of the engines depend on usage-based metrics which are variable and, as such, these leases are not recorded on the Company's consolidated balance sheets as operating lease right-of-use assets or as operating lease liabilities.

During the years ended December 31, 2022, 2021 and 2020, the Company executed sale-leaseback transactions with third-party lessors for 13, 13, and 9 new Airbus A320 family aircraft, respectively. Additionally, the Company completed sale-leaseback transactions for four engines, two engines and one engine during the years ended December 31, 2022, 2021 and 2020, respectively. All of the leases from the sale-leaseback transactions are accounted for as operating leases. The Company recognized net sale-leaseback gains from those sale-leaseback transactions of $87 million, $60 million and $48 million during the years ended December 31, 2022, 2021 and 2020, respectively, which are included as a component of other operating expenses within the Company's consolidated statements of operations.

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

Aircraft Rent Expense and Maintenance Obligations

During the years ended December 31, 2022, 2021 and 2020, aircraft rent expense was $556 million, $530 million and $396 million, respectively. Aircraft rent expense includes supplemental rent, which is made up of maintenance reserves paid or to be paid that are not probable of being reimbursed and probable lease return condition obligations. Supplemental rent expense (benefit) for maintenance-related reserves that were deemed non-recoverable, and any impact from changes in those estimates, was $(1) million, $(3) million and $2 million for the years ended December 31, 2022, 2021 and 2020, respectively. The portion of supplemental rent expense related to probable lease return condition obligations was $90 million, $61 million and $25 million for the years ended December 31, 2022, 2021 and 2020, respectively. As of December 31, 2022 and 2021, our total leased aircraft return cost liability was $102 million and $49 million, respectively and are reflected in other current liabilities and other long-term liabilities within the Company's consolidated balance sheets.

Additionally, certain of the Company's aircraft lease agreements require the Company to pay maintenance reserves to aircraft lessors to be held as collateral in advance of the Company's required performance of major maintenance activities. As of December 31, 2022 and 2021, the Company had aircraft maintenance deposits that are expected to be recoverable of $117 million and $108 million, respectively, on the Company's consolidated balance sheets of which $12 million and $10 million, respectively, are included in accounts receivable, net on the Company's consolidated balance sheets as the eligible maintenance has been performed. The remaining $105 million and $98 million are included within aircraft maintenance deposits on the Company's consolidated balance sheets as of December 31, 2022 and 2021, respectively.

A majority of these maintenance reserve payments are calculated based on a utilization measure, such as flight hours or cycles. Maintenance reserves collateralize the lessor for maintenance time run off the aircraft until the completion of the maintenance of the aircraft. As of December 31, 2022, fixed maintenance reserve payments for aircraft and spare engines, including estimated amounts for contractual price escalations, were expected to be $3 million per year for the years 2023 through 2026, $4 million for 2027 and $5 million thereafter, before consideration of reimbursements.

Airport Facilities

The Company's facility leases are primarily for space at approximately 100 airports that are primarily located in the United States. These leases are classified as operating leases and reflect the use of airport terminals, ticket counters, office space, and maintenance facilities. Generally, this space is leased from government agencies that control the use of the airport. The majority of these leases are short-term in nature and renew on an evergreen basis. For these leases, the contractual term is used as the lease term. As of December 31, 2022, the remaining lease terms vary from one month to ten years. At the majority of the U.S. airports, the lease rates depend on airport operating costs or use of the facilities and are reset at least annually, and because of the variable nature of the rates, these leases are not recorded on the Company's consolidated balance sheets as a right-of-use assets and lease liabilities.

Other Ground Property and Equipment

The Company leases certain other assets such as flight training equipment, building space, and various other equipment. Certain of the Company's leases for other assets are deemed to contain fixed rental payments and, as such, are classified as operating leases and are recorded on the Company's consolidated balance sheets as a right-of-use asset and liability. The remaining lease terms ranged from one month to nine years as of December 31, 2022.

During June 2022, the Company entered into an agreement with an existing vendor that provides access and use of certain components and maintenance services, which modified the existing term by extending the agreement through 2031 and provided for more favorable pricing terms, including additional supplier credits to be recognized ratably over the term of the arrangement. As a result, the Company remeasured both its lease liability and right-of-use asset to reflect the extended terms and recorded a $22 million lease incentive in June of 2022.

Lessor Concessions

In response to the COVID-19 pandemic, beginning in 2020, the Company was granted payment deferrals on leases included in the Company's right-of-use assets for certain aircraft and engines from lessors along with airport facilities and other vendors that are not included in the Company's right-of-use assets. As these deferred payments are made, the Company will recognize the deferred payments in aircraft rent or station operations, as applicable, in the Company's consolidated statements of operations. The payback of all previous aircraft and engine rent deferrals was completed as of December 31, 2021, and, therefore, there was no impact to aircraft rent within the Company's consolidated statement of operations for the year ended December 31, 2022. The payback of station deferrals decreased operating cash flows and unfavorably impacted station operations within the Company's results of operations by $3 million for the year ended December 31, 2022. The deferrals for the year ended December 31, 2021 decreased operating cash flows and unfavorably impacted the Company's result of operations by $22 million, including a $31 million unfavorable impact to aircraft rent, partly offset by a $9 million favorable impact to station operations within the Company's consolidated statement of operations. The deferrals for the year ended December 31, 2020 increased operating cash flows and favorably impacted the Company's results of operations by $33 million, including a $31 million favorable impact to aircraft rent and a $2 million favorable impact to station operations within the Company's consolidated statement of operations. As of December 31, 2022, the Company had $8 million in station deferrals which will be recognized to station operations within the Company's consolidated statements of operations in future periods as the deferrals are repaid.

Lease Position

The table below presents the lease-related assets and liabilities recorded on the Company's consolidated balance sheets as of December 31, 2022 and 2021 (in millions):

		December 31,	
	Balance Sheet Classification	**2022**	**2021**
Assets			
Operating lease assets	Operating lease right-of-use assets	$ 2,484	$ 2,426
Liabilities			
Current			
Operating	Current maturities of operating leases	$ 465	$ 444
Long-term operating leases			
Operating	Long-term operating leases	2,034	1,991
Total lease liabilities		$ 2,499	$ 2,435
Weighted-average remaining lease term			
Operating leases		8 years	7 years
Weighted-average discount rate			
Operating leases		5.39 %	5.08 %

Lease Costs

The table below presents certain information related to lease costs for operating leases during the years ended December 31, 2022, 2021 and 2020 (in millions):

	Year Ended December 31,		
	2022	**2021**	**2020**
Operating lease cost[(a)]	$ 478	$ 454	$ 337
Variable lease cost[(a)]	219	284	220
Total lease costs	**$ 697**	**$ 738**	**$ 557**

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

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows as of December 31, 2022 (in millions) for each of the next five years and total of the remaining years to the operating lease liability recorded on the Company's consolidated balance sheet:

	December 31, 2022
Operating Leases	
2023	$ 478
2024	462
2025	447
2026	383
2027	317
Thereafter	1,005
Total undiscounted minimum lease rentals	3,092
Less: amount of lease payments representing interest	(593)
Present value of future minimum lease rentals	2,499
Less: current obligations under operating leases	(465)
Long-term operating lease obligations	**$ 2,034**

During the years ended December 31, 2022 and 2021, the Company acquired, through new operating leases, operating lease assets totaling $405 million and $500 million, respectively, which are included in operating lease right-of-use assets on the Company's consolidated balance sheets. During the years ended December 31, 2022, 2021 and 2020, the Company paid cash of $464 million, $461 million and $340 million net of lessor incentives received, respectively, for amounts included in the measurement of lease liabilities.

11. Stock-Based Compensation

During the years ended December 31, 2022, 2021 and 2020, the Company recognized $15 million, $11 million and $8 million, respectively, in stock-based compensation expense, which is included as a component of salaries, wages and benefits within the Company's consolidated statements of operations. The stock-based compensation expense is related to stock options and restricted awards. The total income tax benefit recognized in the income statement for stock-based compensation expenses was $3 million, $2 million and $2 million, for the years ended December 31, 2022, 2021 and 2020, respectively. The Company also recognized additional income tax benefits of $1 million, $8 million and less than $1 million, for the years ended December 31, 2022, 2021 and 2020, respectively, for which options were exercised or restricted shares vested.

Stock Options and Restricted Awards

In April 2014, FGHI approved the 2014 Equity Incentive Plan (the "2014 Plan"). Under the terms of the 2014 Plan, 38 million shares of FGHI common stock were reserved for issuance. Concurrently with the Company's IPO, on April 1, 2021 the Company approved the 2021 Incentive Award Plan (the "2021 Plan"), which reserved 7 million shares of FGHI common stock, as well as the 11 million issued awards from the 2014 Plan that were still outstanding plus any subsequently forfeited awards or awards that lapse unexercised after April 1, 2021, to be available for future issuances of stock-based compensation awards to be granted to members of the Board of Directors and certain employees and consultants. Additionally, shares available for issuance under the 2021 Plan will be subject to an annual increase on the first day of each fiscal year beginning in 2022 and ending in 2031, equal to the lesser of (i) one percent (1%) of the shares of stock outstanding on the last day of the immediately preceding fiscal year and (ii) such smaller number of shares of stock as determined by the Company's Board of Directors;

provided, however, that no more than 30 million shares of stock may be issued upon the exercise of incentive stock options. On January 1, 2022, 2,170,650 shares were added to the 2021 Plan as a result of the annual increase. As of December 31, 2022, there were 8 million shares available for issuance.

Stock Options

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

A summary of stock option activity during the year ended December 31, 2022 is presented below:

	Number of Shares	Weighted-Average Exercise Price	Aggregate Grant Date Fair Value (in millions)
Outstanding at January 1, 2022	7,651,407	$ 1.99	$ 8
Issued	—	—	—
Exercised	(277,729)	$ 2.69	(1)
Forfeited	—	—	—
Outstanding at December 31, 2022	7,373,678	$ 1.96	$ 7
Exercisable at December 31, 2022	7,346,601	$ 1.93	$ 7

There were no options granted during the years ended December 31, 2022, 2021, and 2020. During the years ended December 31, 2022 and 2021, 277,729 and 2,202,895 vested stock options were exercised, respectively, with an intrinsic value of $3 million and $32 million, respectively; and there were no exercises during the year ended December 31, 2020. As of December 31, 2022, the aggregate intrinsic value of outstanding options was $61 million.

As of December 31, 2022, there was less than $1 million of unrecognized compensation cost related to unvested stock options which is expected to be recognized over a weighted-average period of 0.7 years. Additionally, as of December 31, 2022, exercisable options and outstanding options both have a remaining weighted-average contractual term of 2.2 years.

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, approximately one year of continuous service for the Company's Board of Directors and three to four years of continuous service for all other employees. In order to vest, the participant must still be employed by the Company, with certain contractual exclusions, at each vesting event. Generally, within 30 days after vesting, the shares underlying the restricted stock unit award will be issued to the participant. If a successor corporation in a change of control event fails to assume or substitute for the Restricted Awards under the 2021 Plan, such awards will automatically vest in full as of immediately prior to the consummation of such a change in control. 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 Restricted Award activity during the years ended December 31, 2022, 2021 and 2020 is presented below:

	2022		2021		2020	
	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1	1,970,294	$ 12.47	2,020,650	$ 10.54	368,714	$ 12.17
Issued	1,344,532	$ 11.96	899,800	$ 14.70	1,869,372	$ 10.39
Vested	(533,065)	$ 12.48	(543,879)	$ 10.23	(151,430)	$ 12.22
Forfeited	(73,711)	$ 11.98	(205,542)	$ 10.62	(26,942)	$ 11.05
Repurchased [(a)]	(312,541)	$ 12.14	(200,735)	$ 11.00	(39,064)	$ 11.82
Outstanding at December 31	2,395,509	$ 12.24	1,970,294	$ 12.47	2,020,650	$ 10.54

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

The total fair value of restricted awards vested was $10 million, $11 million and $2 million, during the years ended December 31, 2022, 2021 and 2020, respectively. As of December 31, 2022, there was $18 million of unrecognized compensation cost related to unvested Restricted Awards which is expected to be recognized over a weighted-average period of 2.1 years.

Liability-Classified Awards

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

12. Employee Retirement Plans

The Company recorded $56 million, $46 million and $37 million in expense related to matching contributions to employee retirement plans for the years ended December 31, 2022, 2021 and 2020, respectively. This is recorded as a component of salaries, wages and benefits in the Company's consolidated statements of operations.

Frontier 401(k) Plan

The Company sponsors The Frontier Airlines, Inc. 401(k) Retirement Plan (the "Frontier 401(k) Plan") under Section 401(k) of the Internal Revenue Code. This plan excludes pilots, who are covered under a separate plan discussed below. Under the Frontier 401(k) Plan, the Company matches 50% of each eligible participant's contribution, up to 2% of their compensation for maintenance employees and up to 6% of their compensation for all other employees, excluding flight attendants, whose contributions are matched at 100% of up to 6% of their compensation. Effective February 2022, contributions for employees begin after 60 days of employment (previously one year) and vest 25% per year over four years. 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 $20,500 for 2022 and $19,500 for 2021 and 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 the latest collective bargaining agreement with the pilots, effective as of January 2019 for a five year period, the Company match no longer occurs under this plan, 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 $20,500 for 2022 and $19,500 for 2021 and 2020.

13. Other Long-Term Liabilities

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

	December 31,	
	2022	2021
Deferred supplier incentives	$ 43	$ 14
Leased aircraft return costs	18	24
Deferred revenue	18	21
Other	18	1
Total other long-term liabilities	**$ 97**	**$ 60**

14. Commitments and Contingencies

Flight Equipment Commitments

As of December 31, 2022, the Company's firm aircraft and engine orders consisted of the following:

	A320neo	A321neo	Total Aircraft	Engines
Year Ending				
2023	—	13	13	4
2024	—	33	33	2
2025	17	13	30	4
2026	19	22	41	4
2027	21	21	42	3
Thereafter	10	52	62	2
Total	**67**	**154**	**221**	**19**

As of December 31, 2022, all of the aircraft under the original master purchase agreement with Airbus ("backlog aircraft") have been received. During December 2017, the Company entered into an amendment to the previously existing master purchase agreement, under which the Company has a commitment to purchase a remaining incremental 67 A320neo and 63 A321neo aircraft ("incremental aircraft"), with the first delivery

occurring in September 2022 and the remaining expected to be delivered through 2028, per the latest delivery schedule.

During October 2019, the Company entered into an amendment to the previously existing master purchase agreement that allows the Company the option to convert 18 A320neo aircraft to A321XLR aircraft. The conversion right is available until June 2023, per the latest amendment, and is not reflected in the table above as this option has not been exercised. Each of the Company's amended agreements with Airbus provide for, among other things, varying purchase incentives for each aircraft type (e.g., A320neo versus A321neo), which are allocated proportionally by aircraft type over the remaining aircraft to be delivered so that each aircraft's capitalized cost upon induction would be equal. Therefore, as cash paid for deliveries is greater than the capitalized cost due to the allocation of these purchase incentives, a deferred purchase incentive is recognized within other assets on the Company's consolidated balance sheets, which will ultimately be offset by future deliveries of aircraft with lower cash payments than their associated capitalized cost.

In November 2021, the Company entered into an amendment with Airbus to add an additional 91 A321neo aircraft ("supplemental aircraft") to the committed purchase agreement, with deliveries expected to begin in 2024, continuing through 2029 per the latest delivery schedule.

In April 2022, the agreement with Pratt & Whitney, the provider of engines for the Company's incremental order book, was amended to include additional spare engine commitments and adjust the timing of remaining deliveries, which has been reflected in the table above.

As of December 31, 2022, purchase commitments for these aircraft and engines, including estimated amounts for contractual price escalations and PDPs, were approximately $760 million in 2023, $1,974 million in 2024, $1,767 million in 2025, $2,358 million in 2026, $2,448 million in 2027 and $3,758 million thereafter.

As of December 31, 2022, the Company had signed lease agreements with two of its leasing partners to add ten additional A321neo aircraft through direct leases, with deliveries beginning in the first quarter of 2023 and continuing into the third quarter of 2023, based on the latest delivery schedule. None of these ten aircraft are reflected in the table above given these are not committed purchase agreements.

Litigation and Other Contingencies

On March 12, 2021, the DOT advised the Company that it was in receipt of information indicating that the Company had failed to comply with certain DOT consumer protection requirements relating to consumer refund and credit practices and requested that the Company provide certain information to the DOT. The original DOT request for information and subsequent correspondence and requests were focused on the Company's refund practices on Company initiated flight cancellations and/or significant schedule changes in flights as a result of the COVID-19 pandemic. The Company fully cooperated with the DOT request.

During November 2022, the Company reached a settlement with the DOT that required the Company to offer refunds to any impacted passengers who did not use a provided flight credit or were not provided other travel accommodations and/or incentives in connection with Frontier-initiated flight cancellations and/or significant schedule changes. The Company was also required to provide short duration flight credits for certain customers who were unable to redeem their flight credits during a period in 2020 due to technological issues as well as pay a net cash penalty of $1 million. The impact of the settlement for amounts in excess of reserves previously established for this matter for the year ended December 31, 2022 was not material.

The Company is subject to commercial litigation claims and to administrative and regulatory proceedings and reviews that may be asserted or maintained from time to time. The Company regularly evaluates the status of such matters to assess whether a loss is probable and reasonably estimable in determining whether an accrual is appropriate. Furthermore, in determining whether disclosure is appropriate, the Company evaluates each matter to

assess if there is at least a reasonable possibility that a loss or additional losses may have been incurred and whether an estimate of possible loss or range of loss can be made. The Company believes the ultimate outcome of such lawsuits, proceedings, and reviews will not, individually or in the aggregate, have a material adverse effect on its consolidated financial position, liquidity, or results of operations and that the Company's current accruals cover matters where loss is deemed probable and can be reasonably estimated.

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

Employees

The Company has seven union-represented employee groups that together represent approximately 87% of all employees as of December 31, 2022. The table below sets forth the Company's employee groups and status of the collective bargaining agreements as of December 31, 2022:

			Percentage of Workforce
Employee Group	**Representative**	**Amendable Date**	**December 31, 2022**
Pilots	Air Line Pilots Association (ALPA)	January 2024	31%
Flight Attendants	Association of Flight Attendants (AFA-CWA)	May 2024	52%
Aircraft Technicians	International Brotherhood of Teamsters (IBT)	May 2025[(a)]	3%
Aircraft Appearance Agents	IBT	October 2023	1%
Dispatchers	Transport Workers Union (TWU)	December 2021[(b)]	<1%
Material Specialists	IBT	March 2022[(b)]	<1%
Maintenance Controllers	IBT	October 2023	<1%

(a) The Company conducted off-cycle negotiations in May 2022 with its aircraft technicians, represented by IBT, where the amendable date was extended from March 2024 to May 2025.

(b) The Company's collective bargaining agreements with its dispatchers and material specialists, represented by TWU and IBT, respectively, were still amendable as of December 31, 2022 and negotiations are ongoing; however, each agreement is operating under its current arrangement until an amendment has been reached.

The Company is self-insured for health care claims, subject to a stop-loss policy, for eligible participating employees and qualified dependent medical and dental claims, subject to deductibles and limitations. The Company's liabilities for claims incurred but not reported are determined based on an estimate of the ultimate aggregate liability for claims incurred. The estimate is calculated from actual claim rates and adjusted periodically as necessary. The Company has accrued $5 million for health care claims estimated to be incurred but not yet paid as of December 31, 2022 and 2021, which is included as a component of other current liabilities on the Company's 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 (i) when and under what circumstances these provisions may be triggered, and (ii) the amount that would be payable if the provisions were triggered because the amounts would be based on facts and circumstances existing at such time.

15. Stockholders' Equity

As of December 31, 2022 and 2021, the Company has authorized common stock (voting), common stock (non-voting) and preferred stock of 750,000,000, 150,000,000 and 10,000,000 shares, respectively, of which only common stock (voting) were issued and outstanding. All classes of equity have a par value of $0.001 per share.

The Company had 217,875,890 and 217,065,096 shares of common stock outstanding as of December 31, 2022 and 2021, respectively. All of the Company's issued and outstanding shares of common stock are duly authorized, validly issued, fully paid and nonassessable. Each holder of the Company's common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Holders of the Company's common stock have no preemptive, subscription or other rights, and no redemption or sinking fund provisions applicable to the Company's common stock exist.

During each of the years ended December 31, 2022, 2021 and 2020, no dividends were declared and the Company paid less than $1 million in distributions to those with other participating rights. As of December 31, 2022 there were no dividends payable outstanding. As of December 31, 2021, less than $1 million was payable to those with other participating rights, which was included in other current liabilities on the Company's consolidated balance sheets.

16. Net Earnings (Loss) per Share

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

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

	Year Ended December 31,		
	2022	**2021**	**2020**
Basic:			
Net income (loss)	$ (37)	$ (102)	$ (225)
Less: net income attributable to participating rights	—	—	—
Net income (loss) attributable to common stockholders	**$ (37)**	**$ (102)**	**$ (225)**
Weighted-average common shares outstanding, basic	217,601,373	211,436,542	199,260,410
Net earnings (loss) per share, basic	**$ (0.17)**	**$ (0.48)**	**$ (1.13)**
Diluted:			
Net income (loss)	$ (37)	$ (102)	$ (225)
Less: net income attributable to participating rights	—	—	—
Net income (loss) attributable to common stockholders	**$ (37)**	**$ (102)**	**$ (225)**
Weighted-average common shares outstanding, basic	217,601,373	211,436,542	199,260,410
Effect of dilutive potential common shares	—	—	—
Weighted-average common shares outstanding, diluted	217,601,373	211,436,542	199,260,410
Net earnings (loss) per share, diluted	**$ (0.17)**	**$ (0.48)**	**$ (1.13)**

Due to the net loss for the years ended December 31, 2022, 2021 and 2020, diluted weighted-average shares outstanding are equal to basic weighted-average shares outstanding because the effect of all equity awards is anti-dilutive.

17. Income Taxes

The components of income tax expense are as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
Current:			
Federal	$ —	$ (10)	$ (134)
State and local	—	—	1
Current income tax expense (benefit)	—	(10)	(133)
Deferred:			
Federal	(7)	(32)	(5)
State and local	(1)	(1)	(9)
Foreign	—	1	—
Deferred income tax expense (benefit)	(8)	(32)	(14)
Total income tax expense (benefit)	**$ (8)**	**$ (42)**	**$ (147)**

The income tax provision differs from that computed at the federal statutory corporate tax rate as follows:

	Year Ended December 31,		
	2022	2021	2020
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	1.7	1.6	2.1
Excess tax benefits of stock-based compensation	1.2	5.2	—
Reserves for uncertain tax positions, net	0.6	6.2	(0.2)
Nondeductible warrants	—	(3.5)	(0.5)
Impact of the CARES Act	—	—	16.9
Executive compensation limitation	(3.9)	(0.5)	—
Return to provision adjustment	(2.9)	—	—
Other	0.1	(0.8)	0.2
Effective income tax rate	**17.8 %**	**29.2 %**	**39.5 %**

The effective tax rate for the year ended December 31, 2022 is lower than the statutory rate, primarily due to limitations on compensation provided to certain executives pursuant to Internal Revenue Code section 162(m) and return to provision adjustments, partly offset by state taxes, net of federal benefit and excess tax benefits of stock-based compensation. The effective tax rate for the year ended December 31, 2021 was greater than the statutory rate, primarily attributable to the release of the reserves related to uncertain tax positions for which the statute of limitations has expired and excess tax benefits associated with the Company's stock-based compensation arrangements, partly offset by non-deductible interest from the mark to market adjustments from the warrants issued to the Treasury as part of the Company's participation in the PSPs and the Treasury Loan.

The CARES Act permits an NOL generated in 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. As a result, the Company's taxable losses for 2020 were fully absorbed in the 2015 and 2016 tax years (pre-Tax Cuts and Jobs Act) in which a federal 35% tax rate applies, resulting in a permanent benefit of the 14% rate differential which was favorably impacted by the inclusion of the tax deduction for the payments made to FAPAInvest, LLC, as described in Note 11.

The Company had net tax payments/(refunds) of less than $1 million, $(158) million and $9 million for the years ended December 31, 2022, 2021 and 2020, respectively.

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,	
	2022	2021
Deferred tax assets:		
Operating lease liability	$ 568	$ 551
Net operating losses	50	47
Nondeductible accruals	42	32
Deferred revenue	14	12
Income tax credits	1	2
Valuation allowance	(8)	(8)
Other	10	10
Deferred tax assets	**$ 677**	**$ 646**
Deferred tax liabilities:		
Right-of-use asset	$ (559)	$ (545)
Property and equipment	(41)	(36)
Maintenance deposits	(24)	(22)
Intangibles	(6)	(6)
Other	(14)	(12)
Deferred tax liabilities	**(644)**	**(621)**
Net deferred tax assets (liabilities)	**$ 33**	**$ 25**

As of December 31, 2022, the Company's net deferred tax asset balance was $33 million, and was classified within other assets on the Company's consolidated balance sheet. This balance included $50 million of deferred tax assets related to NOL carry forwards which are made up of $32 million of federal NOLs, which do not expire, $11 million of state NOLs, which expire from one year to having no expiration, and $7 million of foreign NOLs, which expire in eight years. The Company recognizes a valuation allowance when it is more likely than not that some portion, or all, of the Company's deferred tax assets, will not be realized. The Company considers sources of taxable income from prior period carryback periods, future reversals of existing taxable temporary differences, tax planning strategies and future taxable income when assessing the future utilization of deferred tax assets.

The Company considers all available positive and negative evidence in determining the need for a valuation allowance. The Company updated this assessment as of December 31, 2022, noting that in part as a result of the significant impacts from the COVID-19 pandemic, the Company was in a cumulative three-year loss position. Prior to the pandemic, the Company has a consistent history of generating significant earnings and resulting taxable income and has typically utilized significant deferred tax assets such as NOLs prior to expiration. The main source of taxable income that supports realization of the Company's deferred tax assets was from the Company's projected future taxable income. The Company expects to generate significant positive earnings in the near term as the recovery from the pandemic is expected to continue which would support the realization of substantially all of the Company's federal and state deferred tax assets. As a result of the assessment as of December 31, 2022, the Company maintained its valuation allowance related to its $7 million of foreign deferred tax assets and certain state

deferred tax assets of $1 million, as these will most likely not be realized, given the short expiry periods in foreign and certain state jurisdictions.

The following table shows the components of the Company's unrecognized tax benefits related to uncertain tax positions (in millions):

	2022	2021	2020
Unrecognized tax benefits at January 1	$ 1	$ 10	$ 9
Decrease for tax positions taken during prior period	—	(9)	—
Increase for tax positions taken during current period	—	—	1
Unrecognized tax benefits at December 31	**$ 1**	**$ 1**	**$ 10**

In December of 2021, the Company received its federal tax refund related to the Company carrying back its 2020 losses to previous year's tax returns that included certain unrecognized tax positions. Upon receipt of the 2020 tax year refund, the previous year's tax returns effectively are considered closed and, as the statute of limitations reverted back at that time to its original expiry, the Company released any reserve related to tax periods where the statute of limitations would have lapsed.

It is reasonably possible that the amount of unrecognized tax benefit could change within the next 12 months pending the outcome of any cases currently in litigation or a lapse in the statute of limitations. The total amount of unrecognized benefit, if recognized, would reduce income tax expense by $1 million. The Company accrues interest related to unrecognized tax benefits in its provision for income taxes, and any associated penalties in other operating expenses. The amounts recorded in the Company's consolidated financial statements related to interest and penalties was less than $1 million for each of the years ended December 31, 2022, 2021 and 2020.

The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates yearly. The Company's federal income tax returns for tax years 2019 and forward remain open. Additionally, various tax years remain open to examination by state and local taxing jurisdictions.

18. Fair Value Measurements

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

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

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

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

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

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash are comprised of liquid money market funds, time deposits and cash, and are categorized as Level 1 instruments. The Company maintains cash with various high-quality financial institutions, and holds restricted cash to secure medical claims paid. Cash, cash equivalents and restricted cash are carried at cost, which management believes approximates fair value. As of December 31, 2022 and 2021, the Company had less than $1 million of restricted cash.

Interest Rate Derivative Contracts

Interest rate derivative 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 and, 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.

Debt

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

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

	December 31, 2022		December 31, 2021	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Secured debt:				
Pre-delivery credit facility	$ 277	$ 277	$ 174	$ 175
Floating rate building note	17	17	18	19
Treasury Loan	—	—	150	156
Unsecured debt:				
Affinity card advance purchase of mileage credits	71	66	15	14
PSP Promissory Note	66	52	66	58
Total debt	**$ 431**	**$ 412**	**$ 423**	**$ 422**

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

		Fair Value Measurements as of December 31, 2022			
Description	**Balance Sheet Classification**	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	Cash and cash equivalents	$ 761	$ 761	$ —	$ —
Interest rate derivative contracts	Other current assets	$ 24	$ —	$ 24	$ —

		Fair Value Measurements as of December 31, 2021			
Description	**Balance Sheet Classification**	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	Cash and cash equivalents	$ 918	$ 918	$ —	$ —

The Company had no transfers of assets or liabilities between fair value hierarchy levels during the years ended December 31, 2022 and 2021.

19. Related Parties

Management Services

Indigo Partners, LLC ("Indigo Partners") manages an investment fund that is the controlling stockholder of the Company. The Company is assessed a quarterly fee by Indigo Partners for management services. The Company recorded $2 million for each of the years ended December 31, 2022, 2021 and 2020 for these fees, which are included as other operating expenses within the Company's consolidated statements of operations.

Codeshare Arrangement

The Company entered into a codeshare agreement with Controladora Vuela Compañía de Aviación, S.A.B. de C.V. (an airline based in Mexico doing business as "Volaris") during 2018, under which sales began in July 2018. Two of the Company's directors are members of the board of directors of Volaris and one is an alternate director. As of December 31, 2022, Indigo Partners holds approximately 18% of the total outstanding common stock 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 is subject to automatic renewals and may be terminated by either party at any time upon the satisfaction of certain conditions.

20. The Proposed Merger with Spirit Airlines, Inc. ("Spirit").

On February 5, 2022, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Top Gun Acquisition Corp. ("Merger Sub"), a direct wholly-owned subsidiary of the Company, and Spirit. The Merger Agreement provided that, among other things, the Merger Sub would be merged with and into Spirit (the "Merger"), with Spirit surviving the Merger and continuing as a wholly-owned subsidiary of the Company. On July 27, 2022, the Company and Spirit mutually terminated the Merger Agreement.

During the year ended December 31, 2022, the Company recorded $10 million in net expenses related to the proposed Merger within transaction and merger-related costs, net in the Company's consolidated statement of

operations. These costs included $19 million in retention bonus expense, which included an acceleration of 50% of Merger-related retention costs for all eligible employees who were not subject to CARES Act compensation restrictions, and $16 million in transaction costs, which are made up of banking, legal and accounting fees, among others, offset by $25 million received from Spirit for reimbursement of incurred Merger-related expenses in accordance with the termination provisions set forth in the Merger Agreement.

In the event that Spirit, within twelve months following the termination of the Merger Agreement, consummates an acquisition with another acquiror or enters into a definitive written agreement providing for an acquisition with another acquiror, which is ultimately consummated, the Company will be owed an additional $69 million, as provided for in the Merger Agreement.

ITEM 9. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2022. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

During the three months ended December 31, 2022, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their desired objectives and, as noted above, our principal executive officer and principal financial officer believe that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2022.

Management does not expect, however, that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2022 using the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the 2013 Internal Control-Integrated Framework. Based on that evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2022.

The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by Ernst & Young LLP, an independent registered public accounting firm, which also audited our Consolidated Financial Statements for the year ended December 31, 2022. Ernst & Young LLP's report on our internal control over financial reporting is included herein.

ITEM 9B. OTHER INFORMATION

On February 21, 2023, our board of directors approved our Amended and Restated Bylaws (the "Amended and Restated Bylaws"), effective as of such date. Among other matters, the Amended and Restated Bylaws (i) revise procedures and disclosure requirements for the nomination of directors, including to address new Rule 14a-19 of the Exchange Act relating to universal proxy cards; (ii) require that a stockholder directly or indirectly soliciting proxies from other stockholders use a proxy card color other than white; (iii) clarify certain provisions regarding the establishment of the record date for meetings of stockholders; (iv) clarify certain provisions regarding the preparation and availability of the stockholder list; (v) clarify certain provisions regarding the appointment, and duties of, inspectors of election; and (vii) make other administrative, modernizing, clarifying and conforming changes. The foregoing summary of the amendments to the Amended and Restated Bylaws does not purport to be complete and is qualified in its entirety by reference to the complete text of the Amended and Restated Bylaws, a copy of which is filed as Exhibit 3.2 to this Annual Report on Form 10-K and is incorporated herein by reference.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this Annual Report on Form 10-K:

(1) Consolidated Financial Statements

Our consolidated financial Statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not material, or the required information is shown in Part II, Item 8 of this Annual Report on Form 10-K.

(3) Exhibits

The exhibits listed below are filed as part of this Annual Report on Form 10-K or are incorporated herein by reference, in each case as indicated below.

		Incorporated by Reference				Filed Herewith
Exhibit Number	Exhibit Description	Form	File Number	Date	Number	
2.1	Agreement and Plan of Merger, dated as of February 5, 2022, by and among Frontier Group Holdings, Inc., Spirit Airlines, Inc. and Top Gun Acquisition Corp.	8-K	001-40304	2/7/2022	2.1	
2.2	Amendment to Agreement and Plan of Merger, dated as of June 2, 2022, by and among Frontier Group Holdings, Inc., Spirit Airlines, Inc. and Top Gun Acquisition Corp.	8-K	001-40304	6/3/2022	2.1	
2.3	Amendment No. 2 to Agreement and Plan of Merger, dated as of June 24, 2022, by and among Frontier Group Holdings, Inc., Spirit Airlines, Inc. and Top Gun Acquisition Corp.	8-K	001-40304	6/27/2022	2.1	
2.4	Termination Agreement, dated as of July 27, 2022, by and among Frontier Group Holdings, Inc., Spirit Airlines, Inc. and Top Gun Acquisition Corp.	8-K	001-40304	7/27/2022	2.1	
3.1	Amended and Restated Certificate of Incorporation of Frontier Group Holdings, Inc.	8-K	001-40304	4/6/2021	3.1	
3.2	Amended and Restated Bylaws of Frontier Group Holdings, Inc.					X
4.1	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.	10-K	001-40304	2/23/2022	4.1	
4.2	Form of Common Stock Certificate.	S-1	333-254004	3/8/2021	4.2	
4.3	Registration Rights Agreement, dated April 6, 2021, by and among Frontier Group Holdings, Inc. and Indigo Frontier Holdings Company, LLC.	8-K	001-40304	4/6/2021	4.1	
4.4†	Warrant Agreement, dated as of April 30, 2020, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.35	

4.5	Form of PSP Warrant (incorporated by reference to Annex B of Exhibit 10.35 to the Registrant's Registration Statement on Form S-1 filed on March 8, 2021).	S-1	333-254004	3/8/2021	10.36
4.6	Warrant Agreement, dated as of September 28, 2020, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.38
4.7	Form of Warrant (incorporated by reference to Annex B of Exhibit 10.38 to the Registrant's Registration Statement on Form S-1 filed on March 8, 2021).	S-1	333-254004	3/8/2021	10.39
4.8	Warrant Agreement, dated as of January 15, 2021, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.43
4.9	Form of PSP2 Warrant (incorporated by reference to Annex B of Exhibit 10.43 to the Registrant's Registration Statement on Form S-1 filed on March 8, 2021).	S-1	333-254004	3/8/2021	10.44
4.10	Warrant Agreement, dated as of April 29, 2021, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	10-Q	001-40204	5/13/2021	4.5
4.11	Form of PSP3 Warrant (incorporated by reference to Annex B of Exhibit 4.5 to the Registrant's Quarterly Report on Form 10-Q filed on May 13, 2021).	10-Q	001-40204	5/13/2021	4.6
10.1	Airport Use and Lease Agreement, dated as of February 1, 2021, by and between Frontier Airlines, Inc. and the City and County of Denver.	S-1	333-254004	3/8/2021	10.1
10.2(a)#	2014 Equity Incentive Plan.	S-1	333-254004	3/8/2021	10.2(a)
10.2(b)#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2014 Equity Incentive Plan.	S-1	333-254004	3/8/2021	10.2(b)
10.2(c)#	Form of Stock Purchase Right Grant Notice and Restricted Stock Purchase Agreement for Non-Employee Directors.	S-1	333-254004	3/8/2021	10.2(c)
10.2(d)#	Form of Restricted Stock Unit Award Grant Notice and RSU Award Agreement under the 2014 Equity Incentive Plan.	S-1	333-254004	3/8/2021	10.2(d)
10.3(a)#	2021 Incentive Award Plan.	S-1/A	333-254004	3/23/2021	10.3(a)
10.3(b)#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2021 Incentive Award Plan.	S-1/A	333-254004	3/19/2021	10.3(b)
10.3(c)#	Form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement under the 2021 Incentive Award Plan.	S-1/A	333-254004	3/19/2021	10.3(c)
10.3(d)#	Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the 2021 Incentive Award Plan.	S-1/A	333-254004	3/19/2021	10.3(d)
10.4#	Form of Indemnification Agreement for directors and officers.	S-1	333-254004	3/8/2021	10.4
10.5#	Form of Bonus Letter	8-K	001-40204	6/21/2021	10.1
10.6#	Employment Agreement, dated as of March 15, 2016, by and between Frontier Airlines, Inc. and Barry L. Biffle.	S-1	333-254004	3/8/2021	10.5
10.7#	Amended and Restated Employment Agreement, dated as of April 13, 2017, by and between Frontier Airlines, Inc. and James G. Dempsey.	S-1	333-254004	3/8/2021	10.6

10.8#	Employment Agreement, dated as of June 1, 2017, by and between Frontier Airlines, Inc. and Jake F. Filene.	S-1	333-254004	3/8/2021	10.7
10.9#	Employment Letter, dated as of June 30, 2014, by and between Frontier Airlines, Inc. and Howard M. Diamond.	S-1	333-254004	3/8/2021	10.8
10.10(a)#	Employment Agreement, dated as of June 25, 2012, by and between Frontier Airlines, Inc. and Daniel M. Shurz.	S-1	333-254004	3/8/2021	10.10(a)
10.10(b)#	Amendment to Employment Agreement, dated as of September 13, 2013, by and between Frontier Airlines, Inc. and Daniel M. Shurz.	S-1	333-254004	3/8/2021	10.10(b)
10.11#	Employment Letter, dated as of February 13, 2019, by and between Frontier Airlines, Inc. and Trevor J. Stedke.	S-1	333-254004	3/8/2021	10.11
10.12#	Employment Letter, dated as of March 2, 2021, by and between Frontier Airlines, Inc. and Craig R. Maccubbin.	S-1/A	333-254004	3/23/2021	10.47
10.13#	Non-Employee Director Compensation Program, as amended on May 18, 2022.	10-Q	001-40304	7/27/2022	10.1
10.14(a)#	Amended and Restated Phantom Equity Investment Agreement, dated as of December 3, 2013, by and among Frontier Airlines, Inc., Falcon Acquisition Group, Inc. and FAPAInvest, LLC.	S-1	333-254004	3/8/2021	10.13(a)
10.14(b)#	Amendment to Amended and Restated Phantom Equity Investment Agreement, dated as of December 20, 2016, by and among Frontier Airlines, Inc., Frontier Group Holdings, Inc. and FAPAInvest, LLC.	S-1	333-254004	3/8/2021	10.13(b)
10.14(c)#	Second Amendment to Amended and Restated Phantom Equity Investment Agreement, dated as of December 27, 2019, by and among Frontier Airlines, Inc., Frontier Group Holdings, Inc. and FAPAInvest, LLC.	S-1	333-254004	3/8/2021	10.13(c)
10.15#	Professional Services Agreement, dated December 3, 2013, by and among Indigo Partners LLC, Frontier Airlines Holdings, Inc. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.14
10.16#	Subscription Agreement, dated as of December 3, 2013, by and between Falcon Acquisition Group, Inc. and Indigo Frontier Holdings Company, LLC.	S-1	333-254004	3/8/2021	10.15
10.17(a)†	Airbus A320 Family Aircraft Purchase Agreement, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(a)
10.17(b)†	Amended and Restated Letter Agreement No. 1, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(b)
10.17(c)†	Third Amended and Restated Letter Agreement No. 2, dated as of November 13, 2021, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-K	001-40304	2/23/2022	10.17(c)
10.17(d)†	Second Amended and Restated Letter Agreement No. 3, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(d)
10.17(e)†	Amended and Restated Letter Agreement No. 4, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(e)

10.17(f)†	Letter Agreement No. 5, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(f)
10.17(g)†	Letter Agreement No. 6A, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(g)
10.17(h)†	Letter Agreement No. 6B, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(h)
10.17(i)†	Letter Agreement No. 6D, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(i)
10.17(j)†	Letter Agreement No. 6D-1, dated as of October 9, 2019, by and between and Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(j)
10.17(k)†	Letter Agreement No. 6D-2, dated as of October 9, 2019, by and between and Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(k)
10.17(l)†	Letter Agreement No. 6D-3, dated as of October 9, 2019, by and between and Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(l)
10.17(m)†	Amended and Restated Letter Agreement No. 7, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(m)
10.17(n)†	Letter Agreement No. 8, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(n)
10.17(o)†	Letter Agreement No. 9, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(o)
10.17(p)†	Amended and Restated Letter Agreement No. 10, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(p)
10.17(q)†	Letter Agreement No. 11, dated as of November 13, 2021, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-K	001-40304	2/23/2022	10.17(q)
10.17(r)†	Amendment No. 1 to Airbus A320 Family Aircraft Purchase Agreement, dated as of January 10, 2013, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(q)
10.17(s)†	Amendment No. 2 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 3, 2013, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(r)
10.17(t)†	Amendment No. 3 to Airbus A320 Family Aircraft Purchase Agreement, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(s)
10.17(u)†	Amendment No. 4 to Airbus A320 Family Aircraft Purchase Agreement, dated as of August 7, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(t)
10.17(v)†	Amendment No. 5 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(u)

10.17(w)†	Amendment No. 6 to Airbus A320 Family Aircraft Purchase Agreement, dated as of July 1, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(v)	
10.17(x)†	Amendment No. 7 to Airbus A320 Family Aircraft Purchase Agreement, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(w)	
10.17(y)†	Amendment No. 8 to Airbus A320 Family Aircraft Purchase Agreement, dated as of March 16, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(x)	
10.17(z)†	Amendment No. 9 to Airbus A320 Family Aircraft Purchase Agreement, dated as of May 4, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(y)	
10.17(aa)†	Amendment No. 10 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 2, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(z)	
10.17(bb)†	Amendment No. 11 to Airbus A320 Family Aircraft Purchase Agreement, dated as of November 13, 2021, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-K	001-40304	2/23/2022	10.17(bb)	
10.17(cc)†	Amendment No. 12 to Airbus A320 Family Aircraft Purchase Agreement, dated as of March 31, 2022, by and between Airbus S.A.S. and Frontier Airlines, Inc.					X
10.17(dd)†	Amendment No. 13 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 16, 2022, by and between Airbus S.A.S. and Frontier Airlines, Inc.					X
10.17(ee)†	Letter Agreement, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(aa)	
10.18(a)†	Airbus A321 Aircraft Purchase Agreement, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(a)	
10.18(b)†	Letter Agreement No. 5, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(b)	
10.18(c)†	Letter Agreement No. 6A, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(c)	
10.18(d)†	Letter Agreement No. 6B, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(d)	
10.18(e)†	Letter Agreement No. 8, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(e)	
10.18(f)†	Letter Agreement No. 9, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(f)	
10.19†	Amended and Restated Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of September 15, 2020, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.	S-1/A	333-254004	3/18/2021	10.18	
10.20(a)†	General Terms Agreement No. 6-13616, dated as of June 30, 2000, by and between Frontier Airlines, Inc., CFM International, Inc. and Societe Nationale D'Etude et de Construction de Monteurs d'Aviation.	S-1	333-254004	3/8/2021	10.19(a)	

10.20(b)†	Letter Agreement No. 1, dated as of June 30, 2000, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(b)
10.20(c)†	Letter Agreement No. 2, dated as of November 20, 2002, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(c)
10.20(d)†	Letter Agreement No. 3, dated as of August 1, 2003, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(d)
10.20(e)†	Letter Agreement No. 4, dated as of March 26, 2004, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(e)
10.20(f)†	Letter Agreement No. 5, dated as of April 11, 2006, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(f)
10.20(g)	Amendment No. 1 to GTA 6-13616, dated as of June 6, 2009, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(g)
10.20(h)†	Letter Agreement No. 7, dated as of October 25, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(h)
10.20(i)†	Letter Agreement No. 8, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(i)
10.20(j)†	Letter Agreement No. 9, dated as of August 3, 2015, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(j)
10.21(a)†	General Terms Agreement No. CFM-1 1-2576101711, dated as of October 17, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.20(a)
10.21(b)†	Letter Agreement No. 1 to General Terms Agreement No. CFM-1 1-2576101711, dated as of October 26, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.20(b)
10.21(c)†	Amendment No. 1 to Letter Agreement No. 1, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.20(c)
10.22†	Purchase Terms Agreement (Material-Single Event), dated as of November 5, 2014, by and between Frontier Airlines, Inc. and Lufthansa Technik AG.	S-1	333-254004	3/8/2021	10.21
10.23(a)†	Navitaire Hosted Services Agreement, dated as of June 20, 2014, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(a)
10.23(b)†	Amendment No. 1 to Navitaire Hosted Services Agreement, dated as of March 1, 2015, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(b)
10.23(c)†	Amendment No. 2 to Navitaire Hosted Services Agreement, dated as of April 10, 2015, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(c)
10.23(d)†	Amendment No. 3 to Navitaire Hosted Services Agreement, dated as of January 1, 2016, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(d)

10.24(a)†	Eighth Amended and Restated Credit Agreement, dated as of June 30, 2022, by and among Vertical Horizons, Ltd., as borrower, Citibank, N.A., as facility agent and arranger, Bank of Utah, not in its individual capacity but solely as security trustee, and each lender identified on Schedule I thereto.	10-Q	001-40304	7/27/2022	10.2	
10.24(b)†	Amendment No. 1 to Eighth Amended and Restated Credit Agreement, dated as of December 29, 2022, by and among, Vertical Horizons, Ltd., as borrower, Citibank, N.A., as facility agent and arranger, Bank of Utah, not in its individual capacity but solely as security trustee, and each lender identified on the signature pages thereto.					X
10.25(a)	Guarantee, dated as of December 23, 2014, by Frontier Airlines Holdings, Inc. for the benefit of Airbus S.A.S.	S-1	333-254004	3/8/2021	10.24(a)	
10.25(b)	Guarantee, dated as of December 23, 2014, by Frontier Airlines, Inc. for the benefit of Airbus S.A.S.	S-1	333-254004	3/8/2021	10.24(b)	
10.26	Eighth Amended and Restated Guarantee, dated as of June 30, 2022, by Frontier Airlines, Inc., as guarantor, in favor of Bank of Utah, not in its individual capacity but solely as security trustee.	10-Q	001-40304	7/27/2022	10.3	
10.27	Eighth Amended and Restated Guarantee, dated as of June 30, 2022, by Frontier Airlines Holdings, Inc., as guarantor, in favor of Bank of Utah, not in its individual capacity but solely as security trustee.	10-Q	001-40304	7/27/2022	10.4	
10.28†	Amended and Restarted Guarantee, dated as of June 30, 2022, by Frontier Group Holdings, Inc., as guarantor, in favor of Bank of Utah, not in its individual capacity but solely as security trustee.	10-Q	001-40304	7/27/2022	10.5	
10.29(a)†	Amended and Restated Step-In Agreement, dated as of December 28, 2021 by and among Vertical Horizons, Ltd., Bank of Utah and Airbus S.A.S.	10-K	001-40304	2/23/2022	10.29	
10.29(b)†	Amendment Agreement, dated as of March 31, 2022, by and among Vertical Horizons, Ltd., Bank of Utah, not in its individual capacity but solely as security trustee, and Airbus S.A.S.	10-Q	001-40304	7/27/2022	10.6	
10.29(c)†	Second Amendment Agreement, dated as of June 30, 2022, by and among Vertical Horizons, Ltd., Bank of Utah, not in its individual capacity but solely as security trustee, and Airbus S.A.S.	10-Q	001-40304	7/27/2022	10.7	
10.30	Subordinated Loan Agreement, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and Vertical Horizons, Ltd.	S-1	333-254004	3/8/2021	10.28	
10.31†	Fifth Amended and Restated CFMI Engine Benefits Agreement, dated as of March 19, 2020, by and among Vertical Horizons, Ltd., CFM International, Inc., Bank of Utah and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.29	
10.32(a)†	Amended and Restated Signatory Agreement (U.S. Visa and MasterCard Transactions), dated as of November 5, 2013, by and among Frontier Airlines Holdings Inc., Frontier Airlines, Inc. and U.S. Bank National Association.	S-1	333-254004	3/8/2021	10.30(a)	
10.32(b)†	First Omnibus Amendment to Signatory Agreements, dated as of March 1, 2016, by and among Frontier Airlines Holdings, Inc., Frontier Airlines, Inc., U.S. Bank National Association, and Elavon Canada Company.	S-1	333-254004	3/8/2021	10.30(b)	

10.32(c)†	Third Omnibus Amendment to Signatory Agreements, dated as May 1, 2018, by and among Frontier Airlines Holdings, Inc., Frontier Airlines, Inc., U.S. Bank National Association and Elavon Canada Company.	S-1	333-254004	3/8/2021	10.30(c)
10.32(d)†	Fourth Omnibus Amendment to Signatory Agreements, dated as of April 1, 2020, by and among Frontier Airlines Holdings, Inc., Frontier Airlines, Inc., U.S. Bank National Association and Elavon Canada Company.	S-1	333-254004	3/8/2021	10.30(d)
10.33(a)†	Rate per Flight Hour Agreement, dated as of August 29, 2017, by and between CFM International, Inc. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.31(a)
10.33(b)†	Amendment No. 1 to Rate per Flight Hour Agreement, dated as of August 29, 2017, by and between CFM International, Inc. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.31(b)
10.34†	Codeshare Agreement, dated as of January 16, 2018, by and between Concesionaria Vuela Compania Aviacion S.A.P.I. de C.V. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.32
10.35	Promissory Note, dated as of April 30, 2020, issued by Frontier Group Holdings, Inc. in the name of the United States Department of the Treasury and guaranteed by Frontier Airlines, Inc. and Frontier Airlines Holdings, Inc.	S-1	333-254004	3/8/2021	10.33
10.36	Payroll Support Program Agreement, dated as of April 30, 2020, between Frontier Airlines, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.34
10.37†	Loan and Guarantee Agreement, dated as of September 28, 2020, by and among Frontier Airlines, Inc., Frontier Group Holdings, Inc., the United States Department of the Treasury and The Bank of New York Mellon, as administrative and collateral agent.	S-1	333-254004	3/8/2021	10.37
10.38	Letter Agreement, dated as of January 15, 2021, among Frontier Airlines, Inc., Frontier Group Holdings, Inc. and the United States Department of the Treasury and acknowledged by The Bank of New York Mellon, as administrative and collateral agent.	S-1	333-254004	3/8/2021	10.40
10.39	Payroll Support Program Extension Agreement, dated as of January 15, 2021, between Frontier Airlines, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.41
10.40	Promissory Note, dated as of January 15, 2021, issued by Frontier Group Holdings, Inc. in the name of the United States Department of the Treasury and guaranteed by Frontier Airlines, Inc. and Frontier Airlines Holdings, Inc.	S-1	333-254004	3/8/2021	10.42
10.41	Payroll Support Program Agreement, dated as of April 29, 2021, between Frontier Airlines, Inc. and the United States Department of the Treasury.	10-Q	001-40304	5/13/2021	10.8
10.42	Promissory Note, dated as of April 29, 2021, issued by Frontier Group Holdings, Inc. in the name of the United States Department of the Treasury and guaranteed by Frontier Airlines, Inc. and Frontier Airlines Holdings, Inc.	10-Q	001-40304	5/13/2021	10.9

10.43†	Third Amended and Restated IAE Engine Benefits Agreement A320neo and A321neo Aircraft (2022, 2023, 2024 and 2025 Deliveries), dated as of June 30, 2022, among Vertical Horizons, Ltd., International Aero Engines, LLC, Bank of Utah, not in its individual capacity but solely as security trustee, and Frontier Airlines, Inc.	10-Q	001-40304	7/27/2022	10.8	
10.44(a)†	PW1100G-JM Engine Purchase and Support Agreement, dated as of April 13, 2020, by and between International Aero Engines, LLC and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.46	
10.44(b)†	Amendment No. 1 to PW1100G-JM Engine Purchase and Support Agreement, dated as of April 18, 2022, by and between International Aero Engines, LLC and Frontier Airlines, Inc.	10-Q	001-40304	7/27/2022	10.9	
21.1	List of subsidiaries.					X
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.					X
24.1	Power of Attorney (included in the signature pages hereto).					X
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101).					X

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

# Indicates management contract or compensatory plan.

† Certain portions of this document that constitute confidential information have been redacted in accordance with Regulation S-K, Item 601(b)(10).

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURE

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

Date: February 22, 2023

By: /s/ James G. Dempsey

James G. Dempsey

Executive Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Barry L. Biffle, James G. Dempsey, and Howard M. Diamond, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Barry L. Biffle **Barry L. Biffle**	Chief Executive Officer and Director *(Principal Executive Officer)*	February 22, 2023
/s/ James G. Dempsey **James G. Dempsey**	Chief Financial Officer *(Principal Financial Officer)*	February 22, 2023
/s/ Josh A. Wetzel **Josh A. Wetzel**	Chief Accounting Officer *(Principal Accounting Officer)*	February 22, 2023
/s/ William A. Franke **William A. Franke**	Director (Chairman of the Board)	February 22, 2023
/s/ Andrew S. Broderick **Andrew S. Broderick**	Director	February 22, 2023
/s/ Josh T. Connor **Josh T. Connor**	Director	February 22, 2023
/s/ Brian H. Franke **Brian H. Franke**	Director	February 22, 2023
/s/ Robert J. Genise **Robert J. Genise**	Director	February 22, 2023
/s/ Bernard L. Han **Bernard L. Han**	Director	February 22, 2023
/s/ Ofelia Kumpf **Ofelia Kumpf**	Director	February 22, 2023

/s/ Michael R. MacDonald **Michael R. MacDonald**	Director	February 22, 2023
/s/ Patricia Salas Pineda **Patricia Salas Pineda**	Director	February 22, 2023
/s/ Alejandro D. Wolff **Alejandro D. Wolff**	Director	February 22, 2023

Exhibit 3.2

AMENDED AND RESTATED BYLAWS OF FRONTIER GROUP HOLDINGS, INC.

(a Delaware corporation)

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(continued)

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AMENDED AND RESTATED
BYLAWS OF
FRONTIER GROUP HOLDINGS, INC.

ARTICLE I - CORPORATE OFFICES

1.1 REGISTERED OFFICE.

The registered office of Frontier Group Holdings, Inc. (the "Corporation") shall be fixed in the Corporation's certificate of incorporation, as the same may be amended from time to time (the "Certificate of Incorporation").

1.2 OTHER OFFICES.

The Corporation's board of directors (the "Board") may at any time establish other offices at any place or places where the Corporation is qualified to do business.

ARTICLE II - MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS.

Meetings of stockholders shall be held at any place, within or outside the State of Delaware, designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the "DGCL"). In the absence of any such designation or determination, stockholders' meetings shall be held at the Corporation's principal executive office.

2.2 ANNUAL MEETING.

The Board shall designate the date and time of the annual meeting. At the annual meeting, directors shall be elected and other business properly brought before the meeting in accordance with Section 2.4 of this Article II may be transacted. The Corporation may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board.

2.3 SPECIAL MEETING.

A special meeting of the stockholders may be called at any time by the Chair of the Board or by the Secretary of the Corporation upon direction of the Board pursuant to a resolution adopted by a majority of the entire Board, but such special meetings may not be called by any other person or persons; provided, however, that notwithstanding the foregoing, until such time as Indigo Frontier Holdings Company, LLC, or any successor thereto by merger, consolidation, acquisition of all or substantially all assets or otherwise by operation of law or any of its Affiliates (as such term is defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended) ("Indigo") ceases to beneficially own shares of Common Stock representing at least a majority of the voting power ("Indigo Control") of all the then outstanding shares of capital stock of the Corporation entitled to vote at an election of directors (the "Voting Stock"), special meetings of stockholders of the Corporation may be called at any time by the holders of a majority of the voting power of the Voting Stock.

No business may be transacted at such special meeting other than the business specified in such notice to stockholders. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board may be held. The

Corporation may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Chair of the Board or by the Secretary of the Corporation upon direction of the Board.

2.4 ADVANCE NOTICE PROCEDURES FOR BUSINESS BROUGHT BEFORE A MEETING.

(i) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in a notice of meeting given by or at the direction of the Board, (b) if not specified in a notice of meeting, otherwise brought before the meeting by or at the direction of the Board or the Chair of the Board, (c) be brought before the meeting by or at the direction of Indigo while the Corporation is under Indigo Control or (d) otherwise properly brought before the meeting by a stockholder present in person who (A)(1) was a record owner of shares of the Corporation both at the time of giving the notice provided for in this Section 2.4 and at the time of the meeting, (2) is entitled to vote at the meeting and (3) has complied with this Section 2.4 in all applicable respects, or (B) properly made such proposal in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (as so amended and inclusive of such rules and regulations, the "Exchange Act"). The foregoing clause (d) shall be the exclusive means for a stockholder (other than Indigo while the Corporation is under Indigo Control) to propose business to be brought before an annual meeting of the stockholders. The only matters that may be brought before a special meeting are the matters specified in the notice of meeting given by or at the direction of the person calling the meeting pursuant to Section 2.3 of these Bylaws, and stockholders shall not be permitted to propose business to be brought before a special meeting of the stockholders. For purposes of this Section 2.4, "present in person" shall mean that the stockholder proposing that the business be brought before the annual meeting of the Corporation, or, if the proposing stockholder is not an individual, a qualified representative of such proposing stockholder, appear at such annual meeting. A "qualified representative" of such proposing stockholder shall be a duly authorized officer, manager or partner of such stockholder or any other person authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders. Stockholders seeking to nominate persons for election to the Board must comply with Section 2.5 and Section 2.6 of these Bylaws, and this Section 2.4 shall not be applicable to nominations except as expressly provided in Section 2.5 and Section 2.6 of these Bylaws.

(ii) For business to be properly brought before an annual meeting by a stockholder, the stockholder must (a) provide Timely Notice (as defined below) thereof in writing and in proper form to the Secretary of the Corporation and (b) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.4. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the one-year anniversary of the preceding year's annual meeting which, in the case of the first annual meeting of stockholders following the closing of the Corporation's initial underwritten public offering of common stock, the date of the preceding year's annual meeting shall be deemed to be June 1; provided, however, that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered, or mailed and received, not later than the ninetieth (90^{th}) day prior to such annual meeting or, if later, the tenth (10^{th}) day following the day on which public disclosure of the date of such annual meeting was first made by the Corporation (such notice within such time periods, "Timely Notice"). In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of Timely Notice as described above.

(iii) To be in proper form for purposes of this Section 2.4, a stockholder's notice to the Secretary shall set forth:

(a) As to each Proposing Person (as defined below), (A) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's books and records); and (B) the class or series and number of shares of the Corporation that are, directly or indirectly, owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (A) and (B) are referred to as "Stockholder Information");

(b) As to each Proposing Person, (A) the full notional amount of any securities that, directly or indirectly, underlie any "derivative security" (as such term is defined in Rule 16a-1(c) under the Exchange Act) that constitutes a "call equivalent position" (as such term is defined in Rule 16a-1(b) under the Exchange Act) ("Synthetic Equity Position") and that is, directly or indirectly, held or maintained by such Proposing Person with respect to any shares of any class or series of shares of the Corporation; provided that, for the purposes of the definition of "Synthetic Equity Position," the term "derivative security" shall also include any security or instrument that would not otherwise constitute a "derivative security" as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination of the amount of securities into which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination; and, provided, further, that any Proposing Person satisfying the requirements of Rule 13d-1(b)(1) under the Exchange Act (other than a Proposing Person that so satisfies Rule 13d-1(b)(1) under the Exchange Act solely by reason of Rule 13d-1(b)(1)(ii)(E)) shall not be deemed to hold or maintain the notional amount of any securities that underlie a Synthetic Equity Position held by such Proposing Person as a hedge with respect to a bona fide derivatives trade or position of such Proposing Person arising in the ordinary course of such Proposing Person's business as a derivatives dealer, (B) any rights to dividends on the shares of any class or series of shares of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, (C)(x) if such Proposing Person is (i) a general or limited partnership, syndicate or other group, the identity of each general partner and each person who functions as a general partner of the general or limited partnership, each member of the syndicate or group and each person controlling the general partner or member, (ii) a corporation or a limited liability company, the identity of each officer and each person who functions as an officer of the corporation or limited liability company, each person controlling the corporation or limited liability company and each officer, director, general partner and person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company or (iii) a trust, any trustee of such trust (each such person or persons set forth in the preceding clauses (i), (ii) and (iii), a "Responsible Person"), any fiduciary duties owed by such Responsible Person to the equity holders or other beneficiaries of such Proposing Person and any material interests or relationships of such Responsible Person that are not shared generally by other record or beneficial holders of the shares of any class or series of the Corporation and that reasonably could have influenced the decision of such Proposing Person to propose such business to be brought before the meeting, and (y) if such Proposing Person is a natural person, any material interests or relationships of such natural person that are not shared generally by other record or beneficial holders of the shares of any class or series of the Corporation and that reasonably could have influenced the decision of such Proposing Person to propose such business to be brought before the meeting, (D) any material shares or any Synthetic Equity Position in any principal competitor of the Corporation in any principal industry of the Corporation held by such Proposing Persons, (E) a summary of any material discussions regarding the business proposed to be brought before the meeting (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other record or beneficial holder of the shares of any class or series

of the Corporation (including their names), (F) any material pending or threatened legal proceeding in which such Proposing Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (G) any other material relationship between such Proposing Person, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand, (H) any direct or indirect material interest in any material contract or agreement of such Proposing Person with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (I) a representation that such Proposing Person intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or otherwise solicit proxies from stockholders in support of such proposal and (J) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (A) through (J) are referred to as "Disclosable Interests"); provided, however, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner; and

(c) As to each item of business that the stockholder proposes to bring before the annual meeting, (A) a brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of each Proposing Person, (B) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), (C) a reasonably detailed description of all agreements, arrangements and understandings between or among any of the Proposing Persons or between or among any Proposing Person and any other person or entity (including their names) in connection with the proposal of such business by such stockholder and (D) any other information relating to such item of business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act; provided, however, that the disclosures required by this paragraph (c) shall not include any disclosures with respect to any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner.

(iv) For purposes of this Section 2.4, the term "Proposing Person" shall mean (a) the stockholder providing the notice of business proposed to be brought before an annual meeting, (b) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made, (c) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such stockholder in such solicitation or associate (within the meaning of Rule 12b-2 under the Exchange Act for the purposes of these Bylaws) of such stockholder or beneficial owner and (d) any other person with whom such stockholder or such beneficial owner (or any of their respective associates or other participants in such solicitation) is Acting in Concert. A person shall be deemed to be "Acting in Concert" with another person for purposes of these Bylaws if such person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert or in parallel with, or towards a common goal with such other person, relating to changing or influencing the control of the Corporation or in connection with or as a participant in any transaction having that purpose or effect, where (A) each person is conscious of the other person's conduct, and this awareness is an element in their decision-

making processes, and (B) at least one additional factor suggests that such persons intend to act in concert or in parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions or making or soliciting invitations to act in concert or in parallel; provided, that a person shall not be deemed to be Acting in Concert with any other person solely as a result of the solicitation or receipt of (1) revocable proxies or consents from such other person in response to a solicitation made pursuant to, and in accordance with, Section 14(a) of the Exchange Act by way of a proxy or consent solicitation statement filed on Schedule 14A or (2) tenders of securities from such other person in a public tender or exchange offer made pursuant to, and in accordance with, Section 14(d) of the Exchange Act by means of a tender offer statement filed on Schedule TO. A person Acting in Concert with another person shall be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other person.

(v) A Proposing Person shall update and supplement its notice to the Corporation of its intent to propose business at an annual meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.4 shall be true and correct as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for stockholders entitled to vote at the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or to submit any new proposal, including by changing or adding matters, business or resolutions proposed to be brought before a meeting of the stockholders.

(vi) Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting that is not properly brought before the meeting in accordance with this Section 2.4. The presiding officer of the meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with this Section 2.4, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(vii) This Section 2.4 is expressly intended to apply to any business proposed to be brought before an annual meeting of stockholders, other than any proposal made in accordance with Rule 14a-8 under the Exchange Act and included in the Corporation's proxy statement. In addition to the requirements of this Section 2.4 with respect to any business proposed to be brought before an annual meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such business. Nothing in this Section 2.4 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(viii) For purposes of these Bylaws, "public disclosure" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

2.5 ADVANCE NOTICE PROCEDURES FOR NOMINATIONS OF DIRECTORS.

(i) Nominations of any person for election to the Board at an annual meeting or at a special meeting (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting) may be made at such meeting only (a) by or at the

direction of the Board, including by any committee or persons authorized to do so by the Board or these Bylaws, (b) by or at the direction of Indigo while the Corporation is under Indigo Control or (c) by a stockholder present in person who (A) was a record owner of shares of the Corporation both at the time of giving the notice provided for in this Section 2.5 and at the time of the meeting, (B) is entitled to vote at the meeting and (C) has complied with this Section 2.5 and Section 2.6 as to such notice and nomination. The foregoing clause (b) shall be the exclusive means for a stockholder (other than Indigo while the Corporation is under Indigo Control) to make any nomination of a person or persons for election to the Board at an annual meeting or special meeting. For purposes of this Section 2.5, "present in person" shall mean that the stockholder nominating any person for election to the Board at the meeting of the Corporation, or, if the proposing stockholder is not an individual, a qualified representative of such stockholder, appear at such meeting. A "qualified representative" of such proposing stockholder shall be a duly authorized officer, manager or partner of such stockholder or any other person authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders. The foregoing clause (i) shall be the exclusive means for a stockholder to make any nomination of a person or persons for election to the Board of Directors at an annual meeting or special meeting.

(ii) For a stockholder to make any nomination of a person or persons for election to the Board at an annual meeting, the stockholder must (a) provide Timely Notice (as defined in Section 2.4(ii) of these Bylaws) thereof in writing and in proper form to the Secretary of the Corporation, (b) provide the information, agreements and questionnaires with respect to such stockholder and its proposed nominee as required to be set forth by this Section 2.5 and Section 2.6, and (c) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.5 and Section 2.6. If the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting, then for a stockholder to make any nomination of a person or persons for election to the Board at a special meeting, the stockholder must (a) provide timely notice thereof in writing and in proper form to the Secretary of the Corporation at the principal executive offices of the Corporation, (b) provide the information with respect to such stockholder and its proposed nominee as required by this Section 2.5 and Section 2.6, and (c) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.5 and Section 2.6. To be timely, a stockholder's notice for nominations to be made at a special meeting must be delivered to, or mailed and received at, the principal executive offices of the Corporation not earlier than the one hundred twentieth (120^{th}) day prior to such special meeting and not later than the ninetieth (90^{th}) day prior to such special meeting or, if later, the tenth (10^{th}) day following the day on which public disclosure (as defined in Section 2.4(ix) of these Bylaws) of the date of such special meeting was first made. In no event shall any adjournment or postponement of an annual meeting or special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. In no event may a Nominating Person provide Timely Notice with respect to a greater number of director candidates than are subject to election by stockholders at the applicable meeting. If the Corporation shall, subsequent to such notice, increase the number of directors subject to election at the meeting, such notice as to any additional nominees shall be due on the later of (i) the conclusion of the time period for Timely Notice, (ii) the date set forth in this Section 2.5(ii) or (iii) the tenth day following the date of public disclosure (as defined in Section 2.4) of such increase.

(iii) To be in proper form for purposes of this Section 2.5, a stockholder's notice to the Secretary shall set forth:

(a) As to each Nominating Person (as defined below), the Stockholder Information (as defined in Section 2.4(iii)(a), except that for purposes of this Section 2.5, the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(iii)(a));

(b) As to each Nominating Person, any Disclosable Interests (as defined in Section 2.4(iii)(b), except that for purposes of this Section 2.5 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(iii)(b) and

the disclosure with respect to the business to be brought before the meeting in Section 2.4(iii)(b) shall be made with respect to the election of directors at the meeting); and provided that, in lieu of including the information set forth in Section 2.4(iii)(b)(I), the Nominating Person's notice for purposes of this Section 2.5 shall include a representation as to whether the Nominating Person intends or is part of a group which intends (A) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect any nominee and (B) solicit the holders of shares representing at least 67% of the voting power of shares entitled to vote on the election of directors in support of director nominees other than the Corporation's nominees in accordance with Rule 14a-19 promulgated under the Exchange Act; and;

(c) As to each person whom a Nominating Person proposes to nominate for election as a director, (A) all information with respect to such proposed nominee that would be required to be set forth in a stockholder's notice pursuant to this Section 2.5 and Section 2.6 if such proposed nominee were a Nominating Person, (B) all information relating to such proposed nominee that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14(a) under the Exchange Act (including such proposed nominee's written consent to being named in any proxy statement and accompanying proxy card relating to the Corporation's next meeting of stockholders at which directors are to be elected and to serving as a director for a full term if elected), (C) a description of any direct or indirect material interest in any material contract or agreement between or among any Nominating Person, on the one hand, and each proposed nominee or his or her respective associates or any other participants in such solicitation, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Nominating Person were the "registrant" for purposes of such rule and the proposed nominee were a director or executive officer of such registrant (the disclosures to be made pursuant to the foregoing clauses (A) through (C) are referred to as "Nominee Information"), and (D) a completed and signed questionnaire, representation and agreement as provided in Section 2.6; and

(d) The Corporation may require any proposed nominee to furnish such other information (A) as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation in accordance with the Corporation's Corporate Governance Guidelines or (B) that could be material to a reasonable stockholder's understanding of the independence or lack of independence of such proposed nominee.

(iv) For purposes of this Section 2.5, the term "Nominating Person" shall mean (a) the stockholder providing the notice of the nomination proposed to be made at the meeting, (b) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made and (c) any associate of such stockholder or beneficial owner or any other participant in such solicitation.

(v) A stockholder providing notice of any nomination proposed to be made at a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.5 shall be true and correct as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for stockholders entitled to vote at the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to

the meeting or any adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any nomination or to submit any new nomination.

(vi) In addition to the requirements of this Section 2.5 with respect to any nomination proposed to be made at a meeting, each Nominating Person shall comply with all applicable requirements of the Exchange Act with respect to any such nominations. Notwithstanding the foregoing provisions of this Section 2.5, unless otherwise required by law, (a) no Nominating Person shall solicit proxies in support of director nominees other than the Corporation's nominees unless such Nominating Person has complied with Rule 14a-19 promulgated under the Exchange Act in connection with the solicitation of such proxies, including the provision to the Corporation of notices required thereunder in a timely manner and (b) if any Nominating Person (A) provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act and (B) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3) promulgated under the Exchange Act, including the provision to the Corporation of notices required thereunder in a timely manner, or fails to timely provide reasonable evidence sufficient to satisfy the Corporation that such Nominating Person has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act in accordance with the following sentence, then the Corporation shall disregard any proxies or votes solicited for the Nominating Person's proposed nominees. If any Nominating Person provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such Nominating Person shall deliver to the Corporation, no later than seven (7) business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19(3)(3) promulgated under the Exchange Act.

2.6 ADDITIONAL REQUIREMENTS FOR VALID NOMINATION OF CANDIDATES TO SERVE AS DIRECTOR AND, IF ELECTED, TO BE SEATED AS DIRECTORS.

(i) To be eligible to be a nominee for election as a director of the Corporation at an annual or special meeting, the proposed nominee must be nominated in the manner prescribed in Section 2.5 and the proposed nominee, if nominated by a stockholder of record, must have previously delivered (in accordance with the time period prescribed for delivery in a notice to such proposed nominee given by or on behalf of the Board), to the Secretary at the principal executive offices of the Corporation, (a) a completed written questionnaire (in the form provided by the Corporation upon written request of any stockholder of record therefor) with respect to the background, qualifications, citizenship, stock ownership and independence of such proposed nominee and (b) a written representation and agreement (in the form provided by the Corporation upon written request of any stockholder of record therefor) that such proposed nominee (A) is not and, if elected as a director during his or her term of office, will not become a party to (1) any agreement, arrangement or understanding with, and has not given and will not give any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") or (2) any Voting Commitment that could limit or interfere with such proposed nominee's ability to comply, if elected as a director of the Corporation, with such proposed nominee's fiduciary duties under applicable law, (B) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation or reimbursement for service as a director that has not been disclosed therein or to the Corporation, (C) if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, stock ownership and trading and other policies and guidelines of the Corporation applicable to directors and in effect during such person's term in office as a director (and, if requested by any proposed nominee, the Secretary of the Corporation shall provide to such proposed nominee all such policies and guidelines then in effect) and (D) if elected as director of the Corporation, intends to serve the entire term until the next meeting at which such proposed nominee would face re-election.

(ii) The Board may also require any proposed nominee to furnish such other information as may reasonably be requested by the Board in writing prior to the meeting of stockholders at which such proposed nominee's nomination is to be acted upon. Without limiting the generality of the foregoing, the

Board may request such other information in order for the Board to determine the eligibility of such proposed nominee for nomination to be an independent director of the Corporation or to comply with the director qualification standards and additional selection criteria in accordance with the Corporation's Corporate Governance Guidelines. Such other information shall be delivered to, or mailed to and received by, the Secretary at the principal executive offices of the Corporation (or any other office specified by the Corporation in any public announcement) not later than five (5) business days after the request by the Board has been delivered to, or mailed to and received by, the Nominating Person.

(iii) A proposed nominee for nomination as a director shall further update and supplement the materials delivered pursuant to this Section 2.6, if necessary, so that the information provided or required to be provided pursuant to this Section 2.6 shall be true and correct as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation (or any other office specified by the Corporation in any public announcement) not later than five (5) business days after the record date for stockholders entitled to vote at the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any nomination or to submit any new proposal, including by changing or adding nominees, matters, business or resolutions proposed to be brought before a meeting of the stockholders.

(iv) No proposed nominee shall be eligible for nomination as a director of the Corporation unless such proposed nominee and the Nominating Person seeking to place such proposed nominee's name in nomination have complied with Section 2.5 and this Section 2.6, as applicable. The presiding officer at the meeting shall, if the facts warrant, determine that a nomination was not properly made in accordance with Section 2.5 and this Section 2.6, and if he or she should so determine, he or she shall so declare such determination to the meeting, the defective nomination shall be disregarded and any ballots cast for the proposed nominee in question (but in the case of any form of ballot listing other qualified nominees, only the ballots cast for the nominee in question) shall be null and void *ab initio*, and of no force or effect.

2.7 NOTICE OF STOCKHOLDERS' MEETINGS.

Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the notice of any meeting of stockholders shall be sent or otherwise given in accordance with Article VIII of these Bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. The notice shall specify the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders 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.

2.8 QUORUM.

Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the holders of a majority in voting power of the stock issued and outstanding and entitled to vote, present in person, or by remote communication, if applicable, or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, a quorum is not present or represented at any meeting of the stockholders, then either (i) the chair of the meeting or (ii) a majority in voting power of the stockholders entitled to vote at the meeting, present in person, or by remote

communication, if applicable, or represented by proxy, shall have power to recess the meeting or adjourn the meeting from time to time in the manner provided in Section 2.9 of these Bylaws until a quorum is present or represented. At any recessed or adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

2.9 ADJOURNED MEETING; NOTICE.

When a meeting is adjourned to another time or place, unless these Bylaws otherwise require, notice need not be given of the adjourned meeting if the time, 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 or are provided in any other manner permitted by the DGCL. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.10 CONDUCT OF BUSINESS.

The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chair of the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chair of any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures (which need not be in writing) and to do all such acts as, in the judgment of such chair of the meeting, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chair of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present (including, without limitation, rules and procedures for removal of disruptive persons from the meeting); (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the chair of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The chair of any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting (including, without limitation, determinations with respect to the administration and/or interpretation of any of the rules, regulations or procedures of the meeting, whether adopted by the Board or prescribed by the person presiding over the meeting), shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such chair of the meeting should so determine, such chair of the meeting shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the chair of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

2.11 VOTING; ELECTION OF DIRECTORS.

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.13 of these Bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as may be otherwise provided in the Certificate of Incorporation, these Bylaws or the DGCL, each stockholder entitled to vote at a meeting of stockholders shall be entitled to one (1) vote for each share of capital stock held by such stockholder which has voting power upon the matter in question.

At all duly called or convened meetings of stockholders at which a quorum is present, for the election of directors, a plurality of the votes cast shall be sufficient to elect a director. Except as otherwise provided by the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or applicable law or pursuant to any regulation applicable to the Corporation or its securities, all other elections and questions presented to the stockholders at a duly called or convened meeting, at which a quorum is present, shall be decided by the majority of the votes present and in person or by proxy and entitled to vote thereon and shall be valid and binding upon the Corporation.

2.12 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Except as may be provided in a resolution or resolutions of the Board providing for any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation may be effected by an action by consent in lieu of a meeting with the approval of the holders of outstanding capital stock having not less than the minimum voting power that would be necessary to authorize or take such action at a meeting at which all shares of capital stock entitled to vote thereon were present and voted; provided, that from and after such time that the Corporation is no longer under Indigo Control, any action required or permitted to be taken by the stockholders of the Corporation must be effected only at a duly called annual or special meeting of such stockholders of the Corporation and may not be effected by any consent in lieu of a meeting by such stockholders. For the avoidance of doubt, at any time when action by consent in lieu of a meeting is permissible pursuant to this Section 2.12, the notice requirements of Sections 2.4 and 2.5 of these Bylaws shall not apply.

2.13 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other such action.

If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination.

If the Board does not so fix a record date:

(i) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is first given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(ii) The record date for determining stockholders for any other purpose shall be at close of business on the day on which the Board adopts the resolution relating thereto.

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 may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting; and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of capital stock, or for the purposes of any other lawful action, the Board may fix a 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 stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

2.14 PROXIES.

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law, including Rule 14a-19 promulgated under the Exchange Act, filed in accordance with the procedure established for the meeting, 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. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL. A proxy may be in the form of an electronic transmission which sets forth or is submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder.

Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card other than white, which shall be reserved for the exclusive use by the Board.

2.15 LIST OF STOCKHOLDERS ENTITLED TO VOTE.

The Corporation shall prepare no later than the tenth (10^{th}) day before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (provided, however, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10^{th}) day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of ten (10) days ending on the day before the meeting date: (i) on 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 Corporation's principal executive office. 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 stockholders of the Corporation. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.15 or to vote in person or by proxy at any meeting of stockholders.

2.16 INSPECTORS OF ELECTION.

Before any meeting of stockholders, the Board shall appoint an inspector or inspectors of election to act at the meeting or its adjournment and make a written report thereof. The number of inspectors shall be either one (1) or three (3). The Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If any person appointed as inspector or any alternate fails to appear or fails or refuses to act, then the chair of the meeting may, and upon the request of any stockholder or a stockholder's proxy shall, appoint a person to fill that vacancy.

Such inspectors shall:

(i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share;

(ii) determine the number of shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots;

(iii) count all votes and ballots;

(iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspector(s); and

(v) certify its or their determination of the number of shares of capital stock of the corporation represented at the meeting and its or their count of all votes and ballots.

Each inspector of election, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspection with strict impartiality and according to the best of such inspector's ability. If there are three (3) inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein. The inspectors of election may appoint such persons to assist them in performing their duties as they determine.

2.17 DELIVERY TO THE CORPORATION.

Whenever this Article II requires one or more persons (including a record or beneficial owner of stock) to deliver a document or information to the Corporation or any officer, employee or agent thereof (including any notice, request, questionnaire, revocation, representation or other document or agreement), such document or information shall be in writing exclusively (and not in an electronic transmission) and shall be delivered exclusively by hand (including, without limitation, overnight courier service) or by certified or registered mail, return receipt requested, and the Corporation shall not be required to accept delivery of any document not in such written form or so delivered. For the avoidance of doubt, the Corporation expressly opts out of Section 116 of the DGCL with respect to the delivery of information and documents to the Corporation required by this Article II.

ARTICLE III - DIRECTORS

3.1 POWERS.

Subject to the provisions of the DGCL and any limitations in the Certificate of Incorporation, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board.

3.2 NUMBER OF DIRECTORS.

Subject to the rights and preferences, if any, of any holders of any outstanding series of Preferred Stock to elect directors, the number of directors which shall constitute the whole Board of Directors shall be no less than one and not more than fifteen members and be fixed exclusively by one or more resolutions adopted from time to time by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors.

3.3 ELECTION, QUALIFICATION, CITIZENSHIP, AND TERM OF OFFICE OF DIRECTORS.

Except as provided in Section 3.4 of these Bylaws, and subject to the Certificate of Incorporation, each director, including a director elected to fill a vacancy or newly created directorship, shall hold office until the expiration of the term for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation, disqualification or removal. Directors need not be stockholders unless so required by the Certificate of Incorporation or these Bylaws. The Certificate of Incorporation or these Bylaws may prescribe other qualifications for directors. Notwithstanding anything to the contrary in these Bylaws, at least two-thirds of the members of the Board of Directors shall be "citizens of the United States" as provided under Applicable Law (as defined in Article X below) and the Chairman of the Board shall be a "citizen of the United States" as provided under Applicable Law for so long as required by Applicable Law. If the number of Non-Citizens (as defined in Article X below) serving on the Board of

Directors at any time exceeds the limitations provided under Applicable Law, one or more directors who are Non-Citizens shall, in reverse chronological order based on their tenure of service on the Board, cease to be qualified as directors and shall automatically cease to be directors.

If so provided in the Certificate of Incorporation, the directors of the Corporation shall be divided into three (3) classes.

3.4 RESIGNATION AND VACANCIES.

Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. The resignation shall take effect at the time specified therein or upon the happening of an event specified therein, and if no time or event is specified, at the time of its receipt. When one or more directors so resigns and the resignation is effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in Section 3.3.

Unless otherwise provided in the Certificate of Incorporation or these Bylaws, vacancies resulting from the death, resignation, disqualification or removal of any director, and newly created directorships resulting from any increase in the authorized number of directors shall, unless the Board determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE.

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting pursuant to these Bylaws shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS.

Regular meetings of the Board may be held within or outside the State of Delaware and at such time and at such place as which has been designated by the Board and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other means of electronic transmission. No further notice shall be required for regular meetings of the Board.

3.7 SPECIAL MEETINGS; NOTICE.

Special meetings of the Board for any purpose or purposes may be called at any time by the Chair of the Board, the Chief Executive Officer, the President, the Secretary or a majority of the authorized number of directors.

Notice of the time and place of special meetings shall be:

(i) delivered personally by hand, by courier or by telephone;

(ii) sent by United States first-class mail, postage prepaid;

(iii) sent by facsimile; or

(iv) sent by electronic mail,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, as the case may be, as shown on the Corporation's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or (iii) sent by electronic mail, it shall be delivered or sent at least twenty-four (24) hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. The notice need not specify the place of the meeting (if the meeting is to be held at the Corporation's principal executive office) nor the purpose of the meeting.

3.8 QUORUM.

At all meetings of the Board, unless otherwise provided by the Certificate of Incorporation, a majority of the authorized number of directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the Certificate of Incorporation or these Bylaws. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

3.9 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

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, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission. After an action is taken, the consent or consents relating thereto shall be filed with the minutes of the proceedings of the Board, or the committee thereof, in the same paper or electronic form as the minutes are maintained. Such action by written consent or consent by electronic transmission shall have the same force and effect as a unanimous vote of the Board.

3.10 FEES AND COMPENSATION OF DIRECTORS.

To the greatest extent permitted by applicable law, the Board shall have the authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

3.11 REMOVAL OF DIRECTORS.

Except as otherwise provided by the DGCL, the Board of Directors or any individual director may be removed from office at any time (a) with or without cause by the affirmative vote of the holders of a majority of the voting power of the Voting Stock while the Corporation is under Indigo Control and (b) from and after the time the Corporation is no longer under Indigo Control, only for cause by the affirmative vote of the holders of a majority of the voting power of the Voting Stock.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

ARTICLE IV - COMMITTEES

4.1 COMMITTEES OF DIRECTORS.

The Board may designate one (1) or more committees, each committee to consist of one (1) or more of the directors of the Corporation. The Board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member 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 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 or in these Bylaws, shall have and may exercise all the powers and authority of the Board 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 that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Corporation. 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 under Applicable Law (as defined in Article X below); 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.

4.2 COMMITTEE MINUTES.

Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

4.3 MEETINGS AND ACTION OF COMMITTEES.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) Section 3.5 (place of meetings and meetings by telephone);

(ii) Section 3.6 (regular meetings);

(iii) Section 3.7 (special meetings and notice);

(iv) Section 3.8 (quorum);

(v) Section 7.12 (waiver of notice); and

(vi) Section 3.9 (action without a meeting),

with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its members. *However*:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the Board; and

(iii) notice of special meetings of committees shall also be given to all alternate members, if any, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the governance of any committee not inconsistent with the provisions of these Bylaws.

4.4 SUBCOMMITTEES.

Unless otherwise provided in the Certificate of Incorporation, these Bylaws or the resolutions of the Board designating the committee, a committee may create one (1) or more subcommittees, each subcommittee to consist of one (1) or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee. At least two-thirds (2/3) of the members of each subcommittee of the Board shall be comprised of individuals who meet the definition of "a citizen of the United States," as defined under Applicable Law (as defined in Article X below); provided, however, that if a subcommittee of the Board has one (1) member, such member shall be a "a citizen of the United States," as defined immediately above.

ARTICLE V - OFFICERS

5.1 OFFICERS.

The officers of the Corporation shall be a President and a Secretary. The Corporation may also have, at the discretion of the Board, a chair of the Board, a vice chair of the Board, a chief executive officer, a chief financial officer, a treasurer, one (1) or more vice presidents, one (1) or more assistant treasurers, one (1) or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these Bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS.

The Board shall appoint the officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 of these Bylaws, subject to the rights, if any, of an officer under any contract of employment.

5.3 SUBORDINATE OFFICERS.

The Board may appoint, or empower the Chief Executive Officer or, in the absence of a chief executive officer, the President, to appoint, such other officers and agents as the business of the Corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS.

Any officer may be removed, either with or without cause, by an affirmative vote of the majority of the Board or by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

Any removal or resignation of an officer pursuant to this Section 5.4 shall be without prejudice to any rights of the Corporation or such officer pursuant to any contract of employment of such officer.

5.5 VACANCIES IN OFFICES.

Any vacancy occurring in any office of the Corporation shall be filled by the Board or as provided in Section 5.2.

5.6 REPRESENTATION OF SHARES OF OTHER CORPORATIONS.

The Chair of the Board, the President, any Vice President, the Treasurer, the Secretary or Assistant Secretary of this Corporation, or any other person authorized by the Board, is authorized to vote, represent and exercise on behalf of this Corporation all rights incident to any and all shares of any other corporation or corporations held in the name of this Corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.7 AUTHORITY AND DUTIES OF OFFICERS.

All officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be designated from time to time by the Board or the stockholders and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

5.8 LIMITATIONS ON NON-CITIZENS AS OFFICERS.

Notwithstanding anything to the contrary in these Bylaws, (a) the Chief Executive Officer, if any, and the President and at least two-thirds of the other managing officers of the Corporation shall be "citizens of the United States," as defined under Applicable Law (as defined in Article X below) for so long as such restrictions are required by Applicable Law (as defined in Article X below).

ARTICLE VI - RECORDS AND REPORTS

6.1 MAINTENANCE AND INSPECTION OF RECORDS.

The Corporation shall, either at its principal executive office or at such place or places as designated by the Board, keep a record of its stockholders listing their names and addresses and the number and class of shares held by each stockholder, a copy of these Bylaws as amended to date, accounting books and other records. Notwithstanding anything to the contrary in these Bylaws, any stockholder of record shall be entitled to all rights to which such stockholder is entitled pursuant to Section 220 of the DGCL.

6.2 INSPECTION BY DIRECTORS.

Any director shall have the right to examine the Corporation's stock ledger, a list of its stockholders, and its other books and records for a purpose reasonably related to his or her position as a director to the extent such director is entitled to do so under Section 220 of the DGCL..

ARTICLE VII - GENERAL MATTERS

7.1 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS.

The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances.

7.2 STOCK CERTIFICATES; PARTLY PAID SHARES.

The shares of the Corporation shall be represented by certificates, provided that the Board by resolution may provide that some or all of the shares of any class or series of stock of the Corporation shall be uncertificated. Certificates for the shares of stock, if any, shall be in such form as is consistent with the

Certificate of Incorporation and applicable law. Every holder of stock represented by a certificate shall be entitled to have a certificate signed by, or in the name of the Corporation by, any two officers authorized to sign stock certificates representing the number of shares registered in certificate form. The Chair or Vice Chair of the Board, Chief Executive Officer, the President, Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Corporation shall be specifically authorized to sign stock certificates. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has 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 he or she were such officer, transfer agent or registrar at the date of issue.

The Corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the Corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

7.3 SPECIAL DESIGNATION ON CERTIFICATES.

If the Corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or on the back of the certificate that the Corporation shall issue to represent such class or series of stock (or, in the case of uncertificated shares, set forth in a notice provided pursuant to Section 151 of the DGCL); provided, however, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock (or, in the case of any uncertificated shares, included in the aforementioned notice) a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

7.4 LOST CERTIFICATES.

Except as provided in this Section 7.4, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Corporation and cancelled at the same time. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

7.5 CONSTRUCTION; DEFINITIONS.

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the DGCL shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

7.6 DIVIDENDS.

The Board, subject to any restrictions contained in either (i) the DGCL or (ii) the Certificate of Incorporation, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in

cash, in property or in shares of the Corporation's capital stock. The Board may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Corporation, and meeting contingencies.

7.7 FISCAL YEAR.

The fiscal year of the Corporation shall be fixed by resolution of the Board and may be changed by the Board.

7.8 SEAL.

The Corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The Corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.9 TRANSFER OF STOCK.

Shares of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Shares of stock of the Corporation shall be transferred on the books of the Corporation only by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates representing such shares endorsed by the appropriate person or persons (or by delivery of duly executed instructions with respect to uncertificated shares), with such evidence of the authenticity of such endorsement or execution, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing the names of the persons from and to whom it was transferred. Notwithstanding the foregoing, the transfer of shares shall be restricted in accordance with Article X of these Bylaws.

7.10 STOCK TRANSFER AGREEMENTS.

The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

7.11 REGISTERED STOCKHOLDERS.

The Corporation:

(i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner; and

(ii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

7.12 WAIVER OF NOTICE.

Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to 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, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these Bylaws.

ARTICLE VIII - NOTICE BY ELECTRONIC TRANSMISSION

Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provisions of the DGCL, the Certificate of Incorporation, or these Bylaws may be given in writing directed to the stockholder's mailing address (or by electronic transmission directed to the stockholder's electronic mail address, as applicable) as it appears on the records of the Corporation and shall be given (1) if mailed, when the notice is deposited in the U.S. mail, postage prepaid, (2) if delivered by courier service, the earlier of when the notice is received or left at such stockholder's address or (3) if given by electronic mail, when directed to such stockholder's electronic mail address unless the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail. A notice by electronic mail must include a prominent legend that the communication is an important notice regarding the Corporation.

Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice or electronic transmission to the Corporation. Notwithstanding the provisions of this paragraph, the Corporation may give a notice by electronic mail in accordance with the first paragraph of this section without obtaining the consent required by this paragraph.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(ii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iii) if by any other form of electronic transmission, when directed to the stockholder.

Notwithstanding the foregoing, a notice may not be given by an electronic transmission from and after the time that (1) the Corporation is unable to deliver by such electronic transmission two (2) consecutive notices given by the Corporation and (2) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to discover such inability shall not invalidate any meeting or other action.

An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

ARTICLE IX - INDEMNIFICATION

9.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Corporation shall indemnify and hold harmless, to the fullest extent permitted by the DGCL as it presently exists or may hereafter be amended, any director or officer of the Corporation 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 he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while serving as 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 (a "covered person"), joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees, judgments, fines ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred by such person in connection with any such Proceeding. Notwithstanding the foregoing, except as otherwise provided in Section 9.4, the Corporation shall be required to indemnify a person in connection with a Proceeding initiated by such person only if the Proceeding was authorized in the specific case by the Board.

9.2 INDEMNIFICATION OF OTHERS.

The Corporation shall have the power to indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any employee or agent of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any Proceeding by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was an employee or agent of the Corporation or 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 non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person in connection with any such Proceeding.

9.3 PREPAYMENT OF EXPENSES.

The Corporation shall to the fullest extent not prohibited by applicable law pay the reasonable expenses (including attorneys' fees) incurred by any covered person, and may pay the expenses incurred by any employee or agent of the Corporation, in defending any Proceeding in advance of its final disposition; provided, however, that such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the person to repay all amounts advanced if it should be ultimately determined that the person is not entitled to be indemnified under this Article IX or otherwise.

9.4 NON-EXCLUSIVITY OF RIGHTS.

The rights conferred on any person by this Article IX 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.

9.5 INSURANCE.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust enterprise or non-profit entity against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of the DGCL.

9.6 OTHER INDEMNIFICATION.

The Corporation's obligation, if any, to indemnify or advance expenses to any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or non-profit entity shall be reduced by any amount such person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

9.7 CONTINUATION OF INDEMNIFICATION.

The Corporation's obligation, if any, to indemnify or advance expenses to any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or non-profit entity shall be reduced by any amount such person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

9.8 AMENDMENT OR REPEAL; INTERPRETATION.

The provisions of this Article IX shall constitute a contract between the Corporation, on the one hand, and, on the other hand, each individual who serves or has served as a director or officer of the Corporation (whether before or after the adoption of these Bylaws), in consideration of such person's performance of such services, and pursuant to this Article IX the Corporation intends to be legally bound to each such current or former director or officer of the Corporation. With respect to current and former directors and officers of the Corporation, the rights conferred under this Article IX are present contractual rights and such rights are fully vested, and shall be deemed to have vested fully, immediately upon adoption of theses bylaws. With respect to any directors or officers of the Corporation who commence service following adoption of these Bylaws, the rights conferred under this provision shall be present contractual rights and such rights shall fully vest, and be deemed to have vested fully, immediately upon such director or officer commencing service as a director or officer of the Corporation. Any repeal or modification of the foregoing provisions of this Article IX shall not adversely affect any right or protection (i) hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification or (ii) under any agreement providing for indemnification or advancement of expenses to an officer or director of the Corporation in effect prior to the time of such repeal or modification.

Any reference to an officer of the Corporation in this Article IX shall be deemed to refer exclusively to the Chief Executive Officer, President, and Secretary, or other officer of the Corporation appointed by (x) the Board pursuant to Article V of these Bylaws or (y) an officer to whom the Board has delegated the power to appoint officers pursuant to Article V of these Bylaws, and any reference to an officer of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors (or equivalent governing body) of such other entity pursuant to the certificate of incorporation and bylaws (or equivalent organizational documents) of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. The fact that any person who is or was an employee of the Corporation or an employee of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise has been given or has used the title of "Vice President" or any other title that could be construed to suggest or imply that such person is or may be an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall not result in such person being constituted as, or being deemed to be, an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise for purposes of this Article IX.

ARTICLE X - LIMITATIONS OF OWNERSHIP BY NON-CITIZENS

10.1 EQUITY SECURITIES.

All capital stock of the Corporation (collectively, "Equity Securities") shall be subject to the limitations set forth in this Article X.

10.2 NON-U.S. CITIZEN VOTING AND OWNERSHIP LIMITATIONS.

In no event shall persons or entities, including any agent, trustee or representative of such persons or entities, who fail to qualify as a "citizen of the United States" ("Non-Citizens"), as defined in Section 40102(a)(15) of Subtitle VII of Title 49 of the United States Code, as the same may be from time to time amended (the "Aviation Act"), in any similar legislation of the United States enacted in substitution or replacement thereof, and as interpreted by the Department of Transportation, its predecessors and successors, from time to time (the "Applicable Law"), own (beneficially or of record) or control Equity Securities representing in excess of (i) the percentage provided for under Applicable Law of the aggregate votes of all outstanding Equity Securities of the Corporation (the "Voting Limitation") and (ii) the percentage provided for under Applicable Law of all outstanding Equity Securities of the Corporation (the "Outstanding Limitation"). As of the Effective Time (as defined below) and for informational purposes only, under Applicable Law, the Voting Limitation is 25.0%, and the Outstanding Limitation is 49.0%. If Non-Citizens nonetheless at any time own and/or control more than the Voting Limitation, the voting rights of the Equity Securities in excess of the Voting Limitation shall be automatically suspended in accordance with Section 10.3 below. Further, if at any time a transfer or issuance of Equity Securities to a Non-Citizen would result in Non-Citizens owning more than the Outstanding Limitation, such transfer or issuance shall be null and void *ab initio*, and of no force or effect, in accordance with Section 10.3 below.

10.3 FOREIGN STOCK RECORD.

(i) The Corporation or any transfer agent shall maintain a separate stock record, designated the "Foreign Stock Record," for the registration of Equity Securities held by Non-Citizens. It is the duty of each stockholder who is a Non-Citizen to register his, her or its Equity Securities on the Foreign Stock Record. The beneficial ownership or control of Equity Securities by Non-Citizens shall be determined in conformity with regulations prescribed by the Board of Directors. Only Equity Securities that have been issued and are outstanding may be registered in the Foreign Stock Record. The Foreign Stock Record shall include (a) the name and nationality of each Non-Citizen owning (beneficially or of record) or controlling Equity Securities, (b) the number of Equity Securities owned (beneficially or of record) or controlled by each such Non-Citizen and (c) the date of registration of such Equity Securities in the Foreign Stock Record.

(ii) At no time shall Equity Securities held by Non-Citizens be voted, unless such shares are registered on the Foreign Stock Record. In no event shall Equity Securities owned (beneficially or of record) or controlled by Non-Citizens representing more than the Voting Limitation be voted. In the event that Non-Citizens shall own (beneficially or of record) or have voting control over any Equity Securities, 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 Law. Voting rights of Equity Securities owned (beneficially or of record) or controlled by Non-Citizens shall be suspended in reverse chronological order based upon the date of registration in the Foreign Stock Record.

(iii) In the event that any transfer or issuance of Equity Securities to a Non-Citizen would result in Non-Citizens owning (beneficially or of record) or controlling more than the Outstanding Limitation, such transfer or issuance shall be null and void *ab initio*, and of no force or effect, and shall not be recorded in the Foreign Stock Record or the stock records of the Corporation. In the event that the Corporation shall determine that the Equity Securities registered on the Foreign Stock Record or otherwise registered on the stock records of the Corporation and owned (beneficially or of record) or controlled by Non-Citizens, taken together (without duplication), exceed the Outstanding Limitation, such number of shares shall be removed from the Foreign Stock Record and the stock records of the Corporation, as applicable, in reverse

chronological order based on the date of registration (or attempted registration) in the Foreign Stock Record and the stock records of the Corporation, as applicable, and any transfer or issuance that resulted in such event shall be deemed null and void *ab initio*, and of no force or effect, such that the Foreign Stock Record and the stock records of the Corporation, as applicable, reflect the ownership of shares without giving effect to any transfer or issuance that caused the Corporation to exceed the Outstanding Limitation until the aggregate number of shares registered in the Foreign Stock Record or otherwise registered to Non-Citizens is equal to the Outstanding Limitation.

10.4 REGISTRATION OF SHARES.

Registry of the ownership of Equity Securities by Non-Citizens shall be effected by written notice to, and in the form specified from time to time by, the Secretary of the Corporation. Subject to any limitations or exceptions set forth in this Article X, the order in which such shares shall be registered on the Foreign Stock Record shall be chronological, based on the date the Corporation received notice to so register such shares; provided, that any Non-Citizen who purchases or otherwise acquires shares that are registered on the Foreign Stock Record and who registers such shares in its own name within 30 days of such acquisition will assume the position of the seller of such shares in the chronological order of shares registered on the Foreign Stock Record.

10.5 CERTIFICATION OF SHARES.

(i) 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 shares or that the Corporation knows to have, or has reasonable cause to believe has beneficial ownership or control of shares 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:

(a) all shares as to which such person has record ownership or beneficial ownership are owned and controlled only by "citizens of the United States" (as defined above); or

(b) the number of shares of record or beneficially owned by such person that are owned and/or controlled by Non-Citizens is as set forth in such certificate.

(ii) With respect to any shares identified in response to clause (i)(b) 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 X.

(iii) For purposes of applying the provisions of this Article X with respect to any shares, 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 10.5, the Corporation may presume that the shares in question are owned and/or controlled by Non-Citizens.

10.6 LEGEND.

Each certificate or other representative document for capital stock of the Corporation (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 FRONTIER GROUP HOLDINGS, INC. REPRESENTED BY THIS CERTIFICATE OR DOCUMENT ARE SUBJECT TO OWNERSHIP, CONTROL, AND 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 UNITED STATES DEPARTMENT OF TRANSPORTATION, ITS PREDECESSORS AND SUCCESSORS, FROM TIME TO TIME. SUCH OWNERSHIP AND VOTING RESTRICTIONS ARE CONTAINED IN THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION AND THE BYLAWS OF FRONTIER GROUP HOLDINGS, 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 FRONTIER GROUP HOLDINGS, INC.

ARTICLE XI - AMENDMENTS; WAIVERS

Subject to the limitations set forth in Section 9.9 of these Bylaws or the provisions of the Certificate of Incorporation, the Board is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation or waive the observance of any bylaw (either generally or in a particular instance, and either retroactively or prospectively). Any adoption, amendment or repeal of the Bylaws of the Corporation or waiver of the observance of any bylaw by the Board shall require the approval of a majority of the authorized number of directors. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Corporation's Certificate of Incorporation, such action by stockholders shall require the affirmative vote of (a) a majority of the voting power of the Voting Stock while the Corporation is under Indigo Control and (b) from and after the time that the Corporation no longer under Indigo Control, at least sixty-six and two-thirds percent (66⅔%) of the voting power of the Voting Stock. In addition, any notice period required by the Certificate of Incorporation or these Bylaws may, to the extent permitted by law, be waived with the approval of a majority of the authorized number of directors.

ARTICLE XII - FORUM SELECTION

Unless the Corporation consents 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) shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director, officer, other employee, agent or stockholder of the Corporation to the Corporation or the Corporation's stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (iii) any action asserting a claim against the Corporation or any current or former director, officer, employee, agent or stockholder of the Corporation arising pursuant to any provision of the DGCL or the Certificate of Incorporation or bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim related to or involving the Corporation that is governed by the internal affairs doctrine.

Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, 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, and the rules and regulations promulgated thereunder, including all causes of action asserted against any defendant to such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by the Corporation, its officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional or entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering.

Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XI.

Failure to enforce the foregoing provisions would cause the Corporation irreparable harm, and the Corporation shall 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 of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction.

* * * *

FRONTIER GROUP HOLDINGS, INC.

CERTIFICATE OF AMENDMENT AND RESTATEMENT OF BYLAWS

The undersigned hereby certifies that he is the duly elected, qualified and acting Secretary of Frontier Group Holdings, Inc., a Delaware corporation, and that the foregoing Bylaws, comprising 29 pages, were amended and restated on February 21, 2023 by the Corporation's board of directors.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 21st day of February, 2023.

/s/ Howard M. Diamond
Howard M. Diamond
Secretary

[***] 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(cc)

Amendment No. 12

This Amendment No. 12 (this "**Amendment**") is entered into as of March 31, 2022, 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, Seller has notified the Buyer [***] of delays impacting the Scheduled Delivery Month of certain Aircraft (the "**Delay Notices**"); 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

1.1 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.

1.2 Clause 11.1.5 of the Agreement is deleted in its entirety and replaced with the following quoted text:

"11.1.5 Notwithstanding anything to the contrary in the Agreement, in respect to [***], provided (i) [***], (ii) [***], and (iii) [***]

1.3 Notwithstanding Clause 1.1 above, [***].

2. PROPULSION SYSTEMS

Clause 2.3.5 of the Agreement is deleted in its entirety and replaced with the following quoted text:

"2.3.5 As of the date of Amendment No. 12 the Buyer has not selected the propulsion system or Propulsion System Manufacturer for the Supplemental Aircraft. The Buyer shall notify the Seller in writing of its selection of the Propulsion System for [***]

3. EFFECT OF AMENDMENT

The Agreement will be deemed to be amended to the extent herein provided and, except as specifically amended hereby, will continue in full force and effect in accordance with its terms. Except as otherwise provided by the terms and conditions hereof, this Amendment contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment.

Both Parties agree that this Amendment will constitute an integral, non-severable part of the Agreement and will be governed by its provisions, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

4. MISCELLANEOUS

This Amendment is subject to the provisions of Clauses 21, 22.6 and 22.11 of the Agreement.

5. COUNTERPARTS

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

Airbus S.A.S.

By: /s/ Benôit de Saint-Exupéry

Name: Benôit de Saint-Exupéry

Title: Senior Vice President, Contracts

Frontier Airlines, Inc.

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel

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 10.17(dd)

Amendment No. 13

This Amendment No. 13 (this "**Amendment**") is entered into as of December 16, 2022, between Airbus S.A.S., a *société par actions simplifiée* organized and existing under the laws of France, having its registered office located at 2, Rond-Point Emile Dewoitine, 31700 Blagnac, France (the "**Seller**"), and Frontier Airlines, Inc., a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 4545 Airport Way, Denver, Colorado 80239 USA (the "**Buyer**" and, together with the Seller, the "**Parties**").

WITNESSETH

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "**Agreement**"); and

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement as provided herein.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE SELLER AND THE BUYER AGREE AS FOLLOWS:

Capitalized terms used herein and not otherwise defined herein will have the meanings assigned to them in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Amendment.

1. AMENDMENT NO. 7 – [***]

1.1 Paragraph 13 of Amendment No. 7 to the Agreement is hereby deleted in its entirety and replaced with the following:

"13. [***]

[***]

1.2 The parties agree that each and every reference to [***] in the Agreement shall be deemed to be a reference to [***].

2. EFFECT OF AMENDMENT

The Agreement will be deemed to be amended to the extent herein provided and, except as specifically amended hereby, will continue in full force and effect in accordance with its terms. Except as otherwise provided by the terms and conditions hereof, this Amendment contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment.

Both Parties agree that this Amendment will constitute an integral, non-severable part of the Agreement and will be governed by its provisions, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

3. MISCELLANEOUS

This Amendment is subject to the provisions of Clauses 21, 22.6 and 22.11 of the Agreement.

4. COUNTERPARTS

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

Airbus S.A.S.

By: /s/ Benôit de Saint-Exupéry

Name: Benôit de Saint-Exupéry

Title: Executive Vice President, Contracts

Frontier Airlines, Inc.

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.24(b)

CLIFFORD
CHANCE

CLIFFORD CHANCE US LLP

EXECUTION VERSION

DATED AS OF DECEMBER 29, 2022

VERTICAL HORIZONS,LTD., AS BORROWER

EACH LENDER
IDENTIFIED ON THE SIGNATURE PAGES HERETO, AS LENDERS

CITIBANK, N.A., AS FACILITY AGENT

CITIBANK, N.A., AS ARRANGER

BANK OF UTAH,
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY, AS SECURITY TRUSTEE

AMENDMENT NO. 1 TO EIGHTH AMENDED AND RESTATED CREDIT AGREEMENT DATED AS OF JUNE 30, 2022 IN RESPECT OF THE PDP FINANCING OF TWENTY-ONE (21) AIRBUS A320NEO AIRCRAFT AND SIXTY-THREE (63) AIRBUS A321NEO AIRCRAFT

TABLE CONTENTS

THIS AMENDMENT NO. 1 TO EIGHTH AMENDED AND RESTATED CREDIT AGREEMENT dated as of December 29, 2022 (this "**Agreement**") is among:

(1) **VERTICAL HORIZONS, LTD**., a Cayman Islands exempted company (the "**Borrower**");

(2) **EACH LENDER IDENTIFIED ON THE SIGNATURE PAGES HERETO**;

(3) **CITIBANK, N.A.**, as the Facility Agent acting on behalf of the Lenders;

(4) **CITIBANK, N.A.**, in its capacity as the Arranger (the "**Arranger**"); and

(5) **BANK OF UTAH**, not in its individual capacity but solely as Security Trustee acting on behalf of the Facility Agent and the Lenders.

WHEREAS, the parties hereto entered into the eighth amended and restated credit agreement dated as of June 30, 2022 (the "**Credit Agreement**"), 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 Aircraft;

WHEREAS, in connection with the Credit Agreement the Borrower issued original Loan Certificates to Barclays Bank PLC and Deutsche Bank AG New York Branch (each, an "**Upsizing Lender**") (the "**Initial Loan Certificates**");

WHEREAS, Clause 19.3(c)(ii) of the Credit Agreement provides for a facility increase amendment pursuant to which one or more of the Lenders may agree to provide Additional Commitments and Schedule II to the Credit Agreement would be amended to reflect such Additional Commitments;

WHEREAS, the parties hereto now wish to amend the Credit Agreement as more particularly set forth herein.

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, terms used herein in capitalized form shall have the meanings attributed thereto in the Credit Agreement.

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. **AMENDMENTS TO CREDIT AGREEMENT**

As of the date on which all of the conditions precedent listed in Clause 5 are either satisfied or waived in writing by the Facility Agent (hereinafter referred to as, the "**Effective Date**"), the Credit Agreement shall be amended as follows:

2.1.1 Clause 19.3(c)(ii) of the Credit Agreement is hereby amended by replacing the phrase "December 31, 2022" with the phrase "March 1, 2023".

2.1.2 Schedule II of the Credit Agreement is hereby deleted in its entirety and replaced in the form of Exhibit A attached hereto.

2.1.3 Schedule III of the Credit Agreement is hereby deleted in its entirety and replaced in the form of Exhibit B attached hereto.

3. **ADDITIONAL COMMITMENTS**

3.1 In accordance with Clause 19.3(c)(ii) of the Credit Agreement, the Borrower hereby requests that the Upsizing Lenders provide an Additional Commitment in the amount set forth below:

Lender	Additional Commitment
Barclays Bank PLC	$5,000,000
Deutsche Bank AG New York Branch	$5,000,000

3.2 Each Lender listed above hereby agrees to provide an Additional Commitment in the amount set forth above.

3.3 The Borrower agrees to issue new Loan Certificates to the Lenders reflecting the amounts of their respective Maximum Commitment as reflected on Exhibit A attached hereto after giving effect to this Amendment (the "**New Loan Certificates**").

3.4 Immediately upon the issuance of the New Loan Certificates the Initial Loan Certificates will be deemed canceled and shall have no further effect.

3.5 Any requirements contained in the Credit Agreement in respect of minimum borrowing, pro rata borrowing and pro rata payments shall not apply to the transactions effected pursuant to this Amendment.

4. **REALLOCATION**

On the Effective Date the aggregate outstanding principal amount of the Loan shall be deemed to have been repaid and reborrowed such that the outstanding principal amount of the Loan owed to each Lender shall be reallocated pursuant to the Credit Agreement.

5. **CONDITIONS PRECEDENT**

It is agreed that the effectiveness of this Agreement is subject to the fulfillment of the following conditions precedent:

5.1.1 this Agreement shall have been duly authorized, executed and delivered by the party or parties thereto, shall 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;

5.1.2 the Borrower shall issue a Loan Certificate to each Upsizing Lender in an aggregate original principal amount equal to such Upsizing Lender's Maximum Commitment set forth in Exhibit A hereto;

5.1.3 the Facility Agent shall have received a certificate of:

(a) Frontier Group Holdings, Frontier Holdings and Frontier Airlines as to the Person or Persons authorized to execute and deliver this Agreement and any other documents to be executed and delivered by such entity in connection with the transactions contemplated hereby and as to the signature of such Person or Persons; and

(b) a certificate of the Borrower as to the Person or Persons authorized to execute and deliver this Agreement and any other documents to be executed and delivered by the Borrower in connection with the transactions contemplated hereby and as to the signature of such Person or Persons;

5.1.4 no Default or Event of Default shall have occurred and be continuing;

5.1.5 each Guarantee shall be in full force and effect after giving effect to this Agreement;

5.1.6 the Borrower shall have paid all fees and expenses of the Lenders and the Upsizing Lenders in connection with the transactions contemplated by this Agreement;

5.1.7 the Loans 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) of the Credit Agreement;

5.1.8 the Facility Agent shall have received evidence that (i) the Borrower is in compliance with the LTV Test on the most recent LTV Test Date and (ii) Frontier Group Holdings has, as of such date, Unrestricted Cash and Cash Equivalents in an aggregate amount of not less than [***];

5.1.9 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 special counsel to the Borrower, in New York satisfactory in form and substance to such Lender, as to the valid, binding and enforceable nature of this Amendment and the documents contemplated herein and due execution by the Borrower; and

5.1.10 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 special counsel to the Borrower, in Cayman Islands satisfactory in form and substance to such lender, as to the due capacity and authority of the Borrower.

6. REFERENCE TO AND EFFECT ON THE CREDIT AGREEMENT

The Credit Agreement and the other Operative Documents, as specifically amended by this Agreement, shall continue to be in full force and effect. This Agreement shall not constitute an amendment or waiver of any other provision of the Credit Agreement or the other Operative Documents not expressly referred to herein.

7. MISCELLANEOUS

7.1 This Agreement shall in all respects be governed by, and construed in accordance with, the law of the State of New York.

7.2 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 one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by e-mail (PDF) or telecopy shall be effective as delivery of a manually executed counterpart of this Agreement. A party's electronic signature (complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or other applicable law) shall have the same validity and effect as a signature affixed by the party's hand.

7.3 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 hereto.

7.4 The provisions of the Credit Agreement with respect to delivery of notices, jurisdiction, service of process, waiver of trial by jury, venue and inconvenient forum are incorporated in this Agreement by reference as if such provisions were set forth herein.

7.5 This Agreement shall be deemed an "Operative Document" as such term is defined in Annex A to the Credit Agreement.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

BORROWER

VERTICAL HORIZONS, LTD., Borrower

By: /s/ Evert Brunekreef
Name: Evert Brunekreef
Title: Director

SECURITY TRUSTEE

BANK OF UTAH, not in its individual capacity but solely as Security Trustee

By: /s/ Jon Croasmun
Name: Jon Croasmun
Title: Senior Vice President

By: /s/ Michael Arsenault
Name: Michael Arsenault
Title: Senior Vice President

FACILITY AGENT

CITIBANK, N.A., as Facility Agent By: /s/ Joseph Shanahan

Name: Joseph Shanahan
Title: Vice President

ARRANGER

CITIBANK, N.A., as Arranger By: /s/ Joseph Shanahan

Name: Joseph Shanahan
Title: Vice President

LENDERS

CITIBANK, N.A., as a Lender By: /s/ Joseph Shanahan

Name: Joseph Shanahan
Title: Vice President

BARCLAYS BANK PLC, as a Lender

By: /s/ Charlene Saldanha
Name: Charlene Saldanha
Title: Vice President

DEUTSCHE BANK AG NEW YORK BRANCH, as a Lender

By: /s/ Jessica Lutrario Name: Jessica Lutrario
Title: Associate

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####

By: /s/ Philip Tancorra Name: Philip Tancorra
Title: Vice President

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####

MORGAN STANLEY SENIOR FUNDING, INC., as a Lender

By: /s/ Jake Dowden
Name: Jake Dowden
Title: Vice President

Each Guarantor hereby acknowledges and agrees that notwithstanding the amendments contemplated by this Agreement, each Guarantee shall remain in full force and effect and shall be a guarantee of the Borrower's obligations as amended by this Agreement.

Acknowledged and agreed:

GUARANTORS

FRONTIER GROUP HOLDINGS, INC., as a Guarantor

By: /s/ Howard Diamond
Name: Howard Diamond
Title: Senior Vice President, General Counsel and Secretary

FRONTIER AIRLINES HOLDINGS, INC., as a Guarantor

By: /s/ Howard Diamond
Name: Howard Diamond
Title: Senior Vice President, General Counsel and Secretary

FRONTIER AIRLINES, INC., as a Guarantor

By: /s/ Howard Diamond
Name: Howard Diamond
Title: Senior Vice President, General Counsel and Secretary

EXHIBIT A

COMMITMENTS

Lender	Participation Percentage[1]	Maximum Commitment
Citibank, N.A.	50.0000%	US$145,000,000
Barclays Bank PLC	17.2414%	US$50,000,000
Deutsche Bank AG New York Branch	17.2414%	US$50,000,000
Morgan Stanley Senior Funding, Inc.	15.5172%	US$45,000,000

The amounts set forth above are subject to amendment in accordance with Clause 19.3(c)(ii) of the Credit Agreement; provided that the aggregate Maximum Commitment does not exceed [***].

[1] The percentage is rounded to the 4th decimal place.

EXHIBIT B

SCHEDULE III –

ADVANCES

Exhibit 21.1

List of Subsidiaries of Frontier Group Holdings, Inc.

Subsidiaries	Jurisdiction of Incorporation or Organization
Frontier Airlines Holdings, Inc.	Delaware
Frontier Airlines, Inc.	Colorado

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-255060) pertaining to the 2014 Equity Incentive Plan and 2021 Incentive Award Plan of Frontier Group Holdings, Inc. of our report dated February 22, 2023, with respect to the consolidated financial statements of Frontier Group Holdings, Inc., and the effectiveness of internal control over financial reporting of Frontier Group Holdings, Inc. included in this Annual Report (Form 10-K) of Frontier Group Holdings, Inc. for the year ended December 31, 2022.

/s/ Ernst & Young LLP

Denver, Colorado
February 22, 2023

Exhibit 31.1

CERTIFICATION

I, Barry L. Biffle, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 22, 2023

/s/ Barry L. Biffle

Barry L. Biffle
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, James G. Dempsey, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 22, 2023

/s/ James G. Dempsey

James G. Dempsey
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

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

(1) The Annual Report on Form 10-K of the Company for the year ended December 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: February 22, 2023

/s/ Barry L. Biffle

Barry L. Biffle
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

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

(1) The Annual Report on Form 10-K of the Company for the year ended December 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: February 22, 2023

/s/ James G. Dempsey

James G. Dempsey
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)