

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

FORM 10-Q

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

For the quarterly period ended June 30, 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
(State or other jurisdiction of
incorporation or organization)

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

4545 Airport Way
Denver, CO 80239
(720) 374-4550
(Address of principal executive offices, including zip code, and registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

The registrant had 217,677,142 shares of common stock, par value of \$0.001, outstanding as of July 22, 2022.

TABLE OF CONTENTS

	<u>Page</u>
<u>Part I. Financial Information</u>	
<u>Item 1. Condensed Consolidated Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Balance Sheets</u>	<u>4</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>5</u>
<u>Condensed Consolidated Statements of Comprehensive Income (Loss)</u>	<u>6</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>7</u>
<u>Condensed Consolidated Statements of Stockholders' Equity</u>	<u>8</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>9</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>28</u>
<u>Glossary of Airline Terms</u>	<u>49</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>51</u>
<u>Item 4. Controls and Procedures</u>	<u>51</u>
<u>Part II. Other Information</u>	
<u>Item 1. Legal Proceedings</u>	<u>53</u>
<u>Item 1A. Risk Factors</u>	<u>53</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>89</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>89</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>89</u>
<u>Item 5. Other Information</u>	<u>89</u>
<u>Item 6. Exhibits</u>	<u>89</u>
<u>Signature</u>	<u>92</u>

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains 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 facts 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. You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, as filed with the SEC on February 23, 2022. This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part II, Item 1A, "Risk Factors", Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other factors set forth in other parts of this Quarterly Report on Form 10-Q. 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 II, Item 1A. Risk Factors. Such factors include:

Risks Related to Our Industry

- the impact the COVID-19 pandemic and measures to reduce its spread continue to have on our business, results of operations and financial condition and the timing and nature of the related recovery of the airline industry;
- certain restrictions on our business in connection with accepting financial assistance under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and related legislation;
- the termination of the proposed merger with Spirit Airlines, Inc. could negatively impact the market price of our common stock, as well as our future business, results of operations and financial condition;
- 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;
- 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;
- changes in economic conditions, including economic slowdowns, recessions, inflationary pressures, rising interest rates, financial market fluctuations and reduced credit availability;
- competition from air travel substitutes;
- threatened or actual terrorist attacks or security concerns;

- factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, government shutdowns, aircraft and engine defects, adverse weather conditions, increased security measures, or outbreak of disease;
- our presence in international emerging markets that may experience political or economic instability;
- increases in insurance costs or inability to secure adequate insurance coverage;
- decline or suspension in funding or operations of the U.S. federal government or its agencies; 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;
- 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 operate or desire to operate;
- any damage to our reputation or brand image could adversely affect our business or financial results;
- our reputation and business being adversely affected in the event of an emergency, accident, or similar public incident involving our aircraft or personnel;
- any negative publicity regarding our customer service;
- our inability to maintain a high daily aircraft utilization rate;
- any changes in governmental regulation;
- the impact of climate change and related regulations and consumer preferences;
- our ability to obtain financing or access capital markets;
- the long-term nature of our fleet order book and the unproven new engine technology utilized by the aircraft in our order book;
- our maintenance obligations;
- aircraft-related fixed obligations that could impair our liquidity; and
- our reliance on third-party specialists and other commercial partners to perform functions integral to our operations.

PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

	June 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 766	\$ 918
Accounts receivable, net	63	50
Supplies, net	54	29
Other current assets	71	40
Total current assets	954	1,037
Property and equipment, net	195	186
Operating lease right-of-use assets	2,396	2,426
Pre-delivery deposits for flight equipment	301	260
Aircraft maintenance deposits	102	98
Intangible assets, net	28	29
Other assets	269	199
Total assets	\$ 4,245	\$ 4,235
Liabilities and stockholders' equity		
Accounts payable	\$ 102	\$ 86
Air traffic liability	372	273
Frequent flyer liability	14	13
Current maturities of long-term debt, net	161	127
Current maturities of operating leases	440	444
Other current liabilities	461	383
Total current liabilities	1,550	1,326
Long-term debt, net	212	287
Long-term operating leases	1,964	1,991
Long-term frequent flyer liability	34	41
Other long-term liabilities	59	60
Total liabilities	3,819	3,705
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, \$0.001 par value per share, with 217,675,437 and 217,065,096 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	—	—
Additional paid-in capital	385	381
Retained earnings	51	159
Accumulated other comprehensive income (loss)	(10)	(10)
Total stockholders' equity	426	530
Total liabilities and stockholders' equity	\$ 4,245	\$ 4,235

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Operating revenues:				
Passenger	\$ 890	\$ 536	\$ 1,478	\$ 798
Other	19	14	36	23
Total operating revenues	909	550	1,514	821
Operating expenses:				
Aircraft fuel	335	139	550	223
Salaries, wages and benefits	174	154	346	293
Aircraft rent	133	133	261	271
Station operations	120	107	225	177
Sales and marketing	46	30	78	47
Maintenance materials and repairs	31	27	65	53
Depreciation and amortization	15	10	28	18
CARES Act credits	—	(87)	—	(223)
Transaction and merger-related costs	9	—	20	—
Other operating	39	19	87	36
Total operating expenses	902	532	1,660	895
Operating income (loss)	7	18	(146)	(74)
Other income (expense):				
Interest expense	(3)	(5)	(12)	(27)
Capitalized interest	2	1	3	2
Interest income and other	2	—	2	—
Total other income (expense)	1	(4)	(7)	(25)
Income (loss) before income taxes	8	14	(153)	(99)
Income tax expense (benefit)	(5)	(5)	(45)	(27)
Net income (loss)	\$ 13	\$ 19	\$ (108)	\$ (72)
Earnings (loss) per share:				
Basic	\$ 0.06	\$ 0.08	\$ (0.49)	\$ (0.35)
Diluted	\$ 0.06	\$ 0.08	\$ (0.49)	\$ (0.35)

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 13	\$ 19	\$ (108)	\$ (72)
Unrealized gains (losses) and amortization from cash flow hedges, net of deferred tax benefit/(expense) of less than \$(1) for each of the three and six months ended June 30, 2022 and 2021. (Note 5)	—	1	—	1
Other comprehensive income (loss)	<u>—</u>	<u>1</u>	<u>—</u>	<u>1</u>
Comprehensive income (loss)	<u>\$ 13</u>	<u>\$ 20</u>	<u>\$ (108)</u>	<u>\$ (71)</u>

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ (108)	\$ (72)
Deferred income taxes	(45)	(27)
Depreciation and amortization	28	18
Gains recognized on sale-leaseback transactions	(28)	(36)
Loss on extinguishment of debt	7	—
Warrant liability unrealized loss	—	22
Stock-based compensation	7	5
Amortization of swaption cash flow hedges, net of tax	1	1
Changes in operating assets and liabilities:		
Accounts receivable	(6)	(18)
Supplies and other current assets	(34)	7
Aircraft maintenance deposits	(10)	(8)
Other long-term assets	(42)	(15)
Accounts payable	8	2
Air traffic liability	99	199
Other liabilities	56	164
Cash provided by (used in) operating activities	(67)	242
Cash flows from investing activities:		
Capital expenditures	(14)	(12)
Pre-delivery deposits for flight equipment, net of refunds	(41)	25
Other	(2)	(3)
Cash provided by (used in) investing activities	(57)	10
Cash flows from financing activities:		
Proceeds from issuance of debt, net of issuance costs	141	76
Principal repayments on debt	(189)	(60)
Proceeds from sale-leaseback transactions	23	27
Proceeds from initial public offering, net of offering costs and underwriting discounts	—	266
Minimum tax withholdings on share-based awards	(3)	(3)
Cash provided by (used in) financing activities	(28)	306
Net increase (decrease) in cash, cash equivalents and restricted cash	(152)	558
Cash, cash equivalents and restricted cash, beginning of period	918	378
Cash, cash equivalents and restricted cash, end of period	\$ 766	\$ 936

See Notes to Condensed Consolidated Financial Statements

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

	Common Stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
	Shares	Amount				
Balance at December 31, 2020	199,438,098	\$ —	\$ 60	\$ 261	\$ (11)	\$ 310
Net income (loss)	—	—	—	(91)	—	(91)
Shares issued in connection with vesting of restricted stock units	505,438	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(146,490)	—	(3)	—	—	(3)
Restricted stock unit repurchases	(20,368)	—	—	—	—	—
Stock option exercises	640,121	—	—	—	—	—
Stock-based compensation	—	—	3	—	—	3
Balance at March 31, 2021	200,416,799	\$ —	\$ 60	\$ 170	\$ (11)	\$ 219
Net income (loss)	—	—	—	19	—	19
Shares issued in connection with vesting of restricted stock units	18,259	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(8,015)	—	—	—	—	—
Amortization of swaption cash flow hedges, net of tax	—	—	—	—	1	1
Stock-based compensation	—	—	2	—	—	2
Issuance of common stock upon initial public offering, net of offering costs, underwriting discounts and commissions	15,000,000	—	266	—	—	266
CARES Act warrants (Note 2)	—	—	43	—	—	43
Balance at June 30, 2021	215,427,043	\$ —	\$ 371	\$ 189	\$ (10)	\$ 550
Balance at December 31, 2021	217,065,096	\$ —	\$ 381	\$ 159	\$ (10)	\$ 530
Net income (loss)	—	—	—	(121)	—	(121)
Shares issued in connection with vesting of restricted stock units	676,146	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(275,822)	—	(3)	—	—	(3)
Stock option exercises	34,461	—	—	—	—	—
Stock-based compensation	—	—	3	—	—	3
Balance at March 31, 2022	217,499,881	\$ —	\$ 381	\$ 38	\$ (10)	\$ 409
Net income (loss)	—	—	—	13	—	13
Shares issued in connection with vesting of restricted stock units	96,078	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(10,472)	—	—	—	—	—
Amortization of swaption cash flow hedges, net of tax	—	—	—	—	1	1
Unrealized loss from cash flows hedges, net of tax	—	—	—	—	(1)	(1)
Stock option exercises	89,950	—	—	—	—	—
Stock-based compensation	—	—	4	—	—	4
Balance at June 30, 2022	217,675,437	\$ —	\$ 385	\$ 51	\$ (10)	\$ 426

See Notes to Condensed Consolidated Financial Statements

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation

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

The Company is an ultra low-cost, low-fare airline headquartered in Denver, Colorado that offers flights throughout the United States and to select international destinations in the Americas, serving approximately 120 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.

The accompanying condensed consolidated financial statements include the accounts of the Company and reflect all normal recurring adjustments which management believes are necessary to fairly present the financial position, results of operations and cash flows of the Company for the respective periods presented. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for Form 10-Q. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which was filed with the SEC on February 23, 2022 (the “2021 Annual Report”).

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

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 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.

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

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, has continued to have a material adverse effect on the Company's business and results of operations for the three and six months ended June 30, 2022 and 2021. Although the Company experienced a significant and sustained recovery during the quarter ended June 30, 2022 as compared to the three and six months ended June 30, 2021, the Company is unable to predict the future spread and impact of COVID-19, including future variants of the virus such as the recent Omicron variant 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 impact those measures may have on the demand for air travel.

Beginning in December 2020, the Food and Drug Administration issued emergency use authorizations for various vaccines for COVID-19. Widespread distribution of the vaccines has led to increased confidence in travel, particularly in the domestic leisure market on which the Company's business is focused. While the Company has experienced a meaningful increase in passenger volumes, as well as bookings, since the vaccines became widely available, demand recovery may continue to be hampered as a result of new variants or subvariants of the virus. The Company continues to closely monitor the COVID-19 pandemic and the need to adjust capacity as well as deploy other operational and cost-control measures, as necessary, to preserve short-term liquidity needs and ensure long-term viability of the Company and its strategies. Any anticipated adjustments to capacity and other cost savings initiatives implemented by the Company may vary from actual demand and capacity needs.

The Company continues to monitor covenant compliance with various parties, including, but not limited to, its lenders and credit card processors, and as of June 30, 2022, and through the date of this report, the Company is in compliance with all of its covenants, except the Company has obtained a waiver of relief for the covenant provisions through the third quarter of 2022 related to one of its credit card processors that represents less than 10% of total revenues, which may require future waivers or an amendment to the existing covenants to reflect any additional COVID-19 pandemic impacts.

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. Through 2020 and 2021, the Company participated in the PSP, as well as the second Payroll Support Program ("PSP2") and the third Payroll Support Program ("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 condensed consolidated statements of operations over the periods they were intended to support payroll. See Note 7 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") and "Management's Discussion and Analysis of Financial Condition and Results of Operations—COVID-19 Relief Funding" in the Company's 2021 Annual Report for additional detail on the CARES Act and the PSPs.

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.

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

On January 15, 2021, as a result of the Consolidated Appropriations Act, 2021 (the “PSP Extension Law”), which extended the PSP provisions of the CARES Act, the Company entered into an agreement with the Treasury for installment funding under the PSP2, under 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 six months ended June 30, 2021. The Company recognized \$18 million and the full \$143 million of PSP2 Grant proceeds, net of deferred financing costs, during the three and six months ended June 30, 2021, respectively, within CARES Act credits in the Company’s condensed 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, under 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 six months ended June 30, 2021. The Company recognized \$63 million of PSP3 Grant proceeds, net of deferred financing costs, during each of the three and six months ended June 30, 2021, within CARES Act credits in the Company’s condensed consolidated statements of operations.

In connection with the Company’s participation in the PSPs and the Treasury Loan, the Company has been and will continue to be, as applicable, subject to certain restrictions and limitations, including, but not limited to:

- restrictions on repurchases of equity securities listed on a national securities exchange or payment of dividends until February 2, 2023;
- requirements to have maintained certain levels of scheduled services through March 31, 2022 (including to destinations where there may have been significantly reduced or no demand);
- a prohibition on involuntary terminations or furloughs of employees (except for health, disability, cause, or certain disciplinary reasons) through September 30, 2021;
- a prohibition on reducing the salary, wages or benefits of employees (other than executive officers or independent contractors, or as otherwise permitted under the terms of the PSPs) through September 30, 2021;
- limits on certain executive compensation, including limiting pay increases and severance pay or other benefits upon terminations, until April 1, 2023;
- limitations on the use of the grant funds exclusively for the continuation of payment of employee salaries, wages and benefits; and
- additional reporting and recordkeeping requirements.

As part of 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 debt, and is amortized utilizing the effective interest method as interest expense in the Company’s condensed 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 condensed consolidated balance sheets, with periodic mark to market remeasurements being included in interest expense in the Company’s condensed 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 condensed consolidated balance sheet and is no longer required to mark to market the warrants. The Company recorded no mark to market adjustments during the three and six months ended June 30, 2022, and recorded \$2 million and \$22 million during the three and six months ended June 30, 2021, respectively, to interest expense within the Company’s condensed consolidated statements of operations. The Treasury has not exercised any warrants as of June 30, 2022.

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

The CARES Act also provided for an employee retention credit (“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 during the second 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 three and six months ended June 30, 2021, the Company recognized \$6 million and \$17 million, respectively, related to the CARES Employee Retention Credit within CARES Act credits in the Company’s condensed consolidated statements of operations.

3. Revenue Recognition

As of December 31, 2021, the Company’s air traffic liability was \$273 million. During the six months ended June 30, 2022, 91% of the air traffic liability as of December 31, 2021 has been recognized as passenger revenue within the Company’s condensed consolidated statements of operations. As of June 30, 2022, the Company’s air traffic liability was \$372 million, of which \$30 million 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 condensed consolidated statements of operations.

During the three and six months ended June 30, 2022 and 2021, the Company recognized \$23 million, \$45 million, \$7 million and \$17 million of revenue, respectively, in passenger revenues within the Company’s condensed consolidated statements of operations, primarily related to expected and actual expiration of customer rights to book future travel.

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 condensed 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

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

in the Company's condensed 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 condensed consolidated statements of operations in proportion to the pattern of rights exercised by customers. Management uses statistical models to estimate breakage based on historical redemption patterns. A change in assumptions as to the period over which mileage credits are expected to be redeemed, the actual redemption activity for mileage credits or the estimated fair value of mileage credits expected to be redeemed could have an impact on revenues in the year in which the change occurs and in future years. Redemptions are allocated between sold and flown mileage credits based on historical patterns.

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

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):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Passenger revenues:				
Fare	\$ 420	\$ 214	\$ 649	\$ 314
Non-fare passenger revenues:				
Service fees	201	142	363	204
Baggage	186	123	316	190
Seat selection	68	47	122	71
Other	15	10	28	19
Total non-fare passenger revenue	470	322	829	484
Total passenger revenues	890	536	1,478	798
Other revenues	19	14	36	23
Total operating revenues	\$ 909	\$ 550	\$ 1,514	\$ 821

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Domestic	\$ 819	\$ 522	\$ 1,365	\$ 781
Latin America	90	28	149	40
Total operating revenues	\$ 909	\$ 550	\$ 1,514	\$ 821

During the three and six months ended June 30, 2022 and 2021, no revenue from any one foreign country, other than Mexico, represented greater than 5% of the Company's total operating revenue. The Company attributes operating revenues by geographic region based upon the origin and destination of each passenger flight segment.

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

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):

	June 30, 2022	December 31, 2021
Prepaid expenses	\$ 22	\$ 14
Derivative instruments	8	—
Passenger and other taxes receivable	3	9
Income tax receivable	3	3
Other	35	14
Total other current assets	\$ 71	\$ 40

5. 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. During the three and six months ended June 30, 2022 and 2021, the Company did not enter into fuel hedges and, therefore, paid no upfront premiums for fuel hedges.

Additionally, the Company may be exposed to interest rate risk through aircraft lease contracts for the time period between when an agreement of terms is executed and the commencement of the lease, when portions of rental payments can be adjusted and become fixed based on the seven- or nine-year swap rate. As part of its risk management program, the Company may enter into contracts in order to limit the exposure to fluctuations in interest rates. During the three and six months ended June 30, 2022 the Company paid upfront premiums of \$9 million for the option to enter into and exercise cash-settled swaps with a forward starting effective date for seven of the Company's future aircraft deliveries. As of June 30, 2022 the Company hedged the interest rate exposure on \$245 million of total aircraft rent for seven aircraft to be delivered by the end of 2023. During the three and six months ended June 30, 2021, the Company did not enter into any swaps and therefore, paid no upfront premiums.

The Company formally designates and accounts for derivative instruments that meet established accounting criteria under ASC 815, *Derivatives and Hedging*, as cash flow hedges. For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative instruments is recorded in accumulated other comprehensive income/loss ("AOCI/L"), a component of stockholders' equity on the Company's condensed 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 condensed consolidated statements of operations in the period that the jet fuel subject to hedging is consumed. 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 condensed consolidated statements of operations over the period of the related aircraft lease. The assets and liabilities associated with the Company's fuel and interest rate derivative instruments are presented on a gross basis and include upfront premiums paid. These assets and liabilities are recorded as a component of other current assets and other current liabilities, respectively, on the Company's condensed consolidated balance sheets. The Company does not enter into derivative instruments for speculative purposes.

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

The following table presents the assets associated with derivative instruments, which is presented on a gross basis and includes upfront premiums paid (in millions):

	Balance Sheet Classification	June 30, 2022		December 31, 2021	
Derivatives designated as cash flow hedges:					
Interest rate hedge assets	Other current assets	\$	8	\$	—

The following table presents the net of tax impact of the overall effectiveness of derivative instruments designated as cash flow hedging instruments under ASC 815 to the Company's condensed consolidated statements of comprehensive income (loss) (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Derivatives designated as cash flow hedges				
Amortization of swaption cash flow hedges, net of tax	\$ 1	\$ 1	\$ 1	\$ 1
Unrealized loss from cash flows hedges, net of tax	(1)	—	(1)	—
Total	\$ —	\$ 1	\$ —	\$ 1

As of June 30, 2022 and December 31, 2021, \$10 million was included in AOCI/L related to interest rate hedging instruments that is expected to be reclassified into aircraft rent within the Company's condensed consolidated statements of operations over the aircraft lease term for the respective hedging instrument.

The following table summarizes the effect of interest rate derivative instruments' gains/(losses) reflected in aircraft rent expense within the Company's condensed consolidated statements of operations (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Derivatives designated as cash flow hedges				
Amortization of swaption cash flow hedges, net of tax	\$ (1)	\$ —	\$ (1)	\$ —

6. Other Current Liabilities

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

	June 30, 2022		December 31, 2021	
Passenger and other taxes and fees payable	\$	110	\$	84
Salaries, wages and benefits		93		89
Station obligations		58		64
Leased aircraft return costs		55		25
Fuel liabilities		53		23
Aircraft maintenance		45		36
Current portion of phantom equity units (Note 9)		—		26
Other current liabilities		47		36
Total other current liabilities	\$	461	\$	383

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

7. Debt

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

	June 30, 2022	December 31, 2021
Secured debt:		
Pre-delivery credit facility ^(a)	\$ 221	\$ 174
Treasury Loan ^(b)	—	150
Floating rate building note ^(c)	18	18
Unsecured debt:		
PSP Promissory Notes ^(d)	66	66
Affinity card advance purchase of mileage credits ^(e)	71	15
Total debt	376	423
Less current maturities of long-term debt, net	(161)	(127)
Less long-term debt acquisition costs and other discounts	(3)	(9)
Long-term debt, net	\$ 212	\$ 287

(a) The Company, through an affiliate, entered into the pre-delivery payment ("PDP") facility with Citibank, N.A. in December 2014 ("PDP Financing Facility"). The PDP Financing Facility is collateralized by the Company's purchase agreement for Airbus A320neo and A321neo aircraft deliveries through the term of the facility (see Note 10). In December 2020, the PDP Financing Facility was amended and restated to reduce the commitment of Citibank, N.A., as initial lender, to \$150 million, remove the ability to draw further unsecured borrowings and to provide collateral for the borrowings not secured by aircraft outstanding as of that date. In May 2021, the Company amended the facility to increase the total available capacity to \$200 million and expanded the number of financial institution participants as lenders. In December 2021, the facility was amended and restated to extend the availability of the facility through December 2024 to include additional 2023 and 2024 aircraft deliveries, and in March 2022 the facility was further amended to re-align the PDP Financing Facility with the updated future aircraft deliveries. In June 2022, the facility was amended and restated to extend the availability of the facility through December 2025 to include additional 2025 aircraft deliveries, to increase the total available capacity to \$280 million, and to include the flexibility to potentially obtain additional commitments from other lenders. No commitments have been secured from other lenders as of June 30, 2022.

Interest is paid every 90 days based on the Secured Overnight Financing Rate ("SOFR") plus a margin for each individual tranche. The PDP Financing Facility consists of separate loans for each PDP aircraft. Each separate loan matures upon the earlier of (i) delivery of that aircraft to the Company by Airbus, (ii) the date one month following the last day of the scheduled delivery month of such aircraft and (iii) if there is a delay in delivery of aircraft, depending on the cause of the delivery delay, up to six months following the last day of the scheduled delivery month of such aircraft. The PDP Financing Facility will be repaid periodically according to the preceding sentence with the 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) 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 six months ended June 30, 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.

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

(d) On April 30, 2020, the Company executed a promissory note under the PSP agreement with the Treasury from which the Company received a \$33 million unsecured 10-year, low-interest loan (the "PSP Promissory Note"). 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 of proceeds, respectively, evidenced by promissory notes with the same terms as the original PSP 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. The loans can be prepaid at par at any time without incurring a penalty.

(e) The Company entered into an agreement with Barclays in 2003 to provide for joint marketing, grant certain benefits to co-branded credit card holders ("Cardholders"), and allow Barclays to market using the Company's customer database. Cardholders earn mileage credits under the *Frontier Miles* program and the Company sells mileage credits at agreed-upon rates to Barclays and earns fees from Barclays for the acquisition, retention and use of the co-branded credit card by consumers. In addition, Barclays will pre-purchase miles if the Company meets certain conditions precedent. On September 15, 2020 the Company entered into a new agreement with Barclays to amend and extend

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

the agreement to 2029. The pre-purchased miles facility amount is to be reset on January 15 of each calendar year through, and including, January 15, 2028 based on the aggregate amount of fees payable by Barclays to the Company on a calendar year basis, up to an aggregate maximum facility amount of \$200 million. 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.

Cash payments for interest related to debt was \$5 million and \$2 million for the six months ended June 30, 2022 and 2021, respectively.

The Company has issued standby letters of credit and surety bonds to various airport authorities and vendors that are collateralized by restricted cash and as of June 30, 2022 and December 31, 2021, the Company did not have any outstanding letters of credit that were drawn upon.

As of June 30, 2022, future maturities of debt are payable as follows (in millions):

	June 30, 2022
Remainder of 2022	\$ 93
2023	134
2024	12
2025	—
2026	—
Thereafter	137
Total debt principal payments	\$ 376

8. Operating 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 condensed 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.

Aircraft

As of June 30, 2022, the Company leased 114 aircraft with remaining terms ranging from one month to twelve years, all of which are under operating leases and are included within right-of-use asset and lease liabilities on the Company's condensed consolidated balance sheets. In addition, as of June 30, 2022, the Company leased 24 spare engines, which are all under operating leases, with the remaining terms ranging from one month to twelve years. As of June 30, 2022, the lease rates for eight of the engines depend on usage-based metrics which are variable, and as such, these leases are not recorded on the Company's condensed consolidated balance sheets as a right-of-use asset and lease liability.

During the three and six months ended June 30, 2022 and 2021, the Company executed sale-leaseback transactions with third-party lessors for three, five, five and eight new Airbus A320neo family aircraft, respectively. Additionally, the Company completed sale-leaseback transactions for two engines during each of the three and six months ended June 30, 2022, did not complete a sale-leaseback transaction for any engines during the three months ended June 30, 2021 and a completed sale-leaseback transaction for one engine during the six months ended June 30, 2021. All of the leases from sale-leaseback transactions have been accounted for as operating leases. The Company recognized net sale-leaseback gains of \$21 million, \$28 million, \$21 million and \$36 million during the

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

three and six months ended June 30, 2022 and 2021, respectively, which are included as a component of other operating expenses within the Company's condensed 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, which stipulated that four A319 aircraft originally scheduled to be returned in December 2021 would be returned during the second and third quarters of 2021 and the two A320ceo aircraft would return 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 \$5 million and \$9 million charge included as a component of rent expense within the Company's condensed consolidated statements of operations for the three and six months ended June 30, 2021, respectively, related to the accelerated rent and lease return obligations of the A319 aircraft returned early.

Aircraft Rent Expense and Maintenance Obligations

During the three and six months ended June 30, 2022 and 2021, aircraft rent expense was \$133 million, \$261 million, \$133 million and \$271 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) and for each of the three and six months ended June 30, 2022 and less than \$1 million and \$1 million for the three and six months ended June 30, 2021, respectively. The portion of supplemental rent expense related to probable lease return condition obligations was \$18 million, \$33 million, \$11 million and \$25 million for three and six months ended June 30, 2022 and 2021, respectively.

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 June 30, 2022 and December 31, 2021, the Company had aircraft maintenance deposits that are expected to be recoverable of \$110 million and \$108 million, respectively, on the Company's condensed consolidated balance sheets, of which \$8 million and \$10 million, respectively, are included in accounts receivable, net on the Company's condensed consolidated balance sheets as the eligible maintenance has been performed. The remaining \$102 million and \$98 million are included within aircraft maintenance deposits on the Company's condensed consolidated balance sheets as of June 30, 2022 and December 31, 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 June 30, 2022, fixed maintenance reserve payments for aircraft and spare engines, including estimated amounts for contractual price escalations, are expected to be \$2 million for the remainder of 2022, \$3 million per year for the years 2023 through 2026 and \$9 million thereafter before consideration of reimbursements.

Airport Facilities

The Company's facility leases are primarily for space at approximately 120 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 June 30, 2022, the remaining lease terms vary from one month to eleven years. At the majority of the U.S. airports, the lease rates depend on airport operating costs or use of the facilities and are reset at least annually, and because of the variable nature of the rates, these leases are not recorded on the Company's condensed consolidated balance sheets as a right-of-use assets and lease liabilities.

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

Other Ground Property and Equipment

The Company leases certain other assets such as flight training equipment, building space, and various other equipment. Certain of the Company's leases for other assets are deemed to contain fixed rental payments and, as such, are classified as operating leases and are recorded on the Company's condensed consolidated balance sheets as a right-of-use asset and liability. The remaining lease terms range from one month to ten years as of June 30, 2022.

During June 2022, the Company entered into an arrangement 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 as of June 30, 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 condensed consolidated statements of operations. There were no additional aircraft or engine deferrals or paybacks, as the payback of all previous aircraft and engine deferrals was completed as of December 31, 2021, and, therefore, no impact to aircraft rent within the Company's condensed consolidated statements of operations, for the three and six months ended June 30, 2022. The payback of station deferrals during the three and six months ended June 30, 2022, decreased operating cash flows and unfavorably impacted station operations within the Company's results of operations by \$1 million. The deferrals for the three and six months ended June 30, 2021 decreased operating cash flows and unfavorably impacted the Company's results of operations by \$9 million and \$20 million, including a \$10 million and \$29 million unfavorable impact to aircraft rent and a \$1 million and \$9 million favorable impact to station operations, respectively. As of June 30, 2022, the Company had paid back all of its aircraft rent deferrals, and had \$10 million in station deferrals which will be recognized to station operations within the Company's condensed consolidated statements of operations in future periods as the deferrals are repaid.

Lease Costs

The table below presents certain information related to lease costs for operating leases during the three and six months ended June 30, 2022 and 2021 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Operating lease cost ^(a)	\$ 118	\$ 134	\$ 235	\$ 241
Variable lease cost ^(a)	64	87	119	152
Total lease costs	\$ 182	\$ 221	\$ 354	\$ 393

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

During the three and six months ended June 30, 2022 and 2021, the Company acquired, through new operating leases, operating lease assets totaling \$87 million, \$148 million, \$182 million and \$302 million, respectively, which are included in operating lease right-of-use assets on the Company's condensed consolidated balance sheets. During the three and six months ended June 30, 2022 and 2021, the Company paid cash of \$119 million, \$236 million, \$115 million and \$223 million, respectively, for amounts included in the measurement of lease liabilities.

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

9. Stock-Based Compensation and Stockholders' Equity

During the three and six months ended June 30, 2022 and 2021, the Company recognized \$4 million, \$7 million, \$2 million and \$5 million, respectively, in stock-based compensation expense, which is included as a component of salaries, wages and benefits within the Company's condensed consolidated statements of operations.

Stock Options and Restricted Awards

In April 2014, the Company 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 for future issuance of stock-based compensation awards. Additionally, upon approval of the 2021 Plan, the 2014 Plan was terminated and the 11 million awards issued and outstanding as of the Company's IPO from the 2014 Plan were retained for any subsequent exercise or vesting of such awards and no further grants will be made from the 2014 Plan. Any shares that are subsequently forfeited from the 2014 Plan will become available for future issuances under the 2021 Plan. Additional shares become available for issuance under the 2021 Plan based on 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.

There were no stock options granted during the six months ended June 30, 2022. During the six months ended June 30, 2022, 124,411 vested stock options were exercised with a weighted average exercise price of \$3.42 per share. As of June 30, 2022, the weighted average exercise price of outstanding options was \$1.97 per share.

During the six months ended June 30, 2022, 1,169,950 restricted stock units were issued with a weighted average grant date fair value of \$12.12 per share. During the six months ended June 30, 2022, 772,224 restricted stock units vested, of which 286,294 restricted stock units were withheld to cover employee taxes with a weighted average grant date fair value of \$12.53 and \$12.27 per share, respectively.

Phantom Equity 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 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 IPO, 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, 2021, the remaining liability was \$26 million and presented within other current liabilities on the Company's condensed consolidated balance sheet. During the six months ended June 30, 2022 the \$26 million was fully paid.

Stockholders' Equity

As of June 30, 2022 and December 31, 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.

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

10. Commitments and Contingencies

Flight Equipment Commitments

As of June 30, 2022, the Company's firm aircraft and engine orders consisted of the following:

Year Ending	A320neo	A321neo	Total Aircraft	Engines
Remainder of 2022	4	5	9	2
2023	—	21	21	4
2024	—	24	24	2
2025	17	13	30	4
2026	19	22	41	4
Thereafter	31	73	104	5
Total	71	158	229	21

During December 2017, the Company entered into an amendment to the previously existing master purchase agreement ("backlog aircraft") with Airbus. Pursuant to this amendment and subsequent amendments, the Company has a commitment to purchase an incremental 67 A320neo and 67 A321neo aircraft ("incremental aircraft") with deliveries expected to begin in September 2022, continuing through 2028. 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 2023, continuing through 2029. The Company, at its option, has the right to convert 18 A320neo aircraft to A321XLR aircraft. The conversion right is available until December 31, 2022 and is not reflected in the table above as this option has not been exercised. The Company's agreements with Airbus provide for, among other things, varying purchase incentives, which have been allocated proportionally and are accounted for as an offsetting reduction to the cost of the backlog A320neo aircraft and increase to the cost of the incremental A320neo aircraft. As a result, cash paid for backlog A320neo aircraft will be more than the associated capitalized cost of the aircraft and results in the recognition of a deferred purchase incentive within other assets on the Company's condensed consolidated balance sheets, which will ultimately be offset by the lower cash payments in connection with the purchase of the incremental A320neo aircraft.

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 June 30, 2022, purchase commitments for these aircraft and engines, including estimated amounts for contractual price escalations and PDPs, were approximately \$509 million for the remainder of 2022, \$1,227 million in 2023, \$1,453 million in 2024, \$1,770 million in 2025, \$2,363 million in 2026 and \$6,219 million thereafter.

During July 2021, the Company signed a letter of intent with two of its leasing partners to add ten additional A321neo aircraft through direct leases, with deliveries beginning in the second half of 2022 and continuing into the first half of 2023. As of June 30, 2022, lease agreements for all of the additional aircraft have been executed. None of these ten aircraft that will be acquired through direct leases 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

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

for information and subsequent correspondence and requests have been 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 is fully cooperating with the DOT request and the review of this matter is still in process.

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 condensed 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 June 30, 2022. The table below sets forth the Company's employee groups and status of the collective bargaining agreements as of June 30, 2022:

Employee Group	Representative	Amendable Date	Percentage of Workforce
			June 30, 2022
Pilots	Air Line Pilots Association (ALPA)	January 2024	32%
Flight Attendants	Association of Flight Attendants (AFA-CWA)	May 2024	51%
Aircraft Technicians	International Brotherhood of Teamsters (IBT)	May 2025 ^(a)	2%
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 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 amendable as of June 30, 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 including those estimated to be incurred but not yet paid as of June 30, 2022 and December 31, 2021, which is included as a component of other current liabilities on the Company's condensed consolidated balance sheets.

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

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.

11. Net Earnings (Loss) per Share

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

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

diluted basis pursuant to the two-class method for the periods indicated (in millions, except for share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Basic:				
Net income (loss)	\$ 13	\$ 19	\$ (108)	\$ (72)
Less: net income attributable to participating rights	—	(1)	—	—
Net income (loss) attributable to common stockholders	\$ 13	\$ 18	\$ (108)	\$ (72)
Weighted average common shares outstanding, basic	217,602,480	214,337,723	217,438,904	206,951,248
Net earnings (loss) per share, basic	\$ 0.06	\$ 0.08	\$ (0.49)	\$ (0.35)
Diluted:				
Net income (loss)	\$ 13	\$ 19	\$ (108)	\$ (72)
Less: net income attributable to participating rights	—	(1)	—	—
Net income (loss) attributable to common stockholders	\$ 13	\$ 18	\$ (108)	\$ (72)
Weighted average common shares outstanding, basic	217,602,480	214,337,723	217,438,904	206,951,248
Effect of dilutive potential common shares	1,334,065	1,548,787	—	—
Weighted average common shares outstanding, diluted	218,936,545	215,886,510	217,438,904	206,951,248
Net earnings (loss) per share, diluted	\$ 0.06	\$ 0.08	\$ (0.49)	\$ (0.35)

Due to the net losses incurred during the six months ended June 30, 2022 and 2021, diluted weighted average shares outstanding are equal to basic weighted average shares outstanding given that the effect of all equity awards is anti-dilutive. Approximately 2,284,417 and 2,010,070 shares were excluded from the computation of diluted shares for the three months ended June 30, 2022 and 2021, respectively, as their impact would have been anti-dilutive.

12. Fair Value Measurements

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

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

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

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

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

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. Cash, cash equivalents and restricted cash are carried at cost, which management believes approximates fair value.

Interest Rate Swaption Derivative Instruments

Interest rate swaption contracts are valued under an income approach based on data either readily observable in public markets, derived from public markets or provided by counterparties who regularly trade in public markets; therefore, they are classified as Level 2 inputs. Given the swaptions will be cash settled upon exercise and that the market value will be done using overnight indexed swap (OIS) discounting, OIS discounting is applied to the income approach valuation.

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):

	June 30, 2022		December 31, 2021	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Secured debt:				
Pre-delivery credit facility	\$ 221	\$ 219	\$ 174	\$ 175
Treasury Loan	—	—	150	156
Floating rate building note	18	18	18	19
Unsecured debt:				
PSP Promissory Notes	66	47	66	58
Affinity card advance purchase of mileage credits	71	61	15	14
Total debt	\$ 376	\$ 345	\$ 423	\$ 422

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

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 condensed consolidated financial statements (in millions):

Description	Balance Sheet Classification	Fair Value Measurements as of June 30, 2022			
		Total	Level 1	Level 2	Level 3
Cash	Cash and cash equivalents	\$ 766	\$ 766	\$ —	\$ —
Interest rate derivative contracts	Other current assets	\$ 8	\$ —	\$ 8	\$ —

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

The Company had no transfers of assets or liabilities between fair value hierarchy levels between December 31, 2021 and June 30, 2022.

13. 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 to Indigo Partners for management services. The Company recorded \$1 million for each of the three and six months ended June 30, 2022 and 2021 for these fees, which are included as other operating expenses within the Company's condensed 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. As of June 30, 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.

14. The Proposed Merger with Spirit Airlines, Inc.

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 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 the Company.

During the three and six months ended June 30, 2022, the Company recorded \$9 million and \$20 million, respectively, of expenses related to the proposed Merger within transaction and merger-related costs in the

FRONTIER GROUP HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Continued)
(unaudited)

Company's condensed consolidated statement of operations, which included \$4 million and \$12 million, respectively, related to transaction costs, which include banking, legal and accounting fees, among others, charged in connection with the Merger, and \$5 million and \$8 million, respectively, of retention bonus expenses. As of June 30, 2022, the Company had capitalized \$2 million of costs incurred related to the proposed equity issuance as a component of other current assets on the Company's condensed consolidated balance sheet.

On July 27, 2022, the Company and Spirit mutually terminated the Merger Agreement. As a result, the Company expects to record in the third quarter of 2022 approximately \$9 million of employee retention costs, which include an acceleration of 50% of the Merger-related retention costs that are due and payable upon termination of the Merger to all eligible employees who are not impacted by CARES Act compensation restrictions, a write-off of the capitalized deferred equity issuance costs of \$2 million and other legal and professional fees associated with the termination of the Merger Agreement. Further, Spirit is obligated to reimburse \$25 million of the Company's incurred Merger-related expenses. In the event that Spirit, within twelve months following the termination of the Merger Agreement, consummates an acquisition proposal with another acquiror or enters into a definitive written agreement providing for the consummation of an acquisition proposal with another acquiror which is ultimately consummated, the Company will be owed an additional \$69 million, as provided for in the Merger Agreement.

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

General

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the related notes and other financial information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which was filed with the Securities and Exchange Commission (“SEC”) on February 23, 2022 (the “2021 Annual Report”).

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.

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, has continued to have a material adverse effect on our business and results of operations for the three and six months ended June 30, 2022 and 2021. Although we experienced a significant and sustained recovery during the quarter ended June 30, 2022 as compared to the three and six months ended June 30, 2021, we are unable to predict the future spread and impact of COVID-19, including future variants of the virus such as the recent Omicron variant 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 impact those measures may have on the demand for air travel. We have received significant financial assistance from the U.S. Department of the Treasury (“Treasury”) under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), the first Payroll Support Program (the “PSP”), 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”). Please refer to “Notes to Condensed Consolidated Financial Statements — 2. Impact of COVID-19” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — COVID-19 Relief Funding” in our 2021 Annual Report for additional detail on the CARES Act and the PSPs, and “Notes to Condensed Consolidated Financial Statements — 7. Debt” further information on the promissory notes entered into with the Treasury as a result of participation in the PSPs (collectively, the “PSP Promissory Notes”). The impact on our condensed consolidated financial statements for the three and six months ended June 30, 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 (the “Treasury Loan”). 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 for the six months ended June 30, 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”), under 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 six months ended June 30, 2021. We recognized \$18 million and the full \$143 million of PSP2 Grant proceeds, net of deferred financing costs, during the three and six months ended June 30, 2021, respectively, within CARES Act credits in our condensed 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”), under 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 six months ended June 30, 2021. We recognized \$63 million of PSP3 Grant proceeds, net of deferred financing costs, during each of the three and six months ended June 30, 2021, within CARES Act credits in our condensed consolidated statements of operations.

In connection with our participation in the PSPs and the Treasury Loan, we have been and will continue to be, as applicable, subject to certain restrictions and limitations, including, but not limited to:

- restrictions on repurchases of equity securities listed on a national securities exchange or payment of dividends until February 2, 2023;
- requirements to have maintained certain levels of scheduled services through March 31, 2022 (including to destinations where there may currently be significantly reduced or no demand);
- a prohibition on involuntary terminations or furloughs of employees (except for health, disability, cause, or certain disciplinary reasons) through September 30, 2021;
- a prohibition on reducing the salary, wages or benefits of employees (other than executive officers or independent contractors, or as otherwise permitted under the terms of the PSPs) through September 30, 2021;
- limits on certain executive compensation, including limiting pay increases and severance pay or other benefits upon terminations, until April 1, 2023;
- limitations on the use of the grant funds exclusively for the continuation of payment of employee wages, salaries and benefits; and
- additional reporting and recordkeeping requirements.

As part of 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 condensed 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 condensed consolidated balance sheets, with periodic mark to market remeasurements being included in interest expense in our condensed 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 condensed consolidated balance sheet and are no longer required to mark to market the warrants. We recorded no mark to market adjustments during each of the three and six months ended June 30, 2022, and recorded \$2 million and \$22 million during the three and six months ended June 30, 2021, respectively, to interest expense within our condensed consolidated statements of operations. The Treasury has not exercised any warrants as of June 30, 2022.

The CARES Act also provided for an employee retention credit (“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 during the second 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 three and six months ended June 30, 2021, we recognized \$6 million and \$17 million, respectively, related to the CARES Employee Retention Credit within CARES Act credits in our condensed consolidated statements of operations.

Proposed Merger with Spirit Airlines, Inc.

On February 5, 2022, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Spirit Airlines, Inc. (“Spirit”) and Top Gun Acquisition Corp. (“Merger Sub”), a direct wholly-owned subsidiary of ours, where the Merger Sub would merge with and into Spirit (the “Merger”), and Spirit would continue as a wholly-owned subsidiary of ours. The Merger was subject to satisfaction of customary closing conditions, including completion of the regulatory review process and approval by Spirit stockholders.

During the three and six months ended June 30, 2022, we recorded \$9 million and \$20 million, respectively, of expenses related to the proposed Merger within transaction and merger-related costs in our condensed consolidated statement of operations, which included \$4 million and \$12 million, respectively, related to transaction costs, which include banking, legal and accounting fees, among others, charged in connection with the Merger, and \$5 million and \$8 million, respectively, of retention bonus expenses. As of June 30, 2022, we had capitalized \$2 million of costs incurred related to the proposed equity issuance as a component of other current assets on our condensed consolidated balance sheet.

On July 27, 2022, we and Spirit mutually terminated the Merger Agreement. As a result, we expect to record in the third quarter of 2022 approximately \$9 million of employee retention costs, which include an acceleration of 50% of the Merger-related retention costs that are due and payable upon termination of the Merger to all eligible employees who are not impacted by CARES Act compensation restrictions, a write-off of capitalized deferred equity issuance costs of \$2 million and other legal and professional fees associated with the termination of the Merger Agreement. Further, Spirit is obligated to reimburse \$25 million of our incurred Merger-related expenses. In the event that Spirit, within twelve months following the termination of the Merger Agreement, consummates an acquisition proposal with another acquiror or enters into a definitive written agreement providing for the consummation of an acquisition proposal with another acquiror which is ultimately consummated, we will be owed an additional \$69 million, as provided for in the Merger Agreement. Please refer to “Notes to Condensed Consolidated Financial Statements — 14. The Proposed Merger with Spirit Airlines, Inc.” for additional detail.

Results of Operations

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

Total operating revenues for the second quarter of 2022 totaled \$909 million, an increase of 65% compared to the second quarter of 2021, primarily due to a 51% increase in total revenue per available seat mile (“RASM”) as compared to the corresponding period in 2021, along with a 10% increase in capacity, as measured by available seat miles (“ASMs”), as the demand for leisure travel continues to recover from the COVID-19 pandemic.

Total operating expenses during the second quarter of 2022 totaled \$902 million, resulting in a cost per available seat mile (“CASM”) of 11.87¢, compared to 7.68¢ for the second quarter of 2021. Fuel expense during the second quarter of 2022 was \$335 million, an increase of 141% compared to the corresponding prior year period, driven by a 117% increase in fuel rates and an 11% increase in fuel consumption associated with a 10% increase in our capacity. Our non-fuel expenses increased by 44% compared to the corresponding prior year period, primarily due to the cessation of CARES Act credits in 2021 compared to the \$87 million benefit from the recognition of grant funding received under the PSP2 and PSP3 Agreements and CARES Employee Retention Credits during the three months ended June 30, 2021, as well as higher capacity and the resulting increase in operations during the second quarter of 2022, along with \$9 million in transaction and merger-related costs and \$7 million in asset impairment charges recorded during the three months ended June 30, 2022. These increases resulted in a 32% increase in CASM (excluding fuel), from 5.67¢ for the second quarter of 2021 to 7.46¢ for the second quarter of 2022. Adjusted CASM (excluding fuel), which excludes the impact of the transaction and merger-related costs, asset impairment and collective bargaining contract ratification for the three months ended June 30, 2022, and excludes the CARES Act credits and early lease termination costs for the remaining A319 aircraft returned in 2021 for the three months ended June 30, 2021, increased from 6.84¢ for the second quarter of 2021 to 7.24¢ for the second quarter of 2022. See the reconciliation to corresponding GAAP measures provided below.

We generated net income of \$13 million and \$19 million during the three months ended June 30, 2022 and 2021, respectively. Our results for the three months ended June 30, 2022 include \$9 million of transaction and merger-related costs, \$7 million of asset impairment costs and \$1 million in aircraft technician contract ratification costs within operating expenses. Our results for the three months ended June 30, 2021 include an \$87 million benefit related to funding recognized from the PSP2 and PSP3 Grants and the recognition of CARES Employee Retention Credits, \$6 million in costs incurred with the early termination of our A319 leased aircraft and \$2 million in other non-operating expenses related to mark to market adjustments associated with the warrants issued pursuant to the Treasury Loan and PSP Promissory Notes. Considering these aforementioned non-GAAP adjustments and the related tax expense/(benefit) of \$10 million and (\$10 million) for the three months ended June 30, 2022 and 2021, respectively, our adjusted net income was \$20 million for the three months ended June 30, 2022, as compared to an adjusted net loss of \$50 million for the corresponding prior year period. See the reconciliation to corresponding GAAP measures provided below.

Operating Revenues

	Three Months Ended June 30,		Change	
	2022	2021		
Operating revenues (\$ in millions):				
Passenger	\$ 890	\$ 536	\$ 354	66 %
Other	19	14	5	36 %
Total operating revenues	\$ 909	\$ 550	\$ 359	65 %
Operating statistics:				
Available seat miles (ASMs) (millions)	7,594	6,934	660	10 %
Revenue passenger miles (RPMs) (millions)	6,388	5,544	844	15 %
Average stage length (statute miles)	960	966	(6)	(1)%
Load factor (%)	84.1 %	80.0 %	4.1 pts	N/A
Total revenue per available seat mile (RASM) (¢)	11.97	7.92	4.05	51 %
Total revenue per passenger (\$)	139.40	98.06	41.34	42 %
Passengers (thousands)	6,518	5,602	916	16 %

Total operating revenue increased \$359 million, or 65%, during the three months ended June 30, 2022, as compared to the corresponding prior year period, as we experienced increased demand for leisure travel. Revenue was favorably impacted by the 42% increase in total revenue per passenger, including a 69% increase in fare revenue per passenger and 25% increase in ancillary revenue per passenger, alongside a 4% increase in load factor as compared to the corresponding prior year period, which resulted in a 51% increase in RASM as compared to the three months ended June 30, 2021. In addition, total operating revenue was favorably impacted by a 10% increase in capacity growth, as measured by ASMs, an increase in average daily aircraft utilization to 10.9 hours per day for the three months ended June 30, 2022, an 8% increase from the corresponding prior year period, as well as an increase of 3% in average aircraft in service during the three months ended June 30, 2022, as compared to the corresponding prior year period.

Operating Expenses

	Three Months Ended June 30,				Cost per ASM		
	2022	2021	Change		2022	2021	Change
Operating expenses (\$ in millions):^(a)							
Aircraft fuel	\$ 335	\$ 139	\$ 196	141 %	4.41 ¢	2.01 ¢	119 %
Salaries, wages and benefits	174	154	20	13 %	2.29	2.22	3 %
Aircraft rent	133	133	—	— %	1.75	1.92	(9)%
Station operations	120	107	13	12 %	1.58	1.54	3 %
Sales and marketing	46	30	16	53 %	0.61	0.43	42 %
Maintenance materials and repairs	31	27	4	15 %	0.41	0.39	5 %
Depreciation and amortization	15	10	5	50 %	0.20	0.14	43 %
CARES Act credits	—	(87)	87	N/M	—	(1.25)	N/M
Transaction and merger-related costs	9	—	9	N/M	0.12	—	N/M
Other operating expenses	39	19	20	105 %	0.50	0.28	79 %
Total operating expenses	\$ 902	\$ 532	\$ 370	70 %	11.87 ¢	7.68 ¢	55 %
Operating statistics:							
Available seat miles (ASMs) (millions)	7,594	6,934	660	10 %			
Average stage length (statute miles)	960	966	(6)	(1)%			
Departures	40,829	37,126	3,703	10 %			
CASM (excluding fuel) (¢)	7.46	5.67	1.79	32 %			
Adjusted CASM (excluding fuel) (¢)	7.24	6.84	0.4	6 %			
Fuel cost per gallon (\$)	4.41	2.03	2.38	117 %			
Fuel gallons consumed (thousands)	76,000	68,564	7,436	11 %			

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

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

	Three Months Ended June 30,			
	2022		2021	
	(\$ in millions)	Per ASM (€)	(\$ in millions)	Per ASM (€)
Non-GAAP financial data (unaudited):^(a)				
CASM		11.87		7.68
Aircraft fuel	(335)	(4.41)	(139)	(2.01)
CASM (excluding fuel)		7.46		5.67
Transaction and merger-related costs ^(b)				
	(9)	(0.12)	—	—
Asset impairment ^(c)				
	(7)	(0.09)	—	—
Collective bargaining contract ratification ^(d)				
	(1)	(0.01)	—	—
Early lease termination costs ^(e)				
	—	—	(6)	(0.08)
CARES Act – grant recognition and employee retention credits ^(f)				
	—	—	87	1.25
Adjusted CASM (excluding fuel)^(g)		7.24		6.84
Aircraft fuel	335	4.41	139	2.01
Adjusted CASM		11.65		8.85
Net interest expense (income)	(1)	(0.01)	4	0.05
CARES Act – mark to market impact for warrants ^(h)	—	—	(2)	(0.03)
Adjusted CASM + net interest⁽ⁱ⁾		11.64		8.87
CASM		11.87		7.68
Net interest expense (income)	(1)	—	4	0.05
CASM + net interest		11.87		7.73

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

(b) Represents \$5 million in employee retention costs and \$4 million in transaction costs, including legal and other professional fees, incurred in connection with the proposed Merger with Spirit Airlines.

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

(d) Represents \$1 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.

(e) 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 three months ended June 30, 2021, we incurred \$5 million in aircraft rent costs and \$1 million in depreciation relating to the acceleration and resulting changes to our lease return obligations.

(f) Represents the recognition of \$81 million of net grant funding received from the Treasury for payroll support during the three months ended June 30, 2021 as part of the PSP2 and PSP3 Agreements under the CARES Act along with \$6 million of CARES Employee Retention Credits.

(g) Adjusted CASM (excluding fuel) is included as a supplemental disclosure 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. Adjusted CASM (excluding fuel) is 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.

(h) 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.

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

Aircraft Fuel. Aircraft fuel expense increased by \$196 million, or 141%, during the three months ended June 30, 2022, as compared to the corresponding prior year period. The increase was primarily due to a 117% increase in fuel rates, in addition to an 11% increase in fuel gallons consumed due to the increased capacity.

Salaries, Wages and Benefits. Salaries, wages and benefits expense increased by \$20 million, or 13%, during the three months ended June 30, 2022, as compared to the corresponding prior year period. The increase was due to higher crew costs, primarily from pilots, driven by elevated credit hours due in part to COVID-19 sick time and a surplus in headcount, as well as pilot benefit costs for the three months ended June 30, 2022, as compared to the corresponding prior year period. In addition, during the three months ended June 30, 2022, we incurred \$1 million in expense related to a one-time ratification incentive bonus and related payroll adjustments as result of recent contract ratification with International Brotherhood of Teamsters (“IBT”), the union representing our aircraft technicians, in May 2022.

Aircraft Rent. Aircraft rent expense was flat as compared to the corresponding prior year period, as the increases in the expected lease return costs and the increase in our fleet period-over-period were offset by the \$10 million payback of lease deferrals from 2020 recognized in 2021. No lease deferrals were paid for the three months ended June 30, 2022.

Station Operations. Station operations expense increased by \$13 million, or 12%, during the three months ended June 30, 2022, as compared to the corresponding prior year period, primarily due to a 10% increase in departures, as well as cost increases in our airport support operations and as a result of higher passenger reaccommodation costs. These increases were partially offset by other favorable station costs.

Sales and Marketing. Sales and marketing expense increased by \$16 million, or 53%, during the three months ended June 30, 2022, as compared to the corresponding prior year period, due to higher credit card fees resulting from the 65% increase in revenue in addition to increased sales support and advertising expenses. The following table presents our distribution channel mix:

Distribution Channel	Three Months Ended June 30,		Change
	2022	2021	
Our website, mobile app and other direct channels	68 %	70 %	(2) pts
Third-party channels	32 %	30 %	2 pts

Maintenance Materials and Repairs. Maintenance materials and repairs expense increased by \$4 million, or 15%, during the three months ended June 30, 2022, as compared to the corresponding prior year period, primarily due to higher average daily utilization per aircraft compared to the corresponding prior year period which resulted in higher maintenance and associated contract labor costs. These increases were partly offset by a pricing benefit realized as a result of renegotiation of a vendor contract for certain component and maintenance services during the three months ended June 30, 2022.

Depreciation and Amortization. Depreciation and amortization expense increased by \$5 million, or 50%, during the three months ended June 30, 2022, as compared to the corresponding prior year period, primarily due to a \$7 million asset impairment as a result of the write-off of certain capitalized software development costs.

CARES Act Credits. CARES Act credits decreased by \$87 million during the three months ended June 30, 2022, as compared to the corresponding prior year period. During the three months ended June 30, 2022, we did not recognize any CARES Act credits due to cessation of the program in 2021. During the three months ended June 30,

2021, we recognized \$81 million in PSP grant funding received from the Treasury under the PSP2 and PSP3 Agreements and \$6 million in CARES Employee Retention Credits.

Transaction and Merger-Related Costs. As a result of the proposed Merger with Spirit, we incurred \$9 million in related costs during the three months ended June 30, 2022, including \$5 million in employee retention costs and \$4 million in transaction costs which primarily relate to legal and other professional fees.

Other Operating Expenses. Other operating expenses increased by \$20 million, or 105%, during the three months ended June 30, 2022, as compared to the corresponding prior year period. The increase was driven primarily by increases in travel expenses relating to crew accommodations, higher supplies and general and administrative costs, including IT and professional services, and increases in other operating costs during the three months ended June 30, 2022, as compared to the corresponding prior year period, due to an increase in capacity as demand continues to recover from the COVID-19 pandemic.

Other Income (Expense). We recognized \$1 million in other income during the three months ended June 30, 2022, as compared to \$4 million in other expenses during three months ended June 30, 2021, primarily due to \$2 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 three months ended June 30, 2021. Additionally, an increase in interest rates contributed to an increase in interest income for the three months ended June 30, 2022, as compared to the corresponding prior year period.

Income Taxes. Our effective tax rate reflected a 62.5% income tax benefit during the three months ended June 30, 2022, as compared to 35.7% of income tax benefit during the corresponding prior year period. The increase in the estimated annual tax rate for the six months ended June 30, 2022, as compared to the estimated annual effective rate for the first quarter of 2022, resulted in an income tax benefit for the three months ended June 30, 2022. The effective tax rate for the three months ended June 30, 2021 includes the non-deductible interest from the mark to market adjustments from the warrants issued to the Treasury as part of our participation in the PSPs and the Treasury Loan and excess tax benefits associated with our stock-based compensation arrangements.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

Total operating revenues for the six months ended June 30, 2022 totaled \$1,514 million, an increase of 84% compared to the six months ended June 30, 2021, primarily due to a 41% increase in RASM as compared to the corresponding period in 2021, along with a 30% increase in capacity, as measured by ASMs, as the demand for leisure travel continues to recover from the COVID-19 pandemic.

Total operating expenses during the six months ended June 30, 2022 totaled \$1,660 million, resulting in a CASM of 11.04¢, compared to 7.76¢ for the six months ended June 30, 2021. Fuel expense during the six months ended June 30, 2022 was \$550 million, an increase of 147% compared to the corresponding prior year period, driven by a 89% increase in fuel rates and a 31% increase in fuel consumption associated with a 30% increase in our capacity. Our non-fuel expenses increased by 65% compared to the corresponding prior year period, driven primarily by the cessation of CARES Act credits in 2021 compared to the \$223 million benefit from the recognition of grant funding received under the PSP2 and PSP3 Agreements and CARES Employee Retention Credits during the six months ended June 30, 2021, as well as higher capacity and the resulting increase in operations during the six months ended June 30, 2022, as compared to the corresponding prior year period, and \$20 million of transaction and merger-related costs during the six months ended June 30, 2022. These increases resulted in a 27% increase in CASM (excluding fuel), from 5.83¢ for the six months ended June 30, 2021 to 7.38¢ for the six months ended June 30, 2022. Adjusted CASM (excluding fuel), which excludes the impact of transaction and merger-related costs, asset impairment and collective bargaining contract ratification costs for the six months ended June 30, 2022 and excludes the impact of the CARES Act credits and early lease termination costs for the remaining A319 aircraft returned in 2021 for the six months ended June 30, 2021, decreased from 7.68¢ for the six months ended June 30, 2021 to 7.19¢ for the six months ended June 30, 2022. See the reconciliation to corresponding GAAP measures provided below.

We generated a net loss of \$108 million and \$72 million during the six months ended June 30, 2022 and 2021, respectively. Our results for the six months ended June 30, 2022 include \$20 million of transaction and merger-related costs, \$7 million of asset impairment costs and \$1 million in aircraft technician contract ratification costs within operating expenses, as well as \$7 million in other non-operating expenses related to the write-off of unamortized deferred financing costs due to the paydown of the Treasury Loan. Our results for the six months ended June 30, 2021 include a \$223 million benefit related to funding recognized from the PSP2 and PSP3 Grants and the recognition of CARES Employee Retention Credits, \$10 million in costs incurred with the early termination of our A319 leased aircraft and \$22 million in other non-operating expenses related to mark to market adjustments associated with the warrants issued pursuant to the Treasury Loan and PSP Promissory Notes. Considering these aforementioned non-GAAP adjustments and the related tax expense/(benefit) of \$16 million and (\$40 million) for the six months ended June 30, 2022 and 2021, respectively, our adjusted net loss was \$89 million for the six months ended June 30, 2022, as compared to an adjusted net loss of \$223 million for the corresponding prior year period. See the reconciliation to corresponding GAAP measures provided below.

Operating Revenues

	Six Months Ended June 30,		Change	
	2022	2021		
Operating revenues (\$ in millions):				
Passenger	\$ 1,478	\$ 798	\$ 680	85 %
Other	36	23	13	57 %
Total operating revenues	\$ 1,514	\$ 821	\$ 693	84 %
Operating statistics:				
Available seat miles (ASMs) (millions)	15,036	11,526	3,510	30 %
Revenue passenger miles (RPMs) (millions)	11,912	8,755	3,157	36 %
Average stage length (statute miles)	977	969	8	1 %
Load factor (%)	79.2%	76.0%	3.2 pts	N/A
Total revenue per available seat mile (RASM) (¢)	10.07	7.12	2.95	41 %
Total revenue per passenger (\$)	126.71	92.67	34.04	37 %
Passengers (thousands)	11,946	8,855	3,091	35 %

Total operating revenue increased \$693 million, or 84%, during the six months ended June 30, 2022, as compared to the six months ended June 30, 2021, as we experienced increased demand for leisure travel. Revenue was favorably impacted by the 37% increase in total revenue per passenger, including a 53% increase in fare revenue per passenger and a 26% increase in ancillary revenue, alongside a 3% increase in load factor as compared to the corresponding prior year period, which resulted in a 41% increase in RASM during the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. In addition, total operating revenue was favorably impacted by a 30% increase in capacity growth, as measured by ASMs, due to an average daily aircraft utilization of 10.8 hours per day for the six months ended June 30, 2022, a 23% increase from the corresponding prior year period, as well as an increase of 8% in average aircraft in service during the six months ended June 30, 2022, as compared to the corresponding prior year period.

Operating Expenses

	Six Months Ended June 30,				Cost per ASM		
	2022	2021	Change		2022	2021	Change
Operating expenses (\$ in millions):^(a)							
Aircraft fuel	\$ 550	\$ 223	\$ 327	147 %	3.66 ¢	1.93 ¢	90 %
Salaries, wages and benefits	346	293	53	18 %	2.30	2.54	(9)%
Aircraft rent	261	271	(10)	(4)%	1.74	2.35	(26)%
Station operations	225	177	48	27 %	1.50	1.54	(3)%
Sales and marketing	78	47	31	66 %	0.52	0.41	27 %
Maintenance materials and repairs	65	53	12	23 %	0.43	0.46	(7)%
Depreciation and amortization	28	18	10	56 %	0.19	0.16	19 %
CARES Act credits	—	(223)	223	N/M	—	(1.93)	N/M
Transaction and merger-related costs	20	—	20	N/M	0.13	—	N/M
Other operating expenses	87	36	51	142 %	0.57	0.30	90 %
Total operating expenses	\$ 1,660	\$ 895	\$ 765	85 %	11.04 ¢	7.76 ¢	42 %
Operating statistics:							
Available seat miles (ASMs) (millions)	15,036	11,526	3,510	30 %			
Average stage length (statute miles)	977	969	8	1 %			
Departures	79,413	61,535	17,878	29 %			
CASM (excluding fuel) (¢)	7.38	5.83	1.55	27 %			
Adjusted CASM (excluding fuel) (¢)	7.19	7.68	(0.49)	(6)%			
Fuel cost per gallon (\$)	3.72	1.97	1.75	89 %			
Fuel gallons consumed (thousands)	147,993	113,065	34,928	31 %			

(a) CASM figures may not recalculate due to rounding.

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

	Six Months Ended June 30,			
	2022		2021	
	(\$ in millions)	Per ASM (€)	(\$ in millions)	Per ASM (€)
Non-GAAP financial data (unaudited):^(a)				
CASM		11.04		7.76
Aircraft fuel	(550)	(3.66)	(223)	(1.93)
CASM (excluding fuel)		7.38		5.83
Transaction and merger-related costs ^(b)	(20)	(0.13)	—	—
Asset impairment ^(c)	(7)	(0.05)	—	—
Collective bargaining contract ratification ^(d)	(1)	(0.01)	—	—
Early lease termination costs ^(e)	—	—	(10)	(0.08)
CARES Act – grant recognition and employee retention credits ^(f)	—	—	223	1.93
Adjusted CASM (excluding fuel)^(g)		7.19		7.68
Aircraft fuel	550	3.66	223	1.94
Adjusted CASM		10.85		9.62
Net interest expense (income)	7	0.05	25	0.22
CARES Act – write-off of deferred financing costs due to paydown of loan ^(b)	(7)	(0.05)	—	—
CARES Act – mark to market impact for warrants ⁽ⁱ⁾	—	—	(22)	(0.20)
Adjusted CASM + net interest^(j)		10.85		9.64
CASM		11.04		7.76
Net interest expense (income)	7	0.05	25	0.22
CASM + net interest		11.09		7.98

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

(b) Represents \$12 million in transaction costs, including banking, legal and accounting fees, and \$8 million in employee retention costs incurred in connection with the proposed Merger with Spirit Airlines.

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

(d) Represents \$1 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.

(e) 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 six months ended June 30, 2021, we incurred \$9 million in aircraft rent costs and \$1 million in depreciation relating to the acceleration and resulting changes to our lease return obligations.

(f) Represents the recognition of \$206 million of net grant funding received from the Treasury for payroll support during the six months ended June 30, 2021 as part of the PSP2 and PSP3 Agreements under the CARES Act, along with \$17 million of CARES Employee Retention Credits.

(g) Adjusted CASM (excluding fuel) is included as a supplemental disclosure 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. Adjusted CASM (excluding fuel) is 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.

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

Aircraft Fuel. Aircraft fuel expense increased by \$327 million, or 147%, during the six months ended June 30, 2022, as compared to the corresponding prior year period. The increase was primarily due to a 89% increase in fuel rates and the 31% increase in fuel gallons consumed due to the increased capacity.

Salaries, Wages and Benefits. Salaries, wages and benefits expense increased by \$53 million, or 18%, during the six months ended June 30, 2022, as compared to the corresponding prior year period. 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 six months ended June 30, 2022, as compared to the corresponding prior year period. In addition, during the six months ended June 30, 2022, we incurred \$1 million in expense related to a one-time ratification incentive bonus and related payroll adjustments as result of recent contract ratification with IBT, the union representing our aircraft technicians, in May 2022.

Aircraft Rent. Aircraft rent expense decreased by \$10 million, or 4%, during the six months ended June 30, 2022, as compared to the corresponding prior year period, primarily due to the payback of \$29 million of lease deferrals from 2020 recognized in 2021, while no lease deferrals were paid for the six months ended June 30, 2022. The decrease related to lease deferrals was partially offset by the increase in our fleet period-over-period and higher costs associated with anticipated lease returns.

Station Operations. Station operations expense increased by \$48 million, or 27%, during the six months ended June 30, 2022, as compared to the corresponding prior year period, primarily due to a 29% increase in departures as well as higher passenger reaccommodation expenses and cost increases in our airport support operations. In addition, we experienced a favorable impact of \$9 million during the six months ended June 30, 2021 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, which had a \$1 million unfavorable impact during the six months ended June 30, 2022. These increases were partially offset by other favorable station costs.

Sales and Marketing. Sales and marketing expense increased by \$31 million, or 66%, during the six months ended June 30, 2022, as compared to the corresponding prior year period, primarily due to higher credit card processing fees resulting from the 84% increase in revenue, in addition to increased sales support and advertising expenses. The following table presents our distribution channel mix:

Distribution Channel	Six Months Ended June 30,		Change
	2022	2021	
Our website, mobile app and other direct channels	69 %	71 %	(2) pt
Third-party channels	31 %	29 %	2 pt

Maintenance Materials and Repairs. Maintenance materials and repair expense increased by \$12 million, or 23%, during the six months ended June 30, 2022, as compared to the corresponding prior year period, primarily due to higher average daily utilization per aircraft compared to the corresponding prior year period, which resulted in higher maintenance and associated contract labor costs. These increases were partly offset by a pricing benefit realized as a result of renegotiation of a vendor contract during the six months ended June 30, 2022 for certain components and maintenance services and a decrease in volume and extent of planned maintenance checks during the six months ended June 30, 2022, as compared to the corresponding prior year period.

Depreciation and Amortization. Depreciation and amortization expense increased by \$10 million, or 56%, during the six months ended June 30, 2022, as compared to the corresponding prior year period, primarily due to a \$7 million asset impairment as a result of a write-off of certain capitalized software development costs as well as an increase in capitalized maintenance.

CARES Act Credits. CARES Act credits decreased by \$223 million during the six months ended June 30, 2022, as compared to the corresponding prior year period. During the six months ended June 30, 2022, we did not recognize any CARES Act credits due to cessation of the program in 2021. During the six months ended June 30, 2021, we recognized \$206 million in PSP grant funding received from the Treasury under the PSP2 and PSP3 Agreements and \$17 million in CARES Employee Retention Credits.

Transaction and Merger-Related Costs. As a result of the proposed Merger with Spirit, we incurred \$20 million in related costs during the six months ended June 30, 2022, including \$12 million in transaction costs, which primarily relate to banking, legal and accounting fees, and \$8 million in employee retention costs.

Other Operating Expenses. Other operating expenses increased by \$51 million, or 142%, during the six months ended June 30, 2022, as compared to the corresponding prior year period. The increase was driven by increases in travel expenses relating to crew accommodations, higher supplies and general and administrative costs, including IT and professional services, and increases in other operating costs during the six months ended June 30, 2022 as compared to the corresponding prior year period, due to an increase in capacity as demand continues to recover from the COVID-19 pandemic. Additionally, the six months ended June 30, 2021 included \$8 million in additional sale leaseback gains due to more aircraft deliveries as compared to the six months ended June 30, 2022.

Other Income (Expense). Other expenses decreased by \$18 million, or 72%, during the six months ended June 30, 2022, as compared to the corresponding prior year period. 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 six months ended June 30, 2021. Additionally, an increase in interest rates contributed to an increase in interest income for the six months ended June 30, 2022. This decrease in other expenses during the six months ended June 30, 2022 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.

Income Taxes. Our effective tax rate for the six months ended June 30, 2022 was a benefit of 29.4%, compared to a benefit of 27.3% for the six months ended June 30, 2021. The effective tax rate for the six months ended June 30, 2022 is higher than the statutory rate due to the non-deductibility of certain executive compensation costs and other employee benefits. The effective tax rate for the six months ended June 30, 2021 includes excess tax benefits associated with our stock-based compensation arrangements offset by the non-deductible interest from the mark to market adjustments from 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), EBITDA, Adjusted EBITDA, EBITDAR and Adjusted EBITDAR

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)		(in millions)	
Non-GAAP financial data (unaudited):				
Adjusted net income (loss) ^(a)	\$ 20	\$ (50)	\$ (89)	\$ (223)
EBITDA ^(a)	\$ 22	\$ 28	\$ (118)	\$ (56)
EBITDAR ^(b)	\$ 155	\$ 161	\$ 143	\$ 215
Adjusted EBITDA ^(a)	\$ 32	\$ (54)	\$ (97)	\$ (270)
Adjusted EBITDAR ^(b)	\$ 165	\$ 74	\$ 164	\$ (8)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)		(in millions)	
Adjusted net income (loss) reconciliation (unaudited):				
Net income (loss)	\$ 13	\$ 19	\$ (108)	\$ (72)
Non-GAAP Adjustments ^(a) :				
Transaction and merger-related costs	9	—	20	—
Asset impairment	7	—	7	—
Collective bargaining contract ratification	1	—	1	—
Early lease termination costs	—	6	—	10
CARES Act – grant recognition and employee retention credits	—	(87)	—	(223)
CARES Act – write-off of deferred financing costs due to paydown of loan	—	—	7	—
CARES Act – mark to market impact for warrants	—	2	—	22
Pre-tax impact	17	(79)	35	(191)
Tax benefit (expense) related to non-GAAP adjustments	(10)	10	(16)	40
Adjusted net income (loss)	\$ 20	\$ (50)	\$ (89)	\$ (223)
EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR reconciliation (unaudited):				
Net income (loss)	\$ 13	\$ 19	\$ (108)	\$ (72)
Plus (minus):				
Interest expense	3	5	12	27
Capitalized interest	(2)	(1)	(3)	(2)
Interest income and other	(2)	—	(2)	—
Income tax expense (benefit)	(5)	(5)	(45)	(27)
Depreciation and amortization	15	10	28	18
EBITDA	22	28	(118)	(56)
Plus: Aircraft rent	133	133	261	271
EBITDAR	\$ 155	\$ 161	\$ 143	\$ 215
EBITDA	\$ 22	\$ 28	\$ (118)	\$ (56)
Plus (minus) ^(a) :				
Transaction and merger-related costs	9	—	20	—
Collective bargaining contract ratification	1	—	1	—
Early lease termination costs	—	5	—	9
CARES Act – grant recognition and employee retention credits	—	(87)	—	(223)
Adjusted EBITDA	32	(54)	(97)	(270)
Plus: Aircraft rent ^(b)	133	128	261	262
Adjusted EBITDAR	\$ 165	\$ 74	\$ 164	\$ (8)

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

(b) Represents aircraft rent expense included in Adjusted EBITDA. Excludes aircraft rent expense of \$5 million and \$9 million for the three and six months ended June 30, 2021, respectively, for costs incurred due to the early termination of our A319 leased aircraft. See footnote (e) under the caption “Reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest.”

Comparative Operating Statistics

The following table sets forth our operating statistics for the three and six months ended June 30, 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 period, as well as against the performance of our peers.

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2022	2021		2022	2021	
Operating statistics (unaudited)^(a)						
Available seat miles (ASMs) (millions)	7,594	6,934	10 %	15,036	11,526	30 %
Departures	40,829	37,126	10 %	79,413	61,535	29 %
Average stage length (statute miles)	960	966	(1) %	977	969	1 %
Block hours	109,074	98,150	11 %	215,611	162,617	33 %
Average aircraft in service	110	107	3 %	110	102	8 %
Aircraft – end of period	114	109	5 %	114	109	5 %
Average daily aircraft utilization (hours)	10.9	10.1	8 %	10.8	8.8	23 %
Passengers (thousands)	6,518	5,602	16 %	11,946	8,855	35 %
Average seats per departure	193	193	— %	193	193	— %
Revenue passenger miles (RPMs) (millions)	6,388	5,544	15 %	11,912	8,755	36 %
Load Factor (%)	84.1 %	80.0 %	4.1 pts	79.2 %	76.0 %	3.2 pts
Fare revenue per passenger (\$)	64.44	38.07	69 %	54.33	35.41	53 %
Non-fare passenger revenue per passenger (\$)	72.01	57.52	25 %	69.36	54.67	27 %
Other revenue per passenger (\$)	2.95	2.47	19 %	3.02	2.59	17 %
Total revenue per passenger (\$)	139.40	98.06	42 %	126.71	92.67	37 %
Total revenue per available seat mile (RASM) (¢)	11.97	7.92	51 %	10.07	7.12	41 %
Cost per available seat mile (CASM) (¢)	11.87	7.68	55 %	11.04	7.76	42 %
CASM (excluding fuel) (¢)	7.46	5.67	32 %	7.38	5.83	27 %
CASM + net interest (¢)	11.87	7.73	54 %	11.09	7.98	39 %
Adjusted CASM (¢) ^(b)	11.65	8.85	32 %	10.85	9.62	13 %
Adjusted CASM (excluding fuel) (¢) ^(b)	7.24	6.84	6 %	7.19	7.68	(6) %
Adjusted CASM + net interest (¢) ^(b)	11.64	8.87	31 %	10.85	9.64	13 %
Fuel cost per gallon (\$)	4.41	2.03	117 %	3.72	1.97	89 %
Fuel gallons consumed (thousands)	76,000	68,564	11 %	147,993	113,065	31 %
Employees (FTE)	5,712	5,154	11 %	5,712	5,154	11 %

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

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

Liquidity, Capital Resources and Financial Position

Overview

As of June 30, 2022, we had \$766 million of cash and cash equivalents. We had \$373 million of total debt, net, of which \$161 million is short-term debt. Our total debt, net is comprised of our \$221 million pre-delivery payment facility (“PDP Financing Facility”), \$71 million pre-purchased miles facility with Barclays Bank Delaware (“Barclays”), \$66 million in PSP Promissory Notes and \$18 million in secured indebtedness for our headquarters building, partly offset by \$3 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 six months ended June 30, 2022. By repaying the amounts outstanding under the Treasury Loan, our co-brand credit card program and related brand assets that collateralized the Treasury Loan are now unencumbered.

On February 5, 2022, we entered into the Merger Agreement with the Merger Sub and Spirit. The Merger Agreement provided that, among other things, the Merger Sub would be merged with and into Spirit, 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. As a result, Spirit is obligated to reimburse \$25 million of our incurred Merger-related expenses. In the event that Spirit, within twelve months following the termination of the Merger Agreement, consummates an acquisition proposal with another acquiror or enters into a definitive written agreement providing for the consummation of an acquisition proposal with another acquiror which is ultimately consummated, we will be owed an additional \$69 million, as provided for in the Merger Agreement.

We continue to monitor our covenant compliance with various parties, including, but not limited to, our lenders and credit card processors. As of June 30, 2022, we are in compliance with all of our covenants, except we have obtained a waiver of relief for the covenant provisions through the third quarter of 2022 related to one of our credit card processors that represents less than 10% of total revenues, which may require future waivers or an amendment to existing covenants to reflect any potential downturn due to the COVID-19 pandemic.

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

	June 30, 2022	December 31, 2021
	(in millions, except percentages)	
Cash and cash equivalents	\$ 766	\$ 918
Total current assets, excluding cash and cash equivalents	\$ 188	\$ 119
Total current liabilities, excluding current maturities of long-term debt and operating leases	\$ 949	\$ 755
Current maturities of long-term debt, net	\$ 161	\$ 127
Long-term debt, net	\$ 212	\$ 287
Stockholders' equity	\$ 426	\$ 530
Debt to capital ratio	47 %	44 %
Debt to capital ratio, including operating lease obligations	87 %	84 %

Use of Cash and Future Obligations

Our cash requirements, and ability to generate the cash flow, have been adversely impacted by the COVID-19 pandemic. However, we expect to meet our cash requirements for the next twelve months through use of our available cash and cash equivalents 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 pre-delivery payments, debt repayments and capital expenditures.

Our single largest capital commitment relates to the acquisition of aircraft. As of June 30, 2022, we operated all of our 114 aircraft under operating leases. Pre-delivery deposit payments ("PDPs") relating to future deliveries under our agreement with Airbus are required at various times prior to each aircraft's delivery date. As of June 30, 2022, we had \$301 million of PDPs held by Airbus which have been partially financed by our PDP Financing Facility. As of June 30, 2022 our PDP Financing Facility, which allows us to draw up to an aggregate of \$280 million, had \$221 million outstanding. The PDP Financing Facility also provides us flexibility to potentially obtain commitments from other lenders. As of June 30, 2022, we had an obligation to purchase 229 A320neo family aircraft to be

delivered by 2029, nine of which had committed operating leases for 2022 deliveries. 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 condensed 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 six months ended June 30, 2022 and 2021, we made \$10 million and \$8 million, respectively, in maintenance deposit payments to our lessors. As of June 30, 2022, we had \$110 million in recoverable aircraft maintenance deposits on our condensed consolidated balance sheets, of which \$8 million was included in accounts receivable because the eligible maintenance had been performed.

The following table summarizes current and long-term material cash requirements as of June 30, 2022, which we expect to fund primarily with operating cash flows (in millions):

	Material Cash Requirements						
	Remainder of 2022	2023	2024	2025	2026	Thereafter	Total
Debt obligations ^(a)	\$ 93	\$ 134	\$ 12	\$ —	\$ —	\$ 137	\$ 376
Interest commitments ^(b)	5	6	3	3	4	10	31
Operating lease obligations	222	446	429	415	351	1,060	2,923
Flight equipment purchase obligations	509	1,227	1,453	1,770	2,363	6,219	13,541
Maintenance deposit obligations ^(c)	2	3	3	3	3	9	23
Total	\$ 831	\$ 1,816	\$ 1,900	\$ 2,191	\$ 2,721	\$ 7,435	\$ 16,894

(a) Includes principal only associated with our PDP Financing Facility due through 2025, 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 Condensed Consolidated Financial Statements — 7. Debt”.

(b) Represents interest on debt obligations.

(c) Represents fixed maintenance reserve payments for aircraft including estimated amounts for contractual price escalations.

Please refer to “Notes to Condensed Consolidated Financial Statements — 10. Commitments and Contingencies” for additional discussion on our commitments.

Cash Flows

The following table presents information regarding our cash flows in the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30,	
	2022	2021
	(in millions)	
Net cash provided by (used in) operating activities	\$ (67)	\$ 242
Net cash provided by (used in) investing activities	(57)	10
Net cash provided by (used in) financing activities	(28)	306
Net increase (decrease) in cash, cash equivalents and restricted cash	(152)	558
Cash, cash equivalents and restricted cash at beginning of period	918	378
Cash, cash equivalents and restricted cash at end of period	\$ 766	\$ 936

Operating Activities

During the six months ended June 30, 2022, net cash used in operating activities totaled \$67 million, which was driven by a \$108 million net loss and non-cash adjustments totaling \$30 million, partly offset by inflows from changes in operating assets and liabilities of \$71 million.

The \$71 million of inflows from changes in operating assets and liabilities includes:

- \$99 million in increases in our air traffic liability as a result of increased bookings;
- \$56 million in increases in other liabilities driven by growth in the business, reflected primarily through increases in our accrued fuel of \$30 million, leased aircraft return costs of \$30 million, passenger tax accounts of \$26 million, partially offset by a \$26 million payment to FAPAInvest, LLC for their phantom equity units; and
- \$8 million in increases in accounts payable; partly offset by
- increases in other long-term assets of \$42 million driven by increases in deferred taxes and prepaid maintenance, increases in supplies and other current assets of \$34 million driven by growth in the business including increased fuel balances, increases in aircraft maintenance deposits of \$10 million and an increase in accounts receivable of \$6 million driven by increases in bookings.

Our net loss of \$108 million was also adjusted by the following non-cash items to arrive at cash used in operating activities:

- \$45 million in deferred tax benefits; and
- \$28 million in gains recognized on sale-leaseback transactions; partly offset by
- \$28 million in depreciation and amortization;
- \$7 million in losses from the extinguishment of debt;
- \$7 million in stock-based compensation expense; and
- \$1 million in amortization of swaption cash flow hedges, net of tax.

During the six months ended June 30, 2021, net cash provided by operating activities totaled \$242 million, which was driven by cash inflows from changes in operating assets and liabilities of \$331 million, partly offset by a \$72 million net loss resulting from the significant impact of the COVID-19 pandemic on our operations and \$17 million in non-cash adjustments.

The \$331 million of inflows from changes in operating assets and liabilities includes:

- \$199 million in increases in our air traffic liability due to increased bookings; and
- \$164 million in increases in other liabilities as our operational related accruals increased in line with demand, capacity and overall departure increases and due to funds received from PSP3 that had not yet been recognized in our condensed consolidated statements of operations; partially offset by
- increases in accounts receivable primarily due to higher credit card receivables and increases in our other asset balances due to higher pre-paid expenses and vendor credits as a result of increased operations.

Our net loss of \$72 million was also adjusted by the following non-cash items to arrive at cash provided by operating activities:

- \$36 million in gains recognized on sale-leaseback transactions; and
- \$27 million in deferred tax benefits; partially offset by
- \$22 million in unrealized losses on the mark to market adjustments of our warrant liability with the Treasury;
- \$18 million in depreciation and amortization;
- \$5 million in stock-based compensation expense; and
- \$1 million in amortization of swaption 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 condensed consolidated statements of operations. There was a \$1 million payment recognized in station operations within our condensed consolidated statements of operations for the six months ended June 30, 2022. The deferral for the six months ended June 30, 2021 decreased operating cash flows and unfavorably impacted our results of operations by \$20 million, net, including a \$29 million unfavorable impact to aircraft rent offset by a \$9 million favorable impact to station operations resulting from additional deferrals granted. As of June 30, 2022, we had paid back all of our aircraft rent deferrals and had \$10 million in station deferrals which will be recognized to station operations within our condensed consolidated statements of operations in future periods as the deferrals are repaid.

As of June 30, 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 six months ended June 30, 2022, net cash used in investing activities totaled \$57 million, driven by:

- \$41 million in net payments for pre-delivery deposits;
- \$14 million in cash outflows for capital expenditures; and
- \$2 million in cash outflows relating to other investing activities.

During the six months ended June 30, 2021, net cash provided by investing activities totaled \$10 million, driven by:

- \$25 million in net refunds from pre-delivery deposits; partially offset by
- \$12 million in cash outflows for capital expenditures; and
- \$3 million in cash outflows relating to other investing activities.

Financing Activities

During the six months ended June 30, 2022, net cash used in financing activities was \$28 million, driven by:

- \$189 million in cash outflows from principal repayments on debt, which includes the paydown of the \$150 million Treasury Loan and \$39 million in PDP Financing Facility payments; and
- \$3 million in cash outflows for payments related to minimum tax withholdings of share-based awards; partially offset by
- \$141 million in cash proceeds from debt issuances, made up of a \$56 million draw on our Barclays facility and \$85 million in draws on our PDP Financing Facility, net of issuance costs; and
- \$23 million in cash inflows from sale-leaseback transactions related to A320neo family aircraft and spare engine delivered during the six months ended June 30, 2022.

During the six months ended June 30, 2021, net cash provided by financing activities was \$306 million, driven by:

- \$266 million aggregate net proceeds from our IPO;
- \$76 million in cash proceeds from debt issuances, made up of \$43 million in draws on our PDP Financing Facility and \$33 million in borrowings related to the PSP2 and PSP3 Promissory Notes; and
- \$27 million in cash inflows from sale-leaseback transactions related to A320neo family aircraft and spare engine delivered during the six months ended June 30, 2021; partially offset by
- \$60 million in cash outflows from principal repayments on our PDP Financing Facility; and
- \$3 million in cash outflows for payments related to minimum tax withholdings of share-based awards.

Critical Accounting Policies and Estimates

For information regarding our critical accounting policies and estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates" contained in our 2021 Annual Report.

Recently Adopted Accounting Pronouncements

See "Notes to Condensed Consolidated Financial Statements —1. Summary of Significant Accounting Policies" included in Part II, Item 8 of our 2021 Annual Report for a discussion of recent accounting pronouncements.

GLOSSARY OF AIRLINE TERMS

Set forth below is a glossary of industry terms:

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

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

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

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

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

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

“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 statute miles flown per flight segment.

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

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

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

“DOT” means the United States Department of Transportation.

“EPA” means the United States Environmental Protection Agency.

“FAA” means the United States Federal Aviation Administration.

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

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

“FTE” means full-time equivalent employee.

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

“LCC” means low-cost carrier.

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

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

“NMB” means the National Mediation Board.

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

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

“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 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

Aircraft Fuel. Our results of operations can vary materially due to changes in the price and availability of aircraft fuel and are also impacted by the number of aircraft in use and the number of flights we operate. Aircraft fuel represented approximately 37%, 33%, 26% and 25% of total operating expenses for the three and six months ended June 30, 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 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 over the last 12 months by approximately \$89 million.

Our strategy has been primarily to purchase out-of-the-money call options which are intended to provide protection against a large upward movement in fuel prices, while also allowing us to participate in any material fall in fuel prices. As of June 30, 2022 and December 31, 2021 we had no fuel derivative contracts outstanding; however historically we measure our fuel derivative instruments at fair value, which is determined using standard option valuation models that use observable market inputs including contractual terms, market prices, yield curves, fuel price curves and measures of volatility. Changes in the related commodity derivative instrument cash flows may change by more or less than the fair value based on further fluctuations in futures prices. Outstanding financial derivative instruments expose us to credit loss in the event of non-performance by the counterparties to the agreements.

Interest Rates. As of June 30, 2022 we are subject to market risk associated with changing interest rates, due to SOFR-based interest rates on our PDP Financing Facility and LIBOR-based interest rates on our floating rate building note and our affinity card advance purchase of mileage credits. During the six months ended June 30, 2022, 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.

We are exposed to interest rate risk through aircraft lease contracts for the time period between agreement of terms and commencement of the lease, where portions of the rental payments are adjusted and become fixed based on the seven or nine year swap rate. As part of our risk management program, we historically have entered into contracts in order to limit the exposure to fluctuations in interest rates. During the three and six months ended June 30, 2022, we paid upfront premiums of \$9 million for the option to enter into and exercise cash-settled swaps with a forward starting effective date. We did not enter into any swaps during the three and six months ended 2021. As of June 30, 2022, we had hedged \$245 million in aircraft rent payments for seven aircraft to be delivered by the end of 2023.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 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 Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended June 30, 2022 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their desired objectives. 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.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

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 Quarterly Report on Form 10-Q, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our condensed 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, and many of such risks have been and will be exacerbated by the COVID-19 pandemic. If any of these risks should occur, our business, results of operations, financial condition or growth prospects could be adversely affected. In those cases, the trading price of our common stock could decline and you may lose all or part of your investment.

Risks Related to Our Industry

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

The outbreak of COVID-19 and the implementation of measures to reduce its spread have adversely impacted, and continue to adversely impact, our business in a number of ways. Governments in countries we serve, principally the United States, have responded to the virus with air travel restrictions, closures or recommendations against air travel and the implementation of mandatory quarantine periods after travel, and certain countries we serve have required airlines to limit or completely stop operations. In response to the COVID-19 pandemic, we have significantly reduced capacity from our original plan and will continue to evaluate the need for further flight schedule adjustments. Although we have seen significant recovery of demand through the quarter ended June 30, 2022, as compared to the three and six months ended June 30, 2021, we are unable to predict the future spread and impact of COVID-19, including future variants of the virus such as the recent Omicron variant and its respective 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 impact those measures may have on the demand for air travel. We are closely monitoring the impact of the Omicron variant, and any new variants or subvariants, and expect any impact to be short term in nature given the availability of vaccines and the likely increase in vaccination rates in response to these variants.

In response to the impacts of the COVID-19 pandemic, beginning in March 2020, we have taken measures to address the significant cash outflows resulting from the sharp decline in demand and we continue to evaluate options should the lack of demand for air travel continue beyond the near term. During 2020 and 2021, and through June 30, 2022, we also reduced our flight schedule to match demand levels and implemented various other initiatives to reduce costs and manage liquidity including, but not limited to:

- reducing planned headcount increases;
- reducing employee-related costs, including:
 - salary reductions and/or deferrals for our officers and board members;
 - suspension of merit salary increases for 2020; and
 - voluntary paid and unpaid leave of absence programs for employees not covered under labor arrangements, as well as certain employees covered under such arrangements, including pilots and flight attendants, that range from one month to six months;

- deferring aircraft deliveries;
- reducing or suspending discretionary expenses;
- reaching agreements with major vendors, which are primarily related to many of our aircraft and engine leases as well as airports, for deferral of payments;
- delaying non-essential maintenance projects;
- reducing non-essential capital projects;
- securing current funding and future liquidity from the CARES Act, as well as other financing sources; and
- amending certain debt covenant metrics to align with current and expected demand.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed into law. On April 30, 2020 we entered into a Payroll Support Program Agreement with the U.S. Department of the Treasury (the “Treasury”) to receive funding through the Payroll Support Program (the “PSP”) over the second and third quarters of 2020. On September 28, 2020, we entered into a Loan and Guarantee Agreement (the “Treasury Loan Agreement”) with the Treasury for a secured term loan facility (the “Treasury Loan”); on January 15, 2021, we entered into an agreement with the Treasury for additional funding under the Payroll Support Extension Agreement (the “PSP2”); and on April 29, 2021, we entered into an agreement with the Treasury for additional funding under Payroll Support Program 3 (the “PSP3”). The funding we received is subject to significant restrictions and limitations. See “—We have agreed to certain restrictions on our business by accepting financing under the CARES Act.”

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 recent conflict 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.

The extent of the impact of the COVID-19 pandemic on our business, results of operations and financial condition will depend on future developments, including the currently unknowable duration of the COVID-19 pandemic; the efficacy and adherence rates of COVID-19 vaccines; the impact of existing and future governmental regulations, travel advisories, testing regimes and restrictions that are imposed in response to the COVID-19 pandemic; additional reductions to our flight capacity, or a voluntary temporary cessation of all flights, that we implement in response to the COVID-19 pandemic; and the impact of the COVID-19 pandemic on consumer behavior, such as a reduction in the demand for air travel, especially in our destination cities. The potential economic impact brought on by the COVID-19 pandemic is difficult to assess or predict, and it has already caused, and is likely to result in further, significant disruptions of global economies and financial markets, which may reduce our ability to access capital on favorable terms or at all, and increase the cost of capital. In addition, a recession, depression or other sustained adverse economic event, including, but not limited to, an inflationary economic environment and the disruption, instability and volatility in global markets as a result of international conflicts, such as the recent conflict between Russia and Ukraine, would materially adversely impact our business and the value of our common stock. The COVID-19 pandemic makes it more challenging for management to estimate future performance of our business, particularly over the near to medium term. A further significant decline in demand for our flights could have a materially adverse impact on our business, results of operations and financial condition.

We are also dependent upon successful COVID-19 vaccines, including an efficient distribution, sufficient supply and significant uptake by the general public, in order to normalize economic conditions, the airline industry and our business operations and to realize our growth plans and business strategy. We cannot predict if or when we will be able to resume full normal operations. The failure of a vaccine, including to the extent it is not effective against the future variants of the virus, significant unplanned adverse reactions to the vaccine, politicization of the

vaccine or general public distrust of the vaccine could have an adverse effect on our business, results of operations and financial condition. 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.

In addition, an outbreak of another disease or similar public health threat, or fear of such an event, that affects travel demand, travel behavior or government mandated travel restrictions and regulations, could adversely impact our business, results of operations and financial condition.

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

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

In connection with our participation in the PSP, PSP2, PSP3 and the Treasury Loan, we have been and will continue to be, as applicable, subject to certain restrictions and limitations, including, but not limited to:

- restrictions on repurchases of equity securities listed on a national securities exchange and on payment of dividends until February 2, 2023;
- requirements to have maintained certain levels of scheduled services through March 31, 2022 (including to destinations where there may have been significantly reduced or no demand);
- a prohibition on involuntary terminations or furloughs of employees (except for health, disability, cause, or certain disciplinary reasons) through September 30, 2021;
- a prohibition on reducing the salary, wages or benefits of our employees (other than our executive officers or independent contractors, or as otherwise permitted under the terms of the PSP, PSP2 and PSP3) through September 30, 2021;
- limits on certain executive compensation, including limiting pay increases and severance pay or other benefits upon termination, until April 1, 2023;
- limitations on the use of the grant funds exclusively for the continuation of payment of employee salaries, wages and benefits; and
- additional reporting and recordkeeping requirements.

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

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

The termination of the proposed merger with Spirit Airlines, Inc. (“Spirit”) could negatively impact the market price of our common stock, as well as our future business, results of operations and financial condition.

On February 5, 2022, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Top Gun Acquisition Corp., a direct wholly-owned subsidiary of ours (“Merger Sub”), and Spirit, pursuant to which and subject to the terms and conditions therein, the Merger Sub would merge with and into Spirit, with Spirit continuing as a wholly-owned subsidiary of ours.

On July 27, 2022, we and Spirit mutually terminated the Merger Agreement. The termination of the Merger Agreement may adversely affect our stock price, business, results of operations and financial condition as follows:

- we may experience negative reactions from the financial markets, and our stock price could decline to the extent that the current market price reflects an assumption that the Merger will be completed;
- we will not realize the anticipated benefits from the Merger, including a potentially enhanced competitive and financial position, and will instead be subject to all of the risks we currently face as an independent company;
- we may experience negative reactions from employees, customers, suppliers or other third parties;
- we may be subject to litigation, which could result in significant costs and expenses;
- management's focus may have been diverted from day-to-day business operations and pursuing other opportunities that could have been beneficial to us; and
- our costs of pursuing the Merger may have been higher than anticipated.

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, low-cost carriers ("LCCs") and ultra low-cost carriers ("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. Given the high levels of excess capacity among U.S. airlines generally as a result of the COVID-19 pandemic, we expect to face significant discounted fare competition as the U.S. market continues to recover. 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 markets by ULCCs, with resulting material adverse effects on the revenues of the airlines involved. The increased capacity across the United States in 2017 exacerbated the competitive pricing environment, particularly beginning in the second quarter of 2017, and this activity continued throughout 2018 and the first half of 2019. Given the decreased demand resulting from the COVID-19 pandemic, we expect significant competition, including price competition, at least in the short term and as the U.S. market continues to recover. 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 network. A competitor adopting a ULCC strategy may have greater financial resources and access to lower-cost sources of capital than we do, which could enable them to execute a ULCC strategy with a lower cost structure than we can. If these competitors adopt and successfully execute a ULCC business model, our business, results of operations and financial condition could be materially adversely affected.

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

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

Our business has been, and may in the future be, materially adversely affected by the price and availability of aircraft fuel. Unexpected pricing of aircraft fuel or a shortage 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 37%, 33%, 26% and 25% of our operating expenses for the three and six months ended June 30, 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 2021 and the first half of 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 low fuel prices could limit our ability to differentiate our product and low fares from those of the legacy network airlines and LCCs, as prolonged low fuel prices could enable such carriers to, among other things, substantially decrease their costs, fly longer stages or utilize older aircraft. In addition, prolonged low fuel prices could also reduce the benefit we expect to receive from the new technology, more fuel-efficient A320neo family aircraft, we operate and have on order. See also "Risks Related to Our Business—We may be subject to competitive risks due to the long-term nature of our fleet order book and the unproven new engine technology utilized by the aircraft in our order book." Aircraft fuel expense increased 141% and 147% in the three and six months ended June 30, 2022 compared to the three and six months ended June 30, 2021, respectively, due to significant increases in both the price of fuel and our overall fuel consumption due to higher utilization and more operating aircraft. 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, 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. In particular, the recent conflict between Russia and Ukraine has caused shortages in the availability of aircraft fuel, including as a result of targeted sanctions and export control measures imposed by the United States and foreign government bodies. Although, for the three and six months ended June 30, 2022 any such shortages have not been material, there is no assurance that the shortages will not become more severe, and we cannot predict the continued impact of these sanctions and export control measures, or the impact of any further retaliatory actions that may be taken by Russia and the U.S. and foreign government bodies. 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 June 30, 2022 and December 31, 2021, we had no fuel cash flow hedges for future fuel consumption, and fuel hedges had no impact on our condensed consolidated statement of operations for the three and six months ended June 30, 2022 and 2021. 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 prices. A failure of our fuel hedging strategy, significant margin funding requirements, overpaying for fuel through the use of hedging arrangements or our failure to maintain a fuel hedging program could prevent us from adequately mitigating the risk of fuel price increases and could have a material adverse effect on our business, results of operations and financial condition.

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

For the three and six months ended June 30, 2022 and 2021, we generated non-fare passenger revenues of \$470 million, \$829 million, \$322 million and \$484 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 the condensed consolidated statements of operations. The U.S. Department of Transportation (“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, consumer notice and disclosure requirements, consumer complaints, airline advertising and marketing practices, codeshare disclosure, oversales and involuntary denied boarding process and compensation, ticket refunds, liability for loss, delay or damage to baggage, customer service commitments, contracts of carriage, customer service commitments and the transportation of passengers with disabilities. The DOT periodically audits airlines to determine whether such airlines have violated any of the DOT rules. The DOT has conducted audits of our business and routine post-audit investigations of our business are ongoing. If the DOT determines that we are not, or have not been, in compliance with these rules or if we are unable to remain compliant, the DOT may subject us to fines or other enforcement action. For instance, in 2017 we were fined \$0.4 million for certain infractions relating to oversales, rules related to passengers with disabilities and customer service plan rules; \$40,000 for certain infractions relating to oversales disclosure and notice requirements, the domestic baggage liability limit rule and customer service plan rules; and \$1.5 million relating to lengthy tarmac delays, which was offset by a \$0.9 million credit for compensation provided to passengers on the affected flights and other delayed flights. In addition, 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 have been 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 are fully cooperating with the DOT request and the review of this matter is still in process.

The DOT may also impose additional consumer protection requirements, including adding requirements to modify our websites and computer reservations system, which could have a material adverse effect on our business, results of operations and financial condition. The U.S. Federal Aviation Administration (“FAA”) Reauthorization Act of 2018 provided for several new requirements and rulemakings related to airlines including, but not limited to: (i) prohibition on voice communication cell phone use during certain flights, (ii) insecticide use disclosures, (iii) new training policy best practices for training regarding racial, ethnic and religious non-discrimination, (iv) training on human trafficking for certain staff, (v) departure gate stroller check-in, (vi) the protection of pets on airplanes and service animal standards, (vii) requirements to refund promptly to passengers any ancillary fees paid for services not received, (viii) consumer complaint process improvements, (ix) pregnant passenger assistance, (x) restrictions on the ability to deny a revenue passenger permission to board or involuntarily remove such passenger from the aircraft, (xi) minimum customer service standards for large ticket agents, (xii) information publishing requirements for widespread disruptions and passenger rights, (xiii) submission of plans pertaining to employee and contractor training consistent with the Airline Passengers with Disabilities Bill of Rights, (xiv) ensuring assistance for passengers with disabilities, (xv) flight attendant duty-period limitations and rest requirements, including submission of a fatigue risk management plan, (xvi) submission of 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 other mobility aids and (xix) minimum dimensions for passenger seats. Furthermore, in 2019, the FAA published an advance notice of proposed rulemaking regarding flight attendant duty-period limitations and rest requirements. We anticipate that the FAA will soon issue a final rule implementing flight attendant duty and rest periods, which will impact our scheduling flexibility. The DOT also published a notice of proposed rulemaking in January 2020 regarding the accessibility features of lavatories and onboard wheelchair requirements on certain single-aisle aircraft with an FAA certificated maximum capacity of 125 seats or more, training flight attendants to proficiency on an annual basis to provide assistance in transporting qualified individuals with disabilities to and from the lavatory from the aircraft seat, and providing certain information on request to qualified individuals with a disability or persons inquiring on their behalf, on the carrier’s website and in printed or electronic form on the aircraft, concerning the accessibility of aircraft lavatories. In July 2021, the DOT issued a notice of proposed rulemaking 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. The DOT also recently 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 U.S. Congress and the DOT have examined the increasingly common airline industry practice of unbundling the pricing of certain products and ancillary services, a practice that is a core component of our business strategy. If new laws or regulations are adopted that make unbundling of airline products and services impermissible, or more cumbersome or expensive, or if new taxes are imposed on non-fare passenger revenues, our business, results of operations and financial condition could be harmed. Congressional, federal agency and other government scrutiny may also change industry practice or the public’s willingness to pay for non-fare ancillary services. See also “—We are subject to extensive regulation by the FAA, the DOT, TSA, U.S. Customs and Border Protection and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition.”

The demand for airline services is highly sensitive to changes in economic conditions, and another recession or similar economic downturn in the United States or globally would further weaken demand for our services and

have a material adverse effect on our business, results of operations and financial condition, particularly since a substantial portion of our customers travel for leisure or other non-essential purposes.

The demand for travel services is affected by U.S. and global economic conditions. Unfavorable economic conditions, such as those resulting from an inflationary economic environment and the responses by banking 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, 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 recent conflict between Russia and Ukraine, it could have a material adverse effect on our business, results of operations and financial condition. In particular, the ongoing COVID-19 pandemic and associated decline in economic activity and increase in unemployment levels have had, and may continue to have, a severe and prolonged effect on the global economy generally and, in turn, may continue to depress demand for air travel into the foreseeable future. Due to the uncertainty surrounding the duration and severity of the COVID-19 pandemic, we can provide no assurance as to when and at what pace demand for air travel will return to pre-pandemic levels, if at all.

We face competition from air travel substitutes.

In addition to airline competition from legacy network airlines, LCCs and other ULCCs, we also face competition from air travel substitutes, partially as a result of the COVID-19 pandemic. On our domestic routes, particularly those with shorter stage lengths, we face competition from 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.

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

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

redirection of flights due to terror threats, would have a negative impact on the airline industry and 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 quarter of 2022 and which continue into the second quarter, 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.

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. In addition, many airlines re-accommodate their disrupted passengers on other airlines at prearranged rates under flight interruption manifest agreements. We have been unsuccessful in procuring any of these agreements with our peers, which makes our recovery from disruption more challenging than for larger airlines that have these agreements in place. Similarly, outbreaks of contagious diseases, such as COVID-19, Ebola, measles, avian flu, severe acute respiratory syndrome (SARS), H1N1 (swine) flu, pertussis (whooping cough) and Zika virus, have in the past and may in the future result in significant decreases in passenger traffic and the imposition of government restrictions in service, resulting in a material adverse impact on the airline industry. New identification requirements, such as the implementation of rules under the REAL ID Act of 2005, and increased travel taxes, such as those provided in the Travel Promotion Act, enacted in March 2010, which 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 U.S. Transportation Security Administration (“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 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 through 2023. 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. 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 229 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 the significant excess capacity caused by the COVID-19 pandemic persists.

In addition, our business strategy includes maintaining our portfolio of desirable, value-oriented, non-fare products and services. However, we cannot assure you that passengers will continue to perceive value in the non-fare products and services we currently offer and regulatory initiatives could adversely affect non-fare revenue opportunities. Failure to maintain our non-fare revenues 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.

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 19%, 21%, 29% and 33% of our total operating costs for the three and six months ended June 30, 2022 and 2021, respectively. As of June 30, 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” in our 2021 Annual Report. We cannot assure you that our labor costs going forward will remain competitive or that any new agreements into which we enter will not have terms with higher labor costs or that the negotiations of such labor agreements will not result in any work stoppages.

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

From June to November 2018, we experienced disruptions to our flight operations during our labor negotiations with the union representing our pilots, Air Line Pilots Association (“ALPA”), which materially impacted our business and results of operations for the period. Upon reaching a tentative agreement with ALPA in December 2018, our flight operations returned to normal. However, we are unable to determine the extent to which this period of prolonged disruption may have harmed our reputation or the length of time it may take for our business to recover from such harm, if ever. In addition, the agreement, which became effective in January 2019, included a significant increase in the annual compensation of our pilots, as well as a one-time ratification incentive payment to our pilots of \$75 million, plus payroll-related taxes. We cannot provide assurance that we will not experience another 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 Orlando, Denver, 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.

Our existing lease at Denver International Airport was extended and expires in December 2022 with one additional one-year extension option and in May 2022, we entered into an additional 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 cannot assure you that renewal of the lease will occur on acceptable terms or at all, or that the new lease will not include additional or increased fees. In general, any changes in airport operations could have a material adverse effect on our business, results of operations and financial condition.

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 maintain high ethical, social and environmental sustainability practices for all of our operations and activities; our impact on the environment; any inability to maintain our position as “America’s Greenest Airline” 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 that were operated by us that were on-time (within 15 minutes) for domestic routes only, was 76.6%, 83.9%, and 73.1% for the years ended December 31, 2021, 2020, and 2019, respectively. 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 98.6%, 94.9%, and 98.3% for the years ended December 31, 2021, 2020, and 2019, respectively. The ranges of on-time performance and completion factor for the 10 airlines of significant size in the United States ranged from 68.3% to 90.1% and 96.7% to 99.6%, respectively, and we ranked 7th and 3rd, respectively, for the year ended December 31, 2021. 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. 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. We have taken various measures to reassure our team members and the traveling public of the safety of air travel, such as requiring that facial coverings must be worn by all customers and team members throughout every flight while governmental mask mandates were required and introducing a fogging disinfectant to our already stringent aircraft cleaning and sanitation protocols. We expect that we will continue to incur COVID-19-related costs as we sanitize aircraft, implement additional hygiene-related protocols and take other actions to limit the threat of infection among our employees and passengers. However, we cannot assure you that these or any other actions we might take in response to the COVID-19 pandemic will be sufficient to restore the confidence of consumers in the safety of air travel.

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

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

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

Our business strategy includes the differentiation of our brand and product from the other U.S. airlines, including other ULCCs, in order to increase customer loyalty and drive future ticket sales. We intend to accomplish this by continuing to offer passengers dependable customer service. However, in the past, we have experienced a relatively high number of customer complaints related to, among other things, our customer service and reservations and ticketing systems, 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, in 2017 we were fined \$0.4 million for certain infractions relating to oversales, rules related to passengers with disabilities and customer service plan rules; \$40,000 for certain infractions relating to oversales disclosure and

notice requirements, the domestic baggage liability limit rule and customer service plan rules; and \$1.5 million relating to lengthy tarmac delays, which was offset by a \$0.9 million credit for compensation provided to passengers on the affected flights and other delayed flights. In addition, 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 have been 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 are fully cooperating with the DOT request and the review of this matter is still in process. 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 10.9 hours, 10.8 hours, 10.1 hours and 8.8 hours for the three and six months ended June 30, 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 Northeast and Northern Midwest regions of the United States, which are particularly vulnerable to weather, airport traffic constraints and other delays, particularly in the winter months. In addition, pulling aircraft out of service for unscheduled and scheduled maintenance may materially reduce our average fleet utilization and require that we re-accommodate passengers or seek short-term substitute capacity at increased costs. Further, an unplanned reduction in demand such as has been caused by the COVID-19 pandemic reduces the utilization of our fleet and 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 subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition.

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

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

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

We 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 are subject to risks associated with climate change, including increased regulation of our CO₂ emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure.

Efforts to transition to a low-carbon future have increased the focus by global, regional and national regulators on climate change and greenhouse gas (“GHG”) emissions, including CO₂ emissions. In particular, ICAO has adopted rules, including those pertaining to the Carbon Offset and Reduction Scheme for International Aviation (“CORSIA”), which will require us to address the growth in CO₂ emissions of a significant majority of our international flights. For more information on CORSIA, see “Business—Government Regulation—Environmental Regulation” in our 2021 Annual Report.

At this time, the costs of complying with our future obligations under CORSIA are uncertain, primarily because it is difficult to estimate the return of demand for international air travel as the recovery from the COVID-19 pandemic continues. There is also significant uncertainty with respect to the future supply and price of carbon offset credits and sustainable or lower-carbon aircraft fuels that could allow us to reduce our emissions of CO₂. In addition, we will not directly control our CORSIA compliance costs through 2029 because those obligations are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for individual airline operator emissions growth beginning in 2030. Due to the competitive nature of the airline industry and unpredictability of the market for air travel, we can offer no assurance that we may be able to increase our fares, impose surcharges or otherwise increase revenues or decrease other operating costs sufficiently to offset our costs of meeting obligations under CORSIA.

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

In addition, in January 2021, the U.S. Environmental Protection Agency (“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 announced plans to review these final standards along with others issued by the prior administration. On November 15, 2021, EPA announced that it will not rewrite the existing airplane GHG emissions standards but will press for ambitious new airplane GHG emission standards at international negotiations organized by ICAO in late 2022. 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 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. 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. Business customers may choose to use alternatives to travel, such as virtual meetings and workspaces. Greater development of high-speed rail in markets now served by short-haul flights could provide passengers with lower-carbon alternatives to flying with us. Our collateral to secure loans, in the form of aircraft, spare parts and airport slots, could lose value as customer demand shifts and economies move to low-carbon alternatives, which may increase our financing cost.

Finally, the potential acute and chronic physical effects of climate change, such as increased frequency and severity of storms, floods, fires, sea-level rise, excessive heat, longer-term changes in weather patterns and other climate-related events, could affect our operations, infrastructure and financial results. Operational impacts, such as the 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.

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

As of June 30, 2022, we had \$766 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 to make scheduled payments on our aircraft-related fixed obligations, including substantial pre-delivery payments ("PDPs") related to the aircraft we have on order. In addition, we have sought, and may continue to seek, financing from other available sources to fund our operations in order to mitigate the impact of the COVID-19 pandemic on our financial position and operations.

Under the terms of our PDP facility (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. Additionally, we have also obtained a waiver of relief for the covenant provisions through the third quarter of 2022 related to one of our credit card processors that represents less than 10% of total revenues, which may require future waivers or an amendment to existing covenants to reflect the downturn due to the COVID-19 pandemic.

As of June 30, 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, CFM International, an affiliate of General Electric Company, and Pratt & Whitney. As of June 30, 2022, we had a firm obligation to purchase 229 A320neo family aircraft by the end of 2029, nine of which had a committed operating lease for 2022 deliveries. We intend to evaluate financing options for the remaining aircraft on order. There are a number of factors that may affect our ability to raise financing or access the capital markets in the future, including our liquidity and credit status, our operating cash flows, market conditions in the airline industry, U.S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of commercial aircraft financing. We cannot assure you that we will be able to source external financing for our planned aircraft acquisitions or for other significant capital needs, and if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. To the extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations.

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

As of June 30, 2022, we had existing aircraft purchase commitments through 2029, all of which are for Airbus A320neo family aircraft. Of the 229 A320neo family aircraft we have committed to purchase by 2029, four will be equipped with the LEAP engine manufactured by CFM International, an affiliate of General Electric Company, 134 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. The A320neo family includes next-generation engine technology as well as aerodynamic refinements, large curved sharklets, weight savings, a new aircraft cabin with larger hand luggage spaces and an improved air purification system. While the A320neo family represents the latest step in the modernization of the A320 family of aircraft, the aircraft only entered commercial service in January 2016, and we are one of the first airlines to utilize the A320neo and LEAP engine. As a result, we are subject to those risks commonly associated with the initial introduction of a new aircraft and engine type, including with respect to the A320neo’s actual, sustained fuel efficiency and other projected cost savings, which may not be realized, as well as the reliability and maintenance costs associated with a new aircraft and engine type. In addition, it could take several years to determine whether the reliability and maintenance costs associated with a new aircraft and engine would have a significant impact on our operations. If we are unable to realize the potential competitive advantages we expect to achieve through the implementation of the A320neo aircraft and LEAP 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 June 30, 2022, the operating leases for three, six, four, eight and twenty aircraft in our fleet were scheduled to terminate during the remainder of 2022, 2023, 2024, 2025 and 2026, 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 June 30, 2022, we had a firm obligation to purchase 229 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 new initial maintenance holiday periods, the new aircraft we have an obligation to acquire will require more maintenance as they age and our maintenance and repair expenses for each newly purchased aircraft will be incurred at approximately the same intervals. Moreover, because a large portion of our future fleet will be acquired over a relatively short period, significant maintenance to be scheduled on each of these planes may occur concurrently with other aircraft acquired around the same time, meaning we may incur our heavy maintenance obligations across large portions of our fleet around the same time. These more significant maintenance activities result in out-of-service periods during which our aircraft are dedicated to maintenance activities and unavailable to fly revenue service.

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

Furthermore, the terms of some of our lease agreements require us to pay maintenance reserves to the lessor in advance of the performance of major maintenance, resulting in our recording significant prepaid deposits on our condensed 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” filed in our 2021 Annual Report.

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

The airline business is capital intensive and, as a result, many airline companies are highly leveraged. As of June 30, 2022, all 114 aircraft in our fleet were financed under operating leases. For the three and six months ended June 30, 2022 and 2021, we incurred aircraft rent of \$133 million, \$261 million, \$133 million and \$271 million, respectively, and maintenance costs of \$31 million, \$65 million, \$27 million and \$53 million, respectively. For the three and six months ended June 30, 2022, there were no deferrals or payments related to deferral arrangements with our lessors due to the COVID-19 pandemic, and therefore no impact to aircraft rent within the condensed consolidated statements of operations, as we had paid back the entire amount of our aircraft and engine rent deferrals, which were recognized as aircraft rent within the condensed consolidated statements of operations as the payments were made. For the three and six months ended June 30, 2021, aircraft rent included a \$10 million and \$29 million unfavorable impact, respectively, from the payments of deferral arrangements with our lessors. As of June 30, 2022 and December 31, 2021, we had future operating lease obligations of approximately \$2,404

million and \$2,435 million, respectively, and future principal debt obligations of \$376 million and \$423 million, respectively. For the six months ended June 30, 2022 and 2021, we made cash payments for interest related to debt of \$5 million and \$2 million, respectively. In addition, we have significant obligations for aircraft and spare engines that we have ordered from Airbus as well as CFM International and Pratt & Whitney for delivery over the next several years.

Our ability to pay the fixed costs associated with our contractual obligations will depend on our operating performance, cash flow and our ability to secure adequate financing, which will in turn depend on, among other things, the success of our current business strategy, fuel price volatility, any significant weakening or improvement in the U.S. economy, availability and cost of financing, as well as general economic and political conditions and other factors that are, to some extent, beyond our control. The amount of our aircraft-related fixed obligations and our obligations under our other debt arrangements could have a material adverse effect on our business, results of operations and financial condition and could:

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

A failure to pay our operating lease, debt, fixed costs, and other obligations or a breach of our contractual obligations could result in a variety of adverse consequences, including the exercise of remedies by our creditors and lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease payments or otherwise cover our fixed costs, which 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 attempt 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 impact of the COVID-19 pandemic including, among other things, employee response to any potential vaccine mandates.

Although we seek to monitor the performance of third parties that furnish certain facilities or provide us with our ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities, the efficiency, timeliness and quality of contract performance by third-party specialists are often beyond our control, and any failure by our third-party specialists to perform up to our expectations may have an adverse

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

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

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

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

We are highly dependent on technology and computer systems and networks to operate our business. These technologies and systems include our computerized airline reservation system provided by Navitaire, now a unit of Amadeus, flight operations systems, telecommunications systems, mobile app, airline website, maintenance systems and check-in kiosks. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information. The Navitaire reservations system, which is hosted and maintained under a long-term contract by a third-party specialist, is critical to our ability to issue, track and accept tickets, conduct check-in, board and manage our passengers through the airports we serve and provide us with access to 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.

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

A critical cost-saving element of our business strategy is to operate a single-family aircraft fleet; however, our dependence on the Airbus A320 family aircraft for all of our aircraft and on CFM International and Pratt & Whitney for our engines makes us vulnerable to any design defects, mechanical problems or other technical or regulatory issues associated with this aircraft type or these engines. In the event of any actual or suspected design defects or mechanical problems with the Airbus A320 family aircraft or CFM International or Pratt & Whitney engines, whether involving our aircraft or that of another airline, we may choose, or be required, to suspend or restrict the use

of our aircraft. Our business could also be materially adversely affected if the public avoids flying on our aircraft due to an adverse perception of the Airbus A320 family aircraft or CFM International or Pratt & Whitney engines, whether because of safety concerns or other problems, real or perceived, or in the event of an accident involving such aircraft or engines. Separately, if any of Airbus, CFM International or Pratt & Whitney becomes unable to perform its contractual obligations 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. These risks may be exacerbated by the long-term nature of our fleet and order book and the unproven new engine technology to be utilized by the aircraft in our order book. See also “—We may be subject to competitive risks due to the long-term nature of our fleet order book and the unproven new engine technology utilized by the aircraft in our order book.”

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

We are highly dependent on select markets where we maintain a large presence, with 25% and 23% of our flights during the six months ended June 30, 2022 having Orlando International Airport and Denver International Airport as either their origin or destination, respectively. We operate at Orlando International Airport under an operating lease which expires in 2024, and we primarily operate out of Concourse A at Denver International Airport under an operating lease which expires in December 2022 with one additional one-year extension option. In May 2022, we entered into an additional 10-year airport use and lease agreement with the City and County of Denver expected to commence in 2023, which includes a new ground-level boarding facility and 14 accompanying gates. 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.

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

Airlines are subject to extensive regulatory and legal compliance requirements, both domestically and internationally, that involve significant costs. In the last several years, the U.S. Congress has passed laws and the FAA, the DOT and TSA have issued regulations, orders, rulings and guidance relating to the operation, safety and security of airlines and consumer protections that have required significant expenditures. We expect to continue to incur expenses in connection with complying with such laws and government regulations, orders, rulings and guidance. Additional laws, regulations, taxes and increased airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce the demand for air travel. If adopted, these measures could have the effect of raising ticket prices, reducing revenue and increasing costs. For example, the DOT has broad authority over airlines and their consumer and competitive practices, and has used this authority to issue numerous regulations and pursue enforcement actions, including rules and fines relating to the handling of unfair or deceptive practices and unfair methods of competition including undisclosed display bias, lengthy tarmac delays, chronically delayed flights, consumer notice and disclosure requirements, consumer complaints, airline

advertising and marketing practices, codeshare disclosure, oversales and involuntary denied boarding process and compensation, ticket refunds, liability for loss, delay or damage to baggage, customer service commitments, contracts of carriage, customer service commitments and the transportation of passengers with disabilities. Among these is the series of Enhanced Airline Passenger Protection rules issued by the DOT. In addition, the FAA Reauthorization Act of 2018, signed into law on October 5, 2018, provided for several new requirements and rulemakings related to airlines, including but not limited to: (i) prohibition on voice communication cell phone use during certain flights, (ii) insecticide use disclosures, (iii) new training policy best practices for training regarding racial, ethnic, and religious non-discrimination, (iv) training on human trafficking for certain staff, (v) departure gate stroller check-in, (vi) the protection of pets on airplanes and service animal standards, (vii) requirements to refund promptly to passengers any ancillary fees paid for services not received, (viii) consumer complaint process improvements, (ix) pregnant passenger assistance, (x) restrictions on the ability to deny a revenue passenger permission to board or involuntarily remove such passenger from the aircraft, (xi) minimum customer service standards for large ticket agents, (xii) information publishing requirements for widespread disruptions and passenger rights, (xiii) submission of plans pertaining to employee and contractor training consistent with the Airline Passengers with Disabilities Bill of Rights, (xiv) ensuring assistance for passengers with disabilities, (xv) flight attendant duty period limitations and rest requirements, including submission of a fatigue risk management plan, (xvi) submission of 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. Furthermore, in 2019, the FAA published an advance notice of proposed rulemaking regarding flight attendant duty-period limitations and rest requirements. We anticipate that the FAA will soon issue a final rule implementing flight attendant duty and rest periods, which will impact our scheduling flexibility. The DOT also published a notice of proposed rulemaking in January 2020 regarding the accessibility features of lavatories and onboard wheelchair requirements on certain single-aisle aircraft with an FAA certificated maximum capacity of 125 seats or more, training flight attendants to proficiency on an annual basis to provide assistance in transporting qualified individuals with disabilities to and from the lavatory from the aircraft seat, and providing certain information on request to qualified individuals with a disability or persons inquiring on their behalf, on the carrier's website and in printed or electronic form on the aircraft, concerning the accessibility of aircraft lavatories. In July 2021, the DOT issued a notice of proposed rulemaking 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. The DOT also recently 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. In addition, the FAA issued its final regulations governing pilot rest periods and work hours for all passenger airlines certificated under Part 121 of the Federal Aviation Regulations. The rule known as FAR Part 117, which became effective January 4, 2014, impacts the required amount and timing of rest periods for pilots between work assignments and modifies duty and rest requirements based on the time of day, number of scheduled segments, time zones and other factors. In addition, 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. 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” in our 2021 Annual Report. While the DOT has seldom revoked a carrier’s certification for lack of fitness, such an occurrence would render it impossible for us to continue operating as an airline. The DOT may also institute investigations or administrative proceedings against airlines for violations of regulations. For instance, in 2017 we were fined \$0.4 million for certain infractions relating to oversales, rules related to passengers with disabilities and customer service plan rules, \$40,000 for certain infractions relating to oversales disclosure and notice requirements, the domestic baggage liability limit rule and customer service plan rules; and \$1.5 million relating to lengthy tarmac delays, which was offset by a \$0.9 million credit for compensation provided to passengers on the affected flights and other delayed flights. In addition, 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 have been focused on our refund practices on Company-initiated flight cancellations and/or significant schedule changes in flights as a result of the COVID-19 pandemic. We are fully cooperating with the DOT request and the review of this matter is still in process.

International routes are regulated by air transport agreements and related agreements between the United States and foreign governments. Our ability to operate international routes is subject to change, as the applicable agreements between the United States and foreign governments may be amended from time to time. Our access to new international markets may be limited by the applicable air transport agreements between the U.S. and foreign governments and our ability to obtain the necessary authority from the U.S. and foreign governments to fly the international routes. In addition, our operations in foreign countries are subject to regulation by foreign governments and our business may be affected by changes in law and future actions taken by such governments, including granting or withdrawal of government approvals, airport slots and restrictions on competitive practices. We are subject to numerous foreign regulations in the countries outside the United States where we currently provide service. If we are not able to comply with this complex regulatory regime, our business could be significantly harmed. Please see “Business—Government Regulation” in our 2021 Annual Report.

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.

The U.S. government may enact significant changes to the taxation of business entities including, among others, an increase in the corporate income tax rate, the imposition of minimum taxes or surtaxes on certain types of income, significant changes to the taxation of income derived from international operations and an addition of further limitations on the deductibility of business interest. While certain draft legislation was publicly released in 2021, the likelihood of these changes being enacted or implemented is unclear. 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.

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 U.S. airlines for pilots, mechanics and other skilled labor and certain U.S. airlines offer wage and benefit packages exceeding ours. The airline industry has from time to time experienced a shortage of qualified personnel. In particular, as more pilots in the industry approach mandatory retirement age, the U.S. airline industry is being affected by a pilot shortage. As is common with most of our competitors, we have faced considerable turnover of our employees. 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. 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 including, among other things, employee response to the related health and safety initiatives or to a return to office. 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. Further, we may lose executives as a result of compensation restrictions imposed under the CARES Act. Such restrictions may present retention challenges in the case of executives presented with alternative, non-airline opportunities or with opportunities from airlines that are not subject to such restrictions because they did not participate in the CARES Act Programs or because the restrictions have lifted through time or repayments of the loan programs. If we are unable to hire, train and retain qualified employees, our business could be harmed and we may be unable to implement our growth plans.

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

Our 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, 2021 we had approximately \$30 million of federal NOLs available to reduce future federal taxable income. 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 for taxable years beginning on or after January 1, 2021. We also had approximately \$10 million of NOL carryforwards to reduce future state taxable income as of December 31, 2021, which will expire, if not utilized, from two years to having no expiration depending on the state the NOL is attributed to, and \$7 million of foreign net operating losses, which expire in nine years. As a result of our assessment over the future realizability of these NOLs as of December 31, 2021, we recorded a \$7 million valuation allowance related to our foreign NOL and a \$1 million valuation allowance related to our state NOLs as these are more likely than not to 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, our existing NOL carryforwards could expire before we can generate sufficient taxable income to use them. If our NOL carryforwards expire unused (to the extent subject to expiration) and are unavailable to offset future taxable income, this could materially adversely affect our results of operations and financial condition.

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, which could result in increased future tax liability to us. Similar rules and limitations may apply under state and foreign tax laws.

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, senior manager, 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, an affiliate of 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 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 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:

- 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;
- changes in financial estimates or recommendations by securities analysts or failure to meet analysts' performance expectations;
- sales of our common stock or other actions by investors with significant shareholdings, including sales by our principal stockholders;
- trading strategies related to changes in fuel or oil prices; and
- general market, political and other economic conditions, including economic slowdowns, recessions, inflationary pressures, rising interest rates, financial market fluctuations and reduced credit availability.

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, PSP2 and 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 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 217,675,437 shares of common stock outstanding as of June 30, 2022. All of the shares of common stock sold in our initial public offering (“IPO”) are freely tradable without restrictions or further registration under the Securities Act. An investment fund managed by Indigo, the holder of approximately 178.8 million shares of our common stock as of June 30, 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 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 82.2% 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 market price of our common stock to decline or prevent our stockholders from realizing a premium over the market price for their common stock. Moreover, Indigo is not prohibited from selling a controlling interest in us to a third party and may do so without your approval and without providing for a purchase of your shares of common stock. Accordingly, your shares of common stock may be worth less than they would be if Indigo did not maintain voting control over us.

In addition, the interests of Indigo could conflict with the interests of other stockholders. As of June 30, 2022, investment funds managed by Indigo Partners hold approximately 18% of the total outstanding common stock

shares of Volaris, and two of our directors, William A. Franke and Brian H. Franke, are members of the board of directors of Volaris, with Brian H. Franke serving as chair since April 2020. We entered into a codeshare arrangement with Volaris in January 2018. As of June 30, 2022, we did not compete directly with Volaris aside from on one route that we currently operate. However, there can be no assurances that we will not compete directly with Volaris in the future. Furthermore, neither Indigo Partners, its portfolio companies, funds or other affiliates, nor any of their officers, directors, agents, stockholders, members or current or future partners will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. See “—Our 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 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 the Board or by our corporate secretary at the direction of our board of directors;
- advance notice procedures that stockholders, other than Indigo for so long as it and its affiliates hold a majority of the voting rights of our common stock, must comply with in order to nominate candidates to our board of directors and propose matters to be brought before an annual meeting of our stockholders may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of our company;
- from and after such time as Indigo and its affiliates hold less than a majority of the voting rights of our common stock, a majority stockholder vote is required for removal of a director only for cause (and a director may only be removed for cause), and a 66 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 to our 2021 Annual Report.

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% 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 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. 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" in our 2021 Annual Report 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 to our 2021 Annual Report.

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 82.2% 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.

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

In connection with our receipt of payroll support under the PSP, PSP2 and PSP3 and acceptance of the Treasury Loan Agreement, we agreed not to repurchase shares of our common stock or pay out dividends on common stock until February 2, 2023. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our results of operations, financial condition, capital requirements, restrictions contained in current or future financing instruments, business prospects and such other factors as our board of directors deems relevant.

General Risk Factors

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

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

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and beginning with our Annual Report on Form 10-K for the year ending December 31, 2022, our management will be required to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. The rules governing management's assessment of our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. We are currently in the process of reviewing, documenting and testing our internal control over financial reporting. We may encounter problems or delays in completing the implementation of any changes necessary to make a favorable assessment of our internal control over financial reporting. In connection with the attestation process by our independent registered public accounting firm, we may encounter problems or delays in implementing any requested improvements and receiving a favorable attestation. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our condensed 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, 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 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

We do not have a share repurchase program and no shares were repurchased during the second quarter of 2022. Under the CARES Act, we are restricted from conducting certain share repurchases through February 2, 2023. Please refer to “Notes to Condensed Consolidated Financial Statements — 2. Impact of COVID-19” for a summary of the dividend restrictions imposed by the CARES Act and related legislation and agreements applicable to us.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			
		<u>Form</u>	<u>Date</u>	<u>Number</u>	<u>Filed Herewith</u>
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	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	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	6/27/2022	2.1	
3.1	Amended and Restated Certificate of Incorporation of Frontier Group Holdings, Inc.	8-K	4/6/2021	3.1	
3.2	Amended and Restated Bylaws of Frontier Group Holdings, Inc.	8-K	4/6/2021	3.2	
4.1	Form of Common Stock Certificate.	S-1	3/8/2021	4.2	
4.2	Registration Rights Agreement, dated April 6, 2021, by and among Frontier Group Holdings, Inc. and Indigo Frontier Holdings Company, LLC.	8-K	4/6/2021	4.1	

4.3†	Warrant Agreement, dated as of April 30, 2020, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	3/8/2021	10.35	
4.4	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	3/8/2021	10.36	
4.5	Warrant Agreement, dated as of September 28, 2020, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	3/8/2021	10.38	
4.6	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	3/8/2021	10.39	
4.7	Warrant Agreement, dated as of January 15, 2021, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	3/8/2021	10.43	
4.8	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	3/8/2021	10.44	
4.9	Warrant Agreement, dated as of April 29, 2021, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	10-Q	5/13/2021	4.5	
4.10	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	5/13/2021	4.6	
10.1#	Non-Employee Director Compensation Program, as amended on May 18, 2022.				X
10.2†	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.				X
10.3	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.				X
10.4	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.				X
10.5†	Amended and Restated 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.				X
10.6†	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.				X
10.7†	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.				X
10.8†	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.				X
10.9†	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.				X

31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
101.INS	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	X

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

Indicates management contract or compensatory plan.

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

SIGNATURE

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

FRONTIER GROUP HOLDINGS, INC.

Date: July 27, 2022

By: /s/ James G. Dempsey

James G. Dempsey
Executive Vice President and Chief Financial Officer (Duly Authorized
Officer and Principal Financial Officer)

FRONTIER GROUP HOLDINGS, INC.

NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

Non-employee members of the board of directors (the “Board”) of Frontier Group Holdings, Inc. (the “Company”) shall be eligible to receive cash and equity compensation as set forth in this Non-Employee Director Compensation Program (this “Program”). The cash and equity compensation described in this Program shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a “Non-Employee Director”) who may be eligible to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Program shall remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time, without advance notice, in its sole discretion. The terms and conditions of this Program shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors. This Program became effective on the date of the pricing of the initial public offering of Company common stock and has been amended from time to time as set forth herein, with the increases to the annual Board retainer and equity grants set forth below effective as of the date of the Company’s 2022 annual meeting of stockholders.

1. Cash Compensation.

(a) Annual Retainers. Each Non-Employee Director shall be eligible to receive an annual retainer of \$90,000 for service on the Board.

(b) Additional Annual Retainers. In addition, a Non-Employee Director shall receive the following annual retainers, as applicable:

(i) Chair of the Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of \$25,000 for such service.

(ii) Chair of the Compensation Committee. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of \$20,000 for such service.

(iii) Chair of the Nominating and Corporate Governance Committee. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of \$20,000 for such service.

(iv) Chair of the Finance Committee. A Non-Employee Director serving as Chairperson of the Finance Committee shall receive an additional annual retainer of \$20,000 for such service.

(iv) Chair of the Safety and Security Committee. A Non-Employee Director serving as Chairperson of the Safety and Security Committee shall receive an additional annual retainer of \$20,000 for such service.

(c) Payment of Retainers. The annual retainers described in Sections 1(a) and 1(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section

1(b), for an entire calendar quarter, the retainer paid to such Non-Employee Director shall be prorated for the portion of such calendar quarter actually served as a Non-Employee Director, or in such position, as applicable.

2. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company's 2021 Incentive Award Plan or any other applicable Company equity incentive plan then-maintained by the Company (the "Equity Plan") and shall be evidenced by the execution and delivery of award agreements, including attached exhibits, in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Program as if fully set forth herein, and all grants of Restricted Stock Units hereby are subject in all respects to the terms of the Equity Plan.

(a) Initial Awards. Each person who is initially elected to the Board as a Non-Employee Director shall be granted, automatically and without necessity of any action by the Board or any committee thereof, on the date of such initial election Restricted Stock Units with respect to that number of shares of Company common stock (the "Common Stock") calculated by dividing (i) the product of (A) \$130,000 multiplied times (B) a fraction, the numerator of which is the number of days remaining until the first anniversary of the annual meeting of the Company's stockholders that immediately preceded such Non-Employee Director's election or appointment and the denominator of which is 365, by (ii) the per share Fair Market Value (as defined in the Equity Plan) of the Common Stock as of the date of appointment or election and rounding down to the nearest whole number. The awards described in this Section 2(a) shall be referred to as "Initial Awards." No Non-Employee Director shall be granted more than one Initial Award.

(b) Subsequent Awards. On the date of each annual meeting of the Company's stockholders, each Non-Employee Director who will continue to serve as a Non-Employee Director immediately following such annual meeting shall be granted, automatically and without necessity of any action by the Board or any committee thereof, on the date of such annual meeting Restricted Stock Units with respect to that number of shares of Common Stock calculated by dividing (i) \$130,000 by (ii) the per share Fair Market Value of the Common Stock on the date of grant ("Subsequent Award"). For the avoidance of doubt, a Non-Employee Director elected for the first time to the Board at an annual meeting of the Company's stockholders shall only receive an Initial Award having a value of \$130,000 in connection with such election, and shall not receive any Subsequent Award on the date of such meeting.

(c) Terms of Awards Granted to Non-Employee Directors

(i) Vesting. Each Initial Award and each Subsequent Award shall vest in full on the earlier of (A) the first anniversary of the date of grant or (B) immediately prior to the next annual meeting of the Company's stockholders after the date of grant, subject to the Non-Employee Director continuing to provide services to the Company through such vesting date.

(ii) Change in Control Acceleration. All of a Non-Employee Director's Initial Awards and Subsequent Awards, and any other equity-based awards outstanding and held by the Non-Employee Director, shall vest and, if applicable, become exercisable and all restrictions thereon shall lapse with respect to one hundred percent (100%) of the shares subject thereto immediately prior to the occurrence of a Change in Control (as defined in the Equity Plan), to the extent outstanding at such time.

(iii) Settlement. Notwithstanding Section 2 of this Program, following the vesting of an Initial Award or Subsequent Award, the Company shall, in its sole discretion, either (A) pay to a Non-Employee Director an amount in cash equal to the Fair Market Value (as defined in the Equity Plan) of a number of shares equal to the number of Restricted Stock Units subject to the award that vest on

the applicable vesting date, rounded down to the nearest cent, or (B) deliver to the Non-Employee Director a number of shares equal to the number of Restricted Stock Units subject to the award that vest on the applicable vesting date; provided, that in accordance with that certain Agreement and Plan of Merger among the Company, Top Gun Acquisition Corp. and Spirit Airlines, Inc. dated February 5, 2022 (the “Merger Agreement” and the transactions contemplated thereby, the “Merger”), any Restricted Stock Units that are granted between the date of the Merger Agreement and the closing of the Merger and that vest on or prior to either the closing of the Merger or the termination of the Merger Agreement without the Merger being consummated shall be settled in cash pursuant to Section 2(c)(ii)(A) above.

3. Reimbursements. The Company shall reimburse each Non-Employee Director for all reasonable, documented, out-of-pocket travel and other business expenses incurred by such Non-Employee Director in the performance of his or her duties to the Company in accordance with the Company’s applicable expense reimbursement policies and procedures as in effect from time to time.

4. Flight Benefits. Each Non-Employee Director shall be eligible to receive flight benefits on Frontier Airlines in the form of a Universal Air Travel Plan, Inc. (“UATP”) card made available once per 12-month period that provides for travel solely on Frontier Airlines in the amount of \$5,500, for each Non-Employee Director other than the Chairman of the Board, and \$13,750, for the Chairman of the Board, in each case, that must be used, if at all, within 12 months of the date the UATP card is issued.

* * * * *

***] 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 10.2

**C L I F F O R D
C H A N C E**

CLIFFORD CHANCE US LLP

EXECUTION VERSION

DATED AS OF JUNE 30, 2022

VERTICAL HORIZONS, LTD.,
AS BORROWER

EACH LENDER
IDENTIFIED ON SCHEDULE I 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

EIGHTH AMENDED AND
RESTATED CREDIT AGREEMENT
IN RESPECT OF THE PDP FINANCING OF
TWENTY ONE (21) AIRBUS A320NEO AIRCRAFT
AND SIXTY THREE (63) AIRBUS A321NEO
AIRCRAFT

1. Certain Definitions	2
2. Commitments; Borrower's Notice of Payment Dates; Closing Procedure	3
3. Fees; Cancellation of Facility Amount	6
4. Conditions	6
5. The Certificates	13
6. Termination of Interest in Collateral	30
7. Borrower's Representations and Warranties	30
8. General Indemnity	33
9. Indemnity to the Facility Agent	36
10. Covenants of the Borrower.	37
11. The Facility Agent	47
12. The Security Trustee	47
13. Conduct of Business by the Finance Parties	47
14. Supplements and Amendments to this Agreement and Other Documents	48
15. Notices	49
16. Governing Law; Consent to Jurisdiction; Waiver of Jury Trial; Agent for Service of Process.	50
17. Invoices and Payment of Expenses	51
18. Confidentiality	52
19. Miscellaneous	53
20. Limitation of Security Trustee Liability	56
21. Limitation on Liability	56
22. Contractual Recognition of Bail-in	57
23. Acknowledgement Regarding Any Supported QFCs	58
24. Divisions	60
25. Certain ERISA Matters	60
26. No Advisory or Fiduciary Responsibility	61
27. Right of Setoff	62
Schedule I Notice & Account Information	1
Schedule II Commitments	3
Schedule I II Advances	4
SCHEDULE III BY THE FINANCE PARTIES	20

Schedule IV The Facility Agent

[22](#)

Schedule V The Security Trustee

[48](#)

Schedule VI BFE

[56](#)

Exhibit A Funding Notice

[57](#)

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[Citi/Frontier A320neo/A321neo PDP Eighth Amended and Restated Credit Agreement]

Exhibit B Loan Assignment Agreement	59
Exhibit C Form of Step-In Agreement	65
Exhibit D -1 Form of CFM Engine Agreement A320neo	66
Exhibit E Form of Loan Certificate	68
Exhibit F Form of Compliance Certificate	72

THIS EIGHTH AMENDED AND RESTATED CREDIT AGREEMENT dated as of June 30, 2022 (this "**Agreement**") is among

- (1) **VERTICAL HORIZONS, LTD.**, an exempted company incorporated with limited liability under the laws of the Cayman Islands whose registered office is at the offices of Intertrust SPV (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands (the "**Borrower**");
- (2) **EACH LENDER IDENTIFIED ON SCHEDULE I HERETO**;
- (3) **CITIBANK, N.A.**, as the Facility Agent acting on behalf of the Lenders;
- (4) **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, this Agreement amends and restates in its entirety the credit agreement dated as of December 23, 2014 (such date, the "**Original Signing Date**" and such agreement, the "**Original Credit Agreement**"), as amended and restated by the amended and restated credit agreement dated as of August 11, 2015 (such date, the "**AR Signing Date**"), as further amended by that certain amendment no. 1 to the amended and restated credit agreement dated as of December 30, 2015, as further amended by that certain amendment no. 2 to the amended and restated credit agreement dated as of January 14, 2016 (such date, the "**Amendment No. 2 Signing Date**"), as further amended and restated by the second amended and restated credit agreement dated as of December 16, 2016 (such date, the "**AR No. 2 Signing Date**"), as further amended and restated by the third amended and restated credit agreement dated as of December 29, 2017 (such date, the "**AR No. 3 Signing Date**"), as amended by amendment no. 1 to the third amended and restated credit agreement dated as of May 31, 2018, as further amended and restated by the fourth amended and restated credit agreement dated as of January 29, 2019 (such date, the "**AR No. 4 Signing Date**"), as amended by omnibus amendment no. 1 dated as of August 16, 2019 among the Borrower, each Lender identified on Schedule I thereto, the Facility Agent, the Arranger and the Security Trustee, as further amended and restated by the fifth amended and restated credit agreement dated as of March 19, 2020 (such date, the "**AR No. 5 Signing Date**"), as amended by omnibus amendment no.1 thereto dated as of May 4, 2020 and amendment no. 2 thereto dated as of June 18, 2020, as further amended and restated by the sixth amended and restated credit agreement dated as of December 22, 2020 (such date, the "**AR No. 6 Signing Date**"), as amended by omnibus amendment no.1 thereto dated as of May 6, 2021, and as further amended and restated by the seventh amended and restated credit agreement dated as of December 28, 2021 (such date, the "**AR No. 7 Signing Date**"), as amended by amendment no. 1 thereto dated as of March 31, 2022, among the Borrower, the Guarantors named therein, each Lender identified on Schedule I thereto, the Facility Agent, the Arranger and the Security Trustee, pursuant to which the Lenders made Loans available with respect to the Existing Aircraft;

WHEREAS, the parties have agreed to enter into this Agreement for the purpose of making Loans available with respect to the Existing Aircraft and the Additional Aircraft and for the purpose of limiting the availability of, and providing security for, the incremental unsecured line of credit available to the Borrower hereunder; and

WHEREAS, upon the execution and delivery of this Agreement, the Borrower, the Facility Agent and the Security Trustee shall enter into that certain Eighth Amended and Restated Mortgage and Security Agreement on the date hereof (the "**Mortgage**") pursuant to which the

Borrower agrees, among other things, that Loan Certificates issued hereunder and all other obligations to the Lenders and/or any Agent hereunder or under any other Operative Document will be secured by the mortgage and security interest granted by the Borrower in favour of the Security Trustee with respect to the Existing Aircraft and the Additional Aircraft.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. CERTAIN DEFINITIONS

- 1.1 Except as otherwise defined in this Agreement, including its annexes, schedules and exhibits, terms used herein in capitalized form shall have the meanings attributed thereto in Annex A.
- 1.2 Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be modified, amended or supplemented from time to time in accordance with its terms and the terms of each other agreement restricting the modification, amendment or supplement thereof.
- 1.3 The Facility Agent does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to ABR, the Term SOFR Reference Rate, Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, ABR, the Term SOFR Reference Rate, Term SOFR, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Facility Agent and its affiliates or other related entities may engage in transactions that affect the calculation of ABR, the Term SOFR Reference Rate, Term SOFR, Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Facility Agent may select information sources or services in its reasonable discretion to ascertain ABR, the Term SOFR Reference Rate, Term SOFR, Term SOFR or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

2. COMMITMENTS; BORROWER'S NOTICE OF PAYMENT DATES; CLOSING PROCEDURE

- 2.1 Subject to the terms and conditions of this Agreement, each Lender agrees to make (i) a secured loan to the Borrower in respect of each Advance (herein called, for such Advance, a "**Loan**") on a Borrowing Date to be designated pursuant to Clause 2.3, but in no event later than the Commitment Termination Date and (ii) if applicable, one or more secured loans to the Borrower upon the request of the Borrower subject to availability under the Maximum Commitment Amount (each such unsecured loan herein called, a "**Line of Credit Borrowing**") on a Borrowing Date to be designated pursuant to Clause 2.3, but in no event later than the Commitment Termination Date. Except as

provided in Clauses 5.13 and 5.14, each Loan and each Line of Credit Borrowing shall be a SOFR Loan; provided that any Loan or a Line of Credit Borrowing that is deemed to be an ABR Loan as provided herein shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin. In the case of each Lender on any Borrowing Date, the Loan shall, in respect of each Aircraft, be equal to the least of:

- (a) such Lender's Participation Percentage multiplied by, on any Borrowing Date, the relevant Financed Amount; and
- (b) such Lender's Maximum Commitment minus the aggregate amount of all Loans and Line of Credit Borrowings made by such Lender prior to such Borrowing Date that remain outstanding on such Borrowing Date (such amount, with respect to such Lender on such Borrowing Date, its "**Commitment**").

In the case of each Lender on any Borrowing Date, the Line of Credit Borrowing shall be equal to the least of:

- (a) such Lender's Participation Percentage multiplied by the lesser of (i) the amount of the requested Line of Credit Borrowing and (ii) [***], or such other amount as such Lender may agree in its sole discretion (it being acknowledged and agreed that the outstanding amount of the Line of Credit Borrowings is [***] as of the date hereof and, provided that, if the Annualized FCCR is equal to or more than 1.2 on the immediately preceding FCCR Test Date, any repaid amounts of the Line of Credit Borrowings can be redrawn in accordance with Clause 4.3); and
- (b) such Lender's Commitment.

2.2 If any Lender shall default in its obligation to make the amount of its Commitment available pursuant to Clause 2.1, [***]. Without limiting the above, if the Facility Agent disburses a Lender's Commitment without first having received funds from a defaulting Lender, then such defaulting Lender hereby agrees to indemnify the Facility Agent against any loss it may incur as a result of such failure to fund by such defaulting Lender.

2.3 As more particularly specified in Clause 5.2, the Borrower shall execute and deliver to each Lender with appropriate insertions a Loan Certificate to evidence such Lender's Maximum Commitment. The Loan Certificates shall be issued such that each Lender receives a Loan Certificate. Each Loan and Line of Credit Borrowing shall be evidenced by this Agreement, the Loan Certificate with respect thereto, and notations made from time to time by each Lender in its books and records, including computer records. Each Lender shall record in its books and records, including computer records, the principal amount of the Loans and the Line of Credit Borrowings owing to it from time to time. Absent evidence to the contrary, each Lender's books and records shall constitute presumptive evidence of the accuracy of the information contained therein. Failure by any Lender to make any such notation or record shall not affect the obligations of the Borrower to such Lender with respect to the repayment of its Loans or Line of Credit Borrowings.

- (a) Each Party hereby acknowledges that (i) prior to the Effective Date the Lenders have made Loans in respect of certain Advances relating to certain Existing Aircraft which were paid by or on behalf of the Borrower on certain dates prior to the Effective Date in the amounts as set out in the column entitled Financed Amount in the table set out in Schedule III, (ii) the proceeds of such Loans were paid to the Borrower or to its direction, (iii) the terms of this Agreement and the other Operative Documents shall continue to apply to such Loans and (iv) except

to the extent the Majority Lenders may otherwise agree in their sole discretion, all available Line of Credit Borrowings have been fully funded prior to the Effective Date.

- (b) The Borrower agrees to give the Facility Agent at least [***] prior written notice (the "**Funding Notice**") of each Borrowing Date in respect of any Loans or Line of Credit Borrowings, such notice to be received by the Facility Agent prior to [***], and which shall be in substantially the form of Exhibit A. On the Initial Borrowing Date, the Lenders shall make Loans (subject to the limitations specified in Clause 2.1) in respect of certain Advances relating to certain Additional Aircraft which were paid by or on behalf of the Borrower prior to the Initial Borrowing Date in the amounts equal to the applicable Financed Amounts. The proceeds of such Loans shall be paid to the Borrower; provided, however, that the Borrower shall have paid all Advances relating to any Additional Aircraft that were due and payable prior to the Initial Borrowing Date, and the Borrower shall remain responsible for the Advances in an amount equal to the Equity Contributions applicable as of the Initial Borrowing Date for each Aircraft (including the Existing Aircraft and the Additional Aircraft).
- (c) In the event that any Loan or Line of Credit Borrowing shall not be consummated in accordance with the terms hereof on the Effective Date or the Borrowing Date specified in a Funding Notice, the Lenders and the Borrower shall cooperate with each other to arrange a mutually acceptable postponement of such date (the "**Delayed Borrowing Date**"). [***]

Notwithstanding anything to the contrary herein, in the event that any amount paid by or on behalf of the Borrower on any Borrowing Date with respect to a pre-delivery payment obligation for any Aircraft exceeds the required Equity Contribution set forth on Schedule III for such Aircraft on such Borrowing Date as a result of any portion of the Financed Amount for such Aircraft not being available on such Borrowing Date as a result of a PDP Funding Date Deficiency, Lender agrees to refund to the Borrower the amount of such excess either by netting such excess amount against a future Equity Contribution or Loan payment obligation of the Borrower or by directly funding such amount as an additional Loan to the Borrower, in each case, as soon as reasonably practicable after such PDP Funding Date Deficiency ceases to exist. The Lender shall have the right in its sole discretion to choose whether to fund such excess amount as an additional Loan or to net such excess amount against the Borrower's future payment obligations hereunder.

- 2.4 On the Initial Borrowing Date, each Lender, through or on behalf of the Facility Agent, agrees to pay the amount of its Commitment for the Loans in respect of the initial Advances under this Eighth Amended and Restated Agreement to such account as the Borrower shall direct the Facility Agent in writing to reimburse Borrower for a portion of previously funded Purchase Price Installments relating to Additional Aircraft. On each other Borrowing Date for each subsequent Loan specified in a Borrower's notice referred to in Clause 2.3, subject to the terms and conditions of this Agreement, each Lender, through or on behalf of the Facility Agent, agrees to pay the amount of its Commitment for the Loan in respect of each such Advance directly to Airbus by wiring such amounts to the account or accounts specified in the applicable Funding Notice. The Borrower agrees that the actual transfer of the proceeds of Loans to the bank designated by the Borrower for credit to Airbus's or the Borrower's account (as applicable) shall constitute conclusive evidence that the Loans were made. On each Borrowing Date for each Line of Credit Borrowing specified in a Funding Notice, subject to the terms and conditions of this Agreement, each Lender, through or on behalf of the Facility Agent agrees to pay the

amount of its Commitment for such Line of Credit Borrowing to such account as the Borrower shall direct the Facility Agent in writing.

3. **FEES; CANCELLATION OF FACILITY AMOUNT**

- 3.1 Each Loan Certificate shall bear interest and be repaid in accordance with the applicable terms of this Agreement and the Mortgage.
- 3.2 The Borrower shall pay to the Facility Agent for the account of each Lender, the fees set forth in the relevant Fee Letter.
- 3.3 The Borrower shall pay to the Facility Agent for the account of each Lender, the Commitment Fee quarterly in arrears, based on the daily average of the undrawn portion of the Facility Amount during such period, as the Facility Amount may be cancelled or reduced under Clause 3.5 on every Interest Payment Date following the Effective Date calculated daily on the basis of a year of 360 days and the actual number of days elapsed.
- 3.4 The Borrower paid to the Facility Agent for the account of the Facility Agent, an amount equal to [***] on the Original Signing Date, and shall pay an amount equal to [***] to the Facility Agent on each anniversary of the Original Signing Date until the date on which the Security Trustee releases the Collateral from the Lien of the Mortgage in accordance with Clause 7.1 of the Mortgage.
- 3.5 The Borrower may at any time permanently and irrevocably cancel or reduce the Facility Amount (in whole or in part) provided that the amount thereof shall be specified in a written notice to the Facility Agent from the Borrower and countersigned by the Guarantors [***] before the effective date of such cancellation and the undrawn portion of the Facility Amount may not be cancelled or reduced to the extent that the undrawn portion of the Facility will be required to be drawn in the future to make future Advances in respect of an Aircraft with respect to which a Loan is outstanding.

4. **CONDITIONS**

4.1 **Conditions Precedent to the Effectiveness of the Commitments**

It is agreed that the Commitments of each Lender and the effectiveness of the Lender's obligations pursuant to this Agreement are subject to the satisfaction prior to or on the Effective Date of the following conditions precedent and the occurrence of the initial Loan by the Lenders on or following the Effective Date shall be conclusive and binding evidence that such conditions precedent has been satisfied or waived by the Lender:

- (a) The following documents shall have been duly authorized, executed and delivered by the party or parties thereto, shall each be satisfactory in form and substance to the Facility Agent and shall be in full force and effect and executed counterparts shall have been delivered to the Facility Agent and its counsel:
- (i) this Agreement;
 - (ii) the Mortgage;
 - (iii) each Guarantee;
 - (iv) the Share Charge;

- (v) the Slot Security Agreement;
- (vi) each Engine Agreement;
- (vii) each Lender's Loan Certificate;
- (viii) the Option Agreement;
- (ix) the Subordinated Loan Agreement;
- (x) the Servicing Agreement;
- (xi) the Process Agent Appointment;
- (xii) the Step-In Agreement; and
- (xiii) the Assignment and Assumption Agreement.

- (b) The Facility Agent shall have received the following, in each case in form and substance satisfactory to it:
- (i) the memorandum and articles of association of the Borrower, a certificate of good standing of the Borrower, the certificate of incorporation of the Borrower, the declaration of trust in respect of the shares of the Borrower (as amended) and a copy of resolutions of the board of directors of the Borrower duly authorizing the execution, delivery and performance by the Borrower of this Agreement, the Mortgage and each other document required to be executed and delivered by the Borrower on the Effective Date, each certified by a director of the Borrower;
 - (ii) a copy of the organizational documents of the Parent and a copy of resolutions of the board of directors of the Parent duly authorizing the execution, delivery and performance by the Parent of the Share Charge and each other document required to be executed and delivered by the Parent on the Effective Date, each certified by the Secretary or an Assistant Secretary or two duly authorized signatories of the Parent;
 - (iii) an officer's certificate from an officer of each Guarantor (a) attaching copies of the constituent documents of such Guarantor, (b) attaching copies of the resolutions of the board of directors of such Guarantor, certified by an officer of such Guarantor, duly authorizing the execution, delivery and performance by such Guarantor of the Guarantee made by such Guarantor, and the Subordinated Loan Agreement, the Assignment and Assumption Agreement, the Step-In Agreement, the Engine Agreements, the Option Agreement, the Servicing Agreement (in each case to the extent it is a party to such Operative Document) and each other document required to be executed and delivered by such Guarantor on the Effective Date and (c) listing the Person or Persons authorized to execute and deliver the Operative Documents, and any other documents to be executed on behalf of such Guarantor in connection with the transactions contemplated hereby, including a sample signature of such Person or Persons;

- (iv) a certificate of the Borrower as to the Person or Persons authorized to execute and deliver the Operative Documents, and any other documents to be executed on behalf of the Borrower in connection with the transactions contemplated hereby and as to the signature of such Person or Persons; and
- (v) a certificate of the Parent as to the Person or Persons authorized to execute and deliver the Operative Documents, and any other documents to be executed on behalf of the Parent in connection with the transactions contemplated hereby, including a sample signature of such Person or Persons.
- (c) The Facility Agent (with sufficient copies for each Lender) shall have received a certificate of the Borrower that the aggregate amount of Financed Amounts together with all Equity Contributions in connection with each Aircraft (including each Additional Aircraft), shall be sufficient when paid to Airbus in accordance with this Agreement to satisfy the obligation of the Borrower with respect to all Advances due and payable for each such Aircraft.
- (d) Uniform Commercial Code financing statements covering all the security interests created by or pursuant to the granting clause of the Mortgage (including with respect to the Collateral relating to the Additional Aircraft) and the Slot Security Agreement shall have been delivered by the Borrower, and such financing statements shall have been filed in all places deemed necessary or advisable in the opinion of counsel for the Lenders, and any additional Uniform Commercial Code financing statements deemed advisable by any Lender or its counsel shall have been delivered by the Borrower and duly filed.
- (e) Evidence shall have been delivered of the entry into the Parent's register of mortgages and charges of the Share Charge (other than in respect of such entry in anticipation of the Share Charge).
- (f) All documentation required to accomplish any necessary or advisable filings or registrations in the Cayman Islands shall have been delivered to local Cayman Islands counsel, and such registrations shall be initiated and there shall exist no Lien of record in respect of the Collateral that ranks in priority to the Lien of the Mortgage and the other Operative Documents.
- (g) The Facility Agent (with sufficient copies for each Lender and the Security Trustee) shall have received an opinion addressed to each Lender, and each Agent from one or more special counsel to the Borrower, in each applicable jurisdiction (including in the Cayman Islands and New York), with such opinions satisfactory in form and substance to such Lender, as to the valid, binding and enforceable nature of the Operative Documents in place on the Effective Date, due execution by the Borrower, each Guarantor, and the creation and perfection in the Collateral (including Collateral relating to the Additional Aircraft) assigned and charged pursuant to the Mortgage.
- (h) The Facility Agent shall have received a certificate of each Guarantor stating the aggregate amount of Loans and Line of Credit Borrowings outstanding on the Effective Date.
- (i) The Facility Agent (with sufficient copies for each Lender) shall have received an incumbency certificate together with a company extract evidencing the signing

authority of the persons named in the incumbency certificate or such other evidence as shall be reasonably satisfactory to the Finance Parties as regards the signing authority of Airbus.

- (j) The Facility Agent (with sufficient copies for each Lender) shall have received an incumbency certificate together with a company extract evidencing the signing authority of the persons named in the incumbency certificate or such other evidence as shall be reasonably satisfactory to the Finance Parties as regards the signing authority of the Engine Manufacturer.
- (k) The Facility Agent should have received the amount due and payable pursuant to Clause 3.2 and 3.4.
- (l) Since December 31, 2021, (i) there shall have been no material adverse change in the business condition (financial or otherwise), or operations or prospects of any Guarantor which taken as a whole for either of them could have a material adverse effect on the ability of any Guarantor to perform its obligations under any Operative Document to which it is a party and no event or circumstance shall have occurred which in the reasonable judgment of any Lender had or would be reasonably likely to have a Material Adverse Effect and (ii) there shall have been no material and adverse change in the Benchmark funding markets or any financial markets applicable to a Lender which would materially impair the ability of such Lender to fund a Loan in respect of an Advance hereunder.
- (m) The Facility Agent and each Lender shall have received its customary "know your customer" documentation completed by the Borrower and/or each Guarantor, as the case may be.
- (n) The Facility Agent shall have received a copy of the Assigned Purchase Agreement in the form agreed between the Borrower, Airbus and the Security Trustee.
- (o) The Facility Agent shall have received a certificate from the Borrower confirming that payment to Airbus of the Loans will to the extent of such payments satisfy the pre-delivery payment obligations of the Borrower to Airbus.
- (p) The Facility Agent shall have received an audited consolidated balance sheet and related statements of Frontier Group Holdings and its subsidiaries at and as of the end of the fiscal year of such Guarantor ended December 31, 2021, together with an audited consolidated statement of income for such fiscal year, each of which shall be prepared in accordance with GAAP.
- (q) The Borrower shall discharge its obligations under the Security Trustee Fee Letter as such obligations are due to be performed.
- (r) The Facility Agent shall have received evidence that Frontier Group Holdings has, as of such date, Unrestricted Cash and Cash Equivalents in an aggregate amount of not less than [***].

The Borrower shall discharge or shall procure the discharge of all fees payable to the Parent in respect of the Borrower and the transaction as such obligations are due to be performed in accordance with the Operative Documents.

4.2 Conditions Precedent to the Lenders' Participation in each Loan

It is agreed that the obligations of each Lender to lend all or any portion of its Commitment to the Borrower in respect of each Loan (including Loans in respect of Advances made by the Borrower prior to the Effective Date) is subject to the satisfaction prior to or on the Borrowing Date for such Loan of the following conditions precedent:

- (a) The Facility Agent shall have received a Funding Notice with respect to the Borrowing Date for such Loan pursuant to Clause 2 (or shall have waived such notice either in writing or as provided in Clause 2).
- (b) In respect of the first Loan to be made hereunder with respect of an Aircraft, the Facility Agent and each Lender shall have received evidence from Airbus in form and substance reasonably satisfactory to them that the Advances falling due and payable prior to such Borrowing Date and the part of such Advance due and payable on such Borrowing Date which is financed by an Equity Contribution has been received by Airbus in full and in respect of each subsequent Loan, neither the Facility Agent nor any Lender shall have received evidence from Airbus that an Equity Contribution has not been received by Airbus in full.
- (c) As of the Borrowing Date (i) it is not illegal for a Lender to fund a Loan in respect of such Advance, to acquire its Loan Certificate(s) or to realize the benefits of the security afforded by the Mortgage and the Share Charge, and (ii) since 26 November 2014 there shall have been no material and adverse change, whether in effect on the Original Signing Date or coming into effect thereafter in the Benchmark funding markets or any financial markets applicable to a Lender which would materially impair the ability of such Lender to fund a Loan in respect of an Advance hereunder.
- (d) A certificate of a director of the Borrower, certifying that on such Borrowing Date, (A) the representations and warranties of the Borrower contained in Clause 7 are true and accurate in all material respects as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall be true and accurate on and as of such earlier date) and (B) no event has occurred or is continuing which constitutes (or would, with the passage of time or the giving of notice or both, constitute) an Event of Default, and (C) no event or circumstance has occurred which is reasonably likely to have a Material Adverse Effect.
- (e) On such Borrowing Date, when taking into consideration future Equity Contributions required to be paid as set forth in Schedule III and the amount the Borrower is required to pay pursuant to Clause 10.21, the available undrawn Commitment is sufficient to satisfy all future Advances payable under the terms of the Assigned Purchase Agreement.
- (f) The Facility Agent shall have received for the account of the Lenders all fees specified in Clauses 3.3 and 3.4 that are due and payable on or prior to such Borrowing Date and any other amounts the Borrower is required to pay in connection with such Advance in accordance with this Agreement.
- (g) The Facility Agent shall not have received any notice, or is not otherwise aware, that an Airbus Termination Event has occurred and is continuing, and the Facility

Agent is satisfied (acting reasonably) that the Aircraft Purchase Agreement is in full force and effect.

- (h) The Facility Agent shall have received a copy of any other Authorization which the Facility Agent reasonably considers to be necessary following advice from its legal advisors (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Operative Document or for the validity and enforceability of any Operative Document.
- (i) The Facility Agent shall be satisfied that the Liens constituted by the relevant Operative Documents which purport to create such Liens and which are required pursuant to the terms of this Agreement are in full force and effect and have been fully perfected.
- (j) No Default or Event of Default shall have occurred and be continuing.
- (k) Each Guarantee shall be in full force and effect.
- (l) If the Annualized FCCR was less than 1.2 on the immediately preceding FCCR Test Date, the Borrower is in compliance with the LTV Test before and after giving effect to the making of the applicable Loan.
- (m) The Loans and Line of Credit Borrowings have not become due and payable or will, with the passing of time, become due and payable pursuant to Clause 5.9(c), (d), or (e).

4.3 **Conditions Precedent to the Lenders' Participation in each Line of Credit Borrowing**

It is agreed that the obligations of each Lender to lend all or any portion of its Commitment to the Borrower in respect of each Line of Credit Borrowing shall be subject to the sole discretion of such Lender (including as to the amount) and subject to the satisfaction prior to or on the Borrowing Date for such Line of Credit Borrowing of the following conditions precedent:

- (a) The Facility Agent shall have received a Funding Notice with respect to the Borrowing Date for such Line of Credit Borrowing pursuant to Clause 2 (or shall have waived such notice either in writing or as provided in Clause 2).
- (b) As of the Borrowing Date (i) it is not illegal for a Lender to fund a Line of Credit Borrowing and to acquire its Loan Certificate(s), and (ii) since 26 November 2014 there shall have been no material and adverse change, whether in effect on the Original Signing Date or coming into effect thereafter in the Benchmark funding markets or any financial markets applicable to a Lender which would materially impair the ability of such Lender to fund a Line of Credit Borrowing.
- (c) A certificate of a director of the Borrower, certifying that on such Borrowing Date, (A) the representations and warranties of the Borrower contained in Clause 7 are true and accurate in all material respects as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall be true and accurate on and as of such earlier date) and (B) no event has occurred or is continuing which constitutes (or would, with the passage of time or the giving of notice or both, constitute) an Event of Default, and (C) no event or

circumstance has occurred which is reasonably likely to have a Material Adverse Effect.

- (d) On such Borrowing Date, when taking into consideration future Equity Contributions required to be paid as set forth in Schedule III and the amount the Borrower is required to pay pursuant to Clause 10.21, the available undrawn Commitment is sufficient to satisfy all future Advances payable under the terms of the Assigned Purchase Agreement.
- (e) The Facility Agent shall have received for the account of the Lenders all fees specified in Clauses 3.3 and 3.4 that are due and payable on or prior to such Borrowing Date and any other amounts the Borrower is required to pay in accordance with this Agreement.
- (f) The Facility Agent shall have received a copy of any other Authorization which the Facility Agent reasonably considers to be necessary following advice from its legal advisors (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Operative Document or for the validity and enforceability of any Operative Document.
- (g) No Default or Event of Default shall have occurred and be continuing.
- (h) Each Guarantee shall be in full force and effect.
- (i) If the Annualized FCCR was less than 1.2 on the immediately preceding FCCR Test Date, the Borrower shall be in compliance with the LTV Test before and after giving effect to the making of the applicable Line of Credit Borrowing.
- (j) The Loans and Line of Credit Borrowings have not become due and payable or will, with the passing of time, become due and payable pursuant to Clause 5.9(c), (d), or (e).
- (k) After giving effect to such Line of Credit Borrowing, the aggregate outstanding Line of Credit Borrowings shall not exceed the lesser of (x) [***] or such other amount as such Lender may agree in its sole discretion and (y) the amount by which the Maximum PDP Loan Amount exceeds the aggregate outstanding principal amount of the Loans as of such Borrowing Date.

5. THE CERTIFICATES

5.1 Form of Loan Certificates

The Loan Certificates shall each be substantially in the form specified in Exhibit F.

5.2 Terms of Loan Certificates; Loans and Line of Credit Borrowings

- (a) On the Effective Date, each Lender shall return the original counterparts of the existing Loan Certificates to the Borrower and the Borrower shall issue a Loan Certificate to each Lender in an aggregate original principal amount equal to such Lender's Maximum Commitment. The Borrower shall be entitled to borrow Loans and Line of Credit Borrowings against each Loan Certificate in accordance with Clauses 2.1 and 4.

- (b) Each Loan Certificate shall bear interest on the unpaid principal amount thereof from time to time outstanding from and including the date thereof until such principal amount is paid in full. Such interest shall accrue with respect to each Interest Period at the Applicable Rate in effect for such Interest Period and shall be payable in arrears on each Interest Payment Date and on the date such Loan or Line of Credit Borrowing is repaid in full. The Interest Periods for the Loans and Line of Credit Borrowings can vary in accordance with the definition of Interest Period. Interest shall be payable with respect to the first but not the last day of each Interest Period and shall be payable from (and including) the date of a (i) Loan or Line of Credit Borrowing or (ii) the immediately preceding Interest Payment Date, as the case may be, to (and excluding) the next succeeding Interest Payment Date. Interest hereunder and under the Loan Certificates shall be calculated on the basis of a year of 360 days and actual number of days elapsed.
- (c) If any sum payable under the Loan Certificates or under the Mortgage falls due on a day which is not a Business Day, then such sum shall be payable on the next succeeding Business Day.
- (d) The principal of the Loans relating to an Aircraft shall be due and payable in full upon the first to occur of (i) the Delivery Date of such Aircraft, as notified by the Borrower to the Facility Agent [***] prior to such day, (ii) except as specified in clause (iii), the date falling [***] after the final day of the Scheduled Delivery Month for such Aircraft, (iii) in the event of a Relevant Delay, the date falling [***] after the final day of the Scheduled Delivery Month of such Aircraft, and (iv) the Termination Date. The Borrower shall notify the Facility Agent and the Lenders of the expected Delivery Date of each Aircraft, not less than [***] prior to the Interest Payment Date immediately preceding such expected Delivery Date. Upon receipt of such notice, the Lenders shall effect a stub Interest Period ending on such expected Delivery Date for the Loans allocable to such Aircraft. If a Delivery Date is delayed, then the Facility Agent and the Lenders shall continue to make funds available in accordance with the terms hereof, at the Term SOFR rate plus the Applicable Margin until the earlier of (x) the actual Delivery Date of such Aircraft (y) the date falling [***] after the final day of the Scheduled Delivery Month of such Aircraft and (z) in the event of a Relevant Delay, the date falling [***] after the last day of the Scheduled Delivery Month specified for such Aircraft in Schedule III. The principal amount of the Line of Credit Borrowings shall be payable within [***] of the Borrower's receipt of a written demand therefor by the Facility Agent. Such demand may be for any amount up to and including the aggregate outstanding principal amount of the Line of Credit Borrowings. Any principal amounts repaid with respect to a Line of Credit Borrowing at any time may be subsequently reborrowed and repaid from time to time in accordance with the terms hereof.
- (e) Each Loan Certificate shall bear interest at the Past Due Rate on any principal thereof and, to the extent permitted by Applicable Law, interest (other than interest accrued at the Past Due Rate) and other amounts due thereunder and hereunder, not paid when due (whether at stated maturity, by acceleration or otherwise), for any period during which the same shall be overdue, payable on demand by the Lender given through the Facility Agent.
- (f) The Loan Certificates shall be executed on behalf of the Borrower by one of its authorized officers. Loan Certificates bearing the signatures of individuals who were at any time the proper officers of the Borrower shall bind the Borrower, notwithstanding that such individuals or any of them have ceased to hold such

offices prior to the delivery of such Loan Certificates or did not hold such offices at the respective dates of such Loan Certificates. No Loan Certificates shall be issued hereunder except those provided for in Clause 5.2(a) and any Loan Certificates issued in exchange or replacement therefor pursuant to the terms of this Agreement.

- (g) Upon the request of the Borrower, the Lenders shall have the right in their sole discretion to extend the Commitment Termination Date by one year to the next Extension Date by delivering an Extension Notice to the Borrower no later than [***] prior to the then-current Commitment Termination Date. Any such extension shall require the unanimous consent of all Lenders, each acting at their own discretion.

5.3 Taxes

- (a) Any and all payments by or on account of any obligation of the Borrower hereunder to the Lenders, the Facility Agent or the Security Trustee, under the Loan Certificates and each other Operative Document shall be made free and clear of and without deduction for any Taxes, except as required by Applicable Law; provided that if the Borrower shall be required to deduct any Indemnified Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Clause 5.3) the Security Trustee, the Facility Agent and each Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall, or shall cause the Security Trustee to, make such deductions and (iii) the Borrower shall, or shall cause the Security Trustee to, pay the full amount deducted to the relevant Governmental Entity in accordance with Applicable Law.
- (b) In addition, the Borrower shall, or shall cause the Security Trustee to, pay any Indemnified Taxes or Taxes addressed in Clause 5.3(j) to the relevant Governmental Entity in accordance with Applicable Law and shall indemnify the Security Trustee, the Facility Agent and each Lender on an After-Tax Basis within [***] after written demand therefor, for the full amount of any Indemnified Taxes paid by the Security Trustee, the Facility Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under the other Operative Documents (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Clause) and, other than any of the following to the extent (but only to the extent) resulting from the gross negligence or willful misconduct of the Security Trustee, the Facility Agent or such Lender, any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes are correctly or legally imposed or asserted by the relevant Governmental Entity. Determinations and calculations made by a Lender with respect to an indemnity due hereunder shall be conclusive absent manifest error, provided that such determinations and calculations are made on a reasonable basis.
- (c) As soon as practicable after any payment of Taxes by the Borrower to a Governmental Entity, the Borrower shall, or shall cause the Security Trustee to, deliver to the Facility Agent the original or a certified copy of a receipt issued by such Governmental Entity evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Facility Agent.

- (d) Any Person that at any time is entitled to an exemption from or reduction of any Indemnified Tax, at the request of the Borrower or the Security Trustee, shall deliver to it (with a copy to the Facility Agent) such properly completed and executed documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Security Trustee as will permit the utilization of such exemption or reduction, provided that such Person has determined in its reasonable good faith judgment that to do so will not result in any adverse consequences to such Person, unless the adverse consequence can be cured through an indemnity (such determination to be made by such Person in its reasonable good faith judgment), and such Person is indemnified for any adverse consequence by the Borrower in a manner reasonably satisfactory to such Person.
- (e) If the Borrower becomes obligated to pay any Indemnified Taxes pursuant to this Clause 5.3, each applicable Lender and the Facility Agent hereby agrees to cooperate with the Borrower, as described in Clauses 5.11(d).
- (f) (i) If the Security Trustee, the Facility Agent or a Lender receives a refund of any Taxes in respect of which additional amounts were paid by the Borrower pursuant to this Clause 5.3, the Security Trustee, the Facility Agent or such Lender shall, as soon as reasonably practicable, pay to the Borrower the amount of such refund plus any interest received on such refund fairly attributable to such Tax and not in excess of amounts previously paid by the Borrower to the Security Trustee, the Facility Agent or such Lender pursuant to this Clause 5.3 (other than interest actually received on such refund and fairly attributable to such Tax), provided, however, that such amount shall be reduced by the amount of any obligation of the Borrower under this Agreement then due and not made (and the amount of such reduction shall not be payable before such time and to the extent as such obligation shall have been satisfied). The Security Trustee, the Facility Agent and each Lender shall in good faith use diligence in filing its tax returns and in dealing with taxing authorities to seek and claim any such refund and to minimize the Taxes payable or indemnifiable by the Borrower hereunder if it can do so, in its sole opinion, without adverse consequences. If the Facility Agent or a Lender actually utilizes any credit with respect to any Taxes in respect of which additional amounts were paid by the Borrower pursuant to this Clause 5.3, the Security Trustee, the Facility Agent or such Lender shall pay to the Borrower an amount equal to the amount of such credit, but not in excess of amounts previously paid by the Borrower to the Security Trustee, the Facility Agent or such Lender, provided, however, that such amount shall be reduced by the amount of any obligation of the Borrower under this Agreement then due and not made (and the amount of such reduction shall not be payable before such time and to the extent as such obligation shall have been satisfied) and that no Person shall be required to claim any credit if to do so would, in its sole opinion, result in any adverse consequences to it and, provided, further, that no Person shall be required to claim any credit in respect of this Clause 5.3 in priority of any other credits (any utilization of such credit being in such Person's sole discretion). Any refund or credit which is subsequently disallowed in whole or in part shall be promptly repaid by the Borrower on the demand of the Security Trustee, the Facility Agent or relevant Lender.
- (g) Each Lender hereby agrees to indemnify the Borrower or the Security Trustee, as the case may be, for any Taxes of a type collected by way of withholding which the Borrower or the Security Trustee fails to withhold on payments to such Lender as a direct result of the failure of such Lender to provide the form or certificate

required to be provided by such Lender by Clause 5.3(d) or the invalidity of any such form or certificate required to be provided by such Lender by Clause 5.3(d).

- (h) Without limiting the foregoing, each Person that is an assignee of a Lender pursuant to Clause 5.6 and/or Clause 19.3(b) shall, upon the effectiveness of such transfer, be required to provide all of the forms and statements to the extent required pursuant to this Clause 5.3.
- (i) The Borrower will pay to each Indemnitee interest at the Past Due Rate, to the extent permitted by Applicable Law, on any amount not paid when due under this Clause 5.3 until the same shall be paid.
- (j) The Borrower agrees to pay any present or future stamp or documentary Taxes or any other license, excise or property Taxes (i) imposed by any taxing authority which may arise from the registration, filing, recording, or perfection of any security interest of or in connection with this Agreement or the other Operative Documents or (ii) imposed by any taxing authority in connection with an Event of Default. The Borrower will provide appropriate documentation, including receipts if available, when requested to evidence payment by the Borrower of any such Taxes.
- (k) All consideration expressed to be payable under an Operative Document by any party to any Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable on any supply made by any Finance Party to any party in connection with an Operative Document, that party shall pay to the Lender (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT. Where an Operative Document requires any party to reimburse the Lender for any costs or expenses, that party shall also at the same time pay and indemnify the Lender against all VAT incurred by the Lender in respect of the costs or expenses to the extent that the Lender reasonably determines that neither it nor any other member of any group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant tax authority in respect of the VAT.
- (l) If a payment made to a Lender under any Operative Document would be subject to withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Security Trustee at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Security Trustee such documentation prescribed by Applicable Law including as prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Security Trustee as may be necessary for the Borrower and the Security Trustee to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (l), "FATCA" shall include all amendments made to FATCA after the Original Signing Date.

5.4 **Distribution of Funds Received**

- (a) The Facility Agent shall maintain records of all amounts paid to it by the Borrower hereunder.

- (b) Provided that no Event of Default has occurred and is then continuing, each installment of interest payable on the Loan Certificates shall be distributed as promptly as possible on or after the date that such amount is actually received by the Facility Agent from the Borrower:

First, to the Lenders ratably, without priority of one over the other, to the payment in full of (A) the aggregate amount of interest due under the Loan Certificates in an amount equal to (i) accrued interest at the rate provided in each Loan Certificate, (ii) any overdue interest thereon, and (iii) the breakage costs, if any, and (B) any other amounts (other than principal) then due and owing to the Lenders or any Agent hereunder and under the other Operative Documents;

Second, the balance, if any, thereof thereafter remaining to the Borrower or such other Person(s) as may then lawfully be entitled thereto.

- (c) Provided that no Event of Default has occurred and is then continuing, on the Delivery Date of the related Aircraft or on any date on which payment in respect of a Line of Credit Borrowing is made, each payment made by the Borrower as repayment of Loans or Line of Credit Borrowings shall be distributed as promptly as possible on or after the date that such amount is actually received by the Facility Agent from the Borrower:

First, to the Lenders ratably, without priority of one over the other, to the payment in full of (A) the aggregate amount of interest due under the Loan Certificates in respect of such Aircraft being in an amount equal to (i) accrued interest at the rate provided in each Loan Certificate, and (ii) any overdue interest thereon plus the breakage costs, if any, due to the Lenders in respect of such payment, and (B) any other amounts (other than principal) then due and owing to the Lenders or any Agent hereunder and under the other Operative Documents;

Second, to the Lenders ratably, without priority of one over the other, (a) to the payment in full of the outstanding principal amount of the Loans in respect of such Aircraft made by the Lenders which is being repaid and (b) to payment in full of the outstanding principal amount of the Line of Credit Borrowing which is being repaid;

Third, the balance, if any, thereof thereafter remaining to the Borrower or such other Person(s) as may then lawfully be entitled thereto.

- (d) Upon any partial optional repayment of the Loan Certificates pursuant to Clause 5.10(a) hereof, the amount paid by Borrower shall be applied against the amounts which Borrower is obligated to pay in connection with such prepayment pursuant to Clause 5.10(a) (it being understood that no prepayment shall be permitted under Clause 5.10(a) unless the Borrower pays a sufficient amount to satisfy the amounts owed by it under Clause 5.10(a) in connection with such prepayment).

- (e) After an Event of Default shall have occurred, and so long as such Event of Default shall be continuing, amounts actually received by the Security Trustee from the Borrower and all proceeds resulting from any sale of any of the Collateral shall be applied in the following order of priority:

First, to the extent not theretofore paid by or on behalf of the Borrower, to pay all costs and expenses of each Agent incurred in connection with the performance of

its duties hereunder or under any other Operative Document, including reasonable attorneys' fees and expenses, and all costs and expenses incurred by the Security Trustee in connection with its entering upon, taking possession of, holding, operating, managing, selling or otherwise disposing of the Collateral or any part thereof, any and all Taxes, assessments or other charges of any kind prior to the Lien of any Operative Document that the Security Trustee determined in good faith to pay or be paid, and all amounts payable to each Agent hereunder or under any of the Operative Documents in respect of any indemnities or other obligations of the Borrower;

Second, to the Lenders ratably, without priority of one over the other, to the payment of all accrued and unpaid interest (including the breakage costs, if any, and interest on account of overdue payments of principal and interest) then due the Lenders under this Agreement or any of Loan Certificates;

Third, to the Lenders ratably, without priority of one over the other, to the payment of any other amount, indebtedness or obligations (other than principal) due and payable to the Lenders under any Operative Documents;

Fourth, to the Lenders ratably, without priority of one over the other, to the payment in full of the principal amount of the Loan Certificates;

Fifth, the balance, if any, thereof thereafter remaining, to the Borrower or such other Person(s) as may then lawfully be entitled thereto.

If the Security Trustee purchases and subsequently sells any Aircraft to a third party (or otherwise disposes of any of its rights under the Operative Documents relating to such Aircraft), any net sale proceeds (after deduction of all relevant costs, including maintenance, storage and insurance) which exceed the Loan allocable to such Aircraft to the extent actually received by the Security Trustee shall be distributed under this Clause (e).

5.5 Method of Payment

- (a) Principal and interest and other amounts due hereunder or under the Loan Certificates or in respect hereof or thereof shall be payable in Dollars in immediately available funds prior to [***], on the due date thereof, to the Facility Agent and the Facility Agent shall, subject to the terms and conditions of Clause 5.4, remit all such amounts so received by it to the Lenders at such account or accounts at such financial institution or institutions in New York as the Lenders shall have designated to the Facility Agent in writing, in immediately available funds for distribution to the relevant Lenders.
- (b) All such payments by the Borrower and the Facility Agent shall be made free and clear of and without reduction on account of all wire and other like charges. Prior to the due presentment for registration of transfer of any Loan Certificate, the Borrower and the Facility Agent may deem and treat the Person in whose name any Loan Certificate is registered on the Certificate Register as the absolute owner of such Loan Certificate for the purpose of receiving payment of all amounts payable with respect to such Loan Certificate and for all other purposes whether or not such Loan Certificate shall be overdue, and neither the Borrower nor the Facility Agent shall be affected by any notice to the contrary.

- (c) If the Facility Agent disburses funds on a payment date without first having received funds from the Borrower and if the Borrower subsequently fails to make such payment before the end of the day, then on the next succeeding Business Day following demand from the Facility Agent, each Lender which has received such funds will refund to the Facility Agent the amount advanced by the Facility Agent which such Lender received.

5.6 Registration, Transfer and Exchange of Loan Certificates

- (a) The Facility Agent agrees with the Borrower that the Facility Agent shall keep a register (herein sometimes referred to as the "**Certificate Register**") in which provision shall be made for the registration of Loan Certificates.
- (b) Prior to the due presentment for registration of the transfer of any Loan Certificate, the Borrower and the Facility Agent shall deem and treat the person in whose name such Loan Certificate is registered on the Certificate Register as the absolute owner of such Loan Certificate, and the Lender for the purpose of receiving payment of all amounts payable with respect to such Loan Certificate, and for all other purposes whether or not such Loan Certificate is overdue, and neither the Borrower nor the Facility Agent shall be affected by notice to the contrary.
- (c) The Certificate Register shall be kept at the office of the Facility Agent specified in this Agreement or at the office of any successor Facility Agent, and the Facility Agent is hereby appointed "Certificate Registrar" for the purpose of registering Loan Certificates and transfers of Loan Certificates as herein provided.
- (d) Upon surrender for registration of transfer of any Loan Certificate at the office of the Facility Agent specified in this Agreement and upon delivery by the Facility Agent to the Borrower of such surrendered Loan Certificate, the Borrower shall execute, and the Facility Agent shall deliver, in the name of the designated transferee or transferees, one or more new Loan Certificates of a like aggregate principal amount.
- (e) Each Lender may assign all or part of an interest in any Loan Certificate held by it to any Person, subject to the extent to which it may transfer its interest in any such Loan Certificate held by it in accordance with Clause 19.3(c), (d) and (e).
- (f) All Loan Certificates issued upon any registration of transfer or exchange of Loan Certificates shall be the valid obligations of the Borrower evidencing the same obligations, and entitled to the same security and benefits under the Mortgage and this Agreement, as the Loan Certificates surrendered upon such registration of transfer.
- (g) Every Loan Certificate presented or surrendered for registration of transfer, shall (if so required by the Facility Agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Facility Agent duly executed by the Lender thereof or its attorney duly authorized in writing, and the Facility Agent may require evidence satisfactory to it as to the compliance of any such transfer with the Securities Act and the securities laws of any applicable state.
- (h) The Facility Agent shall make a notation on each new Loan Certificate or Loan Certificates of the then available Commitment on the old Loan Certificate or Loan

Certificates with respect to which such new Loan Certificate is issued, the current outstanding principal and the date to which interest accrued on such old Loan Certificate or Loan Certificates has been paid and the extent, if any, to which any interest therein has been subject to a registered assignment.

- (i) The Facility Agent shall not be required to register the transfer of any surrendered Loan Certificates as above provided during the [***] period preceding the due date of any payment on such Loan Certificates.
- (j) The Facility Agent shall give the Borrower, the Security Trustee and each Lender notice of such transfer of a Loan Certificate under this Clause 5.6.
- (k) Prior to or simultaneously with the transfer by a Lender of its Loan Certificates or its interest in this Agreement, the transferee of such Lender shall notify the Borrower of its identity and of the country of which such transferee is a resident for tax purposes.

5.7 Mutilated, Destroyed, Lost or Stolen Loan Certificates

- (a) If any Loan Certificate shall become mutilated, destroyed, lost or stolen, the Borrower shall, upon the written request of the affected Lender, execute and deliver in replacement thereof, a new Loan Certificate, in the same principal amount, dated the date of such Loan Certificate.
- (b) If the Loan Certificate being replaced has become mutilated, such Loan Certificate shall be surrendered to the Facility Agent and the original thereof shall be furnished to the Borrower by the Facility Agent.
- (c) If the Loan Certificate being replaced has been destroyed, lost or stolen, the affected Lender shall furnish to the Borrower and the Facility Agent such security or indemnity as may be reasonably required by them to hold the Borrower and the Facility Agent harmless and evidence satisfactory to the Borrower and the Facility Agent of the destruction, loss or theft of such Loan Certificate and of the ownership thereof, provided, however, that if the affected Lender is an original party to this Agreement or an Affiliate thereof, the written notice of such destruction, loss or theft and such ownership and the written undertaking of such Lender delivered to the Borrower and the Facility Agent to hold harmless the Borrower and the Facility Agent in respect of the execution and delivery of such new Loan Certificate shall be sufficient evidence, security and indemnity.

5.8 Payment of Expenses on Transfer

Upon the issuance of a new Loan Certificate or new Loan Certificates pursuant to Clause 5.6 or 5.7, the Borrower and/or the Facility Agent may require from the party requesting such new Loan Certificate or Loan Certificates payment of a sum sufficient to reimburse the Borrower and/or the Facility Agent for, or to provide funds for, the payment of any transfer or registration tax or other governmental charge of the same type in connection therewith or any charges and expenses connected with such tax or other governmental charge paid or payable by the Borrower or the Facility Agent, and any out of pocket expenses, including legal fees (for external counsel) incurred, of the Borrower or the Facility Agent.

5.9 Prepayment

- (a) The Borrower may at any time voluntarily prepay all or part of any Loan outstanding with respect to an Aircraft or any Line of Credit Borrowing in accordance with the terms and conditions hereof; provided that, (i) the Borrower shall provide irrevocable written notice to the Facility Agent not less than [***] prior to the date of such prepayment specifying (A) the outstanding principal amount of the Loan or Line of Credit Borrowing to be prepaid, together with accrued interest therein to the date of prepayment plus, in the case of a prepayment of a Loan, the breakage costs, if any, and all other amounts due under the Operative Documents with respect to such Aircraft, (B) in the case of prepayment of a Loan, the Aircraft to which such prepayment is allocable, and (C) the Business Day on which such prepayment shall be made; and (ii) such prepayment shall be in an amount at least equal to [***]. For the avoidance of doubt, no breakage costs will be payable in connection with a prepayment of any Line of Credit Borrowing. Any amounts repaid in respect of a Line of Credit Borrowing may be reborrowed in accordance with the terms hereof.
- (b) If, as of any LTV Test Date, the LTV Test is not satisfied with respect to an Aircraft, the Borrower may prepay the Loan(s) relating to such Aircraft in respect of which such failure occurred in an amount equal to that which when applied to such Loan(s), would reduce the principal outstanding thereof in order that the LTV Test would be satisfied if the LTV for such Aircraft were calculated following such prepayment. Except with respect to a prepayment pursuant to Clause 4.2, any such prepayment must be made with [***] notice to the Facility Agent and such prepayment may not exceed the amount required to cure the breach of the LTV Test.
- (c) In the event that Frontier Holdings ceases to Control or own the entire issued share capital of Frontier Airlines or that Frontier Group Holdings ceases to Control or own the entire issued share capital of Frontier Holdings, the aggregate outstanding principal amount of all Loans and Line of Credit Borrowings shall become immediately due and payable, and the Borrower shall thereupon prepay the Loan Certificates relating to such Loans and Line of Credit Borrowings, together with accrued interest thereon to the date of prepayment plus breakage costs, if any, and all other amounts due, owing and payable under the Operative Documents.
- (d) Upon the occurrence of a Material Event of Default, the aggregate outstanding principal amount of all Loans and Line of Credit Borrowings shall become immediately due and payable, and the Borrower shall thereupon prepay the Loan Certificates relating to such Loans and Line of Credit Borrowings, together with accrued interest thereon to the date of prepayment plus breakage costs, if any, and all other amounts due, owing and payable under the Operative Documents
- (e) Upon the occurrence of a termination or cancellation of the Assigned Purchase Agreement with respect to any Aircraft for any reason whatsoever, the aggregate outstanding principal amount of all Loans relating to such Aircraft shall become due and payable within [***], and the Borrower shall thereupon prepay the Loan Certificates to the extent of the Loans with respect to such Aircraft, together with accrued interest thereon to the date of prepayment plus breakage costs, if any, and all other amounts due under the Operative Documents with respect to such Aircraft.
- (f) In the event that a Lender is entitled to a payment under Clause 5.3, 5.11, 5.12 or 5.13 (an "**Affected Lender**") and without prejudice to the Finance Party's rights

hereunder and under the Mortgage, the Borrower, the Facility Agent and the Affected Lender shall cooperate (at no cost to itself) for a period of [***] to restructure the Loan for the Affected Lender with a view to eliminating or reducing the need for any such payment, it being agreed that the Affected Lender shall have no obligation to proceed with such restructuring to the extent such restructuring would or may reasonably be expected to:

- (1) result in an adverse regulatory consequence for the Affected Lender; or
- (2) involve any unreimbursed or unindemnified cost for the Affected Lender; or
- (3) be inconsistent with the Affected Lender's internal policies.

If no restructuring can be arranged within such time period, the Borrower may, with notice to the Affected Lender, attempt within such time period to find an entity reasonably satisfactory to the Facility Agent to purchase the Affected Lender's Loan Certificate and assume the Affected Lender's Commitment.

The Affected Lender shall be paid (by the purchasing entity or the Borrower) the outstanding principal balance of its Loan Certificate, all accrued and unpaid interest thereon, the breakage costs, if any, incurred (calculated as if such purchase were a prepayment of such Affected Lender's Loan Certificate) and all other amounts owed to the Affected Lender under any Operative Document as a condition precedent to such purchase. Upon such payment, such Affected Lender shall transfer its Loan Certificate to the Borrower or such other purchaser, without representation or warranty except for the absence of any Liens.

- (g) In the event the Borrower is unable to find a purchaser of the Affected Lender's Loan Certificate pursuant to clause (f) above, then, so long as no Default or Event of Default shall have occurred and be continuing on at least [***] prior written notice, the Borrower may prepay on the date specified in its notice of prepayment, in whole the Affected Lender's Loan Certificate at the principal amount thereof together with accrued and unpaid interest thereon to the date of prepayment plus the breakage costs, if any, and all other amounts due to the Affected Lender hereunder, thereunder and under the other Operative Documents.
- (h) In the event that Airbus refunds any amounts under the Assigned Purchase Agreement relating to the Aircraft, a principal amount of the Loans (and breakage costs, if any, related thereto) relating to such Aircraft equal to such refund shall become immediately due and payable.
- (i) Any notice of prepayment delivered pursuant to Clauses 5.9(a), (f), (g) or (h) shall be irrevocable and shall identify the amount to be prepaid and the Loans relating to an Aircraft or Line of Credit Borrowing subject to prepayment, as applicable.
- (j) If the aggregate outstanding principal amount of all Loan Certificates exceeds the Maximum PDP Loan Amount, the Line of Credit Borrowings (and all interest accrued thereon and breakage costs, if any, related thereto) shall become immediately due and payable in a principal amount equal to that which when applied, would reduce the aggregate outstanding principal amount of all Loan Certificates to below the Maximum PDP Loan Amount.

5.10 Provisions Relating to Prepayment

- (a) Notice of prepayment having been given, the principal amount of the Loan Certificates to be prepaid, plus accrued interest thereon to the date of prepayment, together with the breakage costs, if any, shall become due and payable on the prepayment date.
- (b) On the date fixed for prepayment under Clause 5.9, immediately available funds in Dollars shall be deposited by the Borrower in the account of the Facility Agent at the place and by the time and otherwise in the manner provided in Clause 5.5, in an amount equal to the principal amount of Loan Certificates to be prepaid together with accrued and unpaid interest thereon to the date fixed for such prepayment, the breakage costs, if any, and all other amounts due to the Lenders under the Operative Documents.
- (c) Each Lender shall furnish to the Borrower, with a copy to the Facility Agent, a certificate setting forth the breakage costs, if any, due to such Lender, which certificate shall be presumptively correct.

5.11 Increased Costs

- (a) The Borrower shall pay directly to each Lender from time to time such amounts as such Lender may determine to be necessary to compensate such Lender on an After-Tax Basis for any increase in costs that such Lender determines are attributable to its making or maintaining of its Commitment or the Loans and Line of Credit Borrowings evidenced by its Loan Certificates or funding arrangements utilized in connection with such Loans and Line of Credit Borrowings, as applicable, or any reduction in any amount receivable by such Lender hereunder or under any Operative Document in respect of any of its Commitments, such Loans and Line of Credit Borrowings or such arrangements (such increases in costs and reductions in amounts receivable (including any amounts covered by clause (b) below) being herein called "**Additional Costs**"), resulting from any Regulatory Change that:
 - (i) imposes any Tax that is the functional equivalent of any reserve, special deposit or similar requirement of the sort covered by Clause 5.11(a)(ii); or
 - (ii) imposes or modifies any reserve, special deposit or similar requirements (including any Reserve Requirement) relating to any extension of credit or other assets of, or any deposits with or other liabilities of, such Lender, any commitment of such Lender (including, without limitation the Commitment of such Lender hereunder); or
 - (iii) imposes any other condition affecting this Agreement, the Loan Certificates (or any of such extensions of credit or liabilities) or its Commitments.
- (b) Without limiting the effect of the foregoing provisions of this Clause 5.11 (but without duplication), the Borrower shall pay directly to each Lender from time to time on request such amounts as such Lender may determine to be necessary to compensate such Lender (or, without duplication, the bank holding company of which such Lender is a subsidiary) for any increase in costs that it determines are attributable to the maintenance by such Lender (or any lending office or such bank holding company) of capital in respect of the Commitments or Loan or Line

of Credit Borrowing of such Lender hereunder, pursuant to any law or regulation or any interpretation, directive or request (whether or not having the force of law and whether or not failure to comply therewith would be unlawful so long as compliance therewith is standard banking practice in the relevant jurisdiction) of any court or governmental or monetary authority following:

- (i) any Regulatory Change; or
- (ii) implementing any risk-based capital guideline or other similar requirement issued by any government or governmental or supervisory authority implementing at the national level the Basel Accord; or
- (iii) implementing any requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act;

in each case after the Original Signing Date (such compensation to include, without limitation, an amount equal to any reduction of the rate of return on assets or equity of such Lender (or any lending office or such bank holding company) could have achieved but for such law, regulation, interpretation, directive or request). For purposes of this Clause 5.11(b), "**Basel Accord**" means the proposals for risk-based capital framework described by the Basel Committee on Banking Regulations and Supervisory Practices commonly known as Basel III, as amended, modified and supplemented and in effect from time to time, or any replacement thereof.

- (c) Clauses 5.11(d) and (e) apply in respect of this Clause 5.11.
- (d) Each Lender shall notify the Borrower of any event occurring after the Original Signing Date entitling such Lender to compensation under paragraph (a) or (b) of this Clause 5.11 as promptly as practicable, but in any event within [***], after such Lender obtains actual knowledge thereof; provided that (i) such Lender shall, with respect to compensation payable pursuant to this Clause 5.11 in respect of any Additional Costs resulting from such event, only be entitled to payment under this Clause 5.11 for Additional Costs incurred from and after the date that is [***] prior to the date of receipt of such notice by the Borrower, (ii) each Lender will use commercially reasonable efforts (at the Borrower's expense) to mitigate the amount of compensation under paragraph (a) or (b) of this Clause 5.11 associated with such event, including designating a different lending office for the Loan or Line of Credit Borrowing, as applicable, evidenced by such Lender's Loan Certificate affected by such event if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole opinion of such Lender, result in any economic, legal or regulatory disadvantage to such Lender, and (iii) no Lender shall discriminate against the Borrower in making any claim for compensation under this Clause 5.11, and no Lender shall treat the Borrower less favorably than such Lender's other similarly situated borrowers. When submitting a claim pursuant to Clause 5.11, each Lender will furnish to the Borrower an officer's certificate setting forth in reasonable detail (x) the events giving rise to compensation under paragraph (a) or (b) of this Clause 5.11, (y) the basis for determining and allocating such compensation and (z) the amount of each request by such Lender for such compensation (subject, however, to any limitations such Lender may require in respect of disclosure of confidential information relating to its capital structure), together with a statement that the determinations and allocations made in respect of such compensation comply with the provisions of this Clause 5.11, including as provided by the last proviso of this

paragraph (d). Determinations and allocations by any Lender for purposes of this Clause 5.11 of the effect of any Regulatory Change pursuant to Clause 5.11(a), or of the effect of capital maintained pursuant to Clause 5.11(b), on its costs or rate of return of maintaining the Loan or Line of Credit Borrowing, as applicable, evidenced by its Loan Certificate or its Commitment, or on amounts receivable by it in respect of its Loan Certificate, and of the amounts required to compensate such Lender under this Clause 5.11, shall be conclusive absent manifest error; provided that such determinations and allocations are made on a reasonable basis and, in the case of allocations, are made fairly.

- (e) The Borrower shall not be required to make payments under this Clause 5.11 to any Lender if (i) a claim hereunder arises solely through circumstances peculiar to such Lender and which do not affect commercial banks in the jurisdiction of organization of such Lender generally, (ii) such Lender is not seeking similar compensation for such costs from its borrowers generally in commercial loans, or (iii) the claim arises out of a voluntary relocation by such Lender of its lending office (it being understood that any such relocation effected pursuant to this Clause 5.11 is not "voluntary").

5.12 **Illegality**

Notwithstanding any other provision of this Agreement or the Mortgage, if any Lender (an "**Illegal Lender**") shall notify the Facility Agent that the introduction after the Original Signing Date of or any change after the Original Signing Date in or in the interpretation of any law or regulation shall make it unlawful, or any central bank or other Governmental Entity asserts that it is unlawful, for such Lender to make, fund or allow to remain outstanding its Loan Certificate, then such Lender shall, promptly after becoming aware of the same, deliver to the Borrower through the Facility Agent a certificate to that effect, and, if the Facility Agent on behalf of such Lender so requires, the Borrower shall attempt to cure such illegality or otherwise, on or before [***] (but in any event at least [***] before such illegality occurs and if such illegality has already occurred, immediately) following such notification, the Borrower shall prepay the aggregate outstanding principal amount of the Loan Certificate held by such Illegal Lender in full, together with accrued interest thereon to the date of prepayment plus the breakage costs, if any, and all other amounts due thereunder and hereunder and under the other Operative Documents to such Illegal Lender.

5.13 **Inability to Determine Rates.**

Subject to Clause 5.14, if, on or prior to the first day of any Interest Period for any SOFR Loan:

- (a) the Facility Agent determines (which determination shall be conclusive and binding absent manifest error) that "Term SOFR" cannot be determined pursuant to the definition thereof, or
- (b) the Majority Lenders determine that for any reason in connection with any request for a SOFR Loan or a conversion thereto or a continuation thereof that Term SOFR for any requested Interest Period with respect to a proposed SOFR Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, and the Required Lenders have provided notice of such determination to the Facility Agent,

the Facility Agent will promptly so notify the Borrower and each Lender.

Upon notice thereof by the Facility Agent to the Borrower, any obligation of the Lenders to make SOFR Loans, and any right of the Borrower to continue SOFR Loans or to convert ABR Loans to SOFR Loans, shall be suspended (to the extent of the affected SOFR Loans or affected Interest Periods) until the Facility Agent (with respect to clause (b), at the instruction of the Majority Lenders) revokes such notice. Upon receipt of such notice, (i) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans (to the extent of the affected SOFR Loans or affected Interest Periods) or, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to ABR Loans in the amount specified therein and (ii) any outstanding affected SOFR Loans will be deemed to have been converted into ABR Loans at the end of the applicable Interest Period. Upon any such conversion, the Borrower shall also pay accrued interest on the amount so converted, together with any additional amounts required pursuant to Clause 5.11. Subject to Clause 5.14, if the Facility Agent determines (which determination shall be conclusive and binding absent manifest error) that “Term SOFR” cannot be determined pursuant to the definition thereof on any given day, the interest rate on ABR Loans shall be determined by the Facility Agent without reference to clause (c) of the definition of “ABR” until the Facility Agent revokes such determination.

5.14 **Benchmark Replacement Setting**

- (a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Operative Document, upon the occurrence of a Benchmark Transition Event, the Facility Agent and the Borrower may amend this Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at [***] after the Facility Agent has posted such proposed amendment to all affected Lenders and the Borrower so long as the Facility Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Majority Lenders. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Clause 5.14(a) will occur prior to the applicable Benchmark Transition Start Date.
- (b) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Facility Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Operative Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Operative Document.
- (c) Notices; Standards for Decisions and Determinations. The Facility Agent will promptly notify the Borrower and the Lenders of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Facility Agent will notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Clause 5.14(d) and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Facility Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Clause 5.14, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and

without consent from any other party to this Agreement or any other Operative Document, except, in each case, as expressly required pursuant to this Clause 5.14.

- (d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Operative Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Facility Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Facility Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Facility Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.
- (e) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any pending request for a SOFR Borrowing of, conversion to or continuation of SOFR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to ABR Loans. During a Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of ABR based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of ABR.

6. **TERMINATION OF INTEREST IN COLLATERAL**

None of the Facility Agent, Security Trustee or any Lender shall have any further interest in, or other right with respect to, the Collateral with respect to any Aircraft when and if the principal amount of, the breakage costs on, if any, interest on and other amounts due under all Loans in relation to such Aircraft held by such Lender and all other sums due to such Lender hereunder and under the other Operative Documents in respect of such Aircraft shall have been finally and indefeasibly paid in full; provided, however, that the interests and rights of the Lenders in and with respect to the mortgage and security interests created by the Mortgage shall continue (except with respect to any Aircraft as to which the related Loans have been repaid) after all such amounts have been paid in full so long as no Event of Default has occurred and is continuing and the Commitments have not terminated. Upon payment in full of any Loans relating to an Aircraft, the Security Trustee shall release that portion of the Collateral which relates solely to the applicable Aircraft from the Lien of the Mortgage and such Aircraft shall thereafter cease to be an "Aircraft" for the purposes of the Operative Documents.

7. BORROWER'S REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that on the date hereof and on each Borrowing Date:

- (a) the Borrower is a Cayman Islands exempted company, duly organized and validly existing pursuant to the laws of the Cayman Islands; is duly qualified to do business as a foreign corporation in each jurisdiction in which its operations or the nature of its business requires, except where the failure to be so qualified would not have a Material Adverse Effect; and has the corporate power and authority to purchase the Aircraft under the Assigned Purchase Agreement and to enter into and perform its obligations under the Operative Documents to which it is or shall be a party;
- (b) the execution, delivery and performance by the Borrower of the Operative Documents to which it is a party have been duly authorized by all necessary corporate action on the part of the Borrower, do not require any shareholder approval, or approval or consent of any trustee or holders of any indebtedness or obligations of the Borrower except such as have been duly obtained and are in full force and effect, and none of the execution, delivery or performance by the Borrower of such Operative Documents contravenes any law, judgment, government rule, regulation or order binding on the Borrower or the memorandum and articles of association of the Borrower or contravenes the provisions of, or constitutes a default under, or results in the creation of any Lien (other than Permitted Liens) upon the property of the Borrower under, any indenture, mortgage, contract or other agreement to which the Borrower is a party or by which it or its properties may be bound;
- (c) neither the execution and delivery by the Borrower of the Operative Documents to which it is a party nor the performance by the Borrower of its obligations thereunder requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of any Federal, state or foreign government authority or agency, except for those specified in the opinions referred to in Clause 4.1(g) or those that would not have a Material Adverse Effect (the "**Permits**");
- (d) the Operative Documents to which the Borrower is a party each constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with the terms thereof except as such enforceability may be limited by equitable principles or applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally;
- (e) there is no pending or (to the best of Borrower's knowledge) threatened action or proceeding before any court, arbitrator or administrative agency that individually (or in the aggregate in the case of any group of related actions or proceedings) is expected by the Borrower to have a Material Adverse Effect;
- (f) except as specified in the opinions referred to in Clause 4.1(g), no further action, including any filing or recording of any document, is necessary or advisable in order to establish and perfect the first ranking Lien on the Collateral in favor of the Security Trustee pursuant to the Mortgage;
- (g) there has not occurred any event which constitutes a Default or an Event of Default, in each case, which is presently continuing;

- (h) the Assigned Purchase Agreement and the Engine Agreements are in full force and effect and none of the Borrower or, to the knowledge of the Borrower, Airbus or any Engine Manufacturer is in default of any of its material obligations thereunder. Neither the Borrower nor any Guarantor has assigned or granted any Lien in its rights under the Assigned Purchase Agreement in respect of any of the Aircraft or the Engine Agreements or the Engines;
- (i) the Borrower has filed or caused to be filed all state, local and foreign tax returns which are required to be filed and has paid or caused to be paid or provided adequate reserves for the payment of all taxes shown to be due and payable on such returns or (except to the extent being contested in good faith and by appropriate proceedings and for the payment of which adequate reserves have been provided in accordance with generally accepted accounting principles) on any assessment received by the Borrower, to the extent that such taxes have become due and payable, except such returns or taxes as to which the failure to file or pay, as the case may be, could not be reasonably expected to materially and adversely affect the assets, operations or financial condition, of the Borrower;
- (j) the Borrower is not in violation of any law, order, injunction, decree, rule or regulation applicable to the Borrower of any court or administrative body, which default or violation would reasonably be expected to materially and adversely affect the operations or financial condition of the Borrower or the Borrower's ability to execute, deliver and perform its obligations under the Operative Documents;
- (k) the Borrower is not an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940;
- (l) none of the information furnished by or on behalf of the Borrower to the Facility Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any misstatement of a material fact or omits any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- (m) the Borrower is fully solvent (on a cash flow and balance sheet basis) and will be fully solvent immediately following the execution of this Agreement and the Operative Documents;
- (n) no Liens have been granted or created by any Person and exist over any of the Collateral except Permitted Liens;
- (o) each of the dates in the column entitled "Borrowing Date" in the table set out in Schedule III is the date on which the Advance to which such date is expressed to correspond in such table is due and payable to Airbus in accordance with the Assigned Purchase Agreement;
- (p) the Borrower is in compliance with all requirements of law except where such non-compliance could not reasonably be expected to have a material adverse effect; provided, however, that where such compliance relates to any Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions, each of the Borrower and the Guarantors is in compliance in all material respects;

- (q) the Borrower and each Guarantor maintains and enforces policies and procedures designed to promote and achieve compliance by the Borrower and the Guarantors with applicable Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions;
- (r) none of the Borrower or the Guarantors or, any of their respective directors, officers or, to the Borrower's knowledge, any of their respective affiliates, agents or employees (i) has conducted their respective businesses or taken any action that would constitute or give rise to a violation of any Anti-Corruption Law or Anti-Money Laundering Law or (ii) is or has been subject to any action, proceeding, litigation, claim or, to the Borrower's knowledge, investigation brought by any Governmental Entity with regard to any actual or alleged violation of any Anti-Corruption Laws or Anti-Money Laundering Laws;
- (s) the Borrower shall not directly or indirectly, (i) use, lend, contribute or otherwise make available any part of the proceeds of any Loan or Line of Credit Borrowing hereunder to fund any activities or business of a Sanctioned Person or in any manner that would result in a violation of Sanctions by any Person party hereto or (ii) fund all or part of any repayment or reimbursement of the obligations hereunder out of proceeds derived from any transaction or activity involving a Sanctioned Person or Sanctioned Jurisdiction that was conducted in violation of Sanctions; and
- (t) the Borrower shall not, directly or indirectly, use any part of the proceeds of any Loan or Line of Credit Borrowing hereunder for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in each case in violation of Anti-Corruption Laws.

8. GENERAL INDEMNITY

8.1 Subject to the next following paragraph, the Borrower hereby agrees to indemnify each Indemnitee against, and agrees to protect, save and keep harmless each of them from any and all Expenses imposed on, incurred by or asserted against any Indemnitee arising out of or directly resulting from:

- (a) following delivery of any Aircraft, Airframe or Engine, the operation, possession, use, maintenance, overhaul, testing, registration, re-registration, delivery, non-delivery, lease, non-use, modification, alteration, or sale of any such Aircraft, Airframe or Engine, or any engine used in connection with any such Airframe or any part of any of the foregoing, any lessee or any other Person whatsoever, including, without limitation, claims for death, personal injury or property damage or other loss or harm to any person whatsoever and claims relating to any laws, rules or regulations pertaining to such operation, possession, use, maintenance, overhaul, testing, registration, re-registration, delivery, non-delivery, lease, non-use, modification, alteration, sale or return including environmental control, noise and pollution laws, rules or regulations;
- (b) following delivery of any Aircraft, Airframe or Engine, the manufacture, design, purchase, acceptance, rejection, delivery, or condition of any such Aircraft, Airframe or Engine, any engine used in connection with any such Airframe, or any part of any of the foregoing including, without limitation, latent and other defects, whether or not discoverable, or trademark or copyright infringement;

- (c) any breach of or failure to perform or observe, or any other noncompliance with, any covenant or agreement to be performed, or other obligation of any Obligor under any of the Operative Documents, or the falsity of any representation or warranty of any Obligor in any of the Operative Documents;
- (d) assuming the Lenders are making Loans and Line of Credit Borrowings in the ordinary course of their business for their own accounts, the offer, sale and delivery by the Borrower or anyone acting on behalf of the Borrower of any Loan Certificates or successor debt obligations issued in connection with the refunding or refinancing thereof (including, without limitation, any claim arising out of the Securities Act, the Securities Exchange Act of 1934, as amended, or any other federal or state statute, law or regulation, or at common law or otherwise relating to securities (collectively "**Securities Liabilities**")) (the indemnity provided in this Clause 8.1(d) to extend also to any Person who controls an Indemnitee, its successors, assigns, employees, directors, officers, servants and agents within the meaning of clause 15 of the Securities Act); and
- (e) purchasing any Aircraft following an Event of Default, including any costs incurred after purchasing such Aircraft and prior to resale of such Aircraft and the recovery of all other amounts owing hereunder following an Event of Default or the enforcement against the Borrower or any other Obligor of any of the terms thereof (including, without limitation, pursuant to clause 5 of the Mortgage) and including any amounts payable by any Indemnitee pursuant to clause 11.2 of the Step-In Agreement.

8.2 The foregoing indemnity shall not extend to any Expense of any Indemnitee to the extent attributable to one or more of the following:

- (a) acts or omissions involving the willful misconduct or gross negligence of such Indemnitee;
- (b) any Tax, or increase in Tax liability under any Tax law (such matter being subject to the indemnity in Clause 5.3); provided, however, that this clause (b) shall not apply to (A) Taxes which have arisen as a result of or while an Event of Default has occurred and is continuing; (B) Taxes taken into consideration in making any payments on an After-Tax Basis or (C) to any license, documentation, registration or filing fees imposed upon or in connection with the execution, delivery, registration or filing in connection with the Mortgage as otherwise contemplated in the Operative Documents;
- (c) except to the extent attributable to acts or events occurring prior thereto, acts or events (other than acts or events related to the performance by any Obligor of its obligations pursuant to the terms of the Operative Documents) that occur after the Mortgage is required to be terminated in accordance with clause 7.1 of the Mortgage; provided, that nothing in this clause (c) shall be deemed to exclude or limit any claim that any Indemnitee may have under Applicable Law by reason of an Event of Default or for damages from any Obligor for breach of any Obligor's covenants contained in the Operative Documents or to release any Obligor from any of its obligations under the Operative Documents that expressly provide for performance after termination of the Mortgage;
- (d) to the extent attributable to any transfer by or on behalf of such Indemnitee of any Loan Certificate or interest therein, except for Expenses incurred as a result of any

such transfer after an Event of Default, pursuant to the exercise of remedies under any Operative Document;

- (e) to the extent solely attributable to the incorrectness or breach of any representation or warranty of such Indemnitee or any related Indemnitee contained in or made pursuant to any Operative Document;
- (f) to the extent solely attributable to the failure by such Indemnitee or any related Indemnitee to perform or observe any agreement, covenant or condition on its part to be performed or observed in any Operative Document;
- (g) to the extent solely attributable to the offer or sale by such Indemnitee or any related Indemnitee of any interest in the Collateral, the Loan Certificates, or any similar interest in violation of the Securities Act or other applicable federal, state or foreign securities laws (other than any thereof caused by acts or omissions of any Obligor);
- (h) to the extent attributable to any amount which such Indemnitee expressly agrees with the Borrower to pay or such Indemnitee expressly agrees with the Borrower shall not be paid by or be reimbursed by the Borrower; or
- (i) for any Lien attributable to such Indemnitee or any related Indemnitee other than any Lien created pursuant to any Operative Document.

8.3 For purposes of this Clause 8, a Person shall be considered a "related" Indemnitee with respect to an Indemnitee if such Person is an Affiliate or employer of such Indemnitee, a director, officer, employee, agent, or servant of such Indemnitee or any such Affiliate or a successor or permitted assignee of any of the foregoing.

8.4 The Borrower further agrees that any payment or indemnity pursuant to this Clause 8 in respect of any "Expense" shall be on an After-Tax Basis.

8.5 If a claim is made against an Indemnitee involving one or more Expenses and such Indemnitee has notice thereof, such Indemnitee shall after receiving such notice give notice of such claim to the Borrower; provided that the failure to provide such notice shall not release the Borrower from any of its obligations to indemnify hereunder except to the extent that the Borrower is prejudiced as a result of the failure to give such notice, and no payment by the Borrower to an Indemnitee pursuant to this Clause 8 shall be deemed to constitute a waiver or release of any right or remedy which the Borrower may have against such Indemnitee for any actual damages as a result of the failure by such Indemnitee to give the Borrower such notice.

8.6 Notwithstanding any other provision of this Clause 8 to the contrary, in the case of any Expense indemnified by the Borrower hereunder which is covered by a policy of insurance maintained by the Borrower, it shall be a condition of such indemnity with respect to any particular Indemnitee that such Indemnitee shall cooperate (at no cost or liability to itself, and (if so requested) subject to being indemnified by the Borrower with respect to any liabilities it may incur as a result of an insurer's investigation, defense or compromise) with the insurers in the exercise of their rights to investigate, defend or compromise such claim as may be required to retain the benefits of such insurance with respect to such claim.

8.7 To the extent of any payment of any Expense pursuant to this Clause 8, the Borrower, without any further action, shall be subrogated to any claims the Indemnitee may have

relating thereto. The Indemnitee agrees to give such further assurances or agreements and to cooperate with the Borrower to permit the Borrower to pursue such claims, if any, to the extent reasonably requested by the Borrower at no cost or liability to itself, and (if so requested) subject to being indemnified with respect to the Borrower's pursuit of such claims.

- 8.8 In the event that the Borrower shall have paid an amount to an Indemnitee pursuant to this Clause 8, and such Indemnitee subsequently shall be reimbursed in respect of such indemnified amount from any other Person, such Indemnitee shall promptly pay the Borrower the amount of such reimbursement, including interest received attributable thereto (but net of costs, if any, of recovery of such amounts), provided that no Default or Event of Default has occurred and is continuing.
- 8.9 The Borrower will pay to each Indemnitee on demand, to the extent permitted by Applicable Law, interest on any amount of indemnity not paid when due pursuant to this Clause 8 until the same shall be paid, at the Past Due Rate.
- 8.10 To the fullest extent permitted by Applicable Law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Operative Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Line of Credit Borrowing, or the use of the proceeds thereof. No Indemnitee referred to in this Clause 8 shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Operative Documents or the transactions contemplated hereby or thereby.

9. INDEMNITY TO THE FACILITY AGENT

The Borrower shall promptly indemnify the Facility Agent against any actual cost, loss or liability incurred by the Facility Agent as a result of investigating any event which it reasonably believes is an Event of Default and upon such investigation such event transpires to be a Default or an Event of Default other than any cost, loss or liability resulting from the Facility Agent willful misconduct or gross negligence.

10. COVENANTS OF THE BORROWER.

The Borrower hereby covenants for the benefit of all Lenders, as follows:

- 10.1 **Transfer:** Except as expressly contemplated by the Operative Documents the Borrower shall not (and the Borrower shall procure that each other Obligor shall not) directly or indirectly assign, convey or otherwise transfer any of its right, title or interest in and to the Collateral or this Agreement or any of the other Operative Documents.
- 10.2 **Taxes and Adequate Records:** The Borrower will (and will procure that each other Obligor will):
- (a) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained;

- (b) (other than in respect of itself) keep adequate records and books of account, in which complete entries will be made in accordance with generally accepted accounting principles consistently applied; and
- (c) permit representatives of any Lender, the Facility Agent or the Security Trustee, during normal business hours and upon reasonable prior notice, to examine, copy and make extracts from its books and records and to discuss its business and affairs with its officers, all to the extent reasonably requested by such Lender, the Facility Agent or the Security Trustee (as the case may be).

10.3 **Special Purpose:** The Borrower will not:

- (a) have any employees earning compensation;
- (b) except for the Loans and Line of Credit Borrowings and as expressly contemplated by the Operative Documents, incur or contract to incur any indebtedness;
- (c) engage in any activity other than the execution, delivery and performance of the Operative Documents to which it is a party and activities incidental thereto, as well as ordinary corporate housekeeping activities;
- (d) except as required to perform its obligation under the Operative Documents to which it is a party, make or agree to make any capital expenditure;
- (e) create or own any subsidiary;
- (f) except as required to perform its obligation under the Operative Documents to which it is a party, make any investments;
- (g) except as required to perform its obligation under the Operative Documents to which it is a party, declare or make any dividend payment or distribution to its shareholders; or
- (h) enter into any contracts with, incur any material obligation to, or grant any security interest, pledge or lien to, any third party (excluding any contracts entered into in connection with, any payment or other obligation incurred pursuant to, and any liens granted pursuant to, the Operative Documents).

10.4 **Operative Documents:** The Borrower shall ensure that the Servicing Agreement, the Option Agreement and the Subordinated Loan Agreement remain in place and in full force and effect and that neither it nor any other Obligor shall breach any of the terms of any of such documents. The Borrower shall ensure that no amendment, variation, waiver or other change is made to its memorandum and articles of association or other constituent documents, the Servicing Agreement, the Option Agreement or the Subordinated Loan Agreement.

10.5 **Assigned Purchase Agreement and Engine Agreements:** The Borrower shall:

- (a) duly perform all of its obligations under the Assigned Purchase Agreement and the Engine Agreements, and take all actions necessary to keep the Assigned Purchase Agreement and the Engine Agreements in full force and effect;

- (b) promptly upon acquiring actual knowledge of the same, notify the Facility Agent of any material default (whether by the Borrower, Airbus or an Engine Manufacturer) under or cancellation, termination or rescission or purported cancellation, termination or rescission of the Assigned Purchase Agreement or an Engine Agreement specifying in reasonable detail the nature of such default, cancellation, rescission or termination;
- (c) not, without the Security Trustee's prior written consent, in any way modify, cancel, terminate or amend or consent to the modification, cancellation, termination or amendment of the Assigned Purchase Agreement or an Engine Agreement;
- (d) not accept delivery of any Aircraft from Airbus before or concurrently repaying to the Lenders all amounts owing in respect of the Loans relating to that Aircraft;
- (e) not enter into or consent to any change order or other amendment, modification or supplement to the Assigned Purchase Agreement or an Engine Agreement, in relation to the Aircraft, without the written consent and countersignature of the Security Trustee (acting at the unanimous direction of the Lenders) if such change order, amendment, modification or supplement would require the consent of the Security Trustee under the Step-In Agreement or under this Agreement; and
- (f) provide to the Security Trustee promptly after the execution of the same copies, certified by the Borrower, of all material change orders (other than non charge change orders), amendments, modifications or supplements to the Assigned Purchase Agreement that would require the consent of the Security Trustee under the Step-In Agreement or under this Agreement.

10.6 **Leasing or Sale of Aircraft:** The Borrower shall not enter into any binding agreement for the leasing or sale of any Aircraft other than pursuant to the Option Agreement.

10.7 **Further Assurances:** The Borrower covenants and agrees with each Agent and the Lenders as follows:

- (a) The Borrower will cause to be done, executed, acknowledged and delivered all further documents and agreements and assurances as reasonably necessary and as any Lender shall reasonably require for accomplishing the purposes of this Agreement and the other Operative Documents;
- (b) The Borrower, at its expense, will take, or cause to be taken, all actions (including the filing of financing statements under the Uniform Commercial Code in all applicable jurisdictions and perfection in any other jurisdiction in relation to any Operative Document) to (A) cause the security interest granted in respect of the Collateral to at all times be and remain perfected, (B) establish the priority of the Mortgage with respect to the Mortgage Collateral, (C) cause the lien of the Mortgage to at all times be and remain a perfected Lien, (D) establish the priority of the Mortgage; and (E) establish the priority of the share charge with respect to the shares of the Borrower and (F) establish the priority of the Security Trustee's security interest in the Aircraft to the extent possible or feasible prior to delivery (or when manufacturer's serial numbers are available in respect of the Airframe and the Engines are anticipated as being delivered and there is a possibility that such equipment may be delivered by Airbus before the Lenders are repaid the Loans in respect of an Aircraft), including by, subject to the terms of the Step-In Agreement, making filings in respect of one or more of prospective international

interests, international interests or associated rights with the International Registry.

- (c) The Borrower shall pay all reasonable costs and expenses (including costs and disbursements of counsel) incurred by each Agent and the Lenders after the Original Signing Date in connection with (A) any supplements or amendments of the Operative Documents (including, without limitation, any related recording costs) (other than any supplement or amendment associated with the syndication or transfer of the Loan Certificates or the sale of participation interests therein), (B) any Default and any enforcement or collection proceedings resulting therefrom or in connection with the negotiation of any restructuring or "work-out" (whether or not consummated), or (C) the enforcement of this Clause 10.

- 10.8 **Conduct of Business, Maintenance of Existence:** The Borrower shall: (i) engage in business solely for the purpose of fulfilling its obligations under the Operative Documents; (ii) preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of business of the Borrower; provided that the Borrower shall not be required to maintain any such rights, privileges or franchises, if the failure to do so could not reasonably be expected to result in a Material Adverse Effect; and (iii) comply with all contractual obligations and requirements of law, except to the extent that failure to comply therewith could not reasonably be expected to result in a Material Adverse Effect; and comply with the provisions of its Memorandum and Articles of Association.
- 10.9 **Increase in Lender's Net Price:** The Borrower shall not amend the detail specification for an Aircraft or consent to the amendment of the detail specification for an Aircraft, including, without limitation, by issuing an SCN, if such amendment would cause the purchase price of the Aircraft to exceed the Lender's Net Price payable upon a Step-In pursuant to the Step-In Agreement.
- 10.10 **BFE:** the Borrower shall not agree to any change in the specification of BFE to be installed on the Aircraft on or prior to the Delivery Date, which is listed in Schedule VI, if such amendment would result in the cost of the BFE outstanding to be paid on the Delivery Date in respect of such Aircraft to exceed the BFE Budget (as escalated in accordance with the escalation formula set out in Schedule VI).
- 10.11 **Change in Configuration or Specification as a Passenger Carrying Aircraft:** The Borrower shall not alter the configuration or specification of any Aircraft as a commercial passenger carrying aircraft and shall ensure that the Aircraft is at all times required to be delivered by Airbus in the Required Specification.
- 10.12 **Extension of Scheduled Delivery Date:** The Borrower shall not agree to extend the Scheduled Delivery Date of any Aircraft beyond the end of the applicable Scheduled Delivery Month; *provided* that if and to the extent that there is a delay in the delivery of an Aircraft by Airbus arising out of circumstances beyond the control of Frontier Airlines or the Borrower and which Airbus is entitled to impose upon Frontier Airlines or the Borrower without their consent pursuant to the terms of the Assigned Purchase Agreement including an "Excusable Delay" and a "Non-Excusable Delay" under (and as defined in) the Assigned Purchase Agreement (any such delay, a "**Relevant Delay**"), then the Scheduled Delivery Date for such Aircraft may be delayed by no more than [***] from the last day of the Scheduled Delivery Month specified for such Aircraft in Schedule III.

10.13 **Liens:** The Borrower will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any of its assets including the Mortgage Collateral or the Slot Collateral except:

- (a) the rights of the Borrower as provided in the Mortgage, the rights of Frontier Airlines as provided in the Slot Security Agreement, the Liens thereof and any other rights existing pursuant to the Operative Documents;
- (b) Liens arising out of any lease or sublease of, or use or license agreements with respect to, the Slot Collateral to the extent agreed to in the sole discretion of the Majority Lenders;
- (c) Liens for Taxes of the Borrower and Frontier Airlines either not yet due or being contested in good faith by appropriate proceedings (and for which adequate reserves have been provided in accordance with GAAP), so long as the continuing existence of such Liens during such proceedings do not involve any material risk of the termination, sale, forfeiture or loss of, the Assigned Purchase Agreement, an Engine Agreement or the Slot Collateral;
- (d) Liens arising out of any judgment or award against the Borrower or Frontier Airlines with respect to which an appeal or proceeding for review is being prosecuted diligently and in good faith, so long as such Liens do not result in a material risk of the termination, sale, forfeiture or loss of, the Assigned Purchase Agreement, an Engine Agreement or the Slot Collateral; and
- (e) any other Lien with respect to which the Borrower or Frontier Airlines shall have provided a bond or other security in an amount and under terms reasonably satisfactory to the Security Trustee.

The Borrower will promptly, at its own expense, take (or cause to be taken) such actions as may be necessary duly to discharge any Lien not excepted above if the same shall arise at any time.

10.14 **Amendments, Supplements, Etc.:** Forthwith upon the execution and delivery of any amendment to the Mortgage, if an applicable legal system having jurisdiction over the Borrower or the Mortgage Collateral is in existence that permits for filing and/or recording of the Mortgage and amendments or supplements thereto, the Borrower will cause such amendment to be duly filed and recorded, and maintained of record, in accordance with all Applicable Laws. In addition, the Borrower will promptly and duly execute and deliver to the Security Trustee such further documents and take such further action as the Security Trustee may from time to time reasonably request in order to more effectively carry out the intent and purpose of the Mortgage and establish and protect the rights and remedies created or intended to be created in favor of the Security Trustee under the Mortgage and the other Operative Documents, including, without limitation, if requested by the Security Trustee, at the expense of Borrower, the execution and delivery of supplements or amendments hereto, each in recordable form, in accordance with the laws of such jurisdiction as the Security Trustee may reasonably request.

10.15 **Access to or Furnishing of Information:** The Borrower agrees to furnish to the Facility Agent and to each Lender:

- (a) as soon as available, but not later than [***] after the close of each fiscal year of Frontier Group Holdings occurring after the Original Signing Date, an audited and consolidated balance sheet and related statements of Frontier Group Holdings and

its subsidiaries at and as of the end of such fiscal year, together with an audited and consolidated statement of income for such fiscal year, each of which shall be prepared in accordance with GAAP;

- (b) as soon as available, but not later than [***] after the close of (i) each of the first three quarters of each fiscal year of Frontier Group Holdings and (ii) the fourth fiscal quarter of Frontier Group Holdings for the fiscal year ended December 31, 2022, an unaudited and consolidated balance sheet of Frontier Group Holdings and its subsidiaries at and as of the end of such quarter, together with an unaudited and consolidated statement of income for such quarter, each of which shall be prepared in accordance with GAAP;
- (c) as soon as available, but not later than [***] after the close of each fiscal year of Frontier Group Holdings occurring while amounts are outstanding under this Agreement or any Loan Certificate, a certificate of the chief financial officer, Treasurer, any Vice President, or other officer of Frontier Group Holdings stating that such authorized officer has reviewed the activities of the Borrower and itself and that, to the best of the knowledge of such authorized officer, there exists no Default or Event of Default or event which would require the prepayment of any loans pursuant to Clause 5.9(c), (d) or (e);
- (d) from time to time, notification of any material changes to BFE, optional features or SCNs with respect to any Aircraft, and such other information as the Facility Agent or any Lender may reasonably request;
- (e) promptly after the occurrence thereof and actual knowledge thereof by a responsible officer of the Borrower, notice of any Default or Event of Default;
- (f) promptly after the occurrence thereof, any Aviation Authority required modifications in respect of the Aircraft that the Borrower is aware of, and any optional changes effected in the prior calendar month, that would lead to an increase in the Lender's Net Price; and
- (g) promptly upon receiving notification thereof from Airbus, the Scheduled Delivery Date of an Aircraft.

10.16 **Maintenance of Separate Existence:** The Borrower shall maintain certain policies and procedures relating to its existence as a separate company as follows and shall do all things necessary to maintain their corporate existence separate and distinct from any other Person. The Borrower shall:

- (a) observe all formalities necessary to remain a legal entity separate and distinct from each Guarantor and any other Person;
- (b) maintain its assets and liabilities separate and distinct from those of each Guarantor and any other Person in such a manner that it is not difficult to segregate, identify or ascertain such assets;
- (c) maintain records, books and accounts separate from those of each Guarantor and any other Person (other than as otherwise specified in the Operative Documents);
- (d) pay its obligations in the ordinary course of business as a legal entity separate from each Guarantor and any other Person;

- (e) keep its funds separate and distinct from any funds of each Guarantor and any other Person, and receive, deposit, withdraw and disburse such funds separately from any funds of each Guarantor and any other Person;
- (f) not agree to pay, assume, guarantee or become liable for any debt of, or otherwise pledge its assets for the benefit of, any Guarantor or any other Person except as otherwise permitted under the Operative Documents;
- (g) not hold out that it is a division of any Guarantor or any other Person or that any Guarantor or any other Person is a division of it;
- (h) not induce any third party to rely on the creditworthiness of any Guarantor or any other Person in order that such third party will contract with it (other than the guarantee of the Guarantors in favor of Airbus made in connection with the Assigned Purchase Agreement);
- (i) allocate and charge fairly and reasonably any common overhead shared with any Guarantor or any other Person;
- (j) hold itself out as a separate entity, and correct any known misunderstanding regarding its separate identity;
- (k) conduct business in its own name and ensure that all communications are made solely in its name;
- (l) not acquire the securities of any Guarantor or any Affiliate thereof;
- (m) prepare separate financial statements, if required to prepare such pursuant to Applicable Law, and separate tax returns and pay any Taxes required to be paid under applicable Tax law (provided that each Guarantor and its Affiliates may publish financial statements that consolidate those of such Guarantor and its Affiliates, and subsidiaries of such Guarantor may file consolidated Tax returns with such Guarantor and its Affiliates for Tax purposes provided that so doing does not give rise to any incremental Tax liabilities on the part of the Borrower); and
- (n) not enter into any transaction between itself and any Guarantor or their Affiliates that is more favorable to either such Guarantor or any of their Affiliates than transactions that either such Guarantor and its Affiliates would have been able to enter into at such time on an arm's-length basis with a non-affiliated third party, or vice versa.

For the avoidance of doubt, the Borrower is authorized to engage in any activity or other undertaking expressly required or expressly authorized by the Operative Documents.

10.17 **Independent Director:** The Borrower shall have at least one Independent Director whose vote shall be required to take any Material Action with respect to the Borrower (it being understood that this Agreement shall not require the vote of an Independent Director for any other matter other than a Material Action).

10.18 **Management and Control; COMI:** Management and control of, and the principal place of business of the Borrower shall be located in the Cayman Islands. The Borrower shall

ensure that it does not have a Center of Main Interests (as defined in EU Insolvency Regulations) in the European Union.

10.19 **Subordinated Loan:** The Borrower shall not pay or repay any amount under the Subordinated Loan Agreement while the Secured Obligations remain outstanding provided that upon delivery of an Aircraft and following payment and repayment of principal, interest, breakage costs and the amounts allocable to such Aircraft and all other amounts due and owing under the Mortgage, the Borrower may repay amounts payable under the Subordinated Loan Agreement to the extent of available funds at such time.

10.20 **LTV and Fixed Charge Coverage Ratio:**

(a) In this Clause 10.20 the following capitalized terms have the following meaning

"**Annualized FCCR**" means as of any applicable FCCR Test Date, the ratio of, (a) the sum of (i)(A) in the case of the first FCCR Test Date in 2022, the Consolidated EBITDAR of Frontier Group Holdings for the fiscal quarter of Frontier Group Holdings ended December 31, 2021 or (B) in the case of each FCCR Test Date thereafter, the Consolidated EBITDAR of Frontier Group Holdings for the fiscal quarter immediately preceding such FCCR Test Date for which financial statements were delivered pursuant to Clause 10.15(a), and (ii)(A) in the case of the first FCCR Test Date in 2022, [***], (B) in the case of the second FCCR Test Date in 2022, the Consolidated EBITDAR of Frontier Group Holdings for each of the fiscal quarters of Frontier Group Holdings ended December 31, 2021 and March 31, 2022, (C) in the case of the third FCCR Test Date in 2022, the sum of the Consolidated EBITDAR of Frontier Group Holdings for each of the fiscal quarters of Frontier Group Holdings ended December 31, 2021, March 31, 2022 and June 30, 2022, and (D) thereafter, the sum of the Consolidated EBITDAR of Frontier Group Holdings for each of the three fiscal quarters of Frontier Group Holdings immediately preceding the applicable fiscal quarter referred to in clause (a)(i)(B), to (b)(i)(A) in the case of the first FCCR Test Date in 2022, the Fixed Charges of Frontier Group Holdings for the fiscal quarter of Frontier Group Holdings ended December 31, 2021 or (B) in the case of each FCCR Test Date thereafter, the Fixed Charges of Frontier Group Holdings for the fiscal quarter of Frontier Group Holdings immediately preceding such FCCR Test Date for which financial statements were delivered pursuant to Clause 10.15(a) and (ii)(A), in the case of the first FCCR Test Date in 2022, [***], (B) in the case of the second FCCR Test Date in 2022, the Fixed Charges of Frontier Group Holdings for each of the fiscal quarters of Frontier Group Holdings ended December 31, 2021 and March 31, 2022, (C) in the case of the third FCCR Test Date in 2022, the sum of the Fixed Charges of Frontier Group Holdings for each of the fiscal quarters of Frontier Group Holdings ended December 31, 2021, March 31, 2022 and June 30, 2022 and (D) thereafter, the sum of the Fixed Charges of Frontier Group Holdings for each of the three fiscal quarters of Frontier Group Holdings immediately preceding the applicable fiscal quarter referred to in clause (b)(i)(B); *provided*, in each case that amortization and settlements of warrants of Frontier Group Holdings, Inc. to the US Treasury Department shall be excluded from each determination.

"**LTV**" means as of any applicable LTV Test Date for an Aircraft or the Aircraft Pool, the percentage equivalent of a fraction determined by the formula of $AP - (PPI - LA - AEC) / BV$ where:

- (i) "**AP**" means the Assignable Price of such Aircraft or the sum of the Assignable Prices of all Aircraft in the Aircraft Pool;
- (ii) "**PPI**" means an amount equal to the aggregate of all Purchase Price Installments paid to Airbus as of the applicable LTV Test Date in respect of such Aircraft or the sum of the Purchase Price Installments paid to Airbus as of the applicable LTV Test Date in respect of all Aircraft in the Aircraft Pool;
- (iii) "**LA**" means the aggregate amount of all Loans made in respect of such Aircraft, as of the applicable LTV Test Date (if any) or the sum of the Loans made in respect of all Aircraft in the Aircraft Pool, as of the applicable LTV Test Date;
- (iv) "**AEC**" means the engine credits assigned to the Security Trustee pursuant to the Mortgage in respect of the Engines relating to such Aircraft or the sum of the engine credits assigned to the Security Trustee pursuant to the Mortgage in respect of the Engines relating to all Aircraft in the Aircraft Pool; and
- (v) "**BV**" means the Base Value of such Aircraft, as stated in the Aircraft Appraisal prepared in respect of such LTV Test Date or the sum of the Base Values of all Aircraft in the Aircraft Pool, as stated in the Aircraft Appraisal for each Aircraft prepared in respect of such LTV Test Date.

"**Maximum LTV**" means on any LTV Test Date, [***].

- (b) The Borrower shall ensure that as of each LTV Test Date, with respect to an Aircraft or the Aircraft Pool (as the case may be), the LTV in respect of each applicable Aircraft or the Aircraft Pool (as the case may be) in respect of which a Loan is outstanding does not exceed an amount equal to the Maximum LTV for such Aircraft or the Aircraft Pool (as the case may be) (the "**LTV Test**") provided that the Borrower shall not be deemed to have breached the LTV Test if it is in compliance with its obligation set forth in Clause (c) below.
- (c) In the event of an LTV Test failure, the Borrower shall, within [***] of the LTV Test Date on which such failure occurred either:
 - (i) prepay the applicable Loans in accordance with Clause 5.9(b); or
 - (ii) pay to the Security Trustee cash, or provide such other Cash Equivalent collateral in such form as the Facility Agent in its sole discretion agrees, ("**LTV Collateral**") in an amount, or with a value, equal to that which if applied to prepay the Loan or Loans relating to the Aircraft in respect of which the failure of the LTV Test has occurred, would reduce the principal outstanding thereto in order that a failure of the LTV Test would not occur if it were calculated following such prepayment. Upon provision LTV Collateral in the amount required pursuant to this Clause (ii) or prepayment of the applicable Loan(s) in accordance with Clause (i) above, the relevant failure of the LTV Test shall not constitute a Default.
- (d) Except as expressly specified in this Clause 10.20(d), the Borrower shall have no entitlement to receive payment of any part of the LTV Collateral. Following the provision by the Borrower of any LTV Collateral, the Security Trustee shall, if the

Borrower is in compliance with the LTV Test as of any LTV Test Date following provision of any LTV Collateral and provided no Default is continuing, within [***] after such LTV Test Date, release to the Borrower (at the request and cost of the Borrower), by way of release of such LTV Collateral from the related Eligible Account, an amount or value equal to that by which the amount or value of LTV Collateral provided by the Borrower exceeds the amount or value required in order to not be in any breach of the LTV Test as of such LTV Test Date.

- (e) The Borrower agrees that any LTV Collateral shall be deposited in an Eligible Account.
- (f) Following the occurrence of an Event of Default which is continuing, in addition to all rights and remedies of the Security Trustee elsewhere in this Agreement or under Law or pursuant to any Operative Document, the Security Trustee may immediately or at any time thereafter, without notice to the Borrower, use, enforce, apply and/or retain all or part of the LTV Collateral in or towards the payment or discharge of any matured obligation owed by the Borrower under this Agreement or any other Operative Documents, in such order as the Security Trustee sees fit.
- (g) If the Security Trustee exercises any of the rights described in Clause (f) above and the LTV in respect of any Aircraft or the Aircraft Pool (as the case may be) exceeds the Maximum LTV in respect of such Aircraft or the Aircraft Pool (as the case may be) after such exercise, the Borrower shall, within [***] of demand in writing from the Security Trustee, perform one of the options in (c) to the extent necessary for the LTV Test.
- (h) The Borrower shall notify the Facility Agent promptly if Frontier Group Holdings' Unrestricted Cash and Cash Equivalents have at any time fallen below the threshold required by clause 9(f) of the Frontier Group Holdings Guarantee at such time.

10.21 **Equity Contribution:** The Borrower shall pay an amount equal to each Equity Contribution in respect of an Aircraft to Airbus on or before the Borrowing Date to which such Equity Contribution corresponds as set out in Schedule III; provided that, if, on any Borrowing Date, the aggregate of the future Equity Contributions as set forth in Schedule III and the available undrawn Commitment is not sufficient to satisfy all future Advances payable under the terms of the Assigned Purchase Agreement, such shortfall shall be paid by the Borrower.

10.22 In respect of the Incremental A321neo Aircraft, the Facility Agent shall have received the following prior to April 1, 2023, in each case in form and substance satisfactory to it:

- (a) an officer's certificate from an officer of Frontier Airlines (A) certifying as to the identity of the related Engine Manufacturer and the related Required Specifications, and (B) attaching a copy of the fully executed and effective Incremental A321neo Engine Purchase Agreement;
- (b) the related Incremental A321neo Engine Consent duly authorized, executed and delivered by the parties thereto and shall be in full force and effect; and
- (c) an incumbency certificate together with a company extract evidencing the signing authority of the persons named in the incumbency certificate or such other

evidence as shall be reasonably satisfactory to the Finance Parties as regards the signing authority of the Engine Manufacturer.

10.23 **KYC Information:** Upon the reasonable request of the Facility Agent (or any Lender acting through the Facility Agent), the Borrower shall provide to the Facility Agent and the Lenders (i) the documentation and other information so requested for the purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including the PATRIOT Act and (ii) a Beneficial Ownership Certification in relation to the Borrower under the Beneficial Ownership Regulation.

11. THE FACILITY AGENT

The provisions of Schedule IV (*Facility Agent*) shall apply to this Agreement.

12. THE SECURITY TRUSTEE

The provisions of Schedule V (*The Security Trustee*) shall apply to this Agreement.

13. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

13.1 No provision of this Agreement or any other Operative Document will:

- 13.1.1 interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- 13.1.2 without limiting the obligations of the Finance Parties to mitigate or otherwise take actions contained in this Agreement, oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it in respect of Tax or to investigate the extent, order and manner of any such claim; or
- 13.1.3 oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or, except as otherwise required by Clauses 5.3 and 5.11, any computations in respect of Tax.

14. SUPPLEMENTS AND AMENDMENTS TO THIS AGREEMENT AND OTHER DOCUMENTS

14.1 Instructions of Majority; Limitations

- (a) At any time and from time to time, at the request of the Borrower, the Facility Agent (but only on the written direction of the Majority Lenders) shall (x) execute a supplement hereto for the purpose of adding provisions to, or changing or eliminating provisions of, this Agreement or any other Operative Document as specified in such request or (y) provide a consent when required by the terms of any Operative Document, provided that, except as permitted in Clause 5.14, without the consent of each Lender adversely affected thereby, no such amendment of or supplement to any such document, or waiver or modification of the terms of any thereof, shall:
 - (i) modify any of the provisions of this Clause 14.1 or the definitions of the terms, "Majority Lenders" or "Operative Documents", contained herein or in any other Operative Document;

- (ii) increase the principal amount of any Loan Certificate or reduce the amount or extend the time of payment of any amount owing or payable under any Loan Certificate or (except as provided in the Operative Documents) increase or reduce the breakage costs, if any, or interest payable on any Loan Certificate (except that only the consent of the Lender shall be required for any decrease in any amounts of or the rate of breakage costs, if any, or interest payable on such Loan Certificate or any extension for the time of payment of any amount payable under such Loan Certificate);
 - (iii) reduce, modify or amend any indemnities in favor of any Lender or in favor of or to be paid by the Borrower or alter the definition of "Indemnitee" to exclude any Lender; or
 - (iv) release the Borrower from its obligations in respect of the payment of the principal and interest then outstanding (or other amounts payable therewith) or change any of the circumstances under which any amounts payable pursuant to this Agreement and the other Operative Documents are payable.
- (b) Notwithstanding the foregoing, without the consent of each Lender, no such supplement to this Agreement, the Mortgage or the Share Charge, or waiver or modification of the terms hereof or of any other agreement or document shall expressly permit the creation of any Lien on the Collateral or any part thereof, except as herein expressly permitted, or deprive any Lender of the benefit of the Lien of the Mortgage on the Collateral or the Lien of the Share Charge except in connection with the exercise of remedies under Clause 7 of the Mortgage or under equivalent provisions of the Share Charge.
- (c) Except as provided in this Clause 14.1, the Security Trustee shall not amend, supplement or waive the terms of this Agreement, the Mortgage, the Share Charge or any other Operative Documents.

14.2 **Facility Agent Protected**

If, in the reasonable opinion of the institution acting as the Facility Agent hereunder any document required to be executed pursuant to the terms of Clause 14.1 affects any right, duty, immunity or indemnity with respect to it under this Agreement or any other Operative Document, the Facility Agent may in its reasonable discretion decline to execute such document.

14.3 **Documents Mailed to Lenders**

Promptly after the execution by the Facility Agent of any document entered into pursuant to Clause 14.1, the Facility Agent shall mail, by certified mail, postage prepaid, a conformed copy thereof to each Lender at its address shown on the Certificate Register, but the failure of the Borrower or Facility Agent, to mail such conformed copies shall not impair or affect the validity of such document.

15. **NOTICES**

- 15.1 All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally

delivered or sent by registered or certified mail, postage prepaid, or by facsimile or electronic mail, or by prepaid courier service, and shall be effective upon receipt.

- 15.2 Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Clause 15, notices, demands, instructions and other communications in writing shall be given to or made upon the parties hereto at their addresses (or to their facsimile numbers) as follows: (a) if to the Borrower or the Security Trustee, to the addresses specified in clause 7.6 of the Mortgage, (b) if to a Lender or the Facility Agent to the address specified on Schedule I, or (c) if to any subsequent Lender, addressed to such Lender at its address specified in the Certificate Register maintained pursuant to Clause 5.6.
- 15.3 Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e mail, FpML, and Internet or intranet websites) pursuant to procedures approved by the Facility Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Clause 2 if such Lender has notified the Facility Agent that it is incapable of receiving notices under such clause by electronic communication. The Facility Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Facility Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

16. **GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL; AGENT FOR SERVICE OF PROCESS.**
- 16.1 THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.
- 16.2 The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and the Borrower irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against another party or its properties in the courts of any jurisdiction.

- 16.3 The Borrower irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in Clause 16.2. The Borrower hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.
- 16.4 Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Clause 15. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.
- 16.5 EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.
- 16.6 The Borrower hereby irrevocably appoints and designates Corporation Service Company (the "**Agent for Service of Process**"), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Borrower agrees that service of process upon such party shall constitute personal service of such process on such person. The Borrower shall maintain the designation and appointment of the Agent for Service of Process at such address until all amounts payable under this Agreement shall have been paid in full. If the Agent for Service of Process shall cease to so act, the Borrower shall immediately designate and shall promptly deliver to the Facility Agent evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

17. **INVOICES AND PAYMENT OF EXPENSES**

Each Agent and the Lenders shall promptly submit to the Borrower copies of invoices of the Transaction Expenses (as defined below) as they are received. The Borrower agrees to pay Transaction Expenses promptly upon receipt of detailed invoices of such Transaction Expenses regardless as to whether or not the Effective Date occurs (except in circumstances where such failure to occur is as a result of the breach by any Lender of its obligations hereunder following satisfaction by the Borrower of the Conditions Precedent set out in Clause 4 (*Conditions*)). For the purposes hereof, "Transaction Expenses" means:

- (a) with respect to the preparation, negotiation, execution and delivery of this Agreement and the payment or anticipated drawing of each Loan and Line of Credit, as applicable, on each Borrowing Date, the reasonable fees, expenses and disbursements of Clifford Chance US LLP, special counsel to the Lenders and the

Facility Agent, as well as the reasonable fees and expenses of special Cayman Islands counsel and any counsel to the Security Trustee (subject to any agreed caps);

- (b) all fees, taxes (including license, documentary, stamp, excise and property taxes) and other charges payable in connection with the recording or filing of instruments and financing statements;
- (c) each Agent's and each Lender's reasonable out-of-pocket costs and expenses relating to the negotiation and closing of this transaction (with any travel expenses requiring prior notice to the Borrower);
- (d) each Agent's and each Lender's reasonable out-of-pocket costs and expenses relating to any release of any Collateral or the delivery of the Aircraft contemplated hereby (including the reasonable fees, expenses and disbursements of legal counsel and with any travel expenses requiring prior notice to the Borrower); and
- (e) each Agent's and each Lender's reasonable out-of-pocket costs and expenses relating to any waiver, amendment, modification or enforcement of the Operative Documents (including (i) the reasonable fees, expenses and disbursements of legal counsel, (ii) any travel expenses requiring prior notice to the Borrower and (iii) for the avoidance of doubt, costs and expenses reasonably incurred by the Facility Agent in responding to, evaluating, negotiating or complying with Clause 5.14).

18. CONFIDENTIALITY

Each of the Lenders and each Agent covenants and agrees to keep confidential, and not to disclose to any third parties, the Operative Documents and all non-public information received by it from the Borrower, Airbus or the Engine Manufacturer pursuant to the Operative Documents or the Assigned Purchase Agreement or an Engine Agreement, if any is so delivered, provided that, to the extent permitted by any applicable confidentiality agreement with Airbus or the Engine Manufacturer, such information may be made available:

- (a) to any transferee or participant (or any prospective transferee or participant) of a Lender's Commitments, Loan, Line of Credit Borrowing or Loan Certificates or the Security Trustee's respective interest in the Collateral, in each case so long as such transferee or participant (or prospective transferee or participant) first executes and delivers to the respective Lender a confidentiality agreement consistent with the foregoing or is otherwise bound by a substantially similar obligation of confidentiality;
- (b) to any Lender's counsel or independent certified public accountants, independent insurance advisors or other agents who agree to hold such information confidential on the terms provided;
- (c) as may be required by Applicable Law or by any statute, court or administrative order or decree or governmental ruling or regulation (or, in the case of any Lender, to any bank examiner, regulatory authorities or self-regulatory bodies with jurisdiction or oversight over such Lender and its Affiliates or other regulatory personnel);
- (d) as may be necessary for purposes of enforcement of any Operative Document;

- (e) to any Lender's Affiliates and to its and its Affiliates' officers, directors, employees, representatives and legal counsel, and to any actual or prospective party to any swap, derivative or other transactions under which payments are to be made in connection with this Agreement or the payments hereunder; provided that such persons agree to hold such information confidential on the terms provided and any such disclosure is on a "need to know" basis.

Notwithstanding anything to the contrary herein or in any other Operative Document, none of Borrower, Frontier Airlines, Frontier Holdings or the Facility Agent shall be required to provide any confidential information (including any copy of any related Engine Agreement) to any Lender regarding any Engine manufactured by CFM International, Inc. unless such Lender has entered into a non-disclosure agreement with CFM International, Inc. with respect to such confidential information.

19. MISCELLANEOUS

19.1 The representations, warranties, indemnities and agreements of the Borrower provided for in this Agreement and each party's obligations under any and all thereof, shall survive the expiration or other termination of this Agreement or any other Operative Document, except as expressly provided herein or therein.

19.2 This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified, except by an instrument in writing signed by the party or parties thereto.

19.3

- (a) This Agreement shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective successors and permitted assigns including each successive holder of any Loan Certificate(s) issued and delivered pursuant to this Agreement. Each Lender, by its acceptance of its Loan Certificate, agrees to be bound by all of the provisions of this Agreement and the other Operative Documents applicable to a Lender.
- (b) The Borrower may not assign any of its rights or obligations under this Agreement or the other Operative Documents except to the extent expressly provided thereby.
- (c)
 - (i) Each Lender, at no cost to any Obligor, may assign any of its Loans, its Line of Credit Borrowings, its Loan Certificates and its Commitments to any Person with, unless a Default is continuing, the consent of the Borrower and the Guarantors, in each case, such consent not to be unreasonably withheld or delayed; provided that (i) each such assignment by a Lender of its Loans, Line of Credit Borrowings, Loan Certificates and Commitment shall be made in such manner so that the same portion of its Loans, Line of Credit Borrowings, Loan Certificates and Commitment is assigned to the respective assignee; (ii) no assignment shall be permitted if such would result in the Borrower or any Guarantor incurring any increased liability or cost under the Operative Documents as a result of such assignment based on laws in effect as of the date of such arrangement; and (iii) such assignment shall be effected by the execution and delivery by the assignee and assignor of an agreement in the form of the Loan Assignment Agreement attached as Exhibit B hereto. Upon execution

and delivery by the assignee to the Borrower, the Facility Agent and the Security Trustee of the Loan Assignment Agreement pursuant to which such assignee agrees to become a "Lender" hereunder (if not already a Lender) having the Commitment and/or Loan or Line of Credit Borrowing amount specified in such instrument, and upon consent thereto by the Borrower and, the Facility Agent, to the extent required above, the assignee shall have, to the extent of such assignment (unless otherwise provided in such assignment with the consent of the Borrower, the Security Trustee and the Facility Agent), the obligations, rights and benefits of a Lender hereunder holding the Commitment and/or Loan and Line of Credit Borrowing (or portions thereof) assigned to it (in addition to the Commitment and, Loan, if any, and Line of Credit Borrowing, if any, theretofore held by such assignee) and the assigning Lender shall, to the extent of such assignment, be released from the Commitment (or portion thereof) so assigned.

(ii) So long as no Default or Event of Default has occurred and is continuing, the Borrower, at its sole cost and expense, may request the Lenders or other financial institutions reasonably acceptable to the Facility Agent (each, an "**Additional Lender**") to provide additional Commitments pursuant to a Facility Increase Amendment (collectively, the "**Additional Commitments**") to be incorporated into this Agreement; provided that in no event shall the aggregate amount of all Loans, Line of Credit Borrowings and Commitments exceed [***]. From and after the date of effectiveness of any Facility Increase Amendment, the Commitment of each applicable Lender shall be amended pursuant to the Facility Increase Amendment and any Additional Lender not previously party hereto shall have the Commitment specified in the Facility Increase Amendment and shall become a party hereto and have the rights and obligations of a Lender under this Agreement and the other Operative Documents. On the date of each Facility Increase Amendment, the Initial Lender will automatically and without further act assign to each Additional Lender, and each Additional Lender shall automatically and without further act purchase from the Initial Lender, such interests in the Loans, the Line of Credit Borrowings and the Commitment of the Initial Lender such that the initial [***] of the principal amount of the Additional Commitment will be allocated [***] to reduce the Loans, the Line of Credit Borrowings and the Commitment of the Initial Lender and [***] to increase the Maximum PDP Loan Amount until the aggregate Loans, Line of Credit Borrowings and Commitment of the Initial Lender has been reduced to [***]. In the event the the aggregate Loans, Line of Credit Borrowings and Commitment of the Initial Lender has not been reduced to [***] as provided in the preceding sentence by December 31, 2022, the Initial Lender may demand that the Borrower repays [***] of any Additional Commitment that has been borrowed within [***] of such demand or [***] of such Additional Commitment that has not been borrowed shall automatically and without further act be cancelled effective as of December 31, 2022. Any requirements contained in this Agreement in respect of minimum borrowing, pro rata borrowing and pro rata payments shall not apply to the transactions effected pursuant to the immediately preceding sentence.

(d) Each Lender may sell or agree to sell to one or more other Persons a participation in all or any part of the Loan or Line of Credit Borrowing held by it, or in its Commitments, in which event each purchaser of a participation (a "**Participant**") shall be entitled to the rights and benefits of the provisions hereof with respect to its participation in such Loan, Line of Credit Borrowing and Commitments as if such Participant were a "Lender" for purposes hereof. In no event shall a Lender that sells a participation agree with the Participant to take or refrain from taking any action hereunder or under any other Operative Document except that such

Lender may agree with the Participant that it will not, without the consent of the Participant, agree to (i) increase or extend the term, or extend the time or waive any requirement for the reduction or termination, of such Lender's Commitment, (ii) extend the date fixed for the payment of regularly scheduled principal or interest on the Loan, Line of Credit Borrowing or any portion of any fee hereunder payable to the Lender, (iii) reduce the amount of any such payment of principal or (iv) reduce the rate at which interest is payable thereon, or any fee hereunder payable to the Lenders, to a level below the portion of such rate or fee which the Participant is entitled to receive.

- (e) In addition to the assignments and participations permitted under the foregoing provisions of this Clause 19.3(b), any Lender may assign and pledge all or any portion of its Loan, its Line of Credit Borrowing and its Loan Certificates to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank provided that neither the Borrower nor any Guarantor would incur an increased liability or cost under the Operative Documents as a result of such arrangement or pledge based on laws in effect at the time of such sale. No such assignment shall release the assigning Lender from its obligations hereunder.
- (f) Notwithstanding the above, a Lender may not assign or transfer all or any portion of its Loan, its Line of Credit Borrowing, Commitment or any Loan Certificate or interest therein (i) in violation of the Securities Act or applicable foreign or state securities laws (ii) prior to the drawdown of the Loans and Line of Credit Borrowings, as applicable.

19.4 The words "execution," "signed," "signature," and words of like import in this Agreement and the other Operative Documents shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

20. **LIMITATION OF SECURITY TRUSTEE LIABILITY**

It is expressly understood and agreed by the parties that (A) this document is executed and delivered by Bank of Utah, not individually or personally, but solely as Security Trustee, (B) each of the representations, undertakings and agreements herein made on the part of the Security Trustee is made and intended not as personal representations, undertakings and agreements by Bank of Utah, but only in its capacity as Security Trustee for the Facility Agent and the Lenders, (C) nothing herein contained shall be construed as creating any liability on Bank of Utah, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto, and (D) under no circumstances shall Bank of Utah be personally liable for the payment of any indebtedness or expenses of the Lenders or the Facility Agent or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Security Trustee under this Agreement, the Operative Documents or any other related documents excluding, in each case, gross negligence, willful misconduct or simple negligence in the handling of money by the Security Trustee for which it shall be liable in its individual capacity.

21. LIMITATION ON LIABILITY

- 21.1 Notwithstanding anything contained in this Agreement to the contrary, recourse against the Borrower with respect to this Agreement shall be limited to the assets of the Borrower, as they may exist from time to time and each of the Security Trustee, the Facility Agent and the Lenders agree not to seek before any court or Governmental Entity to have any shareholder, director or officer of the Borrower, held liable, in their personal or individual capacities, for any actions or inactions of the Borrower or any obligations or liability of the Borrower under this Agreement other than in the case of gross negligence or willful misconduct.
- 21.2 Each of the Security Trustee, the Facility Agent and the Lenders agree that with respect to any actions or inactions of the Borrower or any obligations or liability of the Borrower under this Agreement, it shall not commence any case, proceeding, proposal or other action under any existing or future law of any jurisdiction relating to the bankruptcy, insolvency, reorganization, arrangement in the nature of insolvency proceedings, adjustment, winding-up, liquidation, dissolution or analogous relief with respect to the Borrower.
- 21.3 Nothing in this Clause 21 shall:
- 21.3.1 be construed to limit the exercise of remedies pursuant to this Agreement in accordance with its terms; or
 - 21.3.2 be construed to waive, release, reduce, modify or otherwise limit the obligations and liabilities of any guarantor of the Borrower's obligations or liabilities hereunder.
- 21.4 The provisions of this Clause 21 shall survive the termination of this Agreement.

22. CONTRACTUAL RECOGNITION OF BAIL-IN

Notwithstanding anything to the contrary in any Operative Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Operative Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- 22.1 the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- 22.2 the effects of any Bail-in Action on any such liability, including, if applicable:
- 22.2.1 a reduction in full or in part or cancellation of any such liability;
 - 22.2.2 a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Operative Document; or

22.2.3 the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

22.3 The following definitions shall apply for the purposes of this Clause 22:

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

23. **ACKNOWLEDGEMENT REGARDING ANY SUPPORTED QFCS**

To the extent that the Operative Documents provide support, through a guarantee or otherwise, for interest rate hedges or any other agreement or instrument that is a QFC (such support, "**QFC Credit Support**" and each such QFC a "**Supported QFC**"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "**U.S. Special Resolution Regimes**") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Operative Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a "**Covered Party**") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Operative Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Operative Documents were governed by the laws of the United States or a state of the United States.

As used in this Clause 23, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

- (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

24. DIVISIONS

For all purposes under the Operative Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

25. CERTAIN ERISA MATTERS

25.1 Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Facility Agent, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other, that at least one of the following is and will be true:

- (a) such Lender is not using "plan assets" (within the meaning of 29 CFR §2510.3-101, as modified by *Section 3(42)* of ERISA, or otherwise) of one or more Benefit Plans in connection with the Borrowings,
- (b) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Borrowings and this Agreement,
- (c) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of *Part VI* of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Borrowings and this Agreement, (C) the entrance into, participation in, administration of and performance of the Borrowings and this Agreement satisfies the requirements of *subsections (b) through (g)* of *Part I* of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of *subsection (a)* of *Part I* of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Borrowings and this Agreement, or

(d) such other representation, warranty and covenant as may be agreed in writing between the Facility Agent, in its sole discretion, and such Lender.

25.2 In addition, unless either (x) subclause (a) in the immediately preceding Clause 25.1 is true with respect to a Lender or (y) a Lender has not provided another representation, warranty and covenant as provided in subclause (d) in the immediately preceding Clause 25.1, such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Facility Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Obligor, that the Facility Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Borrowings, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Facility Agent under this Agreement, any Operative Document or any documents related hereto or thereto).

26. NO ADVISORY OR FIDUCIARY RESPONSIBILITY

In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Operative Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) no fiduciary, advisory or agency relationship between the Borrower and its Affiliates and the Arranger, the Facility Agent or any Lender is intended to be or has been created in respect of the transactions contemplated hereby or by the other Operative Documents, irrespective of whether the Arranger, the Facility Agent, or any Lender has advised or is advising the Borrower or its Affiliates on other matters, (ii) the arranging and other services regarding this Agreement provided by the Arranger, the Facility Agent and the Lenders are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Arranger, the Facility Agent and the Lenders, on the other hand, (iii) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent that it has deemed appropriate and (iv) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Operative Documents; and (b) (i) the Arranger, the Facility Agent and the Lenders each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or its Affiliates, or any other Person; (ii) none of the Arranger, the Facility Agent and the Lenders has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Operative Documents; and (iii) the Arranger, the Facility Agent and the Lenders and their respective branches and Affiliates may be engaged, for their own accounts or the accounts of customers, in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and none of the Arranger, the Facility Agent and the Lenders has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by Applicable Law, the Borrower hereby waives and releases any claims that it may have against any of the Arranger, the Facility Agent and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

27. **RIGHT OF SETOFF**

If an Event of Default shall have occurred and be continuing, each Lender, and each of their respective branches and Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender or any such branch or Affiliate, to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Operative Document to such Lender or its respective branches or Affiliates, irrespective of whether or not such Lender, branch or Affiliate shall have made any demand under this Agreement or any other Operative Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch office or Affiliate of such Lender different from the branch office or Affiliate holding such deposit or obligated on such indebtedness. The rights of each Lender and their respective branches and Affiliates under this Section 27 are in addition to other rights and remedies (including other rights of setoff) that such Lender or its respective branches or Affiliates may have. Each Lender agrees to notify the Borrower and the Facility Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

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/ Ellen Christian

Name: Ellen Christian

Title: Director

SECURITY TRUSTEE

BANK OF UTAH, not in its individual capacity but solely as Security Trustee

By: /s/ Kade Baird

Name: Kade Baird

Title: Assistant 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/ Philip Tancorra
Name: Philip Tancorra
Title: Vice President

###-###-####

By: /s/ Suzan Onal
Name: Suzan Onal
Title: Vice President

###-###-####

MORGAN STANLEY SENIOR FUNDING, INC., as a Lender

By: /s/ Michael King
Name: Michael King
Title: Vice President

**SCHEDULE I
NOTICE & ACCOUNT INFORMATION**

Lenders Citibank, N.A.
1615 Brett Road
Building 111
New Castle, DE 19720

Attention: [***]
Fax: +# ###-###-####
Email: ###

With a copy to:

Citibank, N.A.
388 Greenwich Street, 32nd Floor
New York, NY 10013

Attention: [***]
Email: ###

Barclays Bank PLC
745 7th Avenue, New York, NY 10019
Email: ###;
###

Deutsche Bank AG New York Branch
1 Columbus Circle, New York, NY 10019
Email: ###;
###

Morgan Stanley Senior Funding, Inc.
1585 Broadway, New York, NY 10036
Email: ###;
###

Facility Agent Citibank, N.A.
388 Greenwich Street
New York, NY 10013

Attention: [***]
Phone: (###) ###-###
Email: ###

With a copy to:

Citibank, N.A.
1 Penns Way
OPS 2/2
Global Loans
New Castle, DE 19720
Attn: [***]
Ref: [***]

Phone: (###) ###-####
Fax: (###) ###-####
Borrower inquiries only: ###
Borrower notifications: ###
Disclosure Team Mail (Financial Reporting): ###
Investor Relations Team (investor inquiries only): ###

Account Details: Bank Name: Citibank, N.A.
ABA: [***]
Account Name: [***]
Account No.: [***]
Reference:[***]

**SCHEDULE II
COMMITMENTS**

Lender	Participation Percentage¹	Maximum Commitment
Citibank, N.A.	51.7857%	US\$145,000,000
Barclays Bank PLC	16.0714%	US\$45,000,000
Deutsche Bank AG New York Branch	16.0714%	US\$45,000,000
Morgan Stanley Senior Funding, Inc.	16.0714%	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.

**SCHEDULE III
ADVANCES**

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[Citi/Frontier A320neo/A321neo PDP Eighth Amended and Restated Credit Agreement]

**SCHEDULE IV
THE FACILITY AGENT**

1. Appointment of the Facility Agent

- 1.1 Each of the Lenders appoints the Facility Agent to act as its agent under and in connection with the Operative Documents.
- 1.2 Each of the Lenders authorizes the Facility Agent to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under or in connection with the Operative Documents together with any other incidental rights, powers, authorities and discretions.
- 1.3 Unless expressly provided otherwise in the Operative Documents, each of the Lenders shall exercise its rights through the Facility Agent or the Security Trustee.

2. Duties of the Facility Agent

- 2.1
 - (a) The Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.
 - (b) Paragraph (a) above shall not apply to any assignment agreement executed pursuant to clause 19.3(b)(i) or (ii).
- 2.2 The Facility Agent shall promptly forward to each of the Lenders a copy of any document or notice which is delivered to the Facility Agent by the Security Trustee.
- 2.3 If the Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Lenders.
- 2.4 The Facility Agent shall promptly notify the Lenders of any Default (in relation to which it has actual knowledge) arising under Clause 4(a) (*Non Payment*) of the Mortgage.
- 2.5 The Facility Agent's duties under the Operative Documents are solely mechanical and administrative in nature.
- 2.6 Except where an Operative Document expressly and specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

3. No fiduciary duties

- 3.1 Nothing in this Agreement constitutes the Facility Agent as a trustee or fiduciary of any other Person.
- 3.2 The Facility Agent shall not be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

4. Business with the Borrower

The Facility Agent may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

5. Rights and discretions of the Facility Agent

5.1 The Facility Agent may rely on:

- (a) any representation, notice or document believed by it to be genuine, correct and appropriately authorized; and
- (b) any statement made by a director, authorized signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

5.2 The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:

- (a) no Default has occurred (unless it has actual knowledge of a Default arising under clause 4(a) (*Non-Payment*) of the Mortgage); and
- (b) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised.

5.3 The Facility Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts **provided that** such engagement shall not cause any additional expense or cost to the Borrower or any Guarantor unless approved in advance in writing by either such Guarantor.

5.4 The Facility Agent may act in relation to the Operative Documents through its personnel and agents.

5.5 The Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

5.6 Notwithstanding any other provision of any Operative Document to the contrary, the Facility Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

6. Majority Lenders' instructions

6.1 Unless a contrary indication appears in an Operative Document, the Facility Agent shall act in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from acting or exercising any right, power, authority or discretion vested in it as Facility Agent) and shall not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with such an instruction of the Majority Lenders.

6.2 Unless a contrary indication appears in an Operative Document, any instructions given by the Majority Lenders will be binding on all the Lenders.

6.3 The Facility Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it

may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

- 6.4 In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Facility Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- 6.5 The Facility Agent is not authorized to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Operative Document.

7. Responsibility for documentation

The Facility Agent is not (i) responsible for the legality, validity, effectiveness, adequacy or enforceability of any Operative Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Operative Document or (ii) responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by Applicable Law or regulation relating to insider dealing or otherwise, unless the Facility Agent is informed by the Borrower or any Guarantor in writing that specific information being provided to the Facility Agent is non-public information.

8. Exclusion of liability

- 8.1 Without limiting sub-clause 8.2, the Facility Agent will not be liable for any action taken by it under or in connection with any Operative Document, unless directly caused by its gross negligence or willful misconduct.
- 8.2 No Party may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against the Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Operative Document and any officer, employee or agent of the Facility Agent may rely on this sub-clause. Any third party referred to in this sub-clause 8.2 may enjoy the benefit of and enforce the terms of this sub-clause 8.2.
- 8.3 The Facility Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Operative Documents to be paid by the Facility Agent if the Facility Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognized clearing or settlement system used by the Facility Agent for that purpose.
- 8.4 Nothing in this Agreement shall oblige the Facility Agent to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Facility Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Facility Agent.

9. Lenders' indemnity to the Facility Agent

Each Lender shall (in proportion to its share of the total Commitments or, if the total Commitments are then zero, to its share of the total Commitments immediately prior to their reduction to zero) indemnify the Facility Agent, within [***] of demand, against any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the

Facility Agent's gross negligence or willful misconduct) in acting as Facility Agent under the Operative Documents (unless the Facility Agent has been reimbursed by the Borrower pursuant to an Operative Document).

10. Resignation of the Facility Agent

- 10.1 The Facility Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.
- 10.2 Alternatively, the Facility Agent may resign with the consent of the Borrower (such consent not to be unreasonably withheld or delayed and **provided that**, such consent shall not be required if there shall have occurred and be continuing an Event of Default) by giving notice to the Lenders, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Facility Agent.
- 10.3 If the Majority Lenders have not appointed a successor Facility Agent in accordance with sub-clause 10.2 within [***] after notice of resignation was given, the Facility Agent (after consultation with the Borrower) may appoint a successor Facility Agent.
- 10.4 The retiring Facility Agent shall, at its own cost, make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Operative Documents.
- 10.5 The Facility Agent's resignation notice shall only take effect upon the appointment of a successor.
- 10.6 Upon the appointment of a successor, the retiring Facility Agent shall be discharged from any further obligation in respect of the Operative Documents but shall remain entitled to the benefit of this Clause 10. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- 10.7 With (prior to the occurrence of an Event of Default that is continuing) the consent of the Borrower (such consent not to be unreasonably withheld or delayed), the Majority Lenders may, by notice to the Facility Agent, require it to resign in accordance with sub-clause 10.2. In this event, the Facility Agent shall resign in accordance with sub-clause 10.2.

11. Confidentiality

- 11.1 In acting as agent for the Lenders, the Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- 11.2 If information is received by another division or department of the Facility Agent, it may be treated as confidential to that division or department and the Facility Agent shall not be deemed to have notice of it.
- 11.3 Notwithstanding any other provision of any Operative Document to the contrary, the Facility Agent is not obliged to disclose to any other person any confidential information or any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

12. Relationship with the Lenders

The Facility Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than [***] prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

13. Credit appraisal by the Lenders

Without affecting the responsibility of the Obligors for information supplied by it or on its behalf in connection with any Operative Document and the transactions contemplated thereby, each Lender confirms to the Facility Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Operative Document including but not limited to:

- 13.1 the financial condition, status and nature of the Obligors;
- 13.2 the legality, validity, effectiveness, adequacy or enforceability of any Operative Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document;
- 13.3 whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Operative Document, the transactions contemplated by the Operative Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document; and
- 13.4 the adequacy, accuracy and/or completeness of any information provided by any Party or by any other person under or in connection with any Operative Document, the transactions contemplated by the Operative Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document.

14. Written Directions

The Borrower shall be entitled to rely on any written direction believed by it (acting reasonably) to be given by the Facility Agent or the Security Trustee, as the case may be, as having been authorized, to the extent required by this Agreement, by all the Finance Parties.

15. Erroneous Payments

- 15.1 If the Facility Agent (x) notifies a Lender, the Security Trustee, or any Person who has received funds on behalf of a Lender, the Security Trustee (any such Lender, the Security Trustee or other recipient (and each of their respective successors and assigns), a "**Payment Recipient**") that the Facility Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding Clause 15.2) that any funds (as set forth in such notice from the Facility Agent) received by such Payment Recipient from the Facility Agent or any of its Affiliates were erroneously or mistakenly transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender, the Security Trustee or other Payment Recipient on its behalf) (any such funds, whether transmitted or received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise,

individually and collectively, an "**Erroneous Payment**") and (y) demands in writing the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Facility Agent pending its return or repayment as contemplated below in this Clause 15 and held in trust for the benefit of the Facility Agent, and such Lender or Security Trustee shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than [***] thereafter (or such later date as the Facility Agent may, in its sole discretion, specify in writing), return to the Facility Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon (except to the extent waived in writing by the Facility Agent) in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Facility Agent in same day funds at the greater of the Federal Funds Rate and a rate determined by the Facility Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Facility Agent to any Payment Recipient under this Clause 15.1 shall be conclusive, absent manifest error.

15.2 Without limiting immediately preceding Clause 15.1, each Lender, the Security Trustee or any Person who has received funds on behalf of a Lender or the Security Trustee (and each of their respective successors and assigns), agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Facility Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in this Agreement or in a notice of payment, prepayment or repayment sent by the Facility Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Facility Agent (or any of its Affiliates), or (z) that such Lender, Issuing Bank or Secured Party, or other such recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part), then in each such case:

- (a) it acknowledges and agrees that (A) in the case of immediately preceding clauses (x) or (y), an error and mistake shall be presumed to have been made (absent written confirmation from the Facility Agent to the contrary) or (B) an error and mistake has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and
- (b) such Lender or Security Trustee shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within [***] of its knowledge of the occurrence of any of the circumstances described in immediately preceding clauses (x), (y) and (z)) notify the Facility Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Facility Agent pursuant to this Clause 15.2(b).

For the avoidance of doubt, the failure to deliver a notice to the Facility Agent pursuant to this Clause 15.2(b) shall not have any effect on a Payment Recipient's obligations pursuant to Clause 15.2(a) or on whether or not an Erroneous Payment has been made.

15.3 Each Lender, Issuing Bank or Secured Party hereby authorizes the Facility Agent to set off, net and apply any and all amounts at any time owing to such Lender or Financing Party under any Operative Document, or otherwise payable or distributable by the Facility Agent to such Lender or Financing Party under any Operative Document with

respect to any payment of principal, interest, fees or other amounts, against any amount that the Facility Agent has demanded to be returned under immediately preceding Clause 15.1.

15.4 (i) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Facility Agent for any reason, after demand therefor in accordance with immediately preceding Clause 15.1, from any Lender that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its respective behalf) (such unrecovered amount, an "**Erroneous Payment Return Deficiency**"), upon the Facility Agent's notice to such Lender at any time, then effective immediately (with the consideration therefor being acknowledged by the parties hereto), (A) such Lender shall be deemed to have assigned its Loans (but not its Commitments) with respect to which such Erroneous Payment was made (the "**Erroneous Payment Impacted Class**") in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Facility Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Class, the "**Erroneous Payment Deficiency Assignment**") (on a cashless basis and such amount calculated at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Facility Agent in such instance)), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Assumption Agreement (or, to the extent applicable, an agreement incorporating an Assignment and Assumption Agreement by reference pursuant to an approved electronic platform as to which the Facility Agent and such parties are participants) with respect to such Erroneous Payment Deficiency Assignment, and such Lender shall deliver any Loan Certificates evidencing such Loans to the Borrower or the Facility Agent (but the failure of such Person to deliver any such Notes shall not affect the effectiveness of the foregoing assignment), (B) the Facility Agent as the assignee Lender shall be deemed to have acquired the Erroneous Payment Deficiency Assignment, (C) upon such deemed acquisition, the Facility Agent as the assignee Lender shall become a Lender, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender shall cease to be a Lender, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its applicable Commitments which shall survive as to such assigning Lender, (D) the Facility Agent and the Borrower shall each be deemed to have waived any consents required under this Agreement to any such Erroneous Payment Deficiency Assignment, and (E) the Facility Agent will reflect in the Certificate Register its ownership interest in the Loans subject to the Erroneous Payment Deficiency Assignment. For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Commitments of any Lender and such Commitments shall remain available in accordance with the terms of this Agreement.

(ii) The Facility Agent may, in its discretion, sell any Loans acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender shall be reduced by the net proceeds of the sale of such Loan (or portion thereof), and the Facility Agent shall retain all other rights, remedies and claims against such Lender (and/or against any recipient that receives funds on its respective behalf). In addition, an Erroneous Payment Return Deficiency owing by the applicable Lender (x) shall be reduced by the proceeds of prepayments or repayments of principal and interest, or other distribution in respect of principal and interest, received by the Facility Agent on or with respect to any such Loans acquired from such Lender pursuant to an Erroneous Payment Deficiency Assignment (to the extent that any such Loans are then owned by the Facility Agent) and (y) may, in the sole discretion of the Facility Agent, be reduced by any

amount specified by the Facility Agent in writing to the applicable Lender from time to time.

- 15.5 The parties hereto agree that (x) irrespective of whether the Facility Agent may be equitably subrogated, in the event that an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Facility Agent shall be subrogated to all the rights and interests of such Payment Recipient (and, in the case of any Payment Recipient who has received funds on behalf of a Lender, Issuing Bank or Secured Party, to the rights and interests of such Lender, Issuing Bank or Secured Party, as the case may be) under the Operative Documents with respect to such amount (the "**Erroneous Payment Subrogation Rights**") (provided that the Obligors' Secured Obligations under the Operative Documents in respect of the Erroneous Payment Subrogation Rights shall not be duplicative of such Secured Obligations in respect of Loans that have been assigned to the Facility Agent under an Erroneous Payment Deficiency Assignment) and (y) an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Secured Obligations owed by the Borrower or any other Loan Party; provided that this Clause 15 shall not be interpreted to increase (or accelerate the due date for), or have the effect of increasing (or accelerating the due date for), the Obligations of the Borrower relative to the amount (and/or timing for payment) of the Obligations that would have been payable had such Erroneous Payment not been made by the Facility Agent; provided, further, that for the avoidance of doubt, immediately preceding clauses (x) and (y) shall not apply to the extent any such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Facility Agent from the Borrower for the purpose of making such Erroneous Payment.
- 15.6 To the extent permitted by applicable law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Facility Agent for the return of any Erroneous Payment received, including, without limitation, any defense based on "discharge for value" or any similar doctrine.
- 15.7 Each party's obligations, agreements and waivers under this Clause 15 shall survive the resignation or replacement of the Facility Agent, any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments and/or the repayment, satisfaction or discharge of all Secured Obligations (or any portion thereof) under any Operative Document.

**SCHEDULE V
THE SECURITY TRUSTEE**

1. Acceptance of Trusts

The Security Trustee hereby confirms its acceptance of the trusts created under the Mortgage and the other Operative Documents and covenants and agrees to perform and observe all of its covenants and undertakings set forth in this Agreement, the Mortgage and the other Operative Documents, which shall govern the duties and responsibilities of the Security Trustee to the Finance Parties. The parties hereto agree that Bank of Utah, in its capacity as Security Trustee, acts hereunder solely as security trustee as herein provided and not in its individual capacity except as otherwise herein provided.

2. Duties and Responsibilities of the Security Trustee to the Finance Parties

- 2.1 In the event the Security Trustee shall have knowledge of an Event of Default (which shall not have been cured), the Security Trustee shall give prompt written notice of such Event of Default to the Facility Agent. Subject to the provisions of sub-clause 3.3 of this Schedule V, the Security Trustee shall take such action with respect to any Event of Default as the Security Trustee shall be instructed in writing by the Majority Lenders. If the Security Trustee shall not have received instructions as above provided within [***] after the mailing of notice of such Event of Default the Security Trustee shall, subject always to instructions received thereafter pursuant to the preceding sentence, take such action, or refrain from taking such action, but shall be under no duty to take or refrain from taking any action, with respect to such Event of Default as it shall determine advisable in the best interests of the Finance Parties and shall use the same degree of care and skill in connection therewith as a prudent person would use under the circumstances in the conduct of his or her own affairs. In the absence of actual knowledge of an officer in the "Corporate Trust Department" or its equivalent of the Security Trustee, the Security Trustee shall not be deemed to have knowledge of an Event Default unless notified in writing of such Event of Default by the Facility Agent.
- 2.2 Subject to the terms of sub-clauses 2.1 and 2.3(f) of this Schedule V, with respect to the Aircraft and each Operative Document, upon the written instructions at any time and from time to time of the Majority Lenders, the Security Trustee shall take such of the following actions as may be specified in such instructions: (i) give such notice or direction or exercise such right, remedy or power hereunder or under the Operative Documents as shall be specified in such instructions; and (ii) approve as satisfactory to the Security Trustee all matters expressly required by the terms hereof or thereof to be satisfactory to the Security Trustee, it being understood that without the written instructions of the Majority Lenders the Security Trustee shall not approve any such matter as satisfactory to the Security Trustee. The Security Trustee shall execute such documents as may be required under this Agreement or any other Operative Document as may be specified from time to time in written instructions of the Majority Lenders.
- 2.3 No provision of this Agreement shall be construed to relieve the Security Trustee from liability for the Security Trustee's own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct or the Security Trustee's simple negligence in the handling of money, except that:
- (a) the duties and obligations of the Security Trustee shall be determined solely by the express provisions of this Agreement, and the Security Trustee shall not be

liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Security Trustee;

- (b) in the exercise of good faith, the Security Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Security Trustee and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Security Trustee, the Security Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement or the other Operative Documents;
- (c) the Security Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of it, unless it shall be proved that the Security Trustee was grossly negligent in ascertaining the pertinent facts;
- (d) the Security Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without gross negligence (or simple negligence in the handling of money) in accordance with the direction in writing of the Majority Lenders, relating to the time, method and place of conducting any proceeding for any remedy available to the Security Trustee, or exercising any right or power conferred upon the Security Trustee under this Agreement, and shall not be obligated to perform any discretionary act under this Agreement without the instructions in writing of the Majority Lenders;
- (e) the Security Trustee shall not be under any obligation to exercise any rights or powers or take any other action upon the instructions of the Majority Lenders (including, without limitation, the insuring, taking care of or taking possession of the Aircraft or any Engine), and no provision of this Agreement shall require the Security Trustee to expend or risk its own funds or otherwise incur any financial liability, unless and until the Security Trustee shall have been fully indemnified by any person reasonably acceptable to the Security Trustee against all liability and expense in connection with the exercise of such right or power or the taking of such other action; and
- (f) the Security Trustee shall have a claim and Lien upon, the Collateral and this Agreement and the Assigned Purchase Agreement prior to the other Finance Parties for any costs or expenses incurred by the Security Trustee acting in accordance with written instructions from Facility Agent and for which the Security Trustee shall not have been reimbursed.

2.4 Promptly upon receipt by the Security Trustee from either Obligor of the financial statements, reports and other documents to be furnished by either Obligor pursuant to this Agreement or pursuant to the other Operative Documents, if any, and of all other notices and documents to be delivered by the Obligors to the Security Trustee pursuant to the other Operative Documents, the Security Trustee shall furnish copies thereof to the Facility Agent, unless such notices and documents have previously been so provided.

3. **Certain Rights of the Security Trustee**

Except as otherwise provided above:

- 3.1 the Security Trustee may rely, and shall be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, trust certificate, guaranty or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;
- 3.2 whenever in the administration of this Agreement the Security Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Security Trustee (unless other evidence be herein specifically prescribed) may, in the exercise of good faith on its part, rely on a certificate of a responsible officer of any Person;
- 3.3 the Security Trustee may consult with counsel, and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in reliance thereon;
- 3.4 the Security Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement; and
- 3.5 in furtherance of any trust created hereby, the other Finance Parties shall provide the Security Trustee with all such further documents as the Security Trustee may reasonably request from time to time, in order to give effect to the trust created hereby.

4. **Application of Debt Service and Other Payment**

To the extent received and subject to Clause 5 (*Funds May Be Held by Security Trustee*) of this Schedule V, the Security Trustee covenants and agrees to apply all payments received by it under this Agreement and the other Operative Documents when and as the same shall be received in the order of priorities specified in Clause 5.4 (*Distribution of Funds Received*) of this Agreement.

5. **Funds May Be Held by Security Trustee**

Any monies, proceeds from any Collateral, until at any time paid to or property held by the Security Trustee as part of the Collateral, paid out by the Security Trustee as herein provided, shall be held by the Security Trustee on deposit in an Eligible Account, and the Security Trustee shall (unless an Event of Default shall have occurred and be continuing) account to the Borrower for interest upon any such monies so held or shall invest such monies in Cash Equivalents.

6. **Security Trustee Not Liable for Delivery Delays or Defects in the Aircraft or Title or any Operative Document; May Perform Duties by Other Finance Parties; Reimbursement of Expenses; Holding of the Operative Documents; Monies Held in Trust**

- 6.1 Except as otherwise provided in Clause 2 (*Duties and Responsibilities of the Security Trustee*) of this Schedule V above, the Security Trustee shall not be liable to any Person for any delay in the delivery of the Aircraft, or for any default on the part of Airbus or the Borrower, or for any defect in the Aircraft or in the title thereto or any Operative Document, nor shall anything herein be construed as a warranty on the part of the

Security Trustee in respect thereof or as a representation on the part of the Security Trustee in respect of the value thereof, or in respect of the title thereto or adequacy thereof, except to the extent provided in sub-clause 6.2 of this Schedule V.

- 6.2 Except as otherwise provided in Clause 2 of this Schedule V (*Duties and Responsibilities of the Security Trustee*) above, the Security Trustee may perform its powers and duties hereunder by or through such attorneys, agents and servants as it shall appoint, and shall be answerable for only its own acts, gross negligence, willful misconduct (or mere negligence in the handling of money), and not for the default or misconduct of any attorney, agent or servant appointed by it with due care. The Security Trustee shall not be responsible in any way for the recitals herein contained or for the execution or validity of this Agreement or any other Operative Document.
- 6.3 Subject to any limitations set forth in a Fee Letter, the Security Trustee shall be entitled to receive payment of its reasonable expenses and disbursements hereunder (except expenses and disbursements incurred pursuant to sub-clause 8.1 of this Schedule V but including its expenses and disbursements in connection with the enforcement of its rights as Security Trustee for the relevant Collateral, in enforcing remedies hereunder, under the Agreement or under the other Operative Documents, or in collecting upon, maintaining, refurbishing or preparing for sale any portion of the Collateral) and to receive compensation for all services rendered by it in performing its duties in accordance with the terms of this Agreement. All such fees, expenses and disbursements shall be paid by the Borrower (unless paid by a Guarantor) in accordance with the relevant Fee Letter.
- 6.4 Any monies or proceeds from any Collateral at any time held by the Security Trustee hereunder or any other Operative Document shall, until paid out by the Security Trustee as herein provided, be held by it in trust as herein provided for the benefit of the Finance Parties.

7. **Successor Security Trustee**

7.1 **Persons Eligible for Appointment as Security Trustee**

There shall at all times be a Security Trustee hereunder, which shall be a banking institution, trust company or corporation having a combined capital and surplus of at least [***], and in the case of a corporation, which is authorized under Applicable Law to exercise corporate trust powers and is subject to supervision or examination by federal or state banking authority. If any such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Clause 7.1, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Security Trustee shall cease to be eligible in accordance with the provisions of this Clause 7.1, the Security Trustee shall resign immediately in the manner and with the effect specified in Clause 8 (*Resignation and Removal; Appointment of Successor Security Trustee*) of this Schedule V below.

8. **Resignation and Removal; Appointment of Successor Security Trustee**

- 8.1 The Security Trustee may at any time resign by giving written notice of resignation to the Facility Agent, with a copy to the Borrower and the Facility Agent shall promptly notify the Lenders thereof. Upon receipt by the Lenders of such written notice of resignation, the Lenders shall promptly appoint a successor agent, by written instrument, which successor shall be reasonably acceptable to the Borrower so long as no Event of Default

shall have occurred and be continuing, in which case, one copy of which instrument shall be delivered to the Security Trustee so resigning, one copy to the successor agent and one copy to each of the Finance Parties. If no successor agent shall have been so appointed and have accepted appointment within [***] after the giving of such notice of resignation, the resigning agent may petition any court of competent jurisdiction for the appointment of a successor agent, or the Finance Parties may petition any such court for the appointment of a successor agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor agent reasonably acceptable to Facility Agent.

- 8.2 With the consent of the Borrower (such consent not to be unreasonably withheld or delayed), the Majority Lenders may, by notice to the Security Trustee, require it to resign in accordance with Clause 8.1 of this Schedule V. In this event, the Security Trustee shall resign in accordance with Clause 8.1 of this Schedule V.
- 8.3 Any resignation or removal of the Security Trustee and appointment of a successor trustee pursuant to any of the provisions of this Clause 8 shall become effective upon acceptance of appointment by the successor trustee as provided in Clause 9 of this Schedule V (*Acceptance of Appointment by Successor Security Trustee*) below.

9. **Acceptance of Appointment by Successor Security Trustee**

Any successor trustee appointed as provided in Clause 8 of this Schedule V (*Resignation and Removal; Appointment of Successor Security Trustee*) above shall execute, acknowledge and deliver to the relevant beneficiaries, and to its predecessor agent an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the title, rights, powers, duties and obligations of its predecessor hereunder and under the Operative Documents to which its predecessor was a party, with like effect as if originally named as the "Security Trustee" herein and therein, and every provision hereof or thereof applicable to the retiring trustee shall apply to such successor trustee with like effect as if such successor trustee had been originally named herein and therein in the place and instead of the Security Trustee; but nevertheless, on the written request of a Finance Party, or of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall transfer and deliver to such successor all monies, if any, the Aircraft, the Collateral, the Operative Documents and other property held by the trustee so ceasing to act, shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act, and shall execute and deliver such instruments of transfer as may be reasonably requested by such successor trustee or required by any Applicable Law. Upon request of any such successor trustee, the relevant beneficiary shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers and recognizing the transfer of title as aforesaid, and shall do and perform any and all acts necessary to establish and maintain the title and rights of the successor trustee in and to the Aircraft, the Collateral, the Operative Documents and other property in the Collateral. Any trustee ceasing to act shall, nevertheless, retain a Security Interest upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Clause 6 of this Schedule V (*Security Trustee Not Liable for Delivery Delays or Defects in the Aircraft or Title or any Operative Document; May Perform Duties by other Finance Parties; Reimbursement of Expenses; Holding of the Operative Documents; Monies held in Trust*). No successor trustee shall accept appointment as provided in this Clause 9 of this Schedule V (*Acceptance of Appointment by Successor Security Trustee*) unless at the time of such acceptance such successor trustee shall be

eligible under the provisions of Clause 7.1 of this Schedule V (*Persons Eligible for Appointment as Security Trustee*). Upon acceptance of appointment by a successor trustee as provided in this Clause 9 of this Schedule V such successor trustee shall mail notice of the succession of such trustee hereunder to the Finance Parties.

10. Merger or Consolidation of Security Trustee

Any corporation into which the Security Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or conversion or consolidation to which the Security Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Security Trustee, shall be the successor of the Security Trustee hereunder, provided such corporation shall be eligible under the provisions of Clause 7.1 of this Schedule V (*Persons Eligible for Appointment as Security Trustee*), without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

11. Appointment of Additional and Separate Security Trustees

If at any time or times the Security Trustee shall deem it necessary or prudent in order to conform to any law of any jurisdiction in which the Aircraft, the Collateral or any Operative Document shall be situated or in which any of the same is expected to be enforced, or the Security Trustee shall be advised by counsel that it is so necessary or prudent in the interest of the beneficiaries or the beneficiaries shall in writing so request the Security Trustee, the Security Trustee shall execute and deliver an agreement supplemental hereto and all other instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons approved by the Security Trustee, the Facility Agent and, while no Default is continuing, the Borrower (such consent not to be unreasonably withheld or delayed) which is a reputable financial institution either to act as additional trustee or trustees of the Aircraft, the Collateral or the Operative Documents, jointly with the Security Trustee originally named herein or any successor or successors, or to act as separate agent or agents of the Aircraft, the Collateral or the Operative Documents, in any such case with such powers as may be provided in such supplemental agreement, and to vest in such bank, trust company or Person as such additional agent or separate agent, as the case may be, any property, title, right or power of the Security Trustee deemed necessary or advisable, subject to the remaining provisions of this sub-clause. The Security Trustee may execute, deliver and perform any deed, conveyance, assignment or other instrument in writing as may be required by any additional agent or separate agent for more fully and certainly vesting in and confirming to it or him any property, title, right or powers which by the terms of such supplemental agreement are expressed to be conveyed or conferred to or upon such additional agent or separate agent. Every additional agent and separate agent hereunder shall, to the extent permitted by law, be appointed and act as and be such, and the Security Trustee and its successors as the Security Trustee shall act as and be such, subject to the following provisions and conditions:

- 11.1 all powers, duties, obligations and rights conferred upon the Security Trustee in respect of the receipt, custody and payment of monies shall be exercised solely by the Security Trustee or its successor as Security Trustee;
- 11.2 all other rights, powers, duties and obligations conferred or imposed upon the Security Trustee shall be conferred or imposed upon and exercised or performed by the Security Trustee or its successor as Security Trustee and such additional agent or agents and separate agent or agents jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Security Trustee or its

successor as Security Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Aircraft in any such jurisdiction) shall be exercised and performed by such additional agent or agents or separate agent or agents;

11.3 no power hereby given to, or which it is hereby provided may be exercised by, any such additional agent or separate agent shall be exercised hereunder by such additional agent or separate agent except jointly with, or with the consent of, the Security Trustee or its successor as Security Trustee, anything herein contained to the contrary notwithstanding; and

11.4 no agent hereunder shall be personally liable by reason of any act or omission of any other agent hereunder.

If at any time the Security Trustee shall deem it no longer necessary or prudent in order to conform to any such law or shall be advised by such counsel that it is no longer so necessary or prudent in the interest of the Finance Parties then the Facility Agent shall in writing so request the Security Trustee, and the Security Trustee shall execute and deliver all instruments and agreements necessary or proper to remove any additional agent or separate agent. Any additional agent or separate agent may at any time by an instrument in writing constitute the Security Trustee his agent or attorney-in-fact, with full power and authority, to the extent which may be authorized by law, to do all acts and things and exercise all discretion which he is authorized or permitted to do or exercise, for and in his behalf and in his name. In case any such additional agent or separate agent shall die, become incapable of acting, resign or be removed, all the assets, property, rights, powers, trusts, duties and obligations of such additional agent or separate agent, as the case may be, so far as permitted by law, shall vest in and be exercised by the Security Trustee, without the appointment of a new successor to such additional agent or separate agent, unless and until a successor is appointed in the manner hereinbefore provided. Any request, approval or consent in writing by the Security Trustee to any additional agent or separate agent shall be sufficient warrant to such additional agent or separate agent, as the case may be, to take such action as may be so requested, approved or consented to. Each additional agent and separate agent appointed pursuant to this Clause 11 (*Appointment of Additional and Separate Security Trustees*) shall be subject to, and shall have the benefit of, Clause 2 of this Schedule V (*Duties and Responsibilities of the Security Trustee to the Finance Parties*) and Clause 3 of this Schedule V (*Certain Rights of the Security Trustee*).

12. **Dealing with Parties**

The Security Trustee may accept deposits from, lend money to and generally engage in any kind of banking activities or other business with any party to the Operative Documents and any Affiliate of such party.

SCHEDULE VI
BFE

[***]

[***]

**EXHIBIT A
FUNDING NOTICE**

_____, 20__

Citibank, N.A., Facility Agent

Re: Predelivery Deposit Payment Financing for Vertical Horizons, Ltd.

Ladies and Gentlemen:

Reference is hereby made to that certain Eighth Amended and Restated Credit Agreement dated as of _____, 2022 (the "**Credit Agreement**"; capitalized terms used herein without definition shall have the definitions specified in the Credit Agreement) entered into among Vertical Horizons, Ltd., as borrower (the "**Borrower**"), the institutions listed on Schedule I thereto, as lenders (the "**Lenders**"), Bank of Utah, not in its individual capacity but solely as Security Trustee, and Citibank, N.A., as facility agent.

1. Pursuant to Clause 2.3(a) of the Credit Agreement, Borrower hereby requests a [Loan/Line of Credit Borrowing] in accordance with the following parameters:
 - (1) [In the case of a Loan, Aircraft Number: ____ [_____]]
 - (2) Initial Borrowing/Borrowing Date: _____
 - (3) [Loan/Line of Credit Borrowing]: \$ _____
 - (4) [In the case of a Loan, Equity Contribution: \$ _____]
2. [The Borrower confirms that all Equity Contributions for the Aircraft the subject of this Loan have been made or will be made by the Borrowing Date.]
3. Please distribute the proceeds of the [Loan/Line of Credit Borrowing] as follows: [Insert payment instructions]
4. Borrower hereby confirms that the representations and warranties of the Borrower in clause 7 of the Credit Agreement are true and accurate on the date hereof as though made on the date hereof except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties were true and accurate on and as of such earlier date).
5. In consideration of the Lenders making their funds available on the Borrowing Date specified in this Funding Notice, in the event that the [Loan/Line of Credit Borrowing] does not take place on the Borrowing Date specified in this Funding Notice or in the event the [Loan/Line of Credit Borrowing] takes place on any Delayed Borrowing Date, the Borrower shall compensate the Lenders for their net loss on such funds, including

breakage costs, if any, by paying the Lenders interest on the aggregate amount thereof (calculated on the basis of a 360-day year and actual days elapsed) at a rate equal to Term SOFR plus the Applicable Margin for the period from and including the Borrowing Date specified in this Funding Notice to but excluding the earlier of (x) the Business Day on which the Borrowing Date shall actually occur, (y) the Business Day on which the Borrower shall notify the Lenders that the Borrowing will not occur prior to the Delayed Borrowing Date (if such notice is given prior to [***] or if later, until the Business Day subsequent to such notice date), or (z) the Delayed Borrowing Date.

For the purposes of the first Loan under this Funding Notice, the Credit Agreement shall be treated as executed and delivered even if it is yet to be executed and delivered. By signing below the Borrower indemnifies the Lenders against any loss they may incur in respect of the first Loan under this Funding Notice.

The terms and provisions of this Funding Notice shall be binding upon and inure to the benefit of the Lenders and the Borrower and their successors and assigns.

THIS FUNDING NOTICE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Very truly yours,

VERTICAL HORIZONS, LTD.

By: _____

Name:

Title:

EXHIBIT B
LOAN ASSIGNMENT AGREEMENT

LOAN ASSIGNMENT AGREEMENT dated as of _____, _____ between _____ (the "Assignee") and _____ (the "Assignor") [_____ (the "Borrower") and, _____ (the "Guarantors")].

RECITALS

WHEREAS, the Assignor is the holder of the Loan Certificate No. _____ dated as of _____, _____ (the "Assignor's Loan Certificate") issued under the Eighth Amended and Restated Credit Agreement, dated as of _____, 2022 (the "Credit Agreement") among Vertical Horizons, Ltd. ("Borrower"), the Lenders party thereto, Bank of Utah, not in its individual capacity but solely as Security Trustee, and Citibank N.A, as Facility Agent (the "Facility Agent");

WHEREAS, the Assignor proposes to assign to the Assignee \$ _____ of the \$ _____ Assignor's Loan Certificate and a pro rata portion of all of the rights and obligations of the Assignor under the Credit Agreement and the other Operative Documents (as defined below) in respect thereof, on the terms and subject to the conditions specified herein, and the Assignee proposes to accept the assignment of such rights and obligations from the Assignor on such terms and subject to such conditions;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

1. **Definitions**

Unless otherwise defined herein, terms defined in the Credit Agreement are used herein as therein defined.

2. **Assignment**

- (a) On _____, _____ (the "Effective Date"), and on the terms and subject to the conditions specified herein, the Assignor will sell, assign and transfer to the Assignee, without recourse to or representation, express or implied, by the Assignor (except as expressly specified in Paragraph 5 hereof), a \$ _____ portion of the Assignor's Loan Certificate and a pro rata portion of the rights and obligations of the Assignor under the Credit Agreement and the other Operative Documents in respect thereof (but not with respect to any indemnity or other claim, interest thereon at the Past Due Rate and breakage amounts, if any, accrued and unpaid as of the Effective Date or thereafter payable to the Assignor in respect of the period prior to the Effective Date), and the Assignee shall accept such assignment from the Assignor and assume all of the obligations of the Assignor accruing from and after the Effective Date under the Credit Agreement and the other Operative Documents relating to the Assignor's Loan Certificate on such terms and subject to such conditions.
- (b) Upon the satisfaction of the conditions specified in Paragraph 4, (A) the Assignee shall, on the Effective Date, succeed to the rights and be obligated to perform the obligations of a Lender under the Credit Agreement and the other Operative Documents, and (B) the Assignor shall be released from its obligations under the

Credit Agreement and the other Operative Documents accrued from and after the Effective Date, in each case to the extent such obligations have been assumed by the Assignee.

3. Payments

As consideration for the sale, assignment and transfer contemplated in Paragraph 2 hereof, the Assignee shall pay to the Assignor, on the Effective Date, in lawful currency of the United States and in immediately available funds, to the account specified below its signature on the signature pages hereof, an amount equal to \$_____.

4. Conditions

This Assignment Agreement shall be effective upon the due execution and delivery of this Assignment Agreement by the Assignor and the Assignee and the effectiveness of the assignment contemplated by Paragraph 2 hereof is subject to:

- (a) the receipt by the Assignor of the payment provided for in Paragraph 3;
- (b) the delivery to the Facility Agent of the Assignor's Loan Certificate, duly endorsed for [partial] transfer to the Assignee, together with a request in the form attached hereto as Exhibit A that a new Loan Certificate be issued to the Assignee and Assignor; and
- (c) the notification by the Assignee to the Borrower of its identity and of the country of which the Assignee is a resident for tax purposes.

5. Representations and Warranties of the Assignor

The Assignor represents and warrants as follows:

- (a) the Assignor has full power and authority, and has taken all action necessary to execute and deliver this Assignment Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Assignment Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Assignment Agreement, and no governmental authorizations or other authorizations are required in connection therewith;
- (b) the Assignor's interest in the Assignor's Loan Certificate is free and clear of any and all Liens created by or through the Assignor;
- (c) this Assignment Agreement constitutes the legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with its terms; and
- (d) the Assignor has received no written notice of any Default having occurred and continuing on the date of execution hereof.

6. Representations and Warranties of the Assignee

The Assignee hereby represents and warrants to the Assignor and Borrower that:

- (a) the Assignee has full power and authority, and has taken all action necessary to execute and deliver this Assignment Agreement and any and all other documents

required or permitted to be executed or delivered by it in connection with this Assignment Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Assignment Agreement, and no governmental authorizations or other authorizations are required in connection therewith;

- (b) this Assignment Agreement constitutes the legal, valid and binding obligation of the Assignee, enforceable against the Assignee in accordance with its terms; and
- (c) the Assignee has fully reviewed the terms of the Operative Documents and has independently and without reliance upon the Assignor and based on such information as the Assignee has deemed appropriate, made its own credit analysis and decision to enter into this Assignment Agreement.

7. **Further Assurances**

The Assignor and the Assignee hereby agree to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Assignment Agreement.

8. **Governing Law**

THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

9. **Notices**

All communications between the parties or notices in connection herewith shall be in writing, hand-delivered or sent by ordinary mail or facsimile, addressed as specified on the signature pages hereof. All such communications and notices shall be effective upon receipt.

10. **Binding Effect**

This Assignment Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

11. **Integration of Terms**

This Assignment Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and other writings with respect to the subject matter hereof.

12. **Counterparts**

This Assignment Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Assignment Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNEE]

By: ___
Name:
Title:

Address for Notices:

Wire Instructions:

[ASSIGNOR]

By: ___
Name:
Title:

Address for Notices:

Wire Instructions:

[BORROWER]

By: ___
Name:
Title:

[GUARANTOR]

By: ___
Name:
Title:

[GUARANTOR]

By: ___
Name:
Title:

[GUARANTOR]

By: ___
Name:
Title:

EXHIBIT C
FORM OF STEP-IN AGREEMENT

24003901218-v5

- 28 -

80-40605773

[Citi/Frontier A320neo/A321neo PDP Eighth Amended and Restated Credit Agreement]

EXHIBIT D-1
FORM OF CFM ENGINE AGREEMENT A320NEO

24003901218-v5

- 29 -

80-40605773

[Citi/Frontier A320neo/A321neo PDP Eighth Amended and Restated Credit Agreement]

EXHIBIT D-2
FORM OF IAE ENGINE AGREEMENT A321 NEO

24003901218-v5

- 30 -

80-40605773

[Citi/Frontier A320neo/A321neo PDP Eighth Amended and Restated Credit Agreement]

EXHIBIT E
FORM OF LOAN CERTIFICATE

VERTICAL HORIZONS, LTD.

LOAN CERTIFICATE

No.
Up to \$

New York, New York
[Effective Date]

Vertical Horizons, Ltd. (the "**Borrower**") hereby promises to pay to [_____] (the "**Lender**"), or registered transferees, the principal sum of _____ (\$ _____), or, if less, the aggregate unpaid principal amount of all Loans and Line of Credit Borrowings made by Lender to Borrower pursuant to that certain Eighth Amended and Restated Credit Agreement dated as of _____, 2022 (the "**Credit Agreement**") among the Borrower, Bank of Utah, not in its individual capacity but solely as security trustee as Security Trustee, and Citibank, N.A., as Facility Agent (the "**Facility Agent**") and certain lenders named therein, payable in full on the final Termination Date, together with interest on the unpaid principal amount hereof from time to time outstanding from and including the Original Signing Date until such principal amount is paid in full. The applicable interest rate for the Loans and Line of Credit Borrowings evidenced by this note can vary in accordance with the definition of "Applicable Rate" in the Credit Agreement. Interest shall accrue with respect to each Interest Period at the Applicable Rate in effect for such Interest Period and shall be payable in arrears on each Interest Payment Date and on the date this Loan Certificate is paid in full. This Loan Certificate shall bear interest at the Past Due Rate on any principal hereof, and, to the extent permitted by Applicable Law, interest and other amounts due hereunder, not paid when due (whether at stated maturity, by acceleration or otherwise), for any period during which the same shall be overdue, payable on demand by the Lender.

Interest shall be payable with respect to the first but not the last day of each Interest Period and shall be payable from (and including) the date of a Loan or Line of Credit Borrowing or the immediately preceding Interest Payment Date, as the case may be, to (and excluding) the next succeeding Interest Payment Date. Interest shall be calculated on the basis of a year of 360 days and actual number of days elapsed. If any sum payable hereunder falls due on a day which is not a Business Day, then such sum shall be payable on the next succeeding Business Day.

Borrower hereby acknowledges and agrees that this note is one of the Loan Certificates referred to in, evidences indebtedness incurred under, and is subject to the terms and provisions of, the Credit Agreement including, without limitation, the repayment in full of the Loans made in respect of an Aircraft upon the Delivery Date of such Aircraft the Line of Credit Borrowing in accordance with Clauses 5.2(d) and 5.9(a) of the Credit Agreement. The Credit Agreement, to which reference is hereby explicitly made, sets forth said terms and provisions, including those under which this Loan Certificate may or must be paid prior to its due date or may have its due date accelerated.

All payments of principal, the breakage costs, if any, and interest and other amounts to be made to the Lender or under the Credit Agreement and that certain Eighth Amended and Restated Mortgage and Security Agreement dated as of _____, 2022 (as amended or supplemented

from time to time, the "**Mortgage**") among the Borrower, the Facility Agent and the Security Trustee, shall be made in accordance with the terms of the Credit Agreement and the Mortgage.

Principal and interest and other amounts due hereon shall be payable in Dollars in immediately available funds prior to [***], on the due date thereof, to the Facility Agent and the Facility Agent shall, subject to the terms and conditions of the Credit Agreement and the Mortgage, remit all such amounts so received by it to the Lender in accordance with the terms of the Credit Agreement and the Mortgage at such account or accounts at such financial institution or institutions situated in New York as the Lender hereof shall have designated to the Facility Agent in writing, in immediately available funds. In the event the Facility Agent shall fail to make any such payment as provided in the immediately foregoing sentence after its receipt of funds at the place and prior to the time specified above, the Facility Agent agrees to compensate the Lender hereof for loss of use of funds in a commercially reasonable manner. All such payments by the Borrower and the Facility Agent shall be made free and clear of and without reduction for or on account of all wire or other like charges.

The Lender, by its acceptance of this Loan Certificate, agrees to be bound by all provisions of the Operative Documents applicable to Lenders and that, except as otherwise expressly provided in the Credit Agreement or the Mortgage, each payment received by the Facility Agent in respect hereof shall be applied, **first** to the payment of interest hereon (as well as any interest on overdue principal and, to the extent permitted by law, interest and other amounts payable hereunder or under the Operative Documents) due and payable hereunder, **second**, to the payment in full of the outstanding principal of this Loan Certificate then due, and **third**, in the manner specified in clause "third" of Clause 5.4(c) of the Credit Agreement; provided that following an Event of Default, all amounts actually received by the Security Trustee in respect of this Loan Certificate shall be applied in accordance with Clause 5.4(e) of the Credit Agreement.

This Loan Certificate is one of the Loan Certificates referred to in, and issued pursuant to, the Credit Agreement and the Mortgage. The Collateral is held by the Security Trustee as security, in part, for the Loan Certificates. Reference is hereby made to the Credit Agreement and the Mortgage for a statement of the rights and obligations of the Lender, and the nature and extent of the security for this Loan Certificate and of the rights and obligations of the other Lenders, and the nature and extent of the security for the other Loan Certificates, as well as for a statement of the terms and conditions of the trusts created by the Mortgage, to all of which terms and conditions in the Credit Agreement and the Mortgage each Lender agrees by its acceptance of this Loan Certificate.

There shall be maintained a Certificate Register for the purpose of registering transfers and exchanges of Loan Certificates at the office of the Facility Agent specified in the Credit Agreement or at the office of any successor Facility agent in the manner provided in clause 5.6 of the Credit Agreement. As provided in the Credit Agreement and the Mortgage and subject to certain limitations specified therein, this Loan Certificate or any interest herein may, subject to the next following paragraph, be assigned or transferred, and the Loan Certificates are exchangeable for a like aggregate original principal amount of Loan Certificates of any authorized denomination, as requested by the Lender surrendering the same.

Prior to the due presentment for registration or transfer of this Loan Certificate, the Borrower and the Facility Agent shall deem and treat the person in whose name this Loan Certificate is registered on the Certificate Register as the absolute owner of this Loan Certificate and the Lender for the purpose of receiving payment of all amounts payable with respect to this Loan Certificate and for all other purposes whether or not this Loan Certificate is overdue, and neither the Borrower nor the Facility Agent shall be affected by notice to the contrary.

This Loan Certificate is subject to prepayment as permitted by clauses 5.9 and 5.10 of the Credit Agreement and to acceleration by the Facility Agent as provided in clause 5 of the Mortgage, and the Lender, by its acceptance of this Loan Certificate, agrees to be bound by said provisions.

Terms defined in the Credit Agreement and in the Mortgage have the same meaning when used in this Loan Certificate.

THIS LOAN CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Borrower has caused this Loan Certificate to be executed in its corporate name by its officer thereunto duly authorized, as of the date hereof.

VERTICAL HORIZONS, LTD.

By: _____
Name:
Title:

EXHIBIT F
FORM OF COMPLIANCE CERTIFICATE

[***]

ANNEX A

Definitions

For all purposes of the Credit Agreement and the Mortgage and Security Agreement the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined). Any agreement referred to below shall mean such agreement as amended, supplemented and modified from time to time in accordance with the applicable provisions thereof and of the other Operative Documents. Unless otherwise specified, Clause references are to Clauses of the Credit Agreement or the Mortgage.

"A320neo Aircraft" means any or all, as the context may require, of Aircraft 93, Aircraft 94, Aircraft 100, Aircraft 101, Aircraft 154, Aircraft 156, Aircraft 157, Aircraft 158, Aircraft 159, Aircraft 160, Aircraft 161, Aircraft 162, Aircraft 164, Aircraft 165, Aircraft 175, Aircraft 176, Aircraft 177, Aircraft 178, Aircraft 183, Aircraft 184, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

"A321neo Aircraft" means Aircraft 102, Aircraft 103, Aircraft 104, Aircraft 108, Aircraft 109, Aircraft 112, Aircraft 113, Aircraft 114, Aircraft 115, Aircraft 116, Aircraft 117, Aircraft 118, Aircraft 119, Aircraft 120, Aircraft 121, Aircraft 122, Aircraft 123, Aircraft 124, Aircraft 125, Aircraft 126, Aircraft 127, Aircraft 128, Aircraft 130, Aircraft 131, Aircraft 132, Aircraft 133, Aircraft 134, Aircraft 135, Aircraft 137, Aircraft 138, Aircraft 139, Aircraft 140, Aircraft 141, Aircraft 142, Aircraft 144, Aircraft 145, Aircraft 147, Aircraft 148, Aircraft 149, Aircraft 150, Aircraft 151, Aircraft 152, Aircraft 153, Aircraft 155, Aircraft 163, Aircraft 166, Aircraft 169, Aircraft 172, Aircraft 174, Aircraft 181, Aircraft 185, Aircraft 236, Aircraft 237, Aircraft 238, Aircraft 239, Aircraft 240, Aircraft 241 and Aircraft 242, Aircraft 243, Aircraft 244, Aircraft 245, Aircraft 246, Aircraft 247, but only so long as there is an Advance (or any other amount or a Commitment outstanding in respect of such Aircraft).

"A321neo Engine Purchase Agreement" means the PW1100G-JM Engine Purchase and Support Agreement by and between Frontier Airlines and the Engine Manufacturer for the A321neo Aircraft.

"ABR" means, for any day, a rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus 0.50% and (c) Term SOFR for a one-month tenor in effect on such day plus 1.00%. Any change in the ABR due to a change in the Prime Rate, the Federal Funds Rate or Term SOFR shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Rate or Term SOFR, respectively.

"ABR Loan" means a Loan that bears interest based on the ABR.

"Accounts" means any bank accounts, deposit accounts or other accounts in the name of the Borrower.

"Additional Aircraft" means any or all, as the context may require, of Aircraft 154, Aircraft 155, Aircraft 156, Aircraft 157, Aircraft 158, Aircraft 159, Aircraft 160, Aircraft 161, Aircraft 162, Aircraft 163, Aircraft 164, Aircraft 165, Aircraft 166, Aircraft 169, Aircraft 172, Aircraft 174, Aircraft 175, Aircraft 176, Aircraft 177, Aircraft 178, Aircraft 181, Aircraft 183, Aircraft 184, Aircraft 185, Aircraft , Aircraft 243, Aircraft 244, Aircraft 245, Aircraft 246 and Aircraft 247, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

"**Additional Commitments**" has the meaning specified in Clause 19.3(c)(ii) of the Credit Agreement.

"**Additional Lender**" has the meaning specified in Clause 19.3(c)(ii) of the Credit Agreement.

"**Additional Lender Effective Date**" has the meaning specified in Clause 19.3(c)(ii) of the Credit Agreement.

"**Administration Agreement**" means the administration agreement between the Borrower and the Agent dated as of December 18, 2014, together with the administrator fee letter dated as of December 18, 2014, to which, *inter alia*, Frontier Airlines is a party.

"**Advance**" means each Purchase Price Installment paid or payable by or on behalf of the Borrower in respect of each Aircraft in accordance with the terms of the Assigned Purchase Agreement which, for each Purchase Price Installment due on or after the Original Signing Date, is in the amount and payable on the date specified in Schedule III to the Credit Agreement.

"**Affected Financial Institution**" has the meaning specified in Section 22.3 of the Credit Agreement.

"**Affiliate**" means, with respect to any Person, any other Person which directly or indirectly controls, is controlled by, or under common control with, such Person. The term "control" means the possession, directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**After-Tax Basis**" means on a basis that any payment to be received or receivable by any Person (the "original payment") is supplemented by a further payment or payments to such Person so that the sum of all such payments (including the original payment), after deducting the net amount of all Taxes payable by such Person or any of its Affiliates under any law or required by Governmental Entity as a result of the receipt or accrual of such payments (after reduction by the amount of current Taxes saved by such Person as a result of the event or item for which such payments are being made to such Person), is equal to the original payment due to such Person.

"**Agents**" means collectively the "**Security Trustee**" and the "**Facility Agent**" (each an "**Agent**").

"**Airbus**" means Airbus S.A.S., in its capacity as manufacturer of the Aircraft, and its successors and assigns.

"**Airbus Purchase Agreement**" means, with respect to each Aircraft, the A320neo aircraft purchase agreement dated as of September 30, 2011 between Airbus and Frontier Airlines, as amended and supplemented from time to time (but excluding any letter agreements entered into from time to time in relation thereto), to the extent related to such Aircraft and as the same may be further amended and supplemented from time to time.

"**Aircraft**" means any or all, as the context may require, of each Existing Aircraft and each Additional Aircraft, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

"**Aircraft Pool**" has the meaning given to it in Clause 10.20(a) of the Credit Agreement.

"**Aircraft 93**" means the A320neo aircraft (Airframe 72) as more specifically described in Schedule III to the Credit Agreement on line No. 93 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 94**" means the A320neo aircraft (Airframe 73) as more specifically described in Schedule III to the Credit Agreement on line No. 94 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 100**" means the A320neo aircraft (Airframe 79) as more specifically described in Schedule III to the Credit Agreement on line No. 100 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 101**" means the A320neo aircraft (Airframe 80) as more specifically described in Schedule III to the Credit Agreement on line No. 101 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 102**" means the A321neo aircraft (Airframe 81) as more specifically described in Schedule III to the Credit Agreement on line No. 102 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 103**" means the A321neo aircraft (Airframe 82) as more specifically described in Schedule III to the Credit Agreement on line No. 103 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 104**" means the A321neo aircraft (Airframe 83) as more specifically described in Schedule III to the Credit Agreement on line No. 104 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 108**" means the A321neo aircraft (Airframe 87) as more specifically described in Schedule III to the Credit Agreement on line No. 108 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 109**" means the A321neo aircraft (Airframe 88) as more specifically described in Schedule III to the Credit Agreement on line No. 109 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 112**" means the A321neo aircraft (Airframe 91) as more specifically described in Schedule III to the Credit Agreement on line No. 112 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 113**" means the A321neo aircraft (Airframe 92) as more specifically described in Schedule III to the Credit Agreement on line No. 113 of the table appearing in such schedule

including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 114**" means the A321neo aircraft (Airframe 93) as more specifically described in Schedule III to the Credit Agreement on line No. 114 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 115**" means the A321neo aircraft (Airframe 94) as more specifically described in Schedule III to the Credit Agreement on line No. 115 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 116**" means the A321neo aircraft (Airframe 95) as more specifically described in Schedule III to the Credit Agreement on line No. 116 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 117**" means the A321neo aircraft (Airframe 96) as more specifically described in Schedule III to the Credit Agreement on line No. 117 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 118**" means the A321neo aircraft (Airframe 97) as more specifically described in Schedule III to the Credit Agreement on line No. 118 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 119**" means the A321neo aircraft (Airframe 98) as more specifically described in Schedule III to the Credit Agreement on line No. 119 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 120**" means the A321neo aircraft (Airframe 99) as more specifically described in Schedule III to the Credit Agreement on line No. 120 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 121**" means the A321neo aircraft (Airframe 100) as more specifically described in Schedule III to the Credit Agreement on line No. 121 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 122**" means the A321neo aircraft (Airframe 101) as more specifically described in Schedule III to the Credit Agreement on line No. 122 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 123**" means the A321neo aircraft (Airframe 102) as more specifically described in Schedule III to the Credit Agreement on line No. 123 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 124**" means the A321neo aircraft (Airframe 103) as more specifically described in Schedule III to the Credit Agreement on line No. 124 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 125**" means the A321neo aircraft (Airframe 104) as more specifically described in Schedule III to the Credit Agreement on line No. 125 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 126**" means the A321neo aircraft (Airframe 105) as more specifically described in Schedule III to the Credit Agreement on line No. 126 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 127**" means the A321neo aircraft (Airframe 106) as more specifically described in Schedule III to the Credit Agreement on line No. 127 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 128**" means the A321neo aircraft (Airframe 107) as more specifically described in Schedule III to the Credit Agreement on line No. 128 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 130**" means the A321neo aircraft (Airframe 109) as more specifically described in Schedule III to the Credit Agreement on line No. 130 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 131**" means the A321neo aircraft (Airframe 110) as more specifically described in Schedule III to the Credit Agreement on line No. 131 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 132**" means the A321neo aircraft (Airframe 111) as more specifically described in Schedule III to the Credit Agreement on line No. 132 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 133**" means the A321neo aircraft (Airframe 112) as more specifically described in Schedule III to the Credit Agreement on line No. 133 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 134**" means the A321neo aircraft (Airframe 113) as more specifically described in Schedule III to the Credit Agreement on line No. 134 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 135**" means the A321neo aircraft (Airframe 114) as more specifically described in Schedule III to the Credit Agreement on line No. 135 of the table appearing in such schedule

including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 137**" means the A321neo aircraft (Airframe 116) as more specifically described in Schedule III to the Credit Agreement on line No. 137 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 138**" means the A321neo aircraft (Airframe 117) as more specifically described in Schedule III to the Credit Agreement on line No. 138 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 139**" means the A321neo aircraft (Airframe 118) as more specifically described in Schedule III to the Credit Agreement on line No. 139 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 140**" means the A321neo aircraft (Airframe 119) as more specifically described in Schedule III to the Credit Agreement on line No. 140 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 141**" means the A321neo aircraft (Airframe 120) as more specifically described in Schedule III to the Credit Agreement on line No. 141 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 142**" means the A321neo aircraft (Airframe 121) as more specifically described in Schedule III to the Credit Agreement on line No. 142 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 144**" means the A321neo aircraft (Airframe 123) as more specifically described in Schedule III to the Credit Agreement on line No. 144 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 145**" means the A321neo aircraft (Airframe 124) as more specifically described in Schedule III to the Credit Agreement on line No. 145 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 147**" means the A321neo aircraft (Airframe 126) as more specifically described in Schedule III to the Credit Agreement on line No. 147 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 148**" means the A321neo aircraft (Airframe 127) as more specifically described in Schedule III to the Credit Agreement on line No. 148 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 149**" means the A321neo aircraft (Airframe 128) as more specifically described in Schedule III to the Credit Agreement on line No. 149 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 150**" means the A321neo aircraft (Airframe 129) as more specifically described in Schedule III to the Credit Agreement on line No. 150 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 151**" means the A321neo aircraft (Airframe 130) as more specifically described in Schedule III to the Credit Agreement on line No. 151 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 152**" means the A321neo aircraft (Airframe 131) as more specifically described in Schedule III to the Credit Agreement on line No. 152 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 153**" means the A321neo aircraft (Airframe 132) as more specifically described in Schedule III to the Credit Agreement on line No. 153 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 154**" means the A320neo aircraft (Airframe 133) as more specifically described in Schedule III to the Credit Agreement on line No. 154 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 155**" means the A321neo aircraft (Airframe 134) as more specifically described in Schedule III to the Credit Agreement on line No. 155 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 156**" means the A320neo aircraft (Airframe 135) as more specifically described in Schedule III to the Credit Agreement on line No. 156 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 157**" means the A320neo aircraft (Airframe 136) as more specifically described in Schedule III to the Credit Agreement on line No. 157 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 158**" means the A320neo aircraft (Airframe 137) as more specifically described in Schedule III to the Credit Agreement on line No. 158 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 159**" means the A320neo aircraft (Airframe 138) as more specifically described in Schedule III to the Credit Agreement on line No. 159 of the table appearing in such schedule

including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 160**" means the A320neo aircraft (Airframe 139) as more specifically described in Schedule III to the Credit Agreement on line No. 160 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 161**" means the A320neo aircraft (Airframe 140) as more specifically described in Schedule III to the Credit Agreement on line No. 161 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 162**" means the A320neo aircraft (Airframe 141) as more specifically described in Schedule III to the Credit Agreement on line No. 162 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 163**" means the A321neo aircraft (Airframe 142) as more specifically described in Schedule III to the Credit Agreement on line No. 163 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 164**" means the A320neo aircraft (Airframe 143) as more specifically described in Schedule III to the Credit Agreement on line No. 164 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 165**" means the A320neo aircraft (Airframe 144) as more specifically described in Schedule III to the Credit Agreement on line No. 165 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 166**" means the A321neo aircraft (Airframe 145) as more specifically described in Schedule III to the Credit Agreement on line No. 167 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 169**" means the A321neo aircraft (Airframe 148) as more specifically described in Schedule III to the Credit Agreement on line No. 169 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 172**" means the A321neo aircraft (Airframe 151) as more specifically described in Schedule III to the Credit Agreement on line No. 172 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 174**" means the A321neo aircraft (Airframe 153) as more specifically described in Schedule III to the Credit Agreement on line No. 174 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 175**" means the A320neo aircraft (Airframe 154) as more specifically described in Schedule III to the Credit Agreement on line No. 175 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 176**" means the A320neo aircraft (Airframe 155) as more specifically described in Schedule III to the Credit Agreement on line No. 176 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 177**" means the A320neo aircraft (Airframe 156) as more specifically described in Schedule III to the Credit Agreement on line No. 177 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 178**" means the A320neo aircraft (Airframe 157) as more specifically described in Schedule III to the Credit Agreement on line No. 178 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 181**" means the A321neo aircraft (Airframe 160) as more specifically described in Schedule III to the Credit Agreement on line No. 181 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 185**" means the A321neo aircraft (Airframe 164) as more specifically described in Schedule III to the Credit Agreement on line No. 185 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 183**" means the A320neo aircraft (Airframe 162) as more specifically described in Schedule III to the Credit Agreement on line No. 183 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 184**" means the A320neo aircraft (Airframe 163) as more specifically described in Schedule III to the Credit Agreement on line No. 184 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 236**" means the A321neo aircraft (Airframe 215) as more specifically described in Schedule III to the Credit Agreement on line No. 236 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 237**" means the A321neo aircraft (Airframe 216) as more specifically described in Schedule III to the Credit Agreement on line No. 237 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 238**" means the A321neo aircraft (Airframe 217) as more specifically described in Schedule III to the Credit Agreement on line No. 238 of the table appearing in such schedule

including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 239**" means the A321neo aircraft (Airframe 218) as more specifically described in Schedule III to the Credit Agreement on line No. 239 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 240**" means the A321neo aircraft (Airframe 219) as more specifically described in Schedule III to the Credit Agreement on line No. 240 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 241**" means the A321neo aircraft (Airframe 220) as more specifically described in Schedule III to the Credit Agreement on line No. 241 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 242**" means the A321neo aircraft (Airframe 221) as more specifically described in Schedule III to the Credit Agreement on line No. 242 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 243**" means the A321neo aircraft (Airframe 222) as more specifically described in Schedule III to the Credit Agreement on line No. 243 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 244**" means the A321neo aircraft (Airframe 223) as more specifically described in Schedule III to the Credit Agreement on line No. 244 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 245**" means the A321neo aircraft (Airframe 224) as more specifically described in Schedule III to the Credit Agreement on line No. 245 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 246**" means the A321neo aircraft (Airframe 225) as more specifically described in Schedule III to the Credit Agreement on line No. 246 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 247**" means the A321neo aircraft (Airframe 226) as more specifically described in Schedule III to the Credit Agreement on line No. 247 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft Appraisal**" means, with respect to an Aircraft, the appraised value of such Aircraft determined by the Facility Agent using valuation information prepared by the Appraisers.

"**Airframe**" means each of twenty one (21) A320neo aircraft and sixty three (63) A321neo aircraft, as described in Schedule III of the Credit Agreement (excluding the Engines) together

with any and all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Date therefor.

"**Amendment No. 2 Signing Date**" means January 14, 2016.

"**Annualized FCCR**" has the meaning specified in Clause 10.20 of the Credit Agreement.

"**Anti-Corruption Laws**" means (a) the United States Foreign Corrupt Practices Act of 1977, (b) the United Kingdom Bribery Act of 2010, and (c) any other laws, rules and regulations relating to bribery or corruption issued, administered or enforced by the United States, the United Kingdom, the European Union or any other Governmental Authority having jurisdiction over the Borrower or the Lenders, each as amended from time to time.

"**Anti-Money Laundering Laws**" means any laws or regulations relating to money laundering or terrorist financing issued, administered or enforced from time to time by the United States, the United Kingdom, the European Union or any other Governmental Authority having jurisdiction over the Borrower or the Lenders, each as amended from time to time.

"**Applicable Law**" means all applicable laws, treaties, judgments, decrees, injunctions, writs, conventions actions and orders of any Governmental Entity and all applicable rules, guidelines, regulations, orders, directives, licenses and permits of any Governmental Entity and all applicable interpretations thereof.

"**Applicable Margin**" means [***].

"**Applicable Rate**" means, for any Interest Period, a rate per annum equal to Term SOFR for such Interest Period plus the Applicable Margin, save that for the purposes of giving effect to Sections 5.13 and 5.14 of the Credit Agreement, the Applicable Rate shall be deemed, where applicable, a rate per annum equal to the ABR plus the Applicable Margin.

"**Appraisers**" means collectively, Ascend, Oriel and Morten, Beyer and Agnew or any such other independent aircraft appraiser selected by the Facility Agent in its absolute discretion.

"**AR No. 2 Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**AR No. 3 Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**AR No. 4 Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**AR No. 5 Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**AR No. 6 Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**AR No. 7 Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**AR Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"Assignable Price" means, in respect of an Aircraft, the "Purchase Price" (as such term is defined in the relevant form of Assigned Airbus Purchase Agreement or Replacement Purchase Agreement, as applicable) of such Aircraft as may be increased from time pursuant to the escalation provisions set out in the Assigned Purchase Agreement and the related Engine Agreement, plus the cost of the BFE in respect of such Aircraft and as may be decreased pursuant to any credit letter or memorandum issued by Airbus in favor of the Initial Lender.

"Assigned Purchase Agreement" means the Airbus Purchase Agreement as assigned and transferred to the Borrower and amended and restated in the terms set forth in Schedule 3 to the Assignment and Assumption Agreement.

"Assignment and Assumption Agreement" means the Amended and Restated Assignment and Assumption Agreement dated as of December 28, 2021, as amended by the Amendment Agreement dated March 31, 2022, as further amended by the Assignment and Amendment Agreement dated as of the Effective Date, in each case entered into among Frontier Airlines, the Borrower and Airbus in respect of the assignment, in part, of the Airbus Purchase Agreement to the Borrower in respect of the Aircraft.

"associated rights" is defined in the Cape Town Convention.

"Authorisation" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to the Credit Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to the Credit Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 5.14(d) of the Credit Agreement.

"Bail-In Action" has the meaning specified in Section 22.3 of the Credit Agreement.

"Bail-In Legislation" has the meaning specified in Section 22.3 of the Credit Agreement.

"Base Value" means, with respect to an Aircraft, the lower of the mean and median of the desktop value of such Aircraft made available by each of the Appraisers to reflect the market value of such Aircraft on the applicable LTV Test Date on the assumption that the Aircraft is delivered in the condition required pursuant to the Assigned Purchase Agreement, and in full life condition, on the date that such Base Value is calculated.

"Basel II" means the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of the Credit Agreement (but excluding any amendment arising out of Basel III).

"Basel III" means the agreements on capital requirements, leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision on December 16, 2010 in the form

existing on the date of the Mortgage or any other applicable law or regulation implementing such paper (whether such implementation, application or compliance is by a Governmental Entity, any Lender or holding company of a Lender).

"Benchmark" means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 5.14(a) of the Credit Agreement.

"Benchmark Replacement" means with respect to any Benchmark Transition Event, the sum of: (a) the alternate benchmark rate that has been selected by the Facility Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of the Credit Agreement and the other Operative Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Facility Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities.

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event", the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of "Benchmark Transition Event", the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of

the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means, the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Operative Document in accordance with Section 5.14 of the Credit Agreement and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Operative Document in accordance with Section 5.14 of the Credit Agreement.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"BFE Budget" means, in respect of (a) the A320neo Aircraft, (i) an amount equal to [***] in respect of each such Aircraft delivered in 2022, (ii) an amount equal to [***] in respect of each such Aircraft delivered in 2023, (iii) an amount equal to [***] in respect of each such Aircraft delivered in 2024, (iv) an amount equal to [***] in respect of each such Aircraft delivered in 2025 and (v) an amount equal to [***] in respect of each such Aircraft delivered in 2026, in each case made by the Borrower to Airbus in respect of BFE and (b) in respect of the A321neo Aircraft, an amount equal to (i) an amount equal to [***] in respect of each such Aircraft delivered in 2022, (ii) an amount equal to [***] in respect of each such Aircraft delivered in 2023, (iii) an amount equal to [***] in respect of each such Aircraft delivered in 2024, (iv) an amount equal to [***] in respect of each such Aircraft delivered in 2025 and (v) an amount equal to [***] in respect of each such Aircraft delivered in 2026, in each case made by the Borrower to Airbus in respect of BFE.

"BHC Act Affiliate" has the meaning specified in Section 23.1 of the Credit Agreement.

"Borrower" means Vertical Horizons, Ltd., a Cayman Islands exempted company, and its successors and permitted assigns.

"Borrowing Date" means (a) the Original Signing Date, (b) the AR Signing Date, (c) the Amendment No. 2 Signing Date, (d) the AR No. 2 Signing Date, (e) the AR No. 3 Signing Date, (f) the AR No. 4 Signing Date, (g) the AR No. 5 Signing Date, (h) the AR No. 6 Signing Date, (i) the AR No. 7 Signing Date, (j) the Initial Borrowing Date, (j) each date on which an Advance is payable in respect of an Aircraft under the Assigned Purchase Agreement as specified in Schedule III to the Credit Agreement and (k) each date on which a Line of Credit is requested by the Borrower.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in London England and New York City, provided that, in connection with a SOFR Loan, the term "Business Day" shall also exclude a day that is not a U.S. Government Securities Business Day.

"Buyer Furnished Equipment" or **"BFE"** means those items of equipment which are identified in the specification of an Aircraft in the Assigned Purchase Agreement as being furnished by the "Buyer".

"Cape Town Convention" means the English language version of the Convention on International Interests in Mobile Equipment (the **"Convention"**) and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (the **"Protocol"**), both signed in Cape Town, South Africa on November 16, 2001, together with any protocols, regulations, rules, orders, agreements, instruments, amendments, supplements, revisions or otherwise that have or will be subsequently made in connection with the Convention and/or the Protocol by the **"Supervisory Authority"** (as defined in the Protocol), the **"International Registry"** or **"Registrar"** (as defined in the Convention) or an appropriate **"registry authority"** (as defined in the Protocol) or any other international or national body or authority.

"Cash Equivalents" means the following securities (which shall mature within [***] of the date of purchase thereof): (a) direct obligations of the U.S. Government; (b) obligations fully guaranteed by the U.S. Government; (c) certificates of deposit issued by, or bankers' acceptances of, or time deposits or a deposit account with, the Facility Agent or any bank, trust company or national banking association incorporated or doing business under the laws of the United States or any state thereof having a combined capital and surplus and retained earnings of at least [***] and having a rating of Aa or better by Moody's or AA or better by Standard & Poor's;

(d) commercial paper of any issuer doing business under the laws of the United States or one of the states thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's of at least A-1 or its equivalent or by Moody's of at least P-1 or its equivalent; or (e) money market funds which are rated at least Aaa by Moody's, at least AAAM or AAAM-G by Standard and Poor's or at least AAA by Fitch, Inc., including funds which meet such rating requirements for which the Facility Agent or an Affiliate of the Facility Agent serves as an investment advisor, administrator, administrator, shareholder servicing agent and/or custodian or subcustodian.

"**Certificate Register**" has the meaning specified in Clause 5.6 of the Credit Agreement.

"**CFM Engine Agreement A320neo**" means the CFM Engine general terms agreement entered into between CFM International, Inc. and Frontier Airlines for the A320neo Aircraft.

"**Charged Property**" has the meaning given to it in the Share Charge.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Collateral**" means, collectively, (i) the Mortgage Collateral, (ii) the Charged Property and (iii) the Slot Collateral.

"**Commitment**" has the meaning specified in Clause 2.1 of the Credit Agreement.

"**Commitment Fee**" means [***] of the outstanding unutilized Maximum Commitment of each Lender, as cancelled or reduced pursuant to Clause 3.3 of the Credit Agreement.

"**Commitment Termination Date**" means the later of (i) December 31, 2025 and (ii) the Extension Date in the most recent Extension Notice.

"**Conforming Changes**" means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "ABR," the definition of "Business Day," the definition of "U.S. Government Securities Business Day," the definition of "Interest Period" or any similar or analogous definition (or the addition of a concept of "interest period"), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions and other technical, administrative or operational matters) that the Facility Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Facility Agent in a manner substantially consistent with market practice (or, if the Facility Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Facility Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Facility Agent decides is reasonably necessary in connection with the administration of the Credit Agreement and the other Operative Documents).

"**Consolidated EBITDAR**" means, with respect to Frontier Group Holdings and its consolidated subsidiaries for any fiscal quarter of Frontier Group Holdings, the Consolidated Net Income of Frontier Group Holdings for such period plus, without duplication:

- (1) an amount equal to any extraordinary loss plus any net loss realized by Frontier Group Holdings or any of its subsidiaries in connection with any disposition of assets, to the extent such losses were deducted in computing such Consolidated Net Income; plus

- (2) provision for taxes based on income or profits of Frontier Group Holdings and its consolidated subsidiaries, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus
- (3) the Fixed Charges of Frontier Group Holdings and its consolidated subsidiaries, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; plus
- (4) any foreign currency translation losses (including losses related to currency remeasurements of Financial Indebtedness) of Frontier Group Holdings and its consolidated subsidiaries for such period, to the extent that such losses were deducted in computing such Consolidated Net Income; plus
- (5) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non cash charges and expenses (excluding any such non cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of Frontier Group Holdings and its consolidated subsidiaries to the extent that such depreciation, amortization and other non cash charges or expenses were deducted in computing such Consolidated Net Income; plus
- (6) the amortization of debt discount to the extent that such amortization was deducted in computing such Consolidated Net Income; plus
- (7) deductions for grants to any employee of Frontier Group Holdings and its consolidated subsidiaries of any equity interests during such period to the extent deducted in computing such Consolidated Net Income; plus
- (8) any net loss arising from the sale, exchange or other disposition of capital assets by Frontier Group Holdings and its consolidated subsidiaries (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities) to the extent such loss was deducted in computing such Consolidated Net Income; plus
- (9) any losses arising under fuel hedging arrangements entered into prior to the Effective Date and any losses actually realized under fuel hedging arrangements entered into after the Effective Date, in each case to the extent deducted in computing such Consolidated Net Income; plus
- (10) proceeds from business interruption insurance for such period, to the extent not already included in computing such Consolidated Net Income; plus
- (11) any expenses and charges that are covered by indemnification or reimbursement provisions in connection with any permitted acquisition, merger, disposition, incurrence of Financial Indebtedness, issuance of equity interests or any investment to the extent (a) actually indemnified or reimbursed and (b) deducted in computing such Consolidated Net Income; plus
- (12) non cash items, other than the accrual of revenue in the ordinary course of business, to the extent such amount increased such Consolidated Net Income; minus

(13) the sum of (A) income tax credits and (B) interest income included in computing such Consolidated Net Income;

in each case, determined on a consolidated basis in accordance with GAAP.

"**Consolidated Net Income**" means, with respect to Frontier Group Holdings and its consolidated subsidiaries for any fiscal quarter of Frontier Group Holdings, the aggregate of the net income (or loss) of Frontier Group Holdings and its consolidated subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; provided that:

- (1) all (a) extraordinary, nonrecurring, special or unusual gains and losses or income or expenses, including, without limitation, any expenses related to a facilities closing and any reconstruction, recommissioning or reconfiguration of fixed assets for alternate uses; any severance or relocation expenses; executive recruiting costs; restructuring or reorganization costs (whether incurred before or after the effective date of any applicable reorganization plan); curtailments or modifications to pension and post retirement employee benefit plans; (b) any expenses (including, without limitation, transaction costs, integration or transition costs, financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees and related out of pocket expenses), cost savings, costs or charges incurred in connection with any issuance of securities, acquisitions, dispositions, recapitalizations or incurrences or repayments of Financial Indebtedness (in each case whether or not successful) and (c) gains and losses realized in connection with any sale of assets (other than the gains realized with the sale of any aircraft and/or the sale of any engines), the disposition of securities, the early extinguishment of Financial Indebtedness or associated with Hedging Obligations, together with any related provision for taxes on any such gain, will be excluded;
- (2) the net income (but not loss) of any Person that is not Frontier Group Holdings or a consolidated subsidiary of Frontier Group Holdings or that is accounted for by the equity method of accounting will be included for such period only to the extent of the amount of dividends or similar distributions paid in cash to Frontier Group Holdings or a consolidated subsidiary of Frontier Group Holdings;
- (3) the net income (but not loss) of any subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that subsidiary or its stockholders;
- (4) the cumulative effect of a change in accounting principles on Frontier Group Holdings and its consolidated subsidiaries will be excluded;
- (5) the effect of non cash gains and losses of Frontier Group Holdings and its consolidated subsidiaries resulting from Hedging Obligations, including attributable to movement in the mark to market valuation of Hedging Obligations pursuant to Financial Accounting Standards Board Statement No. 133 will be excluded;
- (6) any non cash compensation expense recorded from grants by Frontier Group Holdings and its consolidated subsidiaries of stock appreciation or similar rights, stock options or other rights to officers, directors or employees, will be excluded;

- (7) the effect on Frontier Group Holdings and its consolidated subsidiaries of any non cash items resulting from any write up, write down or write off of assets (including intangible assets, goodwill and deferred financing costs) in connection with any acquisition, disposition, merger, consolidation or similar transaction or any other non cash impairment charges incurred subsequent to the Effective Date resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 205—Presentation of Financial Statements, 350—Intangibles—Goodwill and Other, 360—Property, Plant and Equipment and 805—Business Combinations (excluding any such non cash item to the extent that it represents an accrual of or reserve for cash expenditures in any future period except to the extent such item is subsequently reversed), will be excluded;
- (8) any provision for income tax reflected on Frontier Group Holdings' financial statements for such period will be excluded to the extent such provision exceeds the actual amount of taxes paid in cash during such period by Frontier Group Holdings and its consolidated subsidiaries; and
- (9) any amortization of deferred charges resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 470-20 Debt With Conversion and Other Options that may be settled in cash upon conversion (including partial cash settlement) will be excluded.

"Control" means, with respect to a Person:

- (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of such Person;
 - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of such Person; and
 - (iii) give directions with respect to the operating and financial policies of such Person which the directors or other equivalent officers of such Person are obliged to comply with,

and

- (b) the holding of more than one-half of the issued share capital of such Person (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

"Covered Entity" has the meaning specified in Section 23.1 of the Credit Agreement.

"Covered Person" has the meaning specified in Section 23.1 of the Credit Agreement.

"Credit Agreement" means that certain Eighth Amended and Restated Credit Agreement dated as of the Effective Date, among the Borrower, the Lenders, the Facility Agent and the Security Trustee, as amended and supplemented from time to time.

"Deeds of Confirmation" means (a) that certain Deed of Confirmation dated as of the Effective Date, (b) that certain Deed of Confirmation dated December 28, 2021, (c) that certain Deed of

Confirmation dated December 22, 2020, (d) that certain Deed of Confirmation dated March 19, 2020, (e) that certain Deed of Confirmation dated January 29, 2019, (f) that certain Deed of Confirmation dated May 31, 2018, (g) that certain Deed of Confirmation dated December 29, 2017, (h) that certain Deed of Confirmation dated December 16, 2016, (i) that certain Deed of Confirmation dated January 14, 2016, (j) that certain Deed of Confirmation dated August 11, 2015 and (k) any other Deed of Confirmation delivered in connection with an increase in Commitments pursuant to Clause 2.5 of the Credit Agreement, each relating to the Share Charge and each between the Parent and the Security Trustee.

"**Default**" means any event which with the giving of notice or the lapse of time or both if not timely cured or remedied would become an Event of Default pursuant to Clause 4 of the Mortgage.

"**Default Right**" has the meaning specified in Section 23.1 of the Credit Agreement.

"**Delivery Date**" means, for any Aircraft, the date on which such Aircraft is to be delivered by Airbus and accepted by Borrower or its permitted assignee under the Assigned Purchase Agreement.

"**Dollars**", "**Dollar**" and "**\$**" means the lawful currency of the United States of America.

"**EEA Financial Instituion**" has the meaning specified in Section 22.3 of the Credit Agreement.

"**EEA Member Country**" has the meaning specified in Section 22.3 of the Credit Agreement.

"**EEA Resolution Authority**" has the meaning specified in Section 22.3 of the Credit Agreement.

"**Effective Date**" means the date of the execution and delivery of the Credit Agreement and the satisfaction of the conditions precedent in Clause 4.1 thereof.

"**Eligible Account**" means an account established by and with an Eligible Institution at the request of the Security Trustee, which institution (a) agrees, by entering into an account control agreement, for all purposes of the New York UCC, including Article 8 thereof, that (i) such account shall be a "securities account" (as defined in Section 8-501 of the New York UCC), (ii) such institution is a "securities intermediary" (as defined in Section 8-102(a)(14) of the New York UCC), (iii) all property (other than cash) credited to such account shall be treated as a "financial asset" (as defined in Section 8-102(9) of the New York UCC), (iv) the Security Trustee shall be the "entitlement holder" (as defined in Section 8-102(7) of the New York UCC) in respect of such account, (v) it will comply with all entitlement orders issued by the Security Trustee to the exclusion of the Borrower, (vi) it will waive or subordinate in favor of the Security Trustee all claims (including without limitation claims by way of security interest, lien, right of set-off or right of recoupment), and (vii) the "securities intermediary jurisdiction" (under Section 8-110(e) of the New York UCC) shall be the State of New York, or (b) otherwise enters into an account control agreement, charge over a bank account or similar document that is satisfactory to the Security Trustee.

"**Eligible Institution**" means (a) the corporate trust department of a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any U.S. branch of a foreign bank), which has a long-term unsecured debt rating from Moody's of at least A3 or its equivalent and from Standard & Poor's of at least A- or its equivalent, or (b) a banking institution in another jurisdiction that is satisfactory to the Security Trustee.

"Engine" means in respect of each Airframe, each of the engines delivered with such Airframe under the Assigned Purchase Agreement.

"Engine Agreement" means, (i) in respect of the A320neo Aircraft, each of (a) the Fifth Amended and Restated CFMI Engine Benefits Agreement A320neo Aircraft dated as of March 19, 2020 among the Borrower, the applicable Engine Manufacturer, Frontier Airlines and the Security Trustee and (b) the Third Amended and Restated IAE Engine Benefits Agreement A320neo and A321neo Aircraft (2022, 2023, 2024 and 2025 Deliveries) dated as of the Effective Date among the Borrower, the applicable Engine Manufacturer, Frontier Airlines and the Security Trustee (the **"IAE Agreement"**), (ii) in respect of the A321neo Aircraft, other than the Incremental A321neo Aircraft, the IAE Agreement, and (iii) in respect of the Incremental A321neo Aircraft, the Incremental A321neo Engine Consent, in each case among the Borrower, the applicable Engine Manufacturer, Frontier Airlines and the Security Trustee substantially in the applicable form attached as Exhibit D to the Credit Agreement.

"Engine Manufacturer" means (a) in respect of the A320neo Aircraft, CFM International, Inc., and International Aero Engines, LLC, (b) in respect of the A321neo Aircraft, International Aero Engines, LLC other than the Incremental A321neo Aircraft, and (c) in respect of the Incremental A321neo Aircraft, the engine manufacturer certified by Frontier Airlines to the Facility Agent in respect of an A321neo Aircraft.

"Equity Contribution" means the amount required to be paid by the Borrower to Airbus with respect to an Aircraft on the Applicable Borrowing Date or determined by reference to the table set out in Schedule III to the Credit Agreement.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"Erroneous Payment" has the meaning assigned to it in Section 15.1 in Schedule IV of the Credit Agreement.

"Erroneous Payment Deficiency Assignment" has the meaning assigned to it in Section 15.4(i) in Schedule IV of the Credit Agreement.

"Erroneous Payment Impacted Class" has the meaning assigned to it in Section 15.4(i) in Schedule IV of the Credit Agreement.

"Erroneous Payment Return Deficiency" has the meaning assigned to it in Section 15.4(i) in Schedule IV of the Credit Agreement.

"Erroneous Payment Subrogation Rights" has the meaning assigned to it in Section 15.5 in Schedule IV of the Credit Agreement.

"EU Bail-In Legislation Schedule" has the meaning specified in Section 22.3 of the Credit Agreement.

"Event of Default" has the meaning specified in Clause 4 of the Mortgage.

"Excluded Taxes" means, with respect to the Facility Agent, the Security Trustee, any Lender, or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) any Taxes imposed on all or part of the net income, net profits, or net gains (whether worldwide, or only insofar as such income, profits, or gains are considered to arise in or relate to a particular jurisdiction or otherwise) of such Person or any franchise, net

worth, or net capital Taxes imposed on such Person, in each such cases as a result of such Person being organized in, maintaining its principal place of business or lending office in, or conducting activities unrelated to the transactions contemplated by the Operative Documents in the jurisdiction imposing such Taxes and in each such cases other than a sales, use, property, value added, stamp, registration, documentary, goods and services, license, excise, or, except as provided in Clause 5.3(a) of the Credit Agreement withholding Taxes, (b) any Taxes imposed on all or part of the gross income or gross receipts (other than Taxes in the nature of a sales, use, property, value added, stamp, registration, documentary, goods and services, license, excise or, except as provided in Clause 5.3(a) of the Credit Agreement withholding Taxes) of such Person, in each such case as a result of such Person being organized in, or maintaining its principal place of business or lending office in the jurisdiction imposing such Taxes, (c) any Taxes imposed as a result of such Person's failure to comply with Clause 5.3(d) of the Credit Agreement or (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Aircraft" means any or all, as the context may require, of Aircraft 93, Aircraft 94, Aircraft 100, Aircraft 101, Aircraft 102, Aircraft 103, Aircraft 104, Aircraft 108, Aircraft 109, Aircraft 112, Aircraft 113, Aircraft 114, Aircraft 115, Aircraft 116, Aircraft 117, Aircraft 118, Aircraft 122, Aircraft 123, Aircraft 124, Aircraft 125, Aircraft 126, Aircraft 127, Aircraft 128, Aircraft 130, Aircraft 131, Aircraft 132, Aircraft 133, Aircraft 134, Aircraft 135, Aircraft 137, Aircraft 138, Aircraft 139, Aircraft 140, Aircraft 141, Aircraft 142, Aircraft 144, Aircraft 145, Aircraft 147, Aircraft 148, Aircraft 149, Aircraft 150, Aircraft 151, Aircraft 152, Aircraft 153, Aircraft 236, Aircraft 237, Aircraft 238, Aircraft 239, Aircraft 240, Aircraft 241 and Aircraft 242, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

"Expense" or **"Expenses"** means any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and expenses) of whatever kind and nature but excluding Taxes, any breakage costs and overhead of whatsoever kind and nature.

"Extension Date" means [***] and if the Lenders give an Extension Notice pursuant to, and in accordance with, Clause 5.2(g) of the Credit Agreement, the anniversary thereof set forth in such Extension Notice.

"Extension Notice" means each extension notice delivered by the Lenders to the Borrower pursuant to, and in accordance with Clause 5.2(g) of the Credit Agreement, extending the Commitment Termination Date.

"Facility Agent" means Citibank, N.A. in its capacity as Facility Agent under the Credit Agreement and any successor thereto in such capacity.

"Facility Amount" means the Maximum PDP Loan Amount as cancelled or changed in accordance with the Credit Agreement.

"Facility Increase Amendment" means an amendment and accession agreement in form and substance reasonably acceptable to the Initial Lender, the Facility Agent and the Borrower pursuant to which an Additional Lender becomes a party to the Credit Agreement and agrees to provide an Additional Commitment in accordance with Clause 19.3(c)(ii) of the Credit Agreement and Schedule II to the Credit Agreement is amended to reflect such Additional Lender and Additional Commitment.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of the Credit Agreement (or any amended or successor version that is substantively comparable and not

materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"FCCR Test Date" means (i) the date that is [***] following December 31, 2021 and (ii) each date falling [***] after the last day of each fiscal quarter or fiscal year, as the case may be, of Frontier Group Holdings thereafter commencing with the second fiscal quarter of 2022.

"Federal Funds Rate" means for any day, a floating rate equal to the weighted average of the rates on overnight federal funds transactions among members of the Federal Reserve System, as determined by Facility Agent in its reasonable discretion, which determination shall be presumptively correct (absent manifest error).

"Fee Letter" means collectively (i) that certain Letter Agreement dated December 23, 2014 among the Borrower, the Security Trustee and the Facility Agent (ii) that certain Letter Agreement dated August 11, 2015 among the Borrower, the Security Trustee and the Facility Agent, (iii) that certain Letter Agreement dated December 16, 2016 among the Borrower and the Facility Agent, (iv) that certain Letter Agreement dated December 29, 2017 among the Borrower, the Security Trustee and the Facility Agent, (v) that certain Letter Agreement dated May 31, 2018 among the Borrower, the Security Trustee and the Facility Agent, (vi) that certain Letter Agreement dated January 29, 2019 among the Borrower, the Security Trustee and the Facility Agent, (vii) that certain Letter Agreement dated March 19, 2020 among the Borrower, the Security Trustee and the Facility Agent, (viii) each Letter Agreement dated December 28, 2021 among the Borrower, the Lender party thereto and the Facility Agent and (ix) each Letter Agreement dated as of the Effective Date among the Borrower, the Lender party thereto and the Facility Agent.

"Finance Parties" means together the Lenders, the Facility Agent and the Security Trustee (each a **"Finance Party"**).

"Financed Amount" means, with respect to an Aircraft and a Borrowing Date, the amount set out in the column entitled "Financial Amount" and which corresponds to such Aircraft and Borrowing Date, in the table set out in Schedule III to the Credit Agreement.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease, lease purchase, installment sale, conditional sale, hire purchase or credit sale or other similar arrangement (whether in respect of aircraft, machinery, equipment, land or otherwise) entered into primarily as a method of raising finance or for financing the acquisition of the relevant asset;
- (e) payments under any lease with a term, including optional extension periods, if any, capable of exceeding [***] (whether in respect of aircraft, machinery, equipment, land or otherwise) characterized or interpreted as an operating lease in accordance with the relevant accounting standards but either entered into primarily as a method of financing

the acquisition of the asset leased or having a termination sum payable upon any termination of such lease;

- (f) any amount raised by receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis) including any bill discounting, factoring or documentary credit facilities;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (i) obligations (whether or not conditional) arising from a commitment to purchase or repurchase shares or securities where such commitment is or was in respect of raising finance;
- (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) through (j) above.

"Fixed Charges" means, with respect to Frontier Group Holdings and its consolidated subsidiaries for any fiscal quarter of Frontier Group Holdings, the sum, without duplication, of:

- (1) the consolidated interest expense (net of interest income) of Frontier Group Holdings and its subsidiaries for such period to the extent that such interest expense is payable in cash (and such interest income is receivable in cash); plus
- (2) the interest component of leases that are capitalized in accordance with GAAP of Frontier Group Holdings and its subsidiaries for such period to the extent that such interest component is related to lease payments payable in cash; plus
- (3) any interest expense actually paid in cash for such period by Frontier Group Holdings or Frontier Airlines on Financial Indebtedness of another Person that is guaranteed by Frontier Group Holdings or its subsidiaries or secured by a Lien on assets of Frontier Group Holdings or its subsidiaries; plus
- (4) the product of (A) all cash dividends accrued on any series of preferred stock of Frontier Group Holdings or its subsidiaries for such period, other than to Frontier Group Holdings or a subsidiary of Frontier Group Holdings, times (B) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of Frontier Group Holdings and its subsidiaries, as applicable to such portion of dividends, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP; plus
- (5) the aircraft rent expense of Frontier Group Holdings and its subsidiaries for such period to the extent that such aircraft rent expense is payable in cash,

all as determined on a consolidated basis in accordance with GAAP.

"**Floor**" means means a rate of interest equal to [***].

"**Frontier Airlines**" means Frontier Airlines, Inc.

"**Frontier Group Holdings**" means Frontier Group Holdings, Inc.

"**Frontier Holdings**" means Frontier Airlines Holdings, Inc.

"**GAAP**" means generally accepted accounting principles, as in effect in the United States of America from time to time.

"**Governmental Entity**" means and includes (a) any national government, political subdivision thereof, or state or local jurisdiction therein, (b) any board, commission, department, division, organ, instrumentality, taxing authority, regulatory body, court or judicial body, central bank or agency of any entity referred to in (a) above, however constituted, and (c) any association, organization or institution (international or otherwise) of which any entity mentioned in (a) or (b) above is a member.

"**Group**" means Frontier Group Holdings and its subsidiaries at any time.

"**Guarantee**" means each guarantee, amended and restated as applicable, as the context may require, dated as of the Effective Date and entered into by each Guarantor in favor of the Security Trustee on account of the obligations of the Borrower.

"**Guarantor**" means each of Frontier Airlines, Frontier Holdings and Frontier Group Holdings.

"**Hedging Obligations**" means, with respect to any Person, all obligations and liabilities of such Person under:

- (a) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (b) other agreements or arrangements designed to manage interest rates or interest rate risk; and

other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, fuel prices or other commodity prices, but excluding (x) clauses in purchase agreements and maintenance agreements pertaining to future prices and (y) fuel purchase agreements and fuel sales that are for physical delivery of the relevant commodity.

"**Incremental A321neo Aircraft**" means any or all, as the context may require, of Aircraft 236, Aircraft 237, Aircraft 238, Aircraft 239, Aircraft 240, Aircraft 241, Aircraft 242, Aircraft 243, Aircraft 244, Aircraft 245, Aircraft 246 and Aircraft 247.

"**Incremental A321neo Engine Consent**" means in respect of the Incremental A321neo Aircraft, the consent and agreement of the applicable Engine Manufacturer to be entered into among the applicable Engine Manufacturer, Frontier Airlines and the Security Trustee on terms and conditions acceptable to the Facility Agent.

"**Incremental A321neo Engine Purchase Agreement**" means the purchase agreement, general terms agreement or similar agreement entered or to be entered into between Frontier Airlines and the Engine Manufacturer for the Incremental A321neo Aircraft.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitee" or **"Indemnitees"** means the Security Trustee, the Facility Agent, the Lenders and each of their Affiliates, successors, permitted assigns, directors, officers, and employees.

"Independent Director" means a director who at the time of their appointment or at any time when such Person is serving as an Independent Director is not, and has not been for the five (5) years prior to its appointment as an Independent Director, (i) an employee, officer, director, consultant, customer or supplier, or the beneficial owner (directly or indirectly) of the Borrower or any Guarantor; provided, however, that such person may serve as a trustee, director, servicer independent director or manager, independent servicer or non-economic director or in a similar capacity for any other affiliate such Person, or (ii) a spouse of, or Person related to (but not more remote than first cousins), a Person referred to in clause (i) above.

"Initial Borrowing Date" means the date on which the first Funding Notice following the Effective Date is given by the Borrower to the Facility Agent in accordance with Clause 2.3(b) of the Credit Agreement.

"Initial Lender" means Citibank, N.A.

"Interest Payment Date" means, the date falling [***] after the Original Signing Date and each such date which falls at [***] intervals thereafter, *provided* that, if any such date shall not be a Business Day, then the relevant Interest Payment Date shall be the next succeeding Business Day; *provided, further*, that no Interest Payment Date may extend past the Termination Date and the last Interest Payment Date shall be the Termination Date.

"Interest Period" means, (1) in respect of a Loan (a) initially, the period commencing on the Original Signing Date or on the date that such Loan is made and ending on the first Interest Payment Date occurring thereafter, and (b) thereafter, the period commencing on the last day of the previous Interest Period and ending on the next Interest Payment Date or, if earlier, the first to occur of the Delivery Date of the Aircraft funded by such Loan and the Termination Date and (2) in respect of a Line of Credit (a) initially, the period commencing on the date that such Line of Credit is made and ending on the first Interest Payment Date occurring thereafter, and (b) thereafter, the period commencing on the last day of the previous Interest Period and ending on the next Interest Payment Date or, if earlier, and the Termination Date.

"International interest" is defined in the Cape Town Convention.

"International Registry" is defined in the Cape Town Convention.

"Lender" means each Lender identified in Schedule I to the Credit Agreement and any assignee or transferee of such Lender.

"Lender's Net Price" means, in respect of an Aircraft, the amount specified in the column headed "Lender's Net Price" which corresponds to such Aircraft in the table set out in Schedule III to the Credit Agreement which is inclusive of all credits in respect of the Engines to be made available pursuant to the relevant Engine Agreement and subject to escalation from the date hereof in an amount equal to any escalation of the Airframe purchase price or SCN cost in accordance with the Assigned Purchase Agreement, the Engine purchase price as agreed in the relevant Engine Agreement and the BFE Budget in accordance with the Credit Agreement.

"Lien" means any mortgage, pledge, lien, claim, encumbrance, lease, security interest or other lien of any kind on property.

"Line of Credit Borrowing" has the meaning specified in Section 2.1 of the Credit Agreement.

"Liquidity Threshold" has the meaning given to it in Clause 10.20(a) of the Credit Agreement.

"Loan" has the meaning specified in Section 2.1 of the Credit Agreement.

"Loan Certificates" means the loan certificates issued pursuant to Clause 5.2(a) of the Credit Agreement and any such certificates issued in exchange or replacement therefor pursuant to Clause 5.6 or 5.7 of the Credit Agreement.

"LTV" has, in respect of an Aircraft, the meaning given to it in Clause 10.20(a) of the Credit Agreement.

"LTV Collateral" has the meaning given to it in Clause 10.20(c)(ii) of the Credit Agreement.

"LTV Test" has the meaning given to it in Clause 10.20(b) of the Credit Agreement.

"LTV Test Date" means each FCCR Test Date on which the FCCR is less than [***].

"Majority Lenders" means, as of any date of determination, the Lenders of not less than 51% in aggregate outstanding principal amount of all Loan Certificates as of such date. For all purposes of the foregoing definition, in determining as of any date the then aggregate outstanding principal amount of Loan Certificates, there shall be excluded any Loan Certificates, if any, held by the Borrower, any Guarantor or any of their Affiliates (unless such Persons own all Loan Certificates then outstanding).

"Manuals and Technical Records" means together, those records, logs, manuals, technical data and other materials and documents relating to each Aircraft, together with any amendments thereto, as shall be delivered pursuant to the Assigned Purchase Agreement.

"Material Action" means, with respect to any Person, to consolidate or merge such Person with or into any other Person, or sell all or substantially all of the assets of such Person or to institute proceeding to have such Person be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against such Person or file a petition seeking, or consent to, reorganization or relief with respect to such Person under any applicable federal or state law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of such Person or a substantial part of its property, or make any assignment for the benefit of creditors of such Person, or admit in writing such Person's inability to pay its debts generally as they become due, or take action in furtherance of any such action, or, to the fullest extent permitted by law, dissolve or liquidate such Person.

"Material Adverse Effect" means a material adverse effect on the business, operations, properties or financial condition of the Borrower or any Guarantor, taken as a whole, or a material adverse effect on the ability of the Borrower or the Guarantors to observe or perform its obligations, liabilities and agreements under any Operative Document to which it is a party.

"Material Event of Default" means the occurrence of an "Event of Default" or "Termination Event" or such similar event howsoever described pursuant to any agreement in respect of Financial Indebtedness (or any agreement guaranteeing Financial Indebtedness) in an amount equal to at least [***] entered into by any Guarantor excluding any such event:

(a) which is technical and is due to an administrative error; or

(b) which is curable and the applicable Guarantor taking all necessary steps to cure such event and such has not been continuing for more than [***] beyond any grace period provided for in the applicable agreement.

"**Maximum Commitment**" means, in respect of a Lender, such Lender's Participation Percentage multiplied by the Maximum PDP Loan Amount.

"**Maximum LTV**" has, in respect of an Aircraft the, meaning given to it in Clause 10.20(a) of the Credit Agreement.

"**Maximum PDP Loan Amount**" means, initially, an amount equal to [***], as such amount may be increased to an amount not to exceed [***] in accordance with Section 19.3(c)(ii) of the Credit Agreement.

"**Mortgage**" means the Eighth Amended and Restated Mortgage and Security Agreement dated as of the Effective Date, among the Borrower, the Facility Agent and the Security Trustee.

"**Mortgage Collateral**" means the Collateral as defined in the Granting clause of the Mortgage.

"**Obligors**" means each of the Borrower and each Guarantor (each an "**Obligor**").

"**Operative Documents**" means the Administration Agreement, the Credit Agreement, the Mortgage, the Loan Certificates, the Share Charge, the Guarantees, the Slot Security Agreement, the Assigned Purchase Agreement, the Assignment and Assumption Agreement, the Step-In Agreement, the Engine Agreements, the Incremental A321neo Engine Consents, the Option Agreement, the Servicing Agreement, the Subordinated Loan Agreement, any Fee Letter and any amendments or supplements of any of the foregoing.

"**Option Agreement**" means the Option Agreement, dated as of the Original Signing Date, between Frontier Airlines and the Borrower.

"**Original Credit Agreement**" has the meaning specified for such term in the recitals to the Credit Agreement.

"**Original Signing Date**" means December 23, 2014.

"**Parent**" means Intertrust SPV (Cayman) Limited, a Cayman Islands company (as trustee of the Trust.).

"**Part**" means an appliance, component, part, instrument, accessory, furnishing or other equipment of any nature, including Buyer Furnished Equipment and Engines which is installed in, attached to or supplied with an Aircraft on the Delivery Date thereof.

"**Participant**" has the meaning specified in Clause 19.3(d) of the Credit Agreement.

"**Participation Percentage**" means in respect of each Lender, the percentage set forth for such Lender in Schedule II of the Credit Agreement.

"**Party**" means a party to the Credit Agreement.

"**Past Due Rate**" means a per annum rate equal to the Applicable Rate plus [***] calculated on the basis of a year of 360 days and actual number of days elapsed.

"PATRIOT Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

"Payment Recipient" has the meaning assigned to it in Section 15.1 in Schedule IV of the Credit Agreement.

"PDP Funding Date Deficiency" means, as of any date, any excess of (x) the sum of (i) the Loans then outstanding and (ii) any Financed Amount due to be paid on such date as set forth on Schedule III over (y) the Maximum PDP Loan Amount, after giving effect to any Equity Contribution scheduled to take place on such date and any repayment of the Loans on such date.

"Periodic Term SOFR Determination Day" has the meaning specified in the definition of "Term SOFR".

"Permitted Lien" means any Lien permitted under Clause 10.13 of the Credit Agreement.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, estate or trust, unincorporated organization or government or any agency or political subdivision thereof.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Facility Agent as its prime rate in effect at its principal office in New York City. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Facility Agent may make commercial loans or other loans at rates of interest at, above or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of such change.

"Process Agent Appointment" means an appointment and acceptance of process agent pursuant to which the Borrower appoints Corporation Service Company as agent for service of process in connection with the transactions contemplated by the Operative Documents.

"Prospective International Interest" is defined in the Cape Town Convention.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Purchase Price Installment" has the meaning given to the term Pre-Delivery Payment Amount in the Assigned Purchase Agreement.

"QFC" has the meaning specified in Section 23.1 of the Credit Agreement.

"QFC Credit Support" has the meaning specified in Section 23 of the Credit Agreement.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

"Regulatory Change" means, with respect to any Lender, any change that occurs after the Original Signing Date in Federal, state or foreign law or regulations (including Regulation D) or the adoption or making after such date of any interpretation, directive or request applying to a class of banks or financial institutions including such Lender of or under any Federal, state or foreign law or regulations (whether or not having the force of law and whether or not failure to comply therewith would be unlawful so long as compliance therewith is standard banking

practice in the relevant jurisdiction) by any court or governmental or monetary authority charged with the interpretation or administration thereof. For the avoidance of doubt, the coming into effect of any applicable law or regulations, policies, orders, directives or guidelines issued by any governmental body, central bank, monetary authority or other regulatory organization (whether or not having the force of law) with respect to, arising out of, or in connection with (a) Basel II, (b) Basel III or (c) the Dodd Frank Wall Street Reform and Consumer Protection Act shall be deemed a Regulatory Change.

"**Relevant Delay**" has the meaning specified in Clause 10.12 of the Credit Agreement.

"**Relevant Governmental Body**" means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

"**Replacement Purchase Agreement**" means collectively, the Airbus Purchase Agreement as amended and restated in the terms set forth in Schedule 4 to the Step-In Agreement.

"**Required Specification**" means:

- (a) in respect of each A320neo Aircraft, a maximum takeoff weight of [***] tonnes and with CFM Leap-X1A engines installed thereon;
- (b) in respect of the A321neo Aircraft, other than an Incremental A321neo Aircraft, a maximum takeoff weight of [***] tonnes with PW1133GA-JM engines installed thereon; and
- (c) in respect of an Incremental A321neo Aircraft, (i) a maximum takeoff weight of [***] tonnes with (ii) manufacturer and model of Engines installed thereon, in the case of clause (ii), reasonably acceptable to the Facility Agent and certified by Frontier Airlines in writing in respect of an Incremental A321neo Aircraft.

"**Reserve Requirement**" means, for any Loan Certificate, the average maximum rate at which reserves (including, without limitation, any marginal, supplemental or emergency reserves) are required to be maintained during the Interest Period in respect of such Loan Certificate under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding one billion Dollars against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement includes any other reserves required to be maintained by such member banks by reason of any Regulatory Change with respect to (i) any category of liabilities that includes deposits by reference to which Term SOFR is to be determined or (ii) any category of extensions of credit or other assets that includes the Loan Certificates.

"**Resolution Authority**" has the meaning specified in Section 22.3 of the Credit Agreement.

"**Sanctioned Jurisdiction**" means any country or territory that is the subject of comprehensive Sanctions broadly restricting or prohibiting dealings with, in or involving such country or territory (currently, Iran, Cuba, Syria, North Korea and the Crimea, Donetsk and Luhansk regions of Ukraine).

"**Sanctioned Person**" means any individual or entity (a) identified on a Sanctions List, (b) organized, domiciled or resident in a Sanctioned Jurisdiction, or (c) otherwise the target of Sanctions (target of Sanctions signifying a person with whom a U.S., UK or EU person would be prohibited or restricted by law from engaging in trade, business or other activities, including by

reason of ownership or control by one or more individuals or entities described in clauses (a) or (b)).

"Sanctions" means any economic or financial sanctions or trade embargoes imposed, administered or enforced by (a) the U.S. (including OFAC, the U.S. Department of Commerce and U.S. Department of State), (b) the United Nations Security Council, (c) the European Union (and each of its member states insofar as any Sanctions administered by the European Union require implementation or enforcement thereof by such member state), (d) the United Kingdom (including Her Majesty's Treasury), or (e) any other Governmental Authority having jurisdiction over the Borrower, the Facility Agent or the Lenders.

"Sanctions List" means any list of designated individuals or entities that are the subject of Sanctions, including (a) the Specially Designated Nationals and Blocked Persons List maintained by OFAC, the Entity List maintained by the U.S. Department of Commerce, or any other similar publicly available list of any U.S. Governmental Authority to implement sanctions programs, (b) the Consolidated United Nations Security Council Sanctions List, (c) the consolidated list of persons, groups and entities subject to European Union financial sanctions maintained by the European Union or any of its member states insofar as any Sanctions administered by the European Union require implementation or enforcement thereof by such member state (d) the Consolidated List of Financial Sanctions Targets in the United Kingdom maintained by Her Majesty's Treasury and (e) any other similar publicly available list of any applicable Governmental Authority having jurisdiction over the Borrower, the Facility Agent or the Lenders to implement sanctions programs.

"Scheduled Delivery Date" means, for each Aircraft, the date notified by Airbus to the Borrower provided that such date may not be any later than the last day of the Scheduled Delivery Month in respect of such Aircraft.

"Scheduled Delivery Month" means, in respect of an Aircraft, the month which corresponds to such Aircraft in the column entitled "Scheduled Delivery Month" in the table set out in Schedule III to the Credit Agreement.

"SCN" means a "Specification Change Notice" as defined in the Aircraft Purchase Agreement.

"Secured Obligations" means any and all moneys, liabilities and obligations which are now or at any time hereafter may be expressed to be due, owing or payable by the Borrower, the Parent and each Guarantor to the Lenders and/or any Agent in any currency, actually or contingently, with another or others, as principal or surety, on any account whatsoever under any Operative Document or as a consequence of any breach, non-performance, disclaimer or repudiation by the Borrower, any Guarantor or the Parent (or by a liquidator, receiver, administrative receiver, administrator, or any similar officer in respect of any of them) of any of their obligations to the Lenders and/or any Agent under any Operative Document.

"Securities Act" means the Securities Act of 1933, as amended.

"Security Trustee" means Bank of Utah, not in its individual capacity but solely as Security Trustee on behalf of the Facility Agent and the Lenders under the Credit Agreement, and any successor thereto in such capacity.

"Security Trustee Fee Letter" means the Bank of Utah fee letter dated on or about the Original Signing Date by the Security Trustee.

"**Servicing Agreement**" means the Amended and Restated Servicing Agreement dated as of August 11, 2015, between the Borrower and Frontier Airlines.

"**Share Charge**" means the Share Charge dated the Original Signing Date, among the Parent and the Security Trustee, as confirmed pursuant to each Deed of Confirmation.

"**Slot Collateral**" means the Collateral as defined in the Granting clause of the Slot Security Agreement.

"**Slot Security Agreement**" means the security agreement dated as of December 22, 2020 between Frontier Airlines and the Security Trustee securing the Line of Credit Borrowings.

"**SOFR**" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"**SOFR Loan**" means a Loan that bears interest at a rate based on Term SOFR, other than pursuant to clause (c) of the definition of "ABR".

"**Step-In Agreement**" means the Amended and Restated Step-In Agreement dated as of December 28, 2021, as amended by the Amendment Agreement dated March 31, 2022, as further amended by the Second Amendment to Step-In Agreement dated as of the Effective Date among the Borrower, as buyer, the Security Trustee, as assignee, and Airbus and as supplemented by the Side Agreement to the Step-In Agreement dated as of the Effective Date between the Security Trustee and Airbus.

"**Step-In Event**" has the meaning given to it in the Step-In Agreement.

"**Subordinated Loan Agreement**" means the Subordinated Loan Agreement, dated as of the Original Signing Date, between Frontier Airlines and the Borrower and the Subordinated Promissory Note dated the Original Signing Date, issued by the Borrower thereunder.

"**Supported QFC**" has the meaning specified in Section 23 of the Credit Agreement.

"**Tax**" or "**Taxes**" means any and all present or future fees (including, without limitation, license, documentation and registration fees), taxes (including, without limitation, income, gross receipts, sales, rental, use, turnover, value added, property (tangible and intangible), excise and stamp taxes), licenses, levies, imposts, duties, recording charges or fees, charges, assessments, or withholdings of any nature whatsoever, together with any assessments, penalties, fines, additions to tax and interest thereon.

"**Term SOFR**" means for any calculation with respect to a SOFR Loan and with respect to any Interest Period, the rate per annum which results from interpolating on a linear basis between the longest maturity for which a Screen Rate is available that is shorter than such Interest Period and the applicable Screen Rate for the shortest maturity for which a screen rate is available that is longer than such Interest Period, which "Screen Rate" shall be the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "Periodic Term SOFR Determination Day") that is [***] U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been

published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then the Screen Rate will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than [***] U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day; provided, further, that if Term SOFR determined as provided above shall ever be less than the Floor, then Term SOFR shall be deemed to be the Floor.

"Term SOFR Administrator" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

"Term SOFR Reference Rate" means the forward-looking term rate based on SOFR.

"Termination Date" means the date that is 6 months following the then-current Commitment Termination Date.

"Transferee" means any person to whom the Collateral or any of it is transferred in accordance with the terms of the Credit Agreement, the Mortgage or the Step-In Agreement.

"Trust" means the Vertical Horizons, Ltd. Charitable Trust.

"U.S. Government Securities Business Day" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"U.S. Special Resolution Regimes" has the meaning specified in Section 23 of the Credit Agreement.

"UK Financial Institution" has the meaning specified in Section 22.3 of the Credit Agreement.

"UK Resolution Authority" has the meaning specified in Section 22.3 of the Credit Agreement.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Unrestricted Cash and Cash Equivalents" means at any date in respect of Frontier Group Holdings, the sum of (a) the undrawn portion available under any revolving, delayed draw or similar credit facilities, in each case that have a maturity of one (1) year or more from such date, (b) available liquidity and (c) the cash and cash equivalents (in each case, as such terms are defined by GAAP) of Frontier Group Holdings on a consolidated based, that may be in each case (i) classified as "unrestricted" in accordance with GAAP on the consolidated balance sheets of Frontier Group Holdings or (ii) classified in accordance with GAAP as "restricted" on the consolidated balance sheets of the Guarantor solely in favor of the Security Trustee and the Lenders, provided that if Frontier Group Holdings agrees to any more onerous definition pursuant to any financial covenant in any agreement to which it is a party, this definition shall be deemed to be deleted and replaced with such other definition.

"VAT" means a consumption tax, value added tax, goods and services tax or similar tax, however it may be described.

"Withholding Taxes" means a deduction or withholding for or on account of Tax from a payment under an Operative Document.

"Write-Down and Conversion Powers" has the meaning specified in Section 22.3 of the Credit Agreement.

DATED AS OF JUNE 30, 2022
FRONTIER AIRLINES INC.
AS GUARANTOR

AND

BANK OF UTAH
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY
AS SECURITY TRUSTEE

EIGHTH AMENDED AND RESTATED GUARANTEE IN RESPECT OF THE
PDP FINANCING OF TWENTY-ONE (21) AIRBUS A320NEO AIRCRAFT
AND SIXTY-THREE (63) AIRBUS A321NEO AIRCRAFT

CONTENTS

Clause	Page
1. Definitions	1
2. Guarantee	1
3. Guarantee Absolute	2
4. Waiver	5
5. Certain Actions	6
6. Subrogation	6
7. Rights of Third Parties; Set-Off	7
8. Representations and Warranties	7
9. Covenants	9
10. Successors and Assigns	11
11. Notices	11
12. Governing Law; Counterparts	12
13. Waiver of Jury Trial	12
14. Jurisdiction	12
15. Service of Process	13

THIS EIGHTH AMENDED AND RESTATED GUARANTEE (as amended, modified or supplemented in accordance with the terms hereof, this "**Guarantee**"), dated as of June 30, 2022, is made

BY:

- (1) **FRONTIER AIRLINES, INC.**, incorporated in Colorado (together with its successors and its permitted assigns, the "**Guarantor**");

in favor of
- (2) **BANK OF UTAH**, not in its individual capacity but solely, as security trustee (in such capacity, the "**Security Trustee**") for and on behalf of itself, the Facility Agent (as defined in the Credit Agreement referred to below) and each lender (each a "**Lender**" and collectively, the "**Lenders**") which is a party to the Eighth Amended and Restated Credit Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the "**Credit Agreement**"), among Vertical Horizons, Ltd., as borrower (the "**Borrower**"), the Facility Agent, the Lenders and the Security Trustee.

WITNESSETH:

WHEREAS:

- (A) This Guarantee amends and restates in its entirety the Seventh Amended and Restated Guarantee, dated as of December 28, 2021, executed by the Guarantor in favor of the Security Trustee;
- (B) The Borrower entered into the Credit Agreement for the purpose of financing certain pre-delivery payment obligations in respect of twenty-one (21) Airbus A320neo and sixty-three (63) Airbus A321neo Aircraft; and
- (C) It is a condition precedent to the entering into of the transactions contemplated by the Credit Agreement that the Guarantor shall have executed and delivered this Guarantee.

NOW, THEREFORE, in consideration of the premises and other consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby agrees as follows:

1. DEFINITIONS

- (a) Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Credit Agreement.
- (b) Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be modified, amended or supplemented from time to time in accordance with its terms and the terms of each other agreement restricting the modification, amendment or supplement thereof.

2. GUARANTEE

- (a) The Guarantor hereby irrevocably, absolutely and unconditionally guarantees, as primary obligor and as a guarantor of payment and not merely as surety or guarantor of collection, to the Security Trustee, the Facility Agent and each Lender, (i) the full and prompt payment by the Borrower when due of the Secured Obligations incurred by the Borrower and pursuant to the Operative Documents, strictly in accordance with the terms of the Operative Documents, and (ii) the full and timely performance of, and

compliance with, each and every duty, agreement, undertaking, indemnity and obligation of the Borrower under the Operative Documents strictly in accordance with the terms thereof, in each case, however created, arising or evidenced, whether direct or indirect, primary or secondary, absolute or contingent, joint or several and whether now or hereafter existing or due or to become due (such payment and other obligations described in paragraphs (i) and (ii) being referred to herein as the "**Liabilities**").

- (b) The Guarantor further agrees to pay any and all reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of counsel) that may be paid or incurred by the Security Trustee, the Facility Agent and/or one or more of the Lenders in enforcing any rights with respect to, or collecting, any or all of the Liabilities or enforcing any rights with respect to, or collecting against, the Guarantor hereunder together with interest at the Past Due Rate specified in the Credit Agreement from the date when such expenses are so incurred to the date of actual payment thereof. Without limiting the generality of the foregoing, the liability of the Guarantor hereunder shall extend to all amounts which constitute part of the Liabilities and would be owed by the Borrower but for the fact that such amounts are unenforceable or not allowable due to any circumstance whatsoever or due to the existence of a bankruptcy, suspension of payments, reorganization or similar proceeding involving the Borrower.

3. **GUARANTEE ABSOLUTE**

- (a) This Guarantee shall constitute a guarantee of payment and of performance and not of collection, and the Guarantor specifically agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, before or as a condition of enforcing the obligations of the Guarantor under this Guarantee or requiring payment or performance of the Liabilities by the Guarantor hereunder, or at any time thereafter, that any Person: (i) file suit or proceed to obtain or assert a claim for personal judgment against the Borrower or any other Person that may be liable for any Liabilities; (ii) make any other effort to obtain payment or performance of any Liabilities from the Borrower or any other Person that may be liable for such Liabilities; (iii) foreclose against or seek to realize upon the Collateral or any other security now or hereafter existing for such Liabilities; (iv) exercise or assert any other right or remedy to which such Person is or may be entitled in connection with any Liabilities or any security or other guarantee therefor; or (v) assert or file any claim against the assets of any other Person liable for any Liabilities. Notwithstanding anything herein to the contrary, no provision of this Guarantee shall require the Guarantor to pay, perform or discharge any Liabilities prior to the time such Liabilities are due and payable. When making any demand hereunder against the Guarantor, none of the Security Trustee, the Facility Agent or any Lender need make a similar demand on the Borrower; **provided that** any failure by the Security Trustee, the Facility Agent or any Lender to make any such demand or to collect any payments from the Borrower shall not relieve the Guarantor of its obligations or liabilities hereunder and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Security Trustee, the Facility Agent and/or such Lender against the Guarantor. The Security Trustee, the Facility Agent and/or the Lenders may in all events pursue its rights under this Guarantee prior to or simultaneously with pursuing its various rights referred to in the Credit Agreement and the other Operative Documents, as the Security Trustee, the Facility Agent and/or such Lender may determine.
- (b) The Guarantor agrees that this Guarantee shall be continuing until the indefeasible payment in full of all Secured Obligations and the Guarantor guarantees that the Liabilities will be paid and performed strictly in accordance with the terms of the Operative Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Security

Trustee, the Facility Agent and/or the Lenders with respect thereto. If for any reason the Borrower shall fail to fully and timely pay or perform and discharge any Liabilities to be paid or performed by the Borrower (whether affirmative or negative in character), the Guarantor shall promptly on demand by the Security Trustee, the Facility Agent and/or any Lender pay or perform or cause to be paid or performed, as the case may be, such Liabilities. Each of the obligations of the Guarantor under this Guarantee is separate and independent of each other obligation of the Guarantor under this Guarantee and separate and independent of the Liabilities, and the Guarantor agrees that a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guarantee, irrespective of whether any action is brought against the Borrower is joined in any such action or actions. The obligations of the Guarantor shall be continuing and irrevocable, absolute and unconditional, primary and original and immediate and not contingent and shall remain in full force and effect without regard to and not be released, discharged or in any way affected by any circumstance or condition (other than by payment in full of the Liabilities) including, without limitation, the occurrence of any one or more of the following:

- (i) any lack of validity or enforceability of any of the Liabilities under the Operative Documents or any document entered into in connection with the transactions contemplated thereby, any provision thereof, or any other agreement or instrument relating thereto or the absence of any action to enforce the same;
- (ii) any failure, omission, delay or lack on the part of the Security Trustee, the Facility Agent and/or the Lenders to enforce, assert or exercise any right, power, privilege or remedy conferred on the Security Trustee, the Facility Agent and/or the Lenders in the Credit Agreement, the Security Agreement, or any other Operative Document, or the inability of the Security Trustee, the Facility Agent and/or the Lenders to enforce any provision of any Operative Document for any reason, or any other act or omission on the part of the Security Trustee, the Facility Agent or any Lender;
- (iii) any change in the time, manner or place of performance or of payment, or in any other term of, all or any of the Liabilities, or any other modification, supplement, amendment or waiver of or any consent to departure from the terms and conditions of any of the Operative Document or any document entered into in connection with the transactions contemplated thereby;
- (iv) any taking, exchange, release or non-perfection of the Collateral or any other collateral or security, or any taking, release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Liabilities or the acceptance of any security therefor;
- (v) the waiver by the Security Trustee, the Facility Agent and/or any Lender of the performance or observance by the Borrower of any of the Liabilities, the waiver of any default in the performance or observance thereof, any extension by the Security Trustee, the Facility Agent and/or any Lender of the time for payment or performance and discharge by the Borrower of any Liabilities or any extension, indulgence or renewal of any Liabilities;
- (vi) any bankruptcy, suspension of payments, insolvency, sale of assets, winding-up, dissolution, liquidation, receivership or reorganization of, or similar proceedings involving, the Borrower or its assets or any resulting release or discharge of any of the Liabilities;
- (vii) the recovery of any judgment against any Person or any action to enforce the same;

- (viii) any failure or delay in the enforcement of the Liabilities of any Person under the Operative Documents or any document entered into in connection with the transactions contemplated by the Operative Documents or any provision thereof;
- (ix) any set-off, counterclaim, deduction, defense, abatement, suspension, deferment, diminution, recoupment, limitation or termination available with respect to any Liabilities and, to the extent permitted by applicable law, irrespective of any other circumstances that might otherwise limit recourse by or against the Guarantor or any other Person;
- (x) the obtaining, the amendment or the release of or consent to any departure from the primary or secondary obligation of any other Person, in addition to the Guarantor, with respect to any Liabilities;
- (xi) any compromise, alteration, amendment, modification, extension, renewal, release or other change, or waiver, consent or other action, or delay or omission or failure to act, in respect of any of the terms, covenants or conditions of any Operative Document or any document entered into in connection with the transactions contemplated by any Operative Document, or any other agreement or any related document referred to therein, or any assignment or transfer of any thereof (including, without limitation, any Benchmark Replacement Conforming Changes or any other modifications or other amendments delivered or otherwise implemented or effected (automatically or otherwise) in accordance with or in furtherance of this Section titled "Benchmark Replacement Setting" under the Credit Agreement);
- (xii) any manner of application of Collateral or Proceeds thereof, to all or any of the Liabilities, or any manner of sale or other disposition of any Collateral, or any furnishing or acceptance of additional collateral;
- (xiii) any change in control in the ownership of the Borrower, any change, merger, demerger, consolidation, restructuring or termination of the corporate structure or existence of the Borrower;
- (xiv) to the fullest extent permitted by applicable law, any other circumstance which might otherwise constitute a defense available to, or a discharge of, a guarantor or surety with respect to any Liabilities;
- (xv) any default, failure or delay, whether as a result of actual or alleged force majeure, commercial impracticability or otherwise, in the performance of the Liabilities, or by any other act or circumstances which may or might in any manner or to any extent vary the risk of the Guarantor, or which would otherwise operate as a discharge of the Guarantor;
- (xvi) the existence of any other obligation of the Guarantor, or any limitation thereof, in any Operative Document;
- (xvii) any regulatory change or other governmental action (whether or not adverse); or
- (xviii) the partial payment or performance of the Liabilities (whether as a result of the exercise of any right, remedy, power or privilege or otherwise) or the invalidity of any payment for any reason whatsoever.

Should any money due or owing under this Guarantee not be recoverable from the Guarantor due to any of the matters specified in paragraphs (i) through (xviii) above

or for any other reason, then, in any such case, such money shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal debtor in respect thereof and not merely a guarantor and shall be paid by the Guarantor forthwith.

- (c) This Guarantee shall continue to be effective or be automatically reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Liabilities is rescinded or must otherwise be restored or returned by the Security Trustee, the Facility Agent and/or any Lender for any reason whatsoever, whether upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made, and the Guarantor agrees that it will indemnify the Security Trustee, the Facility Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and disbursement of counsel) incurred by any such Person in connection with such rescission or restoration. If an event permitting the exercise of remedies under the Operative Documents shall at any time have occurred and be continuing and such exercise, or any consequences thereof provided in any Operative Document, shall at such time be prevented by reason of the pendency against the Borrower of a case or proceeding under a bankruptcy or insolvency law, the Guarantor agrees that, for purposes of this Guarantee and its obligations hereunder, amounts payable under the Operative Documents shall be deemed to have been declared in default, with all attendant consequences as provided in the Operative Documents as if such declaration of default and the consequences thereof had been accomplished in accordance with the terms of the Credit Agreement and the other Operative Documents, and the Guarantor shall forthwith pay any amounts guaranteed hereunder, without further notice or demand.

4. **WAIVER**

To the fullest extent permitted by applicable law, the Guarantor hereby expressly and irrevocably waives diligence, promptness, demand for payment or performance, filing of claims with any court, any proceeding to enforce any provision of the Operative Documents, notice of acceptance of and reliance on this Guarantee by the Security Trustee, the Facility Agent and each Lender, notice of the creation of any liabilities of the Borrower, any requirement that the Security Trustee, the Facility Agent or any Lender protect, secure, perfect or insure any security interest or Lien on the Collateral or any property subject thereto, any right to require a proceeding first against the Borrower, whether to marshal any assets or to exhaust any right or take any action against the Borrower or any other Person or entity or any collateral or otherwise, any diligence in collection or protection of or realization upon any Liabilities, any obligation hereunder or any collateral security for any of the foregoing, any right of protest, presentment, notice or demand whatsoever, all claims of waiver, release, surrender, alteration or compromise, and all defenses, set-offs, counterclaims, recoupments, reductions, limitations, impairments or terminations, whether arising hereunder or otherwise.

5. **CERTAIN ACTIONS**

The Security Trustee, the Facility Agent and each Lender may, from time to time at its sole discretion and without notice to the Guarantor, take any or all of the following actions without affecting the obligations of the Guarantor hereunder: (i) retain or obtain a lien upon a security interest in any substitutions or replacements to the Collateral; (ii) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the Guarantor, with respect to any of the Liabilities or any obligation hereunder; (iii) with consent of the Borrower, extend or renew for one or more periods (regardless of whether longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of the Guarantor hereunder or any obligation of any nature of any other obligor (including the Security

Trustee) with respect to any of the Liabilities; (iv) release or fail to perfect any Lien upon or security interest in, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or extend or renew for one or more periods (regardless of whether longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property; and (v) resort to the Guarantor for payment of any of the Liabilities, regardless of whether the Security Trustee, the Facility Agent or the Lender, as the case may be, shall have resorted to any property securing any of the Liabilities or any obligation hereunder or shall have proceeded against any other obligor primarily or secondarily obligated with respect to any of the Liabilities.

6. **SUBROGATION**

Any amounts received by the Security Trustee, the Facility Agent or any Lender from whatsoever source on account of the Liabilities may be applied by it toward the payment of such of the Liabilities, and in such order of application, as the Security Trustee, the Facility Agent or such Lender may from time to time elect. No payment made by or for the account of the Guarantor pursuant to this Guarantee shall entitle the Guarantor by subrogation, indemnity or otherwise to any payment by the Security Trustee, the Facility Agent or the Lender, as the case may be, from or out of any property of such Person, and the Guarantor shall not exercise any right or remedy against the Security Trustee, the Facility Agent or the Lender, as the case may be, or any property of such Person by reason of any performance by the Guarantor of this Guarantee.

7. **RIGHTS OF THIRD PARTIES; SET-OFF**

- (a) This Guarantee is made only for the benefit of, and shall be enforceable only by, the Security Trustee, the Facility Agent and each Lender, and this Guarantee shall not be construed to create any right in any Person other than the Security Trustee, the Facility Agent and each Lender to be a contract in whole or in part for the benefit of any Person other than the Security Trustee, the Facility Agent and each Lender.
- (b) Upon the occurrence of any Event of Default, the Guarantor hereby irrevocably authorizes the Security Trustee, the Facility Agent, each Lender and each of their respective Affiliates, at any time and from time to time without notice to the Guarantor, any such notice being expressly waived by the Guarantor, to set-off and appropriate and apply any and all assets, at any time held or owing by the Guarantor or any of its Affiliates to, or for the credit of the account of the Guarantor, or any part thereof in such amounts as the Security Trustee, the Facility Agent or such Lender, as the case may be, may elect, against and on account of the obligations and liabilities of the Guarantor to the Security Trustee, the Facility Agent and each Lender hereunder of every nature and description of the Security Trustee, the Facility Agent and each Lender. The Security Trustee, the Facility Agent or applicable Lender shall notify the Guarantor promptly of any such set-off and the application made by them, **provided that** the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Security Trustee, the Facility Agent and each Lender under this Clause are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Security Trustee, the Facility Agent and the Lenders may have.

8. **REPRESENTATIONS AND WARRANTIES**

The Guarantor represents and warrants to the Security Trustee, the Facility Agent and each Lender as follows:

- (a) **Access to Information**

The Guarantor has and will continue to have independent means of obtaining information concerning the Borrower's affairs, financial condition and business. None of the Security Trustee, the Facility Agent or any Lender shall have any duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the possession of the Security Trustee, the Facility Agent or any Lender.

(b) **Organization**

It is a company duly organized and validly existing under the laws of the state of Colorado, with organizational power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted.

(c) **Due Qualification**

It is duly licensed, qualified and authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such license, qualification or authorization except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, financial condition or prospects of the Guarantor.

(d) **Power and Authority; Due Authorization**

It has (i) all necessary power, authority and legal right to execute, deliver and perform its obligations under this Guarantee and (ii) duly authorized by all necessary organizational action such execution, delivery and performance of this Guarantee.

(e) **Binding Obligations**

This Guarantee constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(f) **No Violation**

The execution, delivery and performance of this Guarantee will not (i) conflict with, or result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under (A) the constituent documents of the Guarantor or (B) any indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which the Guarantor is a party or by which it or its property is bound, (ii) result in or require the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument or (iii) violate any law, judgment, writ, injunction, decree or any order, rule, regulation applicable to the Guarantor of any court or of any federal, state or foreign regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Guarantor or any of its properties.

(g) **Not Insolvent**

The execution, delivery and performance by the Guarantor of this Guarantee will not render the Guarantor insolvent, nor is it being made in contemplation of the Guarantor's insolvency; the Guarantor does not, in its reasonable judgment, have an

unreasonably small capital for conducting its business as presently contemplated by it. The Guarantor is fully solvent (on a cash flow and balance sheet basis) and will be fully solvent immediately following the execution of this Agreement and the other Operative Documents.

(h) **No Default under Airbus Purchase Agreements or Engine Agreements**

No event is continuing in respect of the Guarantor which would constitute an incipient or actual default by Frontier Airlines or Frontier Holdings under any Airbus Purchase Agreement, the A321neo Engine Purchase Agreement, the Incremental A321neo Engine Purchase Agreement or the CFM Engine Agreement A320neo.

9. **COVENANTS**

(a) The Guarantor shall observe certain policies and procedures relating to the Borrower's existence as separate companies as follows and shall do all things necessary to maintain its corporate existence separate and distinct from the Borrower. The Guarantor shall:

- (i) observe all formalities necessary to remain a legal entity separate and distinct from the Borrower;
- (ii) maintain its assets and liabilities separate and distinct from those of the Borrower in such a manner that it is not difficult to segregate, identify or ascertain such assets;
- (iii) maintain records, books and accounts separate from those of the Borrower (other than as otherwise set forth under the Operative Documents);
- (iv) pay its obligations in the ordinary course of business as a legal entity separate from the Borrower;
- (v) keep its funds separate and distinct from any funds of the Borrower, and receive, deposit, withdraw and disburse such funds separately from any funds of the Borrower;
- (vi) not agree to pay, assume, guarantee or become liable for any debt of, or otherwise pledge its assets for the benefit of the Borrower except as otherwise permitted under the Operative Documents;
- (vii) not hold out that the Borrower is a division of the Guarantor or any other Person or that the Guarantor is a division of the Borrower or any other Person;
- (viii) not induce any third party to rely on the creditworthiness of the Guarantor in order that such third party will contract with the Borrower (other than any guarantee of the Guarantor in favor of Airbus made in connection with the Airbus Purchase Agreements);
- (ix) allocate and charge fairly and reasonably any common overhead shared with the Borrower;
- (x) hold itself out as a separate entity from the Borrower, and correct any known misunderstanding regarding its separate identity;
- (xi) not conduct business in the name of the Borrower and ensure that all communications of the Borrower are made solely in the Borrower's name as the context may require;

- (xii) not acquire the securities of the Borrower or allow the Borrower to acquire securities of the Guarantor;
 - (xiii) prepare separate financial statements and separate tax returns from the Borrower (**provided that** the Guarantor may publish financial statements that consolidate those of the Guarantor and its subsidiaries, if to do so is required by any applicable law or accounting principles from time to time in effect and subsidiaries of the Guarantor may file consolidated Tax returns with the Guarantor and its subsidiaries for Tax purposes); and
 - (xiv) not enter into any transaction with the Borrower that is more favorable to the Guarantor than transactions that the Guarantor and its subsidiaries would have been able to enter into at such time on an arm's-length basis with a non-affiliated third party or vice versa.
- (b) The Guarantor shall not take any action or omit to take any action that would cause an incipient or actual default under any Airbus Purchase Agreement or any Engine Agreement.
- (c) The Guarantor shall ensure that the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, and this Guarantee remain in place and in full force and effect and that neither it nor any other Obligor shall breach any of the terms of any of such documents. The Guarantor shall ensure that no amendment, variation, waiver or other change is made to its memorandum and articles of association or other constituent documents, the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, or this Guarantee.
- (d) The Guarantor shall:
- (i) promptly upon acquiring actual knowledge of the same, notify the Facility Agent of any default (whether by the Guarantor, any Affiliate of the Guarantor, Airbus or the Engine Manufacturer) under or cancellation, termination or rescission or purported cancellation, termination or rescission of any Airbus Purchase Agreement or any Engine Agreement specifying in reasonable detail the nature of such default, cancellation, rescission or termination;
 - (ii) not, without the Security Trustee's prior written consent, in any way modify, cancel, terminate or amend or consent to the modification, cancellation, termination or amendment of any Airbus Purchase Agreement or any Engine Agreement except to the extent permitted by the Credit Agreement;
 - (iii) not accept, and shall procure that the Borrower or any other Person does not accept, delivery of any Aircraft from Airbus before or concurrently with repaying to the Lenders all amounts owing in respect of the Loans relating to that Aircraft;
 - (iv) not enter into or consent to any change order or other amendment, modification or supplement to any Airbus Purchase Agreement or any Engine Agreement, in relation to the Aircraft, without the prior written consent and countersignature of the Security Trustee (acting at the unanimous direction of the Lenders) if such change order, amendment, modification or supplement would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;
 - (v) provide to the Security Trustee promptly after the execution of the same copies, certified by the Guarantor, of all material change orders (other than non charge change orders), amendments, modifications or supplements to the

Assigned Purchase Agreements that would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;

- (vi) provide to the Security Trustee promptly upon request, such information regarding the package of product support and training services as was agreed to be provided by Airbus to the Guarantor under the Assigned Purchase Agreements and agrees not to take any action or omit to take any action which would reduce the product support and training services which would otherwise be available to Intrepid by Airbus with respect to the Aircraft under the Assigned Purchase Agreements; and
 - (vii) not agree to any financial indebtedness cross default (in respect of it or any of its Affiliates) with Airbus that would give rise to a right for Airbus to terminate the Assigned Purchase Agreements.
- (e) The Guarantor shall not accept any repayment of any part of the Subordinated Loan Agreement while the Secured Obligations remain outstanding.

10. SUCCESSORS AND ASSIGNS

- (a) This Guarantee shall be binding upon the Guarantor and upon the Guarantor's successors and assigns and all references herein to the Guarantor or the Security Trustee shall be deemed to include any successor or successors whether immediate or remote, to such Person. The Guarantor shall not assign any of its rights or obligations hereunder without the prior written consent of the Security Trustee, the Facility Agent and each Lender.
- (b) This Guarantee shall inure to the benefit of the Security Trustee, the Facility Agent each Lender and their respective successors and assigns, and all references herein to the Security Trustee, the Facility Agent or any Lender shall be deemed to include any successors and assigns of such Person (whether or not reference in a particular provision is made to such successors and assigns).

11. NOTICES

All notices, demands or requests given pursuant to this Guarantee shall be in writing personally delivered, or sent by facsimile (with subsequent telephone confirmation of receipt thereof) or sent by internationally recognized overnight courier service, to the following addresses:

- (a) if to the Guarantor:

Frontier Airlines, Inc.
7001 Tower Road
Denver, CO 80249
Attention: SVP – General Counsel
Phone: (###) ###-####
Email: ###

- (b) if to the Security Trustee:

50 South 200 East, Suite 110
Salt Lake City, Utah 84111
Telephone: ### ###-####
Facsimile: ### ###-####
Email: ###

Whenever any notice in writing is required to be given by the Guarantor or the Security Trustee, such notice shall be deemed given and such requirement satisfied when such notice is received, with such notice received if such notice is mailed by certified mail, postage prepaid, or is sent by facsimile, addressed as provided above.

Either party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other party.

12. **GOVERNING LAW; COUNTERPARTS**

THIS GUARANTEE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. This Guarantee may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. **WAIVER OF JURY TRIAL**

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTEE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

14. **JURISDICTION**

- (a) The Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guarantee, or for recognition or enforcement of any judgment, and the Guarantor irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guarantee shall affect any right that the Security Trustee or any Lender may otherwise have to bring any action or proceeding relating to this Guarantee against another party or its properties in the courts of any jurisdiction.
- (b) The Guarantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guarantee in any court referred to in paragraph (a) of this Clause. The Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

15. **SERVICE OF PROCESS**

Each party to this Guarantee irrevocably consents to service of process in the manner provided for the delivery of notices in Clause 11. Nothing in this Guarantee will affect the right of any party to this Guarantee to serve process in any other manner permitted by law. The Guarantor hereby irrevocably appoints and designates Corporation Services Company (the "**Agent for Service of Process**"), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Guarantor agrees that service of process upon such party shall constitute personal service of such process on such person. The Guarantor shall maintain the designation and appointment of the Agent for Service of Process at such address until all amounts payable under this Guarantee shall have been paid in full. If the Agent for Service of Process shall cease to so act, the Guarantor shall immediately designate and shall promptly deliver to the Security Trustee evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

[Signature page follows]

IN WITNESS WHEREOF, this Guarantee has been executed and delivered by the Guarantor's duly authorized officer as of the date first written above.

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond
Name: Howard Diamond
Title: General Counsel

ACCEPTED and AGREED:

BANK OF UTAH
not in its individual capacity but solely
as Security Trustee

By: /s/ Kade Baird
Name: Kade Baird
Title: Assistant Vice President

[Signature Page – Eighth Amended and Restated Guarantee]

EXECUTION VERSION

DATED AS OF JUNE 30, 2022
FRONTIER AIRLINES HOLDINGS, INC.
AS GUARANTOR

AND

BANK OF UTAH
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY
AS SECURITY TRUSTEE

EIGHTH AMENDED AND RESTATED GUARANTEE IN RESPECT OF THE
PDP FINANCING OF TWENTY-ONE (21) AIRBUS A320NEO AIRCRAFT
AND SIXTY-THREE (63) AIRBUS A321NEO AIRCRAFT

CONTENTS

Clause	Page
1. Definitions	1
2. Guarantee	1
3. Guarantee Absolute	2
4. Waiver	5
5. Certain Actions	6
6. Subrogation	6
7. Rights of Third Parties; Set-Off	6
8. Representations and Warranties	7
9. Covenants	9
10. Successors and Assigns	11
11. Notices	11
12. Governing Law; Counterparts	12
13. Waiver of Jury Trial	12
14. Jurisdiction	12
15. Service of Process	13

THIS EIGHTH AMENDED AND RESTATED GUARANTEE (as amended, modified or supplemented in accordance with the terms hereof, this "**Guarantee**"), dated as of June 30, 2022, is made

BY:

- (1) **FRONTIER AIRLINES HOLDINGS, INC.**, a Delaware corporation (together with its successors and its permitted assigns, the "**Guarantor**");

in favor of
- (2) **BANK OF UTAH**, not in its individual capacity but solely, as security trustee (in such capacity, the "**Security Trustee**") for and on behalf of itself, the Facility Agent (as defined in the Credit Agreement referred to below) and each lender (each a "**Lender**" and collectively, the "**Lenders**") which is a party to the Eighth Amended and Restated Credit Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the "**Credit Agreement**"), among Vertical Horizons, Ltd., as borrower (the "**Borrower**"), the Facility Agent, the Lenders and the Security Trustee.

WITNESSETH:

WHEREAS:

- (A) This Guarantee amends and restates in its entirety the Seventh Amended and Restated Guarantee dated as of December 28, 2021 and executed by the Guarantor in favor of the Security Trustee;
- (B) The Borrower entered into the Credit Agreement for the purpose of financing certain pre-delivery payment obligations in respect of twenty-one (21) Airbus A320neo and sixty-three (63) Airbus A321neo Aircraft; and
- (C) It is a condition precedent to the entering into of the transactions contemplated by the Credit Agreement that the Guarantor shall have executed and delivered this Guarantee.

NOW, THEREFORE, in consideration of the premises and other consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby agrees as follows:

1. DEFINITIONS

- (a) Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Credit Agreement.
- (b) Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be modified, amended or supplemented from time to time in accordance with its terms and the terms of each other agreement restricting the modification, amendment or supplement thereof.

2. GUARANTEE

- (a) The Guarantor hereby irrevocably, absolutely and unconditionally guarantees, as primary obligor and as a guarantor of payment and not merely as surety or guarantor of collection, to the Security Trustee, the Facility Agent and each Lender, (i) the full and prompt payment by the Borrower when due of the Secured Obligations incurred by the Borrower and pursuant to the Operative Documents, strictly in accordance with the terms of the Operative Documents, and (ii) the full and timely performance of, and

compliance with, each and every duty, agreement, undertaking, indemnity and obligation of the Borrower under the Operative Documents strictly in accordance with the terms thereof, in each case, however created, arising or evidenced, whether direct or indirect, primary or secondary, absolute or contingent, joint or several and whether now or hereafter existing or due or to become due (such payment and other obligations described in paragraphs (i) and (ii) being referred to herein as the "**Liabilities**").

- (b) The Guarantor further agrees to pay any and all reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of counsel) that may be paid or incurred by the Security Trustee, the Facility Agent and/or one or more of the Lenders in enforcing any rights with respect to, or collecting, any or all of the Liabilities or enforcing any rights with respect to, or collecting against, the Guarantor hereunder together with interest at the Past Due Rate specified in the Credit Agreement from the date when such expenses are so incurred to the date of actual payment thereof. Without limiting the generality of the foregoing, the liability of the Guarantor hereunder shall extend to all amounts which constitute part of the Liabilities and would be owed by the Borrower but for the fact that such amounts are unenforceable or not allowable due to any circumstance whatsoever or due to the existence of a bankruptcy, suspension of payments, reorganization or similar proceeding involving the Borrower.

3. **GUARANTEE ABSOLUTE**

- (a) This Guarantee shall constitute a guarantee of payment and of performance and not of collection, and the Guarantor specifically agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, before or as a condition of enforcing the obligations of the Guarantor under this Guarantee or requiring payment or performance of the Liabilities by the Guarantor hereunder, or at any time thereafter, that any Person: (i) file suit or proceed to obtain or assert a claim for personal judgment against the Borrower or any other Person that may be liable for any Liabilities; (ii) make any other effort to obtain payment or performance of any Liabilities from the Borrower or any other Person that may be liable for such Liabilities; (iii) foreclose against or seek to realize upon the Collateral or any other security now or hereafter existing for such Liabilities; (iv) exercise or assert any other right or remedy to which such Person is or may be entitled in connection with any Liabilities or any security or other guarantee therefor; or (v) assert or file any claim against the assets of any other Person liable for any Liabilities. Notwithstanding anything herein to the contrary, no provision of this Guarantee shall require the Guarantor to pay, perform or discharge any Liabilities prior to the time such Liabilities are due and payable. When making any demand hereunder against the Guarantor, none of the Security Trustee, the Facility Agent or any Lender need make a similar demand on the Borrower; **provided that** any failure by the Security Trustee, the Facility Agent or any Lender to make any such demand or to collect any payments from the Borrower shall not relieve the Guarantor of its obligations or liabilities hereunder and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Security Trustee, the Facility Agent and/or such Lender against the Guarantor. The Security Trustee, the Facility Agent and/or the Lenders may in all events pursue its rights under this Guarantee prior to or simultaneously with pursuing its various rights referred to in the Credit Agreement and the other Operative Documents, as the Security Trustee, the Facility Agent and/or such Lender may determine.
- (b) The Guarantor agrees that this Guarantee shall be continuing until the indefeasible payment in full of all Secured Obligations and the Guarantor guarantees that the Liabilities will be paid and performed strictly in accordance with the terms of the Operative Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Security

Trustee, the Facility Agent and/or the Lenders with respect thereto. If for any reason the Borrower shall fail to fully and timely pay or perform and discharge any Liabilities to be paid or performed by the Borrower (whether affirmative or negative in character), the Guarantor shall promptly on demand by the Security Trustee, the Facility Agent and/or any Lender pay or perform or cause to be paid or performed, as the case may be, such Liabilities. Each of the obligations of the Guarantor under this Guarantee is separate and independent of each other obligation of the Guarantor under this Guarantee and separate and independent of the Liabilities, and the Guarantor agrees that a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guarantee, irrespective of whether any action is brought against the Borrower is joined in any such action or actions. The obligations of the Guarantor shall be continuing and irrevocable, absolute and unconditional, primary and original and immediate and not contingent and shall remain in full force and effect without regard to and not be released, discharged or in any way affected by any circumstance or condition (other than by payment in full of the Liabilities) including, without limitation, the occurrence of any one or more of the following:

- (i) any lack of validity or enforceability of any of the Liabilities under the Operative Documents or any document entered into in connection with the transactions contemplated thereby, any provision thereof, or any other agreement or instrument relating thereto or the absence of any action to enforce the same;
- (ii) any failure, omission, delay or lack on the part of the Security Trustee, the Facility Agent and/or the Lenders to enforce, assert or exercise any right, power, privilege or remedy conferred on the Security Trustee, the Facility Agent and/or the Lenders in the Credit Agreement, the Security Agreement, or any other Operative Document, or the inability of the Security Trustee, the Facility Agent and/or the Lenders to enforce any provision of any Operative Document for any reason, or any other act or omission on the part of the Security Trustee, the Facility Agent or any Lender;
- (iii) any change in the time, manner or place of performance or of payment, or in any other term of, all or any of the Liabilities, or any other modification, supplement, amendment or waiver of or any consent to departure from the terms and conditions of any of the Operative Document or any document entered into in connection with the transactions contemplated thereby;
- (iv) any taking, exchange, release or non-perfection of the Collateral or any other collateral or security, or any taking, release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Liabilities or the acceptance of any security therefor;
- (v) the waiver by the Security Trustee, the Facility Agent and/or any Lender of the performance or observance by the Borrower of any of the Liabilities, the waiver of any default in the performance or observance thereof, any extension by the Security Trustee, the Facility Agent and/or any Lender of the time for payment or performance and discharge by the Borrower of any Liabilities or any extension, indulgence or renewal of any Liabilities;
- (vi) any bankruptcy, suspension of payments, insolvency, sale of assets, winding-up, dissolution, liquidation, receivership or reorganization of, or similar proceedings involving, the Borrower or its assets or any resulting release or discharge of any of the Liabilities;
- (vii) the recovery of any judgment against any Person or any action to enforce the same;

- (viii) any failure or delay in the enforcement of the Liabilities of any Person under the Operative Documents or any document entered into in connection with the transactions contemplated by the Operative Documents or any provision thereof;
- (ix) any set-off, counterclaim, deduction, defense, abatement, suspension, deferment, diminution, recoupment, limitation or termination available with respect to any Liabilities and, to the extent permitted by applicable law, irrespective of any other circumstances that might otherwise limit recourse by or against the Guarantor or any other Person;
- (x) the obtaining, the amendment or the release of or consent to any departure from the primary or secondary obligation of any other Person, in addition to the Guarantor, with respect to any Liabilities;
- (xi) any compromise, alteration, amendment, modification, extension, renewal, release or other change, or waiver, consent or other action, or delay or omission or failure to act, in respect of any of the terms, covenants or conditions of any Operative Document or any document entered into in connection with the transactions contemplated by any Operative Document, or any other agreement or any related document referred to therein, or any assignment or transfer of any thereof (including, without limitation, any Benchmark Replacement Conforming Changes or any other modifications or other amendments delivered or otherwise implemented or effected (automatically or otherwise) in accordance with or in furtherance of this Section titled "Benchmark Replacement Setting" under the Credit Agreement);
- (xii) any manner of application of Collateral or Proceeds thereof, to all or any of the Liabilities, or any manner of sale or other disposition of any Collateral, or any furnishing or acceptance of additional collateral;
- (xiii) any change in control in the ownership of the Borrower, any change, merger, demerger, consolidation, restructuring or termination of the corporate structure or existence of the Borrower;
- (xiv) to the fullest extent permitted by applicable law, any other circumstance which might otherwise constitute a defense available to, or a discharge of, a guarantor or surety with respect to any Liabilities;
- (xv) any default, failure or delay, whether as a result of actual or alleged force majeure, commercial impracticability or otherwise, in the performance of the Liabilities, or by any other act or circumstances which may or might in any manner or to any extent vary the risk of the Guarantor, or which would otherwise operate as a discharge of the Guarantor;
- (xvi) the existence of any other obligation of the Guarantor, or any limitation thereof, in any Operative Document;
- (xvii) any regulatory change or other governmental action (whether or not adverse); or
- (xviii) the partial payment or performance of the Liabilities (whether as a result of the exercise of any right, remedy, power or privilege or otherwise) or the invalidity of any payment for any reason whatsoever.

Should any money due or owing under this Guarantee not be recoverable from the Guarantor due to any of the matters specified in paragraphs (i) through (xviii) above

or for any other reason, then, in any such case, such money shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal debtor in respect thereof and not merely a guarantor and shall be paid by the Guarantor forthwith.

- (c) This Guarantee shall continue to be effective or be automatically reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Liabilities is rescinded or must otherwise be restored or returned by the Security Trustee, the Facility Agent and/or any Lender for any reason whatsoever, whether upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made, and the Guarantor agrees that it will indemnify the Security Trustee, the Facility Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and disbursement of counsel) incurred by any such Person in connection with such rescission or restoration. If an event permitting the exercise of remedies under the Operative Documents shall at any time have occurred and be continuing and such exercise, or any consequences thereof provided in any Operative Document, shall at such time be prevented by reason of the pendency against the Borrower of a case or proceeding under a bankruptcy or insolvency law, the Guarantor agrees that, for purposes of this Guarantee and its obligations hereunder, amounts payable under the Operative Documents shall be deemed to have been declared in default, with all attendant consequences as provided in the Operative Documents as if such declaration of default and the consequences thereof had been accomplished in accordance with the terms of the Credit Agreement and the other Operative Documents, and the Guarantor shall forthwith pay any amounts guaranteed hereunder, without further notice or demand.

4. **WAIVER**

To the fullest extent permitted by applicable law, the Guarantor hereby expressly and irrevocably waives diligence, promptness, demand for payment or performance, filing of claims with any court, any proceeding to enforce any provision of the Operative Documents, notice of acceptance of and reliance on this Guarantee by the Security Trustee, the Facility Agent and each Lender, notice of the creation of any liabilities of the Borrower, any requirement that the Security Trustee, the Facility Agent or any Lender protect, secure, perfect or insure any security interest or Lien on the Collateral or any property subject thereto, any right to require a proceeding first against the Borrower, whether to marshal any assets or to exhaust any right or take any action against the Borrower or any other Person or entity or any collateral or otherwise, any diligence in collection or protection of or realization upon any Liabilities, any obligation hereunder or any collateral security for any of the foregoing, any right of protest, presentment, notice or demand whatsoever, all claims of waiver, release, surrender, alteration or compromise, and all defenses, set-offs, counterclaims, recoupments, reductions, limitations, impairments or terminations, whether arising hereunder or otherwise.

5. **CERTAIN ACTIONS**

The Security Trustee, the Facility Agent and each Lender may, from time to time at its sole discretion and without notice to the Guarantor, take any or all of the following actions without affecting the obligations of the Guarantor hereunder: (i) retain or obtain a lien upon a security interest in any substitutions or replacements to the Collateral; (ii) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the Guarantor, with respect to any of the Liabilities or any obligation hereunder; (iii) with consent of the Borrower, extend or renew for one or more periods (regardless of whether longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of the Guarantor hereunder or any obligation of any nature of any other obligor (including the Security

Trustee) with respect to any of the Liabilities; (iv) release or fail to perfect any Lien upon or security interest in, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or extend or renew for one or more periods (regardless of whether longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property; and (v) resort to the Guarantor for payment of any of the Liabilities, regardless of whether the Security Trustee, the Facility Agent or the Lender, as the case may be, shall have resorted to any property securing any of the Liabilities or any obligation hereunder or shall have proceeded against any other obligor primarily or secondarily obligated with respect to any of the Liabilities.

6. SUBROGATION

Any amounts received by the Security Trustee, the Facility Agent or any Lender from whatsoever source on account of the Liabilities may be applied by it toward the payment of such of the Liabilities, and in such order of application, as the Security Trustee, the Facility Agent or such Lender may from time to time elect. No payment made by or for the account of the Guarantor pursuant to this Guarantee shall entitle the Guarantor by subrogation, indemnity or otherwise to any payment by the Security Trustee, the Facility Agent or the Lender, as the case may be, from or out of any property of such Person, and the Guarantor shall not exercise any right or remedy against the Security Trustee, the Facility Agent or the Lender, as the case may be, or any property of such Person by reason of any performance by the Guarantor of this Guarantee.

7. RIGHTS OF THIRD PARTIES; SET-OFF

- (a) This Guarantee is made only for the benefit of, and shall be enforceable only by, the Security Trustee, the Facility Agent and each Lender, and this Guarantee shall not be construed to create any right in any Person other than the Security Trustee, the Facility Agent and each Lender to be a contract in whole or in part for the benefit of any Person other than the Security Trustee, the Facility Agent and each Lender.
- (b) Upon the occurrence of any Event of Default, the Guarantor hereby irrevocably authorizes the Security Trustee, the Facility Agent, each Lender and each of their respective Affiliates, at any time and from time to time without notice to the Guarantor, any such notice being expressly waived by the Guarantor, to set-off and appropriate and apply any and all assets, at any time held or owing by the Guarantor or any of its Affiliates to, or for the credit of the account of the Guarantor, or any part thereof in such amounts as the Security Trustee, the Facility Agent or such Lender, as the case may be, may elect, against and on account of the obligations and liabilities of the Guarantor to the Security Trustee, the Facility Agent and each Lender hereunder of every nature and description of the Security Trustee, the Facility Agent and each Lender. The Security Trustee, the Facility Agent or applicable Lender shall notify the Guarantor promptly of any such set-off and the application made by them, **provided that** the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Security Trustee, the Facility Agent and each Lender under this Clause are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Security Trustee, the Facility Agent and the Lenders may have.

8. REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants to the Security Trustee, the Facility Agent and each Lender as follows:

(a) Access to Information

The Guarantor has and will continue to have independent means of obtaining information concerning the Borrower's affairs, financial condition and business. None of the Security Trustee, the Facility Agent or any Lender shall have any duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the possession of the Security Trustee, the Facility Agent or any Lender.

(b) Organization

It is a company duly organized and validly existing under the laws of the state of Delaware, with organizational power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted.

(c) Due Qualification

It is duly licensed, qualified and authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such license, qualification or authorization except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, financial condition or prospects of the Guarantor.

(d) Power and Authority; Due Authorization

It has (i) all necessary power, authority and legal right to execute, deliver and perform its obligations under this Guarantee and (ii) duly authorized by all necessary organizational action such execution, delivery and performance of this Guarantee.

(e) Binding Obligations

This Guarantee constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(f) No Violation

The execution, delivery and performance of this Guarantee will not (i) conflict with, or result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under (A) the constituent documents of the Guarantor or (B) any indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which the Guarantor is a party or by which it or its property is bound, (ii) result in or require the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument or (iii) violate any law or any judgment, writ, injunction, decree, order, rule, regulation applicable to the Guarantor of any court or of any federal, state or foreign regulatory body, administrative agency

or other governmental instrumentality having jurisdiction over the Guarantor or any of its properties.

(g) Not Insolvent

The execution, delivery and performance by the Guarantor of this Guarantee will not render the Guarantor insolvent, nor is it being made in contemplation of the Guarantor's insolvency; the Guarantor does not, in its reasonable judgment, have an unreasonably small capital for conducting its business as presently contemplated by it. The Guarantor is fully solvent (on a cash flow and balance sheet basis) and will be fully solvent immediately following the execution of this Agreement and the other Operative Documents.

(h) No Default under Airbus Purchase Agreements or Engine Agreements

No event is continuing in respect of the Guarantor which would constitute an incipient or actual default by Frontier Airlines or Frontier Holdings under any Airbus Purchase Agreement, the A321neo Engine Purchase Agreement, the Incremental A321neo Engine Purchase Agreement or the CFM Engine Agreement A320neo.

9. COVENANTS

(a) The Guarantor shall observe certain policies and procedures relating to the Borrower's existence as separate companies as follows and shall do all things necessary to maintain its corporate existence separate and distinct from the Borrower. The Guarantor shall:

- (i) observe all formalities necessary to remain a legal entity separate and distinct from the Borrower;
- (ii) maintain its assets and liabilities separate and distinct from those of the Borrower in such a manner that it is not difficult to segregate, identify or ascertain such assets;
- (iii) maintain records, books and accounts separate from those of the Borrower (other than as otherwise set forth under the Operative Documents);
- (iv) pay its obligations in the ordinary course of business as a legal entity separate from the Borrower;
- (v) keep its funds separate and distinct from any funds of the Borrower, and receive, deposit, withdraw and disburse such funds separately from any funds of the Borrower;
- (vi) not agree to pay, assume, guarantee or become liable for any debt of, or otherwise pledge its assets for the benefit of the Borrower except as otherwise permitted under the Operative Documents;
- (vii) not hold out that the Borrower is a division of the Guarantor or any other Person or that the Guarantor is a division of the Borrower or any other Person;
- (viii) not induce any third party to rely on the creditworthiness of the Guarantor in order that such third party will contract with the Borrower (other than any guarantee of the Guarantor in favor of Airbus made in connection with the Airbus Purchase Agreements);
- (ix) allocate and charge fairly and reasonably any common overhead shared with the Borrower;

- (x) hold itself out as a separate entity from the Borrower, and correct any known misunderstanding regarding its separate identity;
 - (xi) not conduct business in the name of the Borrower and ensure that all communications of the Borrower are made solely in the Borrower's name as the context may require;
 - (xii) not acquire the securities of the Borrower or allow the Borrower to acquire securities of the Guarantor;
 - (xiii) prepare separate financial statements and separate tax returns from the Borrower (**provided that** the Guarantor may publish financial statements that consolidate those of the Guarantor and its subsidiaries, if to do so is required by any applicable law or accounting principles from time to time in effect and subsidiaries of the Guarantor may file consolidated Tax returns with the Guarantor and its subsidiaries for Tax purposes); and
 - (xiv) not enter into any transaction with the Borrower that is more favorable to the Guarantor than transactions that the Guarantor and its subsidiaries would have been able to enter into at such time on an arm's-length basis with a non-affiliated third party or vice versa.
- (b) The Guarantor shall not take any action or omit to take any action that would cause an incipient or actual default under any Airbus Purchase Agreement or any Engine Agreement.
- (c) The Guarantor shall ensure that the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, and this Guarantee remain in place and in full force and effect and that neither it nor any other Obligor shall breach any of the terms of any of such documents. The Guarantor shall ensure that no amendment, variation, waiver or other change is made to its memorandum and articles of association or other constituent documents, the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, or this Guarantee.
- (d) The Guarantor shall:
- (i) promptly upon acquiring actual knowledge of the same, notify the Facility Agent of any default (whether by the Guarantor, any Affiliate of the Guarantor, Airbus or the Engine Manufacturer) under or cancellation, termination or rescission or purported cancellation, termination or rescission of any Airbus Purchase Agreement or any Engine Agreement specifying in reasonable detail the nature of such default, cancellation, rescission or termination;
 - (ii) not, without the Security Trustee's prior written consent, in any way modify, cancel, terminate or amend or consent to the modification, cancellation, termination or amendment of any Airbus Purchase Agreement or any Engine Agreement except to the extent permitted by the Credit Agreement;
 - (iii) not accept, and shall procure that the Borrower or any other Person does not accept, delivery of any Aircraft from Airbus before or concurrently with repaying to the Lenders all amounts owing in respect of the Loans relating to that Aircraft;
 - (iv) not enter into or consent to any change order or other amendment, modification or supplement to any Airbus Purchase Agreement or any Engine Agreement, in relation to the Aircraft, without the prior written consent and countersignature of the Security Trustee (acting at the unanimous direction of

the Lenders) if such change order, amendment, modification or supplement would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;

- (v) provide to the Security Trustee promptly after the execution of the same copies, certified by the Guarantor, of all material change orders (other than non charge change orders), amendments, modifications or supplements to the Assigned Purchase Agreements that would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;
 - (vi) provide to the Security Trustee promptly upon request, such information regarding the package of product support and training services as was agreed to be provided by Airbus to the Guarantor under the Assigned Purchase Agreements and agrees not to take any action or omit to take any action which would reduce the product support and training services which would otherwise be available to Intrepid by Airbus with respect to the Aircraft under the Assigned Purchase Agreements; and
 - (vii) not agree to any financial indebtedness cross default (in respect of it or any of its Affiliates) with Airbus that would give rise to a right for Airbus to terminate the Assigned Purchase Agreements.
- (e) The Guarantor shall not accept any repayment of any part of the Subordinated Loan Agreement while the Secured Obligations remain outstanding.

10. **SUCCESSORS AND ASSIGNS**

- (a) This Guarantee shall be binding upon the Guarantor and upon the Guarantor's successors and assigns and all references herein to the Guarantor or the Security Trustee shall be deemed to include any successor or successors whether immediate or remote, to such Person. The Guarantor shall not assign any of its rights or obligations hereunder without the prior written consent of the Security Trustee, the Facility Agent and each Lender.
- (b) This Guarantee shall inure to the benefit of the Security Trustee, the Facility Agent each Lender and their respective successors and assigns, and all references herein to the Security Trustee, the Facility Agent or any Lender shall be deemed to include any successors and assigns of such Person (whether or not reference in a particular provision is made to such successors and assigns).

11. **NOTICES**

All notices, demands or requests given pursuant to this Guarantee shall be in writing personally delivered, or sent by facsimile (with subsequent telephone confirmation of receipt thereof) or sent by internationally recognized overnight courier service, to the following addresses:

- (a) if to the Guarantor:

Frontier Airlines Holdings, Inc.
7001 Tower Road
Denver, CO 80249
Attention: SVP – General Counsel
Phone: (####) ###-####
Email: ###

- (b) if to the Security Trustee:

Bank of Utah
50 South 200 East, Suite 110
Salt Lake City, Utah 84111
Telephone: ###-###-####
Facsimile: ###-###-####
Email: ###

Whenever any notice in writing is required to be given by the Guarantor or the Security Trustee, such notice shall be deemed given and such requirement satisfied when such notice is received, with such notice received if such notice is mailed by certified mail, postage prepaid, or is sent by facsimile, addressed as provided above.

Either party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other party.

12. GOVERNING LAW; COUNTERPARTS

THIS GUARANTEE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. This Guarantee may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTEE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

14. JURISDICTION

- (a) The Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guarantee, or for recognition or enforcement of any judgment, and the Guarantor irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guarantee shall affect any right that the Security Trustee or any Lender may otherwise have to bring any action or proceeding relating to this Guarantee against another party or its properties in the courts of any jurisdiction.

- (b) The Guarantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guarantee in any court referred to in paragraph (a) of this Clause. The Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

15. **SERVICE OF PROCESS**

Each party to this Guarantee irrevocably consents to service of process in the manner provided for the delivery of notices in Clause 11. Nothing in this Guarantee will affect the right of any party to this Guarantee to serve process in any other manner permitted by law. The Guarantor hereby irrevocably appoints and designates Corporation Services Company (the "**Agent for Service of Process**"), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Guarantor agrees that service of process upon such party shall constitute personal service of such process on such person. The Guarantor shall maintain the designation and appointment of the Agent for Service of Process at such address until all amounts payable under this Guarantee shall have been paid in full. If the Agent for Service of Process shall cease to so act, the Guarantor shall immediately designate and shall promptly deliver to the Security Trustee evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

[Signature page follows]

IN WITNESS WHEREOF, this Guarantee has been executed and delivered by the Guarantor's duly authorized officer as of the date first written above.

FRONTIER AIRLINES HOLDINGS, INC.

By: /s/ Howard Diamond
Name: Howard Diamond
Title: General Counsel

ACCEPTED and AGREED:

BANK OF UTAH
not in its individual capacity but solely
as Security Trustee

By: /s/ Kade Baird
Name: Kade Baird
Title: Assistant Vice President

[Signature Page – Eighth Amended and Restated Guarantee]

***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.5

C L I F F O R D
C H A N C E

CLIFFORD CHANCE US LLP

EXECUTION VERSION

DATED AS OF JUNE 30, 2022
FRONTIER GROUP HOLDINGS, INC.
AS GUARANTOR

AND

BANK OF UTAH
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY
AS SECURITY TRUSTEE

AMENDED AND RESTATED GUARANTEE IN RESPECT OF THE PDP
FINANCING OF TWENTY-ONE (21) AIRBUS A320NEO AIRCRAFT AND
SIXTY-THREE (63) AIRBUS A321NEO AIRCRAFT

CONTENTS

Clause	Page
1. Definitions	1
2. Guarantee	1
3. Guarantee Absolute	2
4. Waiver	5
5. Certain Actions	6
6. Subrogation	6
7. Rights of Third Parties; Set-Off	6
8. Representations and Warranties	7
9. Covenants	9
10. Successors and Assigns	11
11. Notices	11
12. Governing Law; Counterparts	12
13. Waiver of Jury Trial	12
14. Jurisdiction	13
15. Service of Process	13

THIS AMENDED AND RESTATED GUARANTEE (as amended, modified or supplemented in accordance with the terms hereof, this "**Guarantee**"), dated as of June 30, 2022, is made

BY:

- (1) **FRONTIER GROUP HOLDINGS, INC.**, a Delaware corporation (together with its successors and its permitted assigns, the "**Guarantor**");

in favor of
- (2) **BANK OF UTAH**, not in its individual capacity but solely, as security trustee (in such capacity, the "**Security Trustee**") for and on behalf of itself, the Facility Agent (as defined in the Credit Agreement referred to below) and each lender (each a "**Lender**" and collectively, the "**Lenders**") which is a party to the Eighth Amended and Restated Credit Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the "**Credit Agreement**"), among Vertical Horizons, Ltd., as borrower (the "**Borrower**"), the Facility Agent, the Lenders and the Security Trustee.

WITNESSETH:

WHEREAS:

- (A) This Guarantee amends and restates in its entirety the Guarantee dated as of December 28, 2021 and executed by the Guarantor in favor of the Security Trustee;
- (B) The Borrower entered into the Credit Agreement for the purpose of financing certain pre-delivery payment obligations in respect of twenty-one (21) Airbus A320neo and sixty-three (63) Airbus A321neo Aircraft; and
- (C) It is a condition precedent to the entering into of the transactions contemplated by the Credit Agreement that the Guarantor shall have executed and delivered this Guarantee.

NOW, THEREFORE, in consideration of the premises and other consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby agrees as follows:

1. DEFINITIONS

- (a) Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Credit Agreement.
- (b) Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be modified, amended or supplemented from time to time in accordance with its terms and the terms of each other agreement restricting the modification, amendment or supplement thereof.

2. GUARANTEE

- (a) The Guarantor hereby irrevocably, absolutely and unconditionally guarantees, as primary obligor and as a guarantor of payment and not merely as surety or guarantor of collection, to the Security Trustee, the Facility Agent and each Lender, (i) the full and prompt payment by the Borrower when due of the Secured Obligations incurred by the Borrower and pursuant to the Operative Documents, strictly in accordance with the terms of the Operative Documents, and (ii) the full and timely performance of, and compliance with, each and every duty, agreement, undertaking, indemnity and

obligation of the Borrower under the Operative Documents strictly in accordance with the terms thereof, in each case, however created, arising or evidenced, whether direct or indirect, primary or secondary, absolute or contingent, joint or several and whether now or hereafter existing or due or to become due (such payment and other obligations described in paragraphs (i) and (ii) being referred to herein as the "**Liabilities**").

- (b) The Guarantor further agrees to pay any and all reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of counsel) that may be paid or incurred by the Security Trustee, the Facility Agent and/or one or more of the Lenders in enforcing any rights with respect to, or collecting, any or all of the Liabilities or enforcing any rights with respect to, or collecting against, the Guarantor hereunder together with interest at the Past Due Rate specified in the Credit Agreement from the date when such expenses are so incurred to the date of actual payment thereof. Without limiting the generality of the foregoing, the liability of the Guarantor hereunder shall extend to all amounts which constitute part of the Liabilities and would be owed by the Borrower but for the fact that such amounts are unenforceable or not allowable due to any circumstance whatsoever or due to the existence of a bankruptcy, suspension of payments, reorganization or similar proceeding involving the Borrower.

3. **GUARANTEE ABSOLUTE**

- (a) This Guarantee shall constitute a guarantee of payment and of performance and not of collection, and the Guarantor specifically agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, before or as a condition of enforcing the obligations of the Guarantor under this Guarantee or requiring payment or performance of the Liabilities by the Guarantor hereunder, or at any time thereafter, that any Person: (i) file suit or proceed to obtain or assert a claim for personal judgment against the Borrower or any other Person that may be liable for any Liabilities; (ii) make any other effort to obtain payment or performance of any Liabilities from the Borrower or any other Person that may be liable for such Liabilities; (iii) foreclose against or seek to realize upon the Collateral or any other security now or hereafter existing for such Liabilities; (iv) exercise or assert any other right or remedy to which such Person is or may be entitled in connection with any Liabilities or any security or other guarantee therefor; or (v) assert or file any claim against the assets of any other Person liable for any Liabilities. Notwithstanding anything herein to the contrary, no provision of this Guarantee shall require the Guarantor to pay, perform or discharge any Liabilities prior to the time such Liabilities are due and payable. When making any demand hereunder against the Guarantor, none of the Security Trustee, the Facility Agent or any Lender need make a similar demand on the Borrower; **provided that** any failure by the Security Trustee, the Facility Agent or any Lender to make any such demand or to collect any payments from the Borrower shall not relieve the Guarantor of its obligations or liabilities hereunder and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Security Trustee, the Facility Agent and/or such Lender against the Guarantor. The Security Trustee, the Facility Agent and/or the Lenders may in all events pursue its rights under this Guarantee prior to or simultaneously with pursuing its various rights referred to in the Credit Agreement and the other Operative Documents, as the Security Trustee, the Facility Agent and/or such Lender may determine.
- (b) The Guarantor agrees that this Guarantee shall be continuing until the indefeasible payment in full of all Secured Obligations and the Guarantor guarantees that the Liabilities will be paid and performed strictly in accordance with the terms of the Operative Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Security Trustee, the Facility Agent and/or the Lenders with respect thereto. If for any reason

the Borrower shall fail to fully and timely pay or perform and discharge any Liabilities to be paid or performed by the Borrower (whether affirmative or negative in character), the Guarantor shall promptly on demand by the Security Trustee, the Facility Agent and/or any Lender pay or perform or cause to be paid or performed, as the case may be, such Liabilities. Each of the obligations of the Guarantor under this Guarantee is separate and independent of each other obligation of the Guarantor under this Guarantee and separate and independent of the Liabilities, and the Guarantor agrees that a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guarantee, irrespective of whether any action is brought against the Borrower is joined in any such action or actions. The obligations of the Guarantor shall be continuing and irrevocable, absolute and unconditional, primary and original and immediate and not contingent and shall remain in full force and effect without regard to and not be released, discharged or in any way affected by any circumstance or condition (other than by payment in full of the Liabilities) including, without limitation, the occurrence of any one or more of the following:

- (i) any lack of validity or enforceability of any of the Liabilities under the Operative Documents or any document entered into in connection with the transactions contemplated thereby, any provision thereof, or any other agreement or instrument relating thereto or the absence of any action to enforce the same;
- (ii) any failure, omission, delay or lack on the part of the Security Trustee, the Facility Agent and/or the Lenders to enforce, assert or exercise any right, power, privilege or remedy conferred on the Security Trustee, the Facility Agent and/or the Lenders in the Credit Agreement, the Security Agreement, or any other Operative Document, or the inability of the Security Trustee, the Facility Agent and/or the Lenders to enforce any provision of any Operative Document for any reason, or any other act or omission on the part of the Security Trustee, the Facility Agent or any Lender;
- (iii) any change in the time, manner or place of performance or of payment, or in any other term of, all or any of the Liabilities, or any other modification, supplement, amendment or waiver of or any consent to departure from the terms and conditions of any of the Operative Document or any document entered into in connection with the transactions contemplated thereby;
- (iv) any taking, exchange, release or non-perfection of the Collateral or any other collateral or security, or any taking, release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Liabilities or the acceptance of any security therefor;
- (v) the waiver by the Security Trustee, the Facility Agent and/or any Lender of the performance or observance by the Borrower of any of the Liabilities, the waiver of any default in the performance or observance thereof, any extension by the Security Trustee, the Facility Agent and/or any Lender of the time for payment or performance and discharge by the Borrower of any Liabilities or any extension, indulgence or renewal of any Liabilities;
- (vi) any bankruptcy, suspension of payments, insolvency, sale of assets, winding-up, dissolution, liquidation, receivership or reorganization of, or similar proceedings involving, the Borrower or its assets or any resulting release or discharge of any of the Liabilities;
- (vii) the recovery of any judgment against any Person or any action to enforce the same;

- (viii) any failure or delay in the enforcement of the Liabilities of any Person under the Operative Documents or any document entered into in connection with the transactions contemplated by the Operative Documents or any provision thereof;
- (ix) any set-off, counterclaim, deduction, defense, abatement, suspension, deferment, diminution, recoupment, limitation or termination available with respect to any Liabilities and, to the extent permitted by applicable law, irrespective of any other circumstances that might otherwise limit recourse by or against the Guarantor or any other Person;
- (x) the obtaining, the amendment or the release of or consent to any departure from the primary or secondary obligation of any other Person, in addition to the Guarantor, with respect to any Liabilities;
- (xi) any compromise, alteration, amendment, modification, extension, renewal, release or other change, or waiver, consent or other action, or delay or omission or failure to act, in respect of any of the terms, covenants or conditions of any Operative Document or any document entered into in connection with the transactions contemplated by any Operative Document, or any other agreement or any related document referred to therein, or any assignment or transfer of any thereof (including, without limitation, any Benchmark Replacement Conforming Changes or any other modifications or other amendments delivered or otherwise implemented or effected (automatically or otherwise) in accordance with or in furtherance of this Section titled "Benchmark Replacement Setting" under the Credit Agreement);
- (xii) any manner of application of Collateral or Proceeds thereof, to all or any of the Liabilities, or any manner of sale or other disposition of any Collateral, or any furnishing or acceptance of additional collateral;
- (xiii) any change in control in the ownership of the Borrower, any change, merger, demerger, consolidation, restructuring or termination of the corporate structure or existence of the Borrower;
- (xiv) to the fullest extent permitted by applicable law, any other circumstance which might otherwise constitute a defense available to, or a discharge of, a guarantor or surety with respect to any Liabilities;
- (xv) any default, failure or delay, whether as a result of actual or alleged force majeure, commercial impracticability or otherwise, in the performance of the Liabilities, or by any other act or circumstances which may or might in any manner or to any extent vary the risk of the Guarantor, or which would otherwise operate as a discharge of the Guarantor;
- (xvi) the existence of any other obligation of the Guarantor, or any limitation thereof, in any Operative Document;
- (xvii) any regulatory change or other governmental action (whether or not adverse); or
- (xviii) the partial payment or performance of the Liabilities (whether as a result of the exercise of any right, remedy, power or privilege or otherwise) or the invalidity of any payment for any reason whatsoever.

Should any money due or owing under this Guarantee not be recoverable from the Guarantor due to any of the matters specified in paragraphs (i) through (xviii) above

or for any other reason, then, in any such case, such money shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal debtor in respect thereof and not merely a guarantor and shall be paid by the Guarantor forthwith.

- (c) This Guarantee shall continue to be effective or be automatically reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Liabilities is rescinded or must otherwise be restored or returned by the Security Trustee, the Facility Agent and/or any Lender for any reason whatsoever, whether upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made, and the Guarantor agrees that it will indemnify the Security Trustee, the Facility Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and disbursement of counsel) incurred by any such Person in connection with such rescission or restoration. If an event permitting the exercise of remedies under the Operative Documents shall at any time have occurred and be continuing and such exercise, or any consequences thereof provided in any Operative Document, shall at such time be prevented by reason of the pendency against the Borrower of a case or proceeding under a bankruptcy or insolvency law, the Guarantor agrees that, for purposes of this Guarantee and its obligations hereunder, amounts payable under the Operative Documents shall be deemed to have been declared in default, with all attendant consequences as provided in the Operative Documents as if such declaration of default and the consequences thereof had been accomplished in accordance with the terms of the Credit Agreement and the other Operative Documents, and the Guarantor shall forthwith pay any amounts guaranteed hereunder, without further notice or demand.

4. **WAIVER**

To the fullest extent permitted by applicable law, the Guarantor hereby expressly and irrevocably waives diligence, promptness, demand for payment or performance, filing of claims with any court, any proceeding to enforce any provision of the Operative Documents, notice of acceptance of and reliance on this Guarantee by the Security Trustee, the Facility Agent and each Lender, notice of the creation of any liabilities of the Borrower, any requirement that the Security Trustee, the Facility Agent or any Lender protect, secure, perfect or insure any security interest or Lien on the Collateral or any property subject thereto, any right to require a proceeding first against the Borrower, whether to marshal any assets or to exhaust any right or take any action against the Borrower or any other Person or entity or any collateral or otherwise, any diligence in collection or protection of or realization upon any Liabilities, any obligation hereunder or any collateral security for any of the foregoing, any right of protest, presentment, notice or demand whatsoever, all claims of waiver, release, surrender, alteration or compromise, and all defenses, set-offs, counterclaims, recoupments, reductions, limitations, impairments or terminations, whether arising hereunder or otherwise.

5. **CERTAIN ACTIONS**

The Security Trustee, the Facility Agent and each Lender may, from time to time at its sole discretion and without notice to the Guarantor, take any or all of the following actions without affecting the obligations of the Guarantor hereunder: (i) retain or obtain a lien upon a security interest in any substitutions or replacements to the Collateral; (ii) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the Guarantor, with respect to any of the Liabilities or any obligation hereunder; (iii) with consent of the Borrower, extend or renew for one or more periods (regardless of whether longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of the Guarantor hereunder or any obligation of any nature of any other obligor (including the Security

Trustee) with respect to any of the Liabilities; (iv) release or fail to perfect any Lien upon or security interest in, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or extend or renew for one or more periods (regardless of whether longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property; and (v) resort to the Guarantor for payment of any of the Liabilities, regardless of whether the Security Trustee, the Facility Agent or the Lender, as the case may be, shall have resorted to any property securing any of the Liabilities or any obligation hereunder or shall have proceeded against any other obligor primarily or secondarily obligated with respect to any of the Liabilities.

6. SUBROGATION

Any amounts received by the Security Trustee, the Facility Agent or any Lender from whatsoever source on account of the Liabilities may be applied by it toward the payment of such of the Liabilities, and in such order of application, as the Security Trustee, the Facility Agent or such Lender may from time to time elect. No payment made by or for the account of the Guarantor pursuant to this Guarantee shall entitle the Guarantor by subrogation, indemnity or otherwise to any payment by the Security Trustee, the Facility Agent or the Lender, as the case may be, from or out of any property of such Person, and the Guarantor shall not exercise any right or remedy against the Security Trustee, the Facility Agent or the Lender, as the case may be, or any property of such Person by reason of any performance by the Guarantor of this Guarantee.

7. RIGHTS OF THIRD PARTIES; SET-OFF

- (a) This Guarantee is made only for the benefit of, and shall be enforceable only by, the Security Trustee, the Facility Agent and each Lender, and this Guarantee shall not be construed to create any right in any Person other than the Security Trustee, the Facility Agent and each Lender to be a contract in whole or in part for the benefit of any Person other than the Security Trustee, the Facility Agent and each Lender.
- (b) Upon the occurrence of any Event of Default, the Guarantor hereby irrevocably authorizes the Security Trustee, the Facility Agent, each Lender and each of their respective Affiliates, at any time and from time to time without notice to the Guarantor, any such notice being expressly waived by the Guarantor, to set-off and appropriate and apply any and all assets, at any time held or owing by the Guarantor or any of its Affiliates to, or for the credit of the account of the Guarantor, or any part thereof in such amounts as the Security Trustee, the Facility Agent or such Lender, as the case may be, may elect, against and on account of the obligations and liabilities of the Guarantor to the Security Trustee, the Facility Agent and each Lender hereunder of every nature and description of the Security Trustee, the Facility Agent and each Lender. The Security Trustee, the Facility Agent or applicable Lender shall notify the Guarantor promptly of any such set-off and the application made by them, **provided that** the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Security Trustee, the Facility Agent and each Lender under this Clause are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Security Trustee, the Facility Agent and the Lenders may have.

8. REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants to the Security Trustee, the Facility Agent and each Lender as follows:

(a) Access to Information

The Guarantor has and will continue to have independent means of obtaining information concerning the Borrower's affairs, financial condition and business. None of the Security Trustee, the Facility Agent or any Lender shall have any duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the possession of the Security Trustee, the Facility Agent or any Lender.

(b) Organization

It is a company duly organized and validly existing under the laws of the state of Delaware, with organizational power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted.

(c) Due Qualification

It is duly licensed, qualified and authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such license, qualification or authorization except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, financial condition or prospects of the Guarantor.

(d) Power and Authority; Due Authorization

It has (i) all necessary power, authority and legal right to execute, deliver and perform its obligations under this Guarantee and (ii) duly authorized by all necessary organizational action such execution, delivery and performance of this Guarantee.

(e) Binding Obligations

This Guarantee constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(f) No Violation

The execution, delivery and performance of this Guarantee will not (i) conflict with, or result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under (A) the constituent documents of the Guarantor or (B) any indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which the Guarantor is a party or by which it or its property is bound, (ii) result in or require the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument or (iii) violate any law or any judgment, writ, injunction, decree, order, rule, regulation applicable to the Guarantor of any court or of any federal, state or foreign regulatory body, administrative agency

or other governmental instrumentality having jurisdiction over the Guarantor or any of its properties.

(g) Not Insolvent

The execution, delivery and performance by the Guarantor of this Guarantee will not render the Guarantor insolvent, nor is it being made in contemplation of the Guarantor's insolvency; the Guarantor does not, in its reasonable judgment, have an unreasonably small capital for conducting its business as presently contemplated by it. The Guarantor is fully solvent (on a cash flow and balance sheet basis) and will be fully solvent immediately following the execution of this Agreement and the other Operative Documents.

9. COVENANTS

(a) The Guarantor shall observe certain policies and procedures relating to the Borrower's existence as separate companies as follows and shall do all things necessary to maintain its corporate existence separate and distinct from the Borrower. The Guarantor shall:

- (i) observe all formalities necessary to remain a legal entity separate and distinct from the Borrower;
- (ii) maintain its assets and liabilities separate and distinct from those of the Borrower in such a manner that it is not difficult to segregate, identify or ascertain such assets;
- (iii) maintain records, books and accounts separate from those of the Borrower (other than as otherwise set forth under the Operative Documents);
- (iv) pay its obligations in the ordinary course of business as a legal entity separate from the Borrower;
- (v) keep its funds separate and distinct from any funds of the Borrower, and receive, deposit, withdraw and disburse such funds separately from any funds of the Borrower;
- (vi) not agree to pay, assume, guarantee or become liable for any debt of, or otherwise pledge its assets for the benefit of the Borrower except as otherwise permitted under the Operative Documents;
- (vii) not hold out that the Borrower is a division of the Guarantor or any other Person or that the Guarantor is a division of the Borrower or any other Person;
- (viii) not induce any third party to rely on the creditworthiness of the Guarantor in order that such third party will contract with the Borrower (other than any guarantee of the Guarantor in favor of Airbus made in connection with the Airbus Purchase Agreements);
- (ix) allocate and charge fairly and reasonably any common overhead shared with the Borrower;
- (x) hold itself out as a separate entity from the Borrower, and correct any known misunderstanding regarding its separate identity;
- (xi) not conduct business in the name of the Borrower and ensure that all communications of the Borrower are made solely in the Borrower's name as the context may require;

- (xii) not acquire the securities of the Borrower or allow the Borrower to acquire securities of the Guarantor;
 - (xiii) prepare separate financial statements and separate tax returns from the Borrower (**provided that** the Guarantor may publish financial statements that consolidate those of the Guarantor and its subsidiaries, if to do so is required by any applicable law or accounting principles from time to time in effect and subsidiaries of the Guarantor may file consolidated Tax returns with the Guarantor and its subsidiaries for Tax purposes); and
 - (xiv) not enter into any transaction with the Borrower that is more favorable to the Guarantor than transactions that the Guarantor and its subsidiaries would have been able to enter into at such time on an arm's-length basis with a non-affiliated third party or vice versa.
- (b) The Guarantor shall not take any action or omit to take any action that would cause an incipient or actual default under any Airbus Purchase Agreement or any Engine Agreement.
- (c) The Guarantor shall ensure that the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, and this Guarantee remain in place and in full force and effect and that neither it nor any other Obligor shall breach any of the terms of any of such documents. The Guarantor shall ensure that no amendment, variation, waiver or other change is made to its memorandum and articles of association or other constituent documents, the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, or this Guarantee.
- (d) The Guarantor shall:
- (i) promptly upon acquiring actual knowledge of the same, notify the Facility Agent of any default (whether by the Guarantor, any Affiliate of the Guarantor, Airbus or the Engine Manufacturer) under or cancellation, termination or rescission or purported cancellation, termination or rescission of any Airbus Purchase Agreement or any Engine Agreement specifying in reasonable detail the nature of such default, cancellation, rescission or termination;
 - (ii) not, without the Security Trustee's prior written consent, in any way modify, cancel, terminate or amend or consent to the modification, cancellation, termination or amendment of any Airbus Purchase Agreement or any Engine Agreement except to the extent permitted by the Credit Agreement;
 - (iii) not accept, and shall procure that the Borrower or any other Person does not accept, delivery of any Aircraft from Airbus before or concurrently with repaying to the Lenders all amounts owing in respect of the Loans relating to that Aircraft;
 - (iv) not enter into or consent to any change order or other amendment, modification or supplement to any Airbus Purchase Agreement or any Engine Agreement, in relation to the Aircraft, without the prior written consent and countersignature of the Security Trustee (acting at the unanimous direction of the Lenders) if such change order, amendment, modification or supplement would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;
 - (v) provide to the Security Trustee promptly after the execution of the same copies, certified by the Guarantor, of all material change orders (other than non charge change orders), amendments, modifications or supplements to the

Assigned Purchase Agreements that would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;

- (vi) provide to the Security Trustee promptly upon request, such information regarding the package of product support and training services as was agreed to be provided by Airbus to the Guarantor under the Assigned Purchase Agreements and agrees not to take any action or omit to take any action which would reduce the product support and training services which would otherwise be available to Intrepid by Airbus with respect to the Aircraft under the Assigned Purchase Agreements; and
 - (vii) not agree to any financial indebtedness cross default (in respect of it or any of its Affiliates) with Airbus that would give rise to a right for Airbus to terminate the Assigned Purchase Agreements.
- (e) The Guarantor shall not accept any repayment of any part of the Subordinated Loan Agreement while the Secured Obligations remain outstanding.

(f) **Financial Covenants**

The Guarantor shall at all times ensure that it has liquidity in the form of Unrestricted Cash and Cash Equivalents in an aggregate amount of not less than [***].

The Guarantor shall, on each date on which its financial statements are required to be delivered by the Borrower pursuant to Clause 10.15(a) and (b) of the Credit Agreement and on each date on which a Funding Notice is issued under the Credit Agreement, deliver to the Facility Agent a certificate in writing (which may be provided by e-mail) confirming compliance with this Clause 9(f), such certificate to be accompanied by supporting financial information for the Guarantor and the Group (which, in respect of the confirmation to be provided on the date of a Funding Notice, shall be the group management accounts most recently prepared and the knowledge of any officer of the Guarantor) and shall otherwise promptly notify the Security Trustee of any breach by the Guarantor of any of its obligations hereunder. For purposes of this Clause 9(f), the following definitions shall apply:

"Unrestricted Cash and Cash Equivalents" means at any date in respect of the Guarantor, the sum of (a) the undrawn portion available under any revolving, delayed draw or similar credit facilities, in each case that have a maturity of one (1) year or more from such date, (b) available liquidity and (c) the cash and cash equivalents (in each case, as such terms are defined by GAAP) of the Guarantor on a consolidated basis, that may be in each case (i) classified as "unrestricted" in accordance with GAAP on the consolidated balance sheets of the Guarantor or (ii) classified in accordance with GAAP as "restricted" on the consolidated balance sheets of the Guarantor solely in favor of the Security Trustee and the Lenders, provided that if the Guarantor agrees to any more onerous definition pursuant to any financial covenant in any agreement to which it is a party, this definition shall be deemed to be deleted and replaced with such other definition.

10. SUCCESSORS AND ASSIGNS

- (a) This Guarantee shall be binding upon the Guarantor and upon the Guarantor's successors and assigns and all references herein to the Guarantor or the Security Trustee shall be deemed to include any successor or successors whether immediate or remote, to such Person. The Guarantor shall not assign any of its rights or obligations hereunder without the prior written consent of the Security Trustee, the Facility Agent and each Lender.
- (b) This Guarantee shall inure to the benefit of the Security Trustee, the Facility Agent each Lender and their respective successors and assigns, and all references herein to

the Security Trustee, the Facility Agent or any Lender shall be deemed to include any successors and assigns of such Person (whether or not reference in a particular provision is made to such successors and assigns).

11. NOTICES

All notices, demands or requests given pursuant to this Guarantee shall be in writing personally delivered, or sent by facsimile (with subsequent telephone confirmation of receipt thereof) or sent by internationally recognized overnight courier service, to the following addresses:

(a) if to the Guarantor:

Frontier Group Holdings, Inc.
7001 Tower Road
Denver, CO 80249
Attention: SVP – General Counsel
Phone: (###) ###-####
Email: ###

(b) if to the Security Trustee:

Bank of Utah
50 South 200 East, Suite 110
Salt Lake City, Utah 84111
Telephone: ### ###-####
Facsimile: ### ###-####
Email: ###

Whenever any notice in writing is required to be given by the Guarantor or the Security Trustee, such notice shall be deemed given and such requirement satisfied when such notice is received, with such notice received if such notice is mailed by certified mail, postage prepaid, or is sent by facsimile, addressed as provided above.

Either party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other party.

12. GOVERNING LAW; COUNTERPARTS

THIS GUARANTEE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. This Guarantee may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE

OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTEE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

14. **JURISDICTION**

- (a) The Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guarantee, or for recognition or enforcement of any judgment, and the Guarantor irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guarantee shall affect any right that the Security Trustee or any Lender may otherwise have to bring any action or proceeding relating to this Guarantee against another party or its properties in the courts of any jurisdiction.
- (b) The Guarantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guarantee in any court referred to in paragraph (a) of this Clause. The Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

15. **SERVICE OF PROCESS**

Each party to this Guarantee irrevocably consents to service of process in the manner provided for the delivery of notices in Clause 11. Nothing in this Guarantee will affect the right of any party to this Guarantee to serve process in any other manner permitted by law. The Guarantor hereby irrevocably appoints and designates Corporation Services Company (the "**Agent for Service of Process**"), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Guarantor agrees that service of process upon such party shall constitute personal service of such process on such person. The Guarantor shall maintain the designation and appointment of the Agent for Service of Process at such address until all amounts payable under this Guarantee shall have been paid in full. If the Agent for Service of Process shall cease to so act, the Guarantor shall immediately designate and shall promptly deliver to the Security Trustee evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

[Signature page follows]

IN WITNESS WHEREOF, this Guarantee has been executed and delivered by the Guarantor's duly authorized officer as of the date first written above.

FRONTIER GROUP HOLDINGS, INC.

By: /s/ Howard Diamond
Name: Howard Diamond
Title: General Counsel

ACCEPTED and AGREED:

BANK OF UTAH
not in its individual capacity but solely
as Security Trustee

By: /s/ Kade Baird
Name: Kade Baird
Title: Assistant Vice President

[Signature Page – Amended and Restated Guarantee]

March 31, 2022

Amendment Agreement

between

Vertical Horizons, Ltd.

and

Bank of Utah
(not in its individual capacity but solely as security trustee)

and

Airbus S.A.S.

in respect of
an Amended and Restated Step-In Agreement dated 28 December 2021

THIS AMENDMENT AGREEMENT (this "**Agreement**") is made on March 31, 2022

BETWEEN

- 1) **Vertical Horizons, Ltd.**, an exempted company incorporated with limited liability and existing under the laws of the Cayman Islands whose registered address and principal place of business is at the offices of Intertrust SPV (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands (the "**Buyer**");
- 2) **Bank of Utah**, not in its individual capacity but solely as security trustee for the Facility Agent and the Lenders (the "**Security Trustee**"); and
- 3) **Airbus S.A.S.**, a company created under the laws of France and having its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France ("**Airbus**")

(the Buyer, the Security Trustee and Airbus, together the "**Parties**" and each a "**Party**").

RECITALS

- A. The Parties entered into an amended and restated step-in agreement dated 28 December 2021 in relation to pre-delivery payment financing of certain aircraft (the "**Step-In Agreement**").
- B. Now the Parties wish to amend the Step-In Agreement pursuant to this Agreement.

IT IS AGREED AS FOLLOWS:

1. Definitions

In this Agreement, unless the context otherwise requires, (i) the capitalised terms used but not defined herein shall have the meaning set forth in the Step-In Agreement and (ii) the following term shall have the meaning set forth below:

"**Rescheduled Aircraft**" means the Aircraft bearing CAC-IDs [***].

2. Amendment to the Step-In Agreement (except for Schedule 4)

To the extent relating to the Rescheduled Aircraft, Part B (*A321neo Aircraft*) of Schedule 1 (*Pre-Delivery Payments, Scheduled Delivery Months*) to the Step-In Agreement shall be amended and restated as quoted in Appendix 1 hereto.

3. Amendment to Schedule 4 to the Step-In Agreement

- 3.1 Clause 2.3 (*Propulsion System*) of Schedule 4 (*Form of Replacement Purchase Agreement*) to the Step-In Agreement shall be amended and restated as quoted below:

QUOTE

Each A320 Airframe shall be equipped with a set of two (2) CFM International LEAP-1A26 engines or two (2) International Aero Engines, LLC model PW1127G-JM engines (upon selection such set, the “**A320 Propulsion Systems**”).

Each A321 Airframe shall be equipped with a set of two (2) CFM International LEAP-1A32 engines, two (2) CFM International LEAP-1A33B2 engines, two (2) IAE PW1133G-JM engines, two (2) IAE PW1133G1-JM engines [***] (upon selection such set, the “**A321 Propulsion Systems**”), [***].

For Aircraft identified in Clause 9.1.1 as having an “Aircraft Rank” from 72 to and including 80, the Buyer has selected the CFM International LEAP-1A26 engines as the A320 Propulsion Systems.

For Aircraft identified in Clause 9.1.1 having an “Aircraft Rank” 81, 82, 83, 91 and 95 the Buyer has selected the [***] engines as the A321 Propulsion Systems.

For Aircraft identified in Clause 9.1.1 having an “Aircraft Rank” 87, 88, 92 to 94, 96 to 107, 109 to 114, 116 to 121, 123, 124, and 126 to 132 the Buyer has selected the IAE PW 1133-JM engines as the A321 Propulsion Systems.

For Aircraft identified in Clause 9.1.1 having an “Aircraft Rank” 215, 216, 217, 218, 219, 220 and 221 the Buyer shall notify the Seller in writing, no later than [***], of its selection of Propulsion Systems for such Aircraft.

UNQUOTE

- 3.2 To the extent relating to the Rescheduled Aircraft, the delivery schedule table in Clause 9.1.1 of Schedule 4 (*Form of Replacement Purchase Agreement*) to the Step-In Agreement shall be amended and restated as quoted in Appendix 2 hereto.
- 3.3 To the extent relating to the Rescheduled Aircraft, the schedule set out in Exhibit D (*Pre-Delivery Payments*) in Schedule 4 (*Form of Replacement Purchase Agreement*) to the Step-In Agreement shall be amended and restated as quoted in Appendix 3 hereto.

4.

Miscellaneous

Clauses 14 (*Confidentiality*), 16 (*Amendments*), 17 (*Further Assurance*), 20 (*Counterparts*) and 22 (*Governing Law and Jurisdiction*) of the Step-In Agreement shall apply to this Agreement *mutatis mutandis*.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement on the day and year first above written.

Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus

Appendix 1 Amendment Agreement

*Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus*

Appendix 2 Amendment Agreement

*Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus*

Appendix 3 Amendment Agreement

*Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus*

Execution Page - Airbus Amendment Agreement

For and on behalf of AIRBUS S.A.S

/s/ Benoit de Saint-Exupéry.

Name: Benoit de Saint-Exupéry

Title: Senior Vice President, Contracts

*Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus*

Execution Page - Security Trustee Amendment Agreement

For and on behalf of BANK OF UTAH (not in its individual capacity but solely as security trustee)

/s/ Jon Croasmun

Name: Jon Croasmun

Title: Senior Vice President

Execution Page – Buyer Amendment Agreement

For and on behalf of VERTICAL HORIZONS, LTD.

/s/ Evert Brunekeef

Name: Evert Brunekeef

Title: Director

June 30, 2022

SECOND AMENDMENT TO STEP-IN AGREEMENT

between

Vertical Horizons, Ltd.

and

Bank of Utah
(not in its individual capacity but solely as security trustee)

and

Airbus S.A.S.

in respect of
an Amended and Restated Step-In Agreement dated 28 December 2021

THIS SECOND AMENDMENT AGREEMENT (this “**Agreement**”) is made as a deed on June 30, 2022

BETWEEN

- 1) **Vertical Horizons, Ltd.**, a company incorporated and existing under the laws of the Cayman Islands whose registered address and principal place of business is at the offices of Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands (the “**Buyer**”);
- 2) **Bank of Utah**, not in its individual capacity but solely as security trustee for the Facility Agent and the Lenders (the “**Security Trustee**”); and
- 3) **Airbus S.A.S.**, a company created under the laws of France and having its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France (“**Airbus**”)

(the Buyer, the Security Trustee and Airbus, together the “**Parties**” and each a “**Party**”).

RECITALS

- A. The Parties entered into an amended and restated step-in agreement dated 28 December 2021 in relation to pre-delivery payment financing of certain aircraft (as amended pursuant to the Amendment Agreement dated 31 March 2022 among the Parties, the “**Step-In Agreement**”).
- B. Now the Parties wish to amend the Step-In Agreement pursuant to this Agreement.

IT IS AGREED AS FOLLOWS:

1. Definitions

In this Agreement, unless the context otherwise requires, (i) the capitalised terms used but not defined herein shall have the meaning set forth in the Step-In Agreement and (ii) the following terms shall have the meaning set forth below:

“**2025 Aircraft**” means the A320neo aircraft bearing CAC-IDs [***].

“**Rescheduled Aircraft**” means the Aircraft bearing CAC-IDs [***].

2. Amendment to the Step-In Agreement (except for Schedule 4)

2.1 In clause 1.1 of the Step-In Agreement, the following definitions shall be amended and restated as follows:

“**A320neo Airframes** means, as the context requires, all or any of the [***] Airbus A320neo airframe which are the subject of this Agreement and bearing CAC-IDs [***], together with all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Dates of such airframes.”

“**A321neo Airframes** means, as the context requires, all or any of the [***] Airbus A321neo airframe which are the subject of this Agreement and bearing CAC-IDs [***], together with all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Dates of such airframes.”

“**Engines** means:

- (a) with respect to an A320neo Airframe, collectively the set of two (2) engines attached to such A320neo Airframe on the Delivery Date of such A320neo Airframe;
- (b) with respect to an A321neo Airframe, collectively the set of two (2) engines attached to such A321neo Airframe on the Delivery Date of such A321neo Airframe.”

“**PDP Loan Agreement** means the eighth amended and restated PDP loan agreement dated on June 30, 2022 made between the Buyer, as borrower, the Lenders, the Security Trustee and the Facility Agent relating to the financing and/or refinancing of certain Pre-Delivery Payments in respect of the Aircraft.”

“**Relevant Documents** means this Agreement, the Assignment and Assumption Agreement, the assignment and amendment agreement dated June 30, 2022 between Airbus, Frontier and Buyer, the Assigned Purchase Agreement, the Re- Assignment and Assumption Agreement, the Re-Assigned Purchase Agreement,

each Guarantee, the Security Assignment and all agreements and instruments amending, supplementing or confirming the foregoing from time to time (and, individually, each a **Relevant Document**).”

“**Security Assignment** means the eighth amended and restated mortgage and security agreement relating to the Assigned Purchase Agreement dated on June 30, 2022 made between the Buyer, the Facility Agent and the Security Trustee.”

2.2 Replacement of LIBOR

In clause 1.1 of the Step-In Agreement:

- a) the definition of “LIBOR” shall be deleted;
- b) the following definition shall be inserted in alphabetical order:

“**Term SOFR** has the meaning given to that term in the PDP Loan Agreement (as set out in Appendix A hereto)”;

- c) the following definitions shall be amended and restated as follows:

“**Business Day** means a day (other than a Saturday or a Sunday) on which banks are open for business in Toulouse, and, in respect of determining Term SOFR, "Business Day" has the meaning given to that term in the PDP Loan Agreement (as set out in Appendix A hereto).”

"**Facility Agent** has the meaning given to that term in the PDP Loan Agreement (as set out in Appendix A hereto)."

“**Option Price** means, in respect of a Relevant Aircraft, an amount equal to the aggregate of:

- (a) all of the Financed Pre-Delivery Payments actually received by Airbus in respect of such Relevant Aircraft at the commencement of the relevant Option Period (without prejudice to Clause 11.2); and
- (b) interest on the amount referred to in paragraph (a) above calculated at the rate of [***]”

“**PDP Loan Margin** means [***]”

2.3 Re-Assignment of Non-Relevant Aircraft

- a) In clause 5.7(b) of the Step-In Agreement, the reference to “*all undelivered Relevant Aircraft*” shall be amended to “*all undelivered Aircraft*”.
 - b) A new clause 26, reading as quoted in Appendix 1 hereto, shall be inserted into the Step-In Agreement immediately after its clause 25.
- 2.4 In Schedule 1 (*Pre-Delivery Payments, Scheduled Delivery Months*) to the Step-In Agreement:
- a) Part A (*A320neo Aircraft*) shall, to the extent relating to the 2025 Aircraft having an A320neo Airframe, be supplemented by the table in Appendix 2.1 hereto;
 - b) Part B (*A321neo Aircraft*) shall, to the extent relating to the Rescheduled Aircraft having an A321neo Airframe, be amended and restated as set forth in Appendix 2.2 hereto; and
 - c) Part B (*A321neo Aircraft*) shall, to the extent relating to the 2025 Aircraft having an A321neo Airframe, be supplemented by the table in Appendix 2.3 hereto.
- 2.5 In clause 13.1 of the Step-In Agreement, and in Schedule 2 (*Form of Letter of Release*) to the Step-In Agreement, Airbus’ fax number shall be amended to: [***].
- 2.6 In Schedule 2 (*Form of Letter of Release*) and Schedule 3 (*Form of Step-In Notice*) to the Step-In Agreement, the phrase defining the term “*Agreement*” shall be amended and restated as follows:

“Amended and Restated Step-In Agreement made between (i) Vertical Horizons, Ltd., (ii) Bank of Utah, not in its individual capacity but solely as security trustee (the “Security Trustee”) and (iii) Airbus S.A.S. (“Airbus”) dated June 30, 2022 in relation to pre-delivery payment financing of certain aircraft (as amended and supplemented from time to time, the “Agreement”).”

3. Amendment to Schedule 4 (*Form of Replacement Purchase Agreement*) to the Step-In Agreement

- 3.1 In clause 0.1 of Schedule 4 to the Step-In Agreement, the following definition shall be inserted in alphabetical order:
- “Step-In Agreement** means an amended and restated step-in agreement dated 28 December 2021 between the Seller, Bank of Utah (not in its individual capacity but solely as security trustee) and Vertical Horizons, Ltd. in relation to the pre-delivery payment financing of certain aircraft, as amended, restated and supplemented from time to time.”
- 3.2 Clause 2.3 (*Propulsion System*) of Schedule 4 to the Step-In Agreement shall be amended and restated as quoted in Appendix 3 hereto.

- 3.3 Clause 3.1 (*Airframe Base Price*) of Schedule 4 to the Step-In Agreement shall be amended and restated as quoted in Appendix 4 hereto.
- 3.4 The table in clause 9.1.1 of Schedule 4 to the Step-In Agreement shall be amended and restated as set out in Appendix 5 hereto.
- 3.5 The table in Exhibit D (*Pre-Delivery Payments*) to Schedule 4 to the Step-In Agreement shall:
- a) to the extent relating to the Rescheduled Aircraft, be amended and restated as set out in Appendix 6.1 hereto; and
 - b) to the extent relating to the 2025 Aircraft, be supplemented by the table in Appendix 6.2 hereto.

4. Amendment to Appendix A (PDP Loan Agreement Extracts; Selected Definitions) to the Step-In Agreement

Appendix A shall be amended as follows:

- 4.1 the definitions of "LIBOR", "Cost of Funds", "Market Disruption Event" shall be deleted;
- 4.2 the following definition shall be inserted in alphabetical order:

"**ABR**" means, for any day, a rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus 0.50% and (c) Term SOFR for a one-month tenor in effect on such day plus 1.00%. Any change in the ABR due to a change in the Prime Rate, the Federal Funds Rate or Term SOFR shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Rate or Term SOFR, respectively.

"**Applicable Margin**" means [***].

"**Applicable Rate**" means, for any Interest Period, a rate per annum equal to Term SOFR for such Interest Period plus the Applicable Margin, save that for the purposes of giving effect to Sections 5.13 and 5.14 of the Credit Agreement, the Applicable Rate shall be deemed, where applicable, a rate per annum equal to the ABR plus the Applicable Margin.

"**Facility Agent**" means Citibank, N.A. in its capacity as Facility Agent under the Credit Agreement and any successor thereto in such capacity.

"**Federal Funds Rate**" means for any day, a floating rate equal to the weighted average of the rates on overnight federal funds transactions among members of the Federal Reserve System, as determined by Facility Agent in its reasonable discretion, which determination shall be presumptively correct (absent manifest error).

"**Floor**" means a rate of interest equal to [***].

"**Frontier Group Holdings**" means Frontier Group Holdings, Inc.

"**Prime Rate**" means the rate of interest per annum publicly announced from time to time by the Facility Agent as its prime rate in effect at its principal office in New York City. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Facility Agent may make commercial loans or other loans at rates of interest at, above or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of such change.

"**SOFR**" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"**SOFR Loan**" means a Loan that bears interest at a rate based on Term SOFR, other than pursuant to clause (c) of the definition of "ABR".

"**Term SOFR**" means for any calculation with respect to a SOFR Loan and with respect to any Interest Period, the rate per annum which results from interpolating on a linear basis between the longest maturity for which a Screen Rate is available that is shorter than such Interest Period and the applicable Screen Rate for the shortest maturity for which a screen rate is available that is longer than such Interest Period, which "**Screen Rate**" shall be the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "**Periodic Term SOFR Determination Day**") that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then the Screen Rate will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day; provided, further, that if Term SOFR determined as provided above shall ever be less than the Floor, then Term SOFR shall be deemed to be the Floor.

"**Term SOFR Administrator**" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

"**Term SOFR Reference Rate**" means the forward-looking term rate based on SOFR. "**U.S. Government Securities**

Business Day" means any day except for (a) a Saturday,

(b) a Sunday or (c) a day on which the Securities Industry and Financial Markets

Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

4.3 The following definitions shall be amended and restated:

"Borrowing Date" means (a) the Original Signing Date, (b) the AR Signing Date, (c) the Amendment No. 2 Signing Date, (d) the AR No. 2 Signing Date, (e) the AR No. 3 Signing Date, (f) the AR No. 4 Signing Date, (g) the AR No. 5 Signing Date, (h) the AR No. 6 Signing Date, (i) the AR No. 7 Signing Date, (j) the Initial Borrowing Date, (j) each date on which an Advance is payable in respect of an Aircraft under the Assigned Purchase Agreement as specified in Schedule III to the Credit Agreement and (k) each date on which a Line of Credit is requested by the Borrower.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in London England and New York City, provided that, in connection with a SOFR Loan, the term "Business Day" shall also exclude a day that is not a U.S. Government Securities Business Day.

"Commitment Termination Date" means the later of (i) December 31, 2025 and (ii) the Extension Date in the most recent Extension Notice.

"Engine Agreement" means, (i) in respect of the A320neo Aircraft, each of [(a) the Engine Manufacturer consent agreement dated as of March 19, 2020, (b) the Engine Manufacturer consent agreement dated as of January 29, 2019, (c) the Engine Manufacturer consent agreement dated as of December 16, 2016 and (d) the Engine Manufacturer consent agreement dated as of August 11, 2015, (ii) in respect of the A321neo Aircraft [other than the Incremental A321neo Aircraft, (a) the engine benefits agreement dated as of December 22, 2020 and (b) the engine benefits agreement dated as of September 28, 2020, and (iii) in respect of the Incremental A321neo Aircraft, the Incremental A321neo Engine Consent, in each case among, inter alios, the applicable Engine Manufacturer, Frontier Airlines and the Security Trustee substantially in the applicable form attached as Exhibit D to the Credit Agreement.

"Engine Manufacturer" means (a) in respect of the A320neo Aircraft, CFM International, Inc., (b) in respect of the A321neo Aircraft, International Aero Engines, LLC other than the Incremental A321neo Aircraft, and (c) in respect of the Incremental A321neo Aircraft, the engine manufacturer certified by Frontier Airlines to the Facility Agent in respect of an A321neo Aircraft.

"Guarantee" means each guarantee, amended and restated as applicable, as the context may require, dated as of the Effective Date and entered into by each Guarantor in favor of the Security Trustee on account of the obligations of the Borrower.

"Guarantor" means each of Frontier Airlines, Frontier Holdings and Frontier Group Holdings.

"Mortgage" means the Eighth Amended and Restated Mortgage and Security Agreement dated as of the Effective Date, among the Borrower, the Facility Agent and the Security Trustee.

"Obligors" means each of the Borrower and each Guarantor (each an "**Obligor**").

"**Step-In Agreement**" means the Amended and Restated Step-In Agreement dated as of December 28, 2021, as amended by the Amendment Agreement dated March 31, 2022 and as further amended by the Amendment to Step-In Agreement dated as of the Effective Date among the Borrower, as buyer, the Security Trustee, as assignee, and Airbus.

5. Representations and Warranties

5.1 Each Party repeats on the date of this Agreement the representations and warranties made by it under clause 2 (*Representations and Warranties*) of the Step-In Agreement, provided that:

- a) any references therein to "*this Agreement*" (except when referred as in "*Appendix A to this Agreement*") shall be to this Agreement;
- b) any references therein to "*Appendix A to this Agreement*" shall be to Appendix A to the Step-In Agreement as amended by this Agreement; and
- c) any references therein to any other capitalized terms shall be to such terms as amended from time to time.

6. Miscellaneous

6.1 All provisions under Clauses 2, 3 and 4 above shall be effective as from the date hereof.

6.2 Clauses 14 (*Confidentiality*), 16 (*Amendments*), 17 (*Further Assurance*), 20 (*Counterparts*) and 22 (*Governing Law and Jurisdiction*) of the Step-In Agreement shall apply to this Agreement *mutatis mutandis*.

IN WITNESS WHEREOF the Parties have executed this Agreement as a deed on the day and year first above written.

Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus

Appendix 1 Amendment to Step-In Agreement

(New Clause 26 of the Step-In Agreement)

QUOTE

26 Re-Assignment of Non-Relevant Aircraft

26.1 If:

- a) Airbus has notified the Security Trustee (copying the Buyer and Frontier) of the occurrence of an Airbus Termination Event in accordance with Clause 6.9; or
- b) the Security Trustee has notified Airbus of the occurrence of a Material Event of Default in accordance with Clause 5.5,

then, with respect to all Aircraft which at the time of the occurrence of such Airbus Termination Event or such Material Event of Default (as applicable) are not a Relevant Aircraft:

- (i) such notification shall constitute a Re-Assignment Event and clause 2.1 of Re- Assignment and Assumption Agreement shall apply to all such Aircraft which is not a Relevant Aircraft; and
- (ii) all such Aircraft which is not a Relevant Aircraft shall cease to be subject of this Agreement.

26.2 Upon receipt of the notification referred to in Clause 26.1.b), Airbus shall as soon as possible send a copy thereof to the Buyer and Frontier (if not already copied therein).

UNQUOTE

*Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus*

Appendix 2.1 Amendment to Step-In Agreement

(Supplementary Part A (*A320neo Aircraft*) of Schedule 1 to the Step-In Agreement in relation to the 2025 Aircraft)

*Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus*

Appendix 2.2 Amendment to Step-In Agreement

(Restated Part B (*A321neo Aircraft*) of Schedule 1 to
the Step-In Agreement in relation to the Rescheduled Aircraft)

Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus

Appendix 2.3 Amendment to Step-In Agreement

(Supplementary Part B (*A321neo Aircraft*) of Schedule 1 to the Step-In Agreement in relation to the 2025 Aircraft)

*Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus*

Appendix 3 Amendment to Step-In Agreement

(Restated Clause 2.3 (*Propulsion System*) of Form of Replacement Purchase Agreement attached as Schedule 4 to the Step-In Agreement)

*Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus*

Appendix 4
Amendment to Step-In Agreement

(Restated Clause 3.1 (*Airframe Base Price*) of Form of Replacement Purchase Agreement
attached as Schedule 4 to the Step-In Agreement)

Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus

Appendix 5 Amendment to Step-In Agreement

(Restated Table in Clause 9.1.1 of Form of Replacement Purchase Agreement attached as Schedule 4 to the Step-In Agreement)

*Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus*

Appendix 6.1 Amendment to Step-In Agreement

(Restated Table in Exhibit D (*Pre-Delivery Payments*) to the Form of the Replacement Purchase Agreement relating to the Rescheduled Aircraft)

*Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus*

Appendix 6.2 Amendment to Step-In Agreement

(Supplementary Table in Exhibit D (*Pre-Delivery Payments*) to the Form of the Replacement Purchase Agreement relating to the 2025 Aircraft)

*Amendment to Step-In Agreement
Vertical Horizons / Bank of Utah / Airbus*

**Execution Page – Buyer Amendment to Step-In
Agreement**

Executed as a deed for and on behalf of VERTICAL HORIZONS, LTD.

/s/ Evert Brunekreef

Name: Evert Brunekreef

Title: Director

In the presence of and witnessed by

/s/ Matthew Rich

Name: Matthew Rich

Address: One Nexus Way, Camana Bay, Grand Cayman KY1-9005,
Cayman Islands

*Amendment to Step-In Agreement Vertical Horizons /
Bank of Utah / Airbus*

Execution Page - Security Trustee Amendment to Step-In Agreement

Executed as a deed for and on behalf of BANK OF UTAH (not in its individual capacity but solely as security trustee)

/s/ Kade Bairn

Name: Kade Bairn

Title: Assistant Vice President

In the presence of and witnessed by

/s/ Christina Craven

Name: Christina Craven

Address: 50 S. 200 E., Ste. 110
Salt Lake City, UT 84111

*Amendment to Step-In Agreement Vertical Horizons / Bank of
Utah / Airbus*

Execution Page - Airbus Amendment to Step-In Agreement

Executed as a deed for and on behalf of AIRBUS S.A.S.

/s/ Paul Meijers

Name: Paul Meijers

Title: Executive Vice President
Aircraft Leasing, Trading and Financing

In the presence of and witnessed by

/s/ Caroline Cassé

Name: Caroline Cassé

Address:



THIRD AMENDED AND RESTATED IAE ENGINE BENEFITS AGREEMENT
A320NEO AND A321NEO AIRCRAFT (2022, 2023, 2024 AND 2025 DELIVERIES)

THIS THIRD AMENDED AND RESTATED IAE ENGINE BENEFITS AGREEMENT, dated as of June 30, 2022 (this “**Agreement**”), is among Vertical Horizons, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “**Borrower**”), International Aero Engines, LLC, a Delaware limited liability company (the “**Engine Manufacturer**” or “**IAE**”), Bank of Utah, not in its individual capacity but solely as Security Trustee for the Lenders under the Credit Agreement (together with its successors and assigns in such capacity, the “**Security Trustee**”), and Frontier Airlines, Inc., a Colorado corporation (“**Frontier**”).

WHEREAS, this Agreement amends and restates in its entirety the Second Amended and Restated IAE Engine Benefits Agreement A321neo Aircraft (2022, 2023 and 2024 Deliveries) dated as of December 28, 2021, among the Borrower, the Engine Manufacturer, the Security Trustee and Frontier;

WHEREAS, pursuant to the Eighth Amended and Restated Credit Agreement, dated as of June 30, 2022 among the Borrower, the Lenders from time to time party thereto, Citibank, N.A., as facility agent, and the Security Trustee (as amended, supplemented or otherwise modified from time to time in accordance with the applicable provisions thereof, the “**Credit Agreement**”; capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Credit Agreement) the Lenders have agreed to reimburse the Borrower for, and finance further, certain pre-delivery payments made and to be made to Airbus with respect to sixty eight (68) model A320neo and A321neo aircraft to be delivered in 2022, 2023, 2024 and 2025 pursuant to the Assigned Purchase Agreement (as identified in Exhibit 1 of this Agreement, the “**Subject Aircraft**”);

WHEREAS, the Engine Manufacturer has agreed to supply and Airbus has agreed to install on the Subject Aircraft the engines which are identified for each Subject Aircraft (each, a “**Subject Engine**” and collectively, the “**Subject Engines**”);

WHEREAS, pursuant to the Eighth Amended and Restated Mortgage and Security Agreement dated as of June 30, 2022 between the Borrower and the Security Trustee (as amended, supplemented or otherwise modified from time to time in accordance with the applicable provisions thereof, the “**Security Agreement**”), the Borrower has pledged to the Security Trustee, among other things, all of the Borrower’s right, title and interest in and to the Assigned Purchase Agreement relating to the Subject Aircraft; and

WHEREAS, it is a condition precedent to each Lender’s funding of Loans in respect of the Subject Aircraft under the Credit Agreement to the Borrower that, among other things, the Engine Manufacturer shall have executed and delivered this Agreement;

THEREFORE, in consideration of the payment of [***], and for other good and valuable consideration, the receipt of and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meaning:

"**Assigned Purchase Agreement**" has the meaning given to such term in the Credit Agreement.

"**Engine Purchase Agreement**" means the PW1100G-JM Engine Purchase and Support Agreement by and between the Engine Manufacturer and Frontier.

"**Engine Warranties**" means the Engine Manufacturer's PW1100G-JM Engine Warranty and Service Policy, as set forth in Appendix 7 of the Engine Purchase Agreement, and as modified by Section 8.3 of the Engine Purchase Agreement, in the form of Attachment A hereto.

"**Permitted Transferee**" means the Facility Agent, Citibank, N.A., in its capacity as a Lender, and any other person to whom the Security Trustee intends to transfer the rights granted to it pursuant to this Agreement and who has been approved in writing by IAE (such approval not to be unreasonably withheld or delayed), which transferee may be another Lender, a sub-participant of a Lender, or any of their affiliates; it being understood by the Security Trustee and IAE that it shall only be reasonable for IAE to refuse its approval in respect of any person proposed by the Security Trustee: (i) who is a person to whom it is illegal for IAE to sell an engine or a party with which IAE is prohibited or restricted by applicable law or regulation from doing business; or (ii) who is a special purpose company or similar entity (unless such special purpose company or other entity has been guaranteed to the satisfaction of IAE by an entity that otherwise satisfies the definition of a Permitted Transferee); or (iii) who is a competitor to IAE or its affiliates or shareholders or Raytheon Technologies Corporation or any of its subsidiaries or affiliates, including, without limitation, an engine manufacturer or an airframe manufacturer or an affiliate of any such person; or (iv) who is a person with which IAE, acting reasonably, objects to doing business generally either (A) by reason of the occurrence of a contractual or non-contractual dispute with that person or any of its affiliate(s) or (B) by reason of the default by such person or any of its affiliates in the performance of any obligation owed to IAE under any contract.

2. Provision of Engine Warranties.

2.1 The Engine Manufacturer hereby confirms to Frontier, the Borrower and the Security Trustee that (i) if the Security Trustee or a Permitted Transferee takes delivery from Airbus of a Subject Aircraft such Security Trustee or Permitted Transferee, as applicable, will receive the Engine Warranties for the Subject Engines installed on such Subject Aircraft and shall assume and accept all of the rights, obligations, liabilities, exceptions, and limitations with respect to such Engine Warranties with respect to such Subject Engines and (ii) it consents to the collateral assignment by the Borrower to the Security Trustee of its rights under this Agreement, and agrees that the Security Trustee's rights under Section 2.1(i) and such assignment shall not give rise to any duties or obligations whatsoever on the part of the Security Trustee owing to the

Engine Manufacturer except (i) for the Security Trustee’s agreement that in exercising any right under the this Agreement with respect to such Engines, or in making any claim with respect to such Engines, the terms and conditions of such Engine Purchase Agreement relating to the Engines and the Engine Warranties shall apply to and be binding upon the Security Trustee to the same extent as Frontier and/or the Borrower and (ii) as otherwise expressly provided in this Agreement, including without limitation pursuant to Section 5.2 of this Agreement. In no event shall the Engine Manufacturer have any liability or obligation under the Engine Warranties with respect to an Engine more than once in respect of any particular claim. In exercising any rights under such Engine Warranties or in making any claim with respect thereto, the applicable terms and conditions of the Engine Purchase Agreement, as far as disclosed in Attachment A, shall apply to, and be binding upon the Security Trustee or Permitted Transferee (if applicable).

2.2 The Security Trustee acknowledges and agrees, in relation to each Subject Aircraft, that Frontier will continue to have the right to receive any applicable credit or other allowance for the Subject Engines installed on such Subject Aircraft (each of such two Subject Engines, a “**Subject Engine Set**”) that is available under the Engine Purchase Agreement and the right to exercise any applicable warranties for such Subject Engine Set (or the relevant individual Subject Engine) under the Engine Purchase Agreement until such time as the Security Trustee has served a Step-In Notice in accordance with the Step In Agreement.

3. Provision of Credits

3.1 IAE hereby confirms that the Introductory Assistance Credits, as provided in the table below and as further described below, corresponding with a given Subject Aircraft identified in the such table (such amount, [***], the “**Introductory Assistance Credit**” or “**Credit**”) shall be made available by IAE to the Security Trustee or the Permitted Transferee, as the case may be, upon delivery and acceptance of such applicable Subject Aircraft by such person, and subject to Section 3.6 below. The Credit for each Subject Aircraft, and the corresponding Unit Base Price per Subject Engine Set, as provided in the table below, [***]. For the avoidance of doubt, the Introductory Assistance Credits set forth in the table below shall apply solely to the Subject Aircraft.

INTRODUCTORY ASSISTANCE CREDITS FOR SUBJECT AIRCRAFT			
EXPRESSED IN [***] UNITED STATES DOLLARS			
Subject Aircraft Model	Subject Engine Model	Unit Base Price Per Subject Engine Set	Introductory Assistance Credit Per Subject Aircraft
A320neo	PW1127GA-JM	[***]	[***]
A321neo	PW1133GA-JM	[***]	[***]
A321neo	PW1133G1-JM	[***]	[***]

- 3.2 IAE will issue the Introductory Assistance Credit directly to Airbus and will instruct Airbus, in writing, to credit such Introductory Assistance Credit against the purchase price for the applicable Subject Aircraft. IAE shall be entitled to rely on a notice from the Security Trustee (or the Permitted Transferee, if applicable) that the Security Trustee or such Permitted Transferee is entitled to take delivery of a Subject Aircraft and shall have no liability for any such reliance.
- 3.3 The Security Trustee agrees and, if applicable will cause the Permitted Transferee to agree, that the Credit for any applicable Subject Aircraft shall not vest in Airbus nor be applied toward payment of the purchase price for such Subject Aircraft until acceptance by and delivery of such Subject Aircraft to the Security Trustee or Permitted Transferee, as the case may be; provided that the parties agree that the assignment of the Credit shall occur sufficiently in advance of delivery to allow for timely delivery and shall take final effect at delivery to and acceptance by the Security Trustee or Permitted Transferee of the respective Subject Aircraft. In the event that the Security Trustee or Permitted Transferee does not accept delivery of any Subject Aircraft, the Security Trustee or Permitted Transferee, as applicable, shall have its management team induce Airbus' management to refund the Credit to IAE.
- 3.4 Frontier hereby acknowledges and agrees that payment of the Credit by IAE in respect of the applicable Subject Aircraft pursuant to this Section 3 of this Agreement will relieve and release IAE of any and all obligations to pay the Credit with respect to such Subject Aircraft under the Engine Purchase Agreement. The parties further agree IAE shall have no liability to any other party, or any Permitted Transferee, for paying a Credit in respect of the applicable Subject Aircraft pursuant to this Section 3 or for relying on any notice provided by the Security Trustee or any Permitted Transferee of its right to take delivery of a Subject Aircraft. Save to the extent expressly provided in this Agreement, all other terms of the Engine Purchase Agreement (including, without limitation, the Engine Warranties) shall continue to apply and shall have full force and effect between the Frontier and IAE.
- 3.5 Each of Frontier, Borrower, the Security Trustee or the Permitted Transferee, as applicable, will ensure its compliance with any, and all, requirements (including but not limited to reporting and approval requirements) of any applicable currency control or other law, rule, or regulation relating to an Introductory Assistance Credit issued under this Agreement.
- 3.6 The Security Trustee acknowledges and agrees that IAE's obligation to pay the Credit with respect to a Subject Aircraft to be purchased by the Security Trustee or a Permitted Transferee (as provided above) shall be subject to the Security Trustee (or Permitted Transferee, if applicable) providing prior written notice to IAE that the Security Trustee (or Permitted Transferee, if applicable) has exercised its right to purchase such Subject Aircraft pursuant to the Step In Agreement and is entitled to purchase the Aircraft under the Assigned Purchase Agreement (the "**Purchase Notice**"). IAE shall be entitled to (and Frontier and Borrower hereby authorize IAE to) rely on the information contained in any such Purchase Notice from the Security Trustee (or Permitted Transferee, if applicable). The Security Trustee (or Permitted Transferee, if applicable) shall provide the Purchase Notice to IAE as soon as reasonably practicable after such person has acquired an unfettered right to purchase

such Subject Aircraft under the Step In Agreement. The Security Trustee (or Permitted Transferee, if applicable) is not, and will not, be obligated to purchase any Subject Aircraft or serve any Purchase Notice unless it exercises the right to purchase a Subject Aircraft under the Step In Agreement.

4. Except as otherwise expressly provided in this Agreement, nothing contained in this Agreement shall subject the Engine Manufacturer to any obligation, and nothing contained in this Agreement shall subject the Engine Manufacturer to any liability, in each case to which it would not otherwise be subject under the Engine Purchase Agreement, nor shall anything contained in this Agreement modify in any respect the Engine Manufacturer's contract rights under the Engine Purchase Agreement. In no event shall the Engine Manufacturer be subject to any multiple or duplicative liability or obligation under the Engine Purchase Agreement or any Engine Warranties. The Engine Manufacturer shall have no obligation to recognize an assignment by Security Trustee of its rights with respect to the Engine Warranties in connection with a transfer of a Subject Engine (i) unless Security Trustee has given the Engine Manufacturer written notice of such assignment and the assignee is a Permitted Transferee, or (ii) if the Engine Manufacturer reasonably believes that is prohibited or restricted by law from dealings with the purported assignee. The Engine Warranties will be kept confidential in accordance with Section 18 of the Credit Agreement. To the extent that there is any inconsistency in the terms of the assignment provided for in the Security Agreement and this Agreement, the terms of this Agreement shall govern.

5. Representations and Warranties.

5.1 The parties hereby represent and warrant as follows:

5.1.1 The Engine Manufacturer hereby represents and warrants to the Security Trustee that, as of the date hereof, (a) the Engine Manufacturer is a limited liability company duly organized and existing under the laws of the State of Delaware, (b) the Engine Manufacturer's execution of this Agreement has been duly authorized and (c) this Agreement and the Engine Warranties constitute the legal, valid and binding obligation of the Engine Manufacturer, enforceable against the Engine Manufacturer in accordance with their respective terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.1.2 The Security Trustee hereby represents and warrants to the Engine Manufacturer that, as of the date hereof, (a) the Security Trustee is a corporation duly organized and existing under the laws of the State of Utah, (b) the Security Trustee's execution of this Agreement has been duly authorized and (c) this Agreement is the legal, valid and binding obligation of the Security Trustee, enforceable against the Security Trustee in accordance with its terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general

principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.1.3 Frontier hereby represents and warrants to each of the Engine Manufacturer and the Security Trustee that, as of the date hereof, (a) Frontier is a corporation duly incorporated and existing under the laws of the State of Colorado, (b) Frontier's execution of this Agreement has been duly authorized and (c) this Agreement is the legal, valid and binding obligation of Frontier, enforceable against Frontier in accordance with its terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.2 In consideration of the Introductory Assistance Credits and the Engine Warranties, Borrower and the Security Trustee each agrees that it shall not disassemble any of the Subject Engines for the purposes of selling parts of any such Subject Engine. If Borrower or the Security Trustee decides to sell, assign, transfer or otherwise dispose of any Subject Engines, Borrower or the Security Trustee, as applicable, shall ensure in any agreement with a third party (including a Permitted Transferee) for the sale, assignment, transfer or other disposal of any Subject Engine that such third party agrees not to disassemble such Subject Engine for the purpose of selling parts from such Subject Engine or for use in support of other Subject Engines and agrees that IAE is a third party beneficiary of such commitment by the third party.

5.3 Frontier, Borrower, and the Security Trustee hereby confirm that:

5.3.1 nothing in this Agreement, unless otherwise stated herein, shall modify in any way the contractual rights of IAE and Frontier with respect to the Engine Warranties or credits under the Engine Purchase Agreement or any other agreement executed between IAE and Frontier, or shall subject IAE to any obligation or liability with respect to the Engine Warranties or credits to which it would not otherwise be subject under the Engine Purchase Agreement or any other agreement executed between IAE and Frontier, or modify in any respect IAE's contractual rights with respect to the Engine Warranties or credits thereunder, except pursuant to the terms of this Agreement;

5.3.2 except as otherwise specifically stated herein or otherwise required by law, IAE shall incur no obligations, costs, expenses or liabilities whatsoever by reason of this Agreement, the Credit Agreement, or any of the transactions contemplated thereby; and

5.3.2 Frontier shall indemnify and hold harmless IAE from and against any and all costs, expenses, losses and liabilities (including any taxes or duties of any kind) imposed on, incurred by or asserted against IAE in any way relating to or arising out of this Agreement and which costs, expenses, losses and liabilities would not have been incurred but for IAE entering into this Agreement, except to the extent such costs, expenses, losses and liabilities are the result of the negligence, willful misconduct or bad faith by IAE.

5.4 Acknowledgment of Security Trustee. The Security Trustee hereby confirms to the Engine Manufacturer that in exercising any right it may have in this Agreement or the Engine Purchase Agreement with respect to the Engines, or in making any claim under the Engine Warranties or otherwise with respect to the Engines, the terms and conditions of this Agreement, the Engine Purchase Agreement and the Engine Warranties, including, without limitation, the terms and conditions contained therein, shall apply to and be binding upon the Security Trustee to the same extent as Frontier. The Engine Manufacturer hereby represents and warrants to the Security Trustee that the terms of the Engine Warranties provided herein are the same in all material respects to the warranties for the Subject Engines in the Engine Purchase Agreement.

6. Assignment. Neither this Agreement, nor any of the rights, benefits, duties, or obligations set forth in this Agreement or any related agreement may be assigned in whole or in part without the prior written consent of each of the Parties, which consent shall not be unreasonably delayed or withheld, and any attempted assignment in contravention of this restriction shall be null and void, except that (i) IAE may, without recourse, assign its rights and/or delegate its obligations under this Agreement to any of its affiliates or to any subsidiary or affiliate of Raytheon Technologies Corporation, or in connection with the merger, consolidation, reorganization or voluntary sale or transfer of its assets and (ii) with respect to any of the Subject Aircraft, the Security Trustee shall be entitled to assign or transfer, in whole or in part, with prior written notice to IAE, its rights under this Agreement (and/or the Engine Warranties) to a Permitted Transferee.

7. Confidentiality. This Agreement and its contents are confidential and, as such, shall not be disclosed by any party to this Agreement to any third party other than:

- (a) with the prior written consent of the Engine Manufacturer;
- (b) pursuant to any applicable law or in connection with any proceeding arising out of or in connection with the Security Agreement, provided however that the Security Trustee shall provide the Engine Manufacturer reasonable notice prior to disclosing this Agreement and allow the Engine Manufacturer the opportunity to seek protective orders;
- (c) to any successor, permitted assign or permitted transferee of such party, provided they agree in writing to not disclose this agreement without the prior written consent of the Engine Manufacturer;

(d) to Citibank, N.A., provided that Citibank agrees in writing to not disclose this Agreement without the prior written consent of the Engine Manufacturer; or

(e) to the legal advisers of such party, provided they agree in writing to not disclose this agreement without the prior written consent of the Engine Manufacturer.

8. Section References. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

9. Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

10. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

11. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

12. Submission to Jurisdiction. Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each party hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The parties agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

13. Entire Agreement. This Agreement supersedes any previous arrangements between the parties in relation to the matters set forth herein.

[This space intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond
Name: Howard Diamond
Title: General Counsel

INTERNATIONAL AERO ENGINES, LLC,
as Engine Manufacturer

By: /s/ Nicholas Tomassetti
Name: Nicholas Tomassetti
Title: Vice President, Americas
Customer Business

BANK OF UTAH, as Security Trustee

By: /s/ Kade Baird
Name: Kade Baird
Title: Assistant Vice President

By: _____
Name:
Title:

VERTICAL HORIZONS, LTD.

By: /s/ Evert Brunekreef
Name: Evert Brunekreef
Title: Director

Exhibit 1
Subject Aircraft

- 10-

ATTACHMENT A
ENGINE WARRANTIES

ATTACHMENT B

[***]

[***]

- 12-

[***] 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 10.9

**AMENDMENT NO. 1
DATED AS OF APRIL 18, 2022
TO THE
PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT
BY AND BETWEEN
INTERNATIONAL AERO ENGINES, LLC
AND
FRONTIER AIRLINES, INC.
DATED AS OF APRIL 13, 2020**

AMENDMENT NO. 1

THIS AMENDMENT NO. 1, dated as of **April 18, 2022** (this "Amendment No. 1"), amends that certain PW1100G-JM Engine Purchase and Support Agreement, dated as of April 13, 2020 (the "Agreement"), by and between International Aero Engines, LLC, a Delaware limited liability company which has an office located at 400 Main Street, East Hartford, Connecticut 06118, USA ("IAE"), and Frontier Airlines, Inc., a Delaware corporation which has an office located at 4545 Airport Way, Denver, Colorado, 80239, USA ("Frontier" and, together with IAE, collectively, the "Parties" and each, a "Party"). Capitalized terms used herein and not defined herein shall have the meanings set forth therefor in the Agreement.

WHEREAS:

Frontier has requested, and IAE has agreed to amend the Agreement to amend and restate the Delivery Schedule, including deferrals of the delivery of Firm Aircraft and Firm Spare Engines, add ten (10) Leased Aircraft, and add [***] Spare Engines, as more specifically set forth in this Amendment No. 1 below.

NOW THEREFORE:

In consideration of the terms and conditions and of the mutual covenants herein contained, IAE and Frontier hereby amend the Agreement as follows:

1. The recitals are amended and restated in their entirety as follows:

"Frontier has entered into a binding agreement with Airbus for the purchase of one hundred thirty-four (134) Firm Aircraft;

Frontier desires to lease ten (10) Leased Aircraft, and when such Leased Aircraft are leased they will reduce the permitted number of Leased Aircraft to be added in the future to this Agreement from twenty-six (26) to sixteen (16);

Frontier desires to purchase from IAE [***] Firm Spare Engines;

Frontier also has an option to purchase up to an additional [***] Option Spare Engines;

IAE desires to provide Engines, support and other assistance for the Engines installed on the Firm Aircraft, and sell to Frontier the Firm Spare Engines and, if elected by Frontier, the Option Spare Engines;

Frontier desires to have all off-wing engine maintenance services performed exclusively by IAE under the FMP (as set out in Appendix 5) both for the Engines installed on the Firm Aircraft, and for the Firm Spare Engines;

IAE is willing to become Frontier's exclusive maintenance provider for such Engines through the FMP; and

IAE and Frontier desire to express herein their complete understanding and agreement in connection with Frontier's selection of the Engines to power the Firm Aircraft, its purchase of the Firm Spare Engines, and its selection of the FMP for all off-wing Engine maintenance services for the Firm Spare Engines and the Engines that power the Firm Aircraft."

2. Section 3.6 is amended and restated in its entirety as follows:

"3.6 [***] Credit

In addition, to assist Frontier with [***], IAE will credit Frontier's account with IAE in the fixed amount of [***] (the "[***] Credit"). [***]. The [***] Credit may be used by Frontier to [***]. Notwithstanding the foregoing, Frontier may also use all or a portion of such [***] Credit towards [***]

3. The definition of "Firm Spare Engines" in Appendix 1 is amended and restated to read as follows:

"'Firm Spare Engines' means the [***] new firm-ordered spare engines identified in the Delivery Schedule as "Firm Spare Engines" to be delivered to Frontier in accordance with the Delivery Schedule and any of the Option Spare Engines when Frontier has notified IAE of its confirmation to purchase such Option Spare Engines in accordance with the definition of "Option Spare Engines."

4. Appendix 1 is amended to insert the following new definition in appropriate alphabetical order:

“‘Leased Aircraft’, individually or collectively, means the ten (10) new leased PW1100G-JM engine-powered A321neo fleet growth aircraft leased by Frontier from third parties and identified in the Delivery Schedule included in Appendix 2, which (i) are contemplated in the first paragraph of Section 13.3 of Appendix 5, (ii) are to be delivered to Frontier in accordance with the Delivery Schedule, and (iii) upon delivery to Frontier, the PW1133GA-JM engines installed thereon shall be considered FMP Engines for all purposes of the FMP.”

5. Appendix 2 of the Agreement is hereby deleted in its entirety and replaced with the new Appendix 2 provided as Attachment 1 to this Amendment No. 1.
6. The date in the first sentence of the second paragraph of Section 6.5 of Appendix 5 is deleted and replaced with [***].
7. Section 6.7.5(b) of Appendix 5 is amended and restated in its entirety as follows:

“b. [***]”

8. New Section 6.7.5(f) is hereby added to Appendix 5 as follows:

“f. [***]”

9. [***]

The terms and provisions and attachments contained in this Amendment No. 1 constitute the entire agreement between the Parties with respect to the matters herein described and supersede all prior understandings and agreements of the Parties with respect thereto. No amendment or modification of this Amendment No. 1 shall be binding upon either Party unless set forth in a written instrument executed by both Parties.

Capitalized terms used herein without definition shall have the respective meanings assigned to such terms in the Agreement. The Parties hereby agree and acknowledge that there has been full and adequate consideration for the mutual promises contained herein. The terms and conditions of the Agreement are incorporated herein by reference. Except as expressly amended hereby, all other terms and conditions of the Agreement shall remain unchanged and in full force and effect and are hereby ratified and confirmed in all respects.

This Amendment No. 1 is available for the Parties' consideration until [***]. If the foregoing is acceptable to Frontier, please indicate such acceptance by having an authorized official of Frontier sign in the designated space below and return via email to [***]. After acceptance by IAE, IAE will return an electronic copy of the fully executed Amendment No. 1 to Frontier. The Parties agree that facsimile, electronic, or PDF signatures will be deemed to be of the same force and effect as documents signed with a wet ink signature.

This Amendment No. 1 may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which when taken together shall constitute the same instrument.

Upon acceptance by IAE, as evidenced by execution of the signature block below, this document will become an enforceable amendment to the contract.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be duly executed as of the date first entered above and deem that it is executed in the State of Connecticut.

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel & Secretary

INTERNATIONAL AERO ENGINES, LLC

By: /s/ Nicholas Tomassetti

Name: Nicholas Tomassetti

Title: Vice President, Americas Customer Business

ATTACHMENT 1

“APPENDIX 2

PW1100G-JM ENGINE PURCHASE AND SUPPORT AGREEMENT

DELIVERY SCHEDULE*

ATTACHMENT 2

“ATTACHMENT 12

TO THE FLEET MANAGEMENT PROGRAM

[***]

[See following page]

This document does not contain any export regulated technical data.

CERTIFICATION

I, Barry L. Biffle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Frontier Group Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) [Omitted];
 - (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: July 27, 2022

/s/ Barry L. Biffle

Barry L. Biffle
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, James G. Dempsey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Frontier Group Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) [Omitted];
 - (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: July 27, 2022

/s/ James G. Dempsey

James G. Dempsey
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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

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

(1) The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 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: July 27, 2022

/s/ Barry L. Biffle

Barry L. Biffle

President and Chief Executive Officer

(Principal Executive Officer)

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

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

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 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: July 27, 2022

/s/ James G. Dempsey

James G. Dempsey

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)