



## NEWS

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# Frontier Airlines Receives Alternative Commitment for Debtor in Possession Financing

*Republic Airways, AQR Capital and Credit Suisse  
Commit up to \$75 million*

**DENVER (August 4, 2008)** – Frontier Airlines Holdings, Inc. today announced it is moving forward with an alternate transaction for post-petition debtor-in-possession (DIP) financing. Republic Airways Holdings, Inc., Credit Suisse Securities (through its affiliates), and AQR Capital (the “Lenders”), each a member of the Unsecured Creditors Committee in Frontier’s Chapter 11 Bankruptcy cases, are offering Frontier up to \$75 million in DIP financing, with an immediate firm commitment and funding of \$30 million. This new DIP facility provides Frontier with lower financing costs, less restrictive covenants and greater flexibility to pursue strategic opportunities without being constrained by more restrictive DIP provisions. The alternate DIP facility is subject to bankruptcy court approval and to various conditions.

The Lenders provided the Company with this improved DIP facility following Frontier’s successful efforts to significantly improve its liquidity. Over the past two weeks, Frontier announced the Perseus \$75 million DIP financing, up to \$80 million in additional liquidity through aircraft sales to VTB Leasing for onward lease to Rossiya Airlines and other aircraft sale leaseback transactions.

“The agreement by members of our Unsecured Creditors Committee to extend this financing commitment is a tremendous vote of confidence in our Company and its business plan,” said Sean Menke, Frontier President and Chief Executive Officer. “After a careful examination of this offer against the offer Perseus provided last week, we believe this new agreement offers immediate access to greater liquidity under more favorable terms.”

Upon court approval, the Lenders will provide immediate funding of \$30 million to support Frontier's working capital needs. The Lenders will consider funding an additional \$45 million subject to the terms and conditions of the DIP Credit Agreement.

The proposed DIP funding, coupled with Frontier's recent announcements of aircraft sales and sale leasebacks, is expected to substantially increase Frontier's cash position and provide sufficient working capital for the Company's operations, as well as significant staying power in the market. These announced liquidity initiatives allow the Company to continue to execute upon its business improvements, focusing on fleet deployment, cost savings and revenue enhancements. Frontier will continue to evaluate strategic opportunities in light of this new DIP facility and the anticipated significant improvement to Frontier's balance sheet.

Frontier and its subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code on April 10, 2008. More information about Frontier's Chapter 11 proceedings is available at [FrontierAirlines.com/restructure](http://FrontierAirlines.com/restructure). Court filings and claims information are available at [frontier-restructuring.com](http://frontier-restructuring.com). Frontier's principal bankruptcy counsel is Davis Polk & Wardwell.

#### **About Frontier Airlines Holdings, Inc.**

Frontier Airlines Holdings, Inc. is the parent company of Denver-based Frontier Airlines. Currently in its 15th year of operations, Frontier Airlines is the second-largest jet service carrier at Denver International Airport, employing more than 5,000 aviation professionals. Frontier Airlines' mainline operation has 60 aircraft with one of the youngest Airbus fleets in North America. Frontier Airlines' mainline operations offer 24 channels of DIRECTV® service in every seatback along with a comfortable all-coach configuration. In conjunction with a fleet of ten Bombardier Q400 aircraft operated by Lynx Aviation (a subsidiary of Frontier Airlines Holdings, Inc.), Frontier offers routes to more than 50 destinations in the U.S., Mexico, Canada and Costa Rica. In November 2006, Frontier and AirTran announced a first-of-its-kind integrated marketing partnership that offers travelers the ability to reach more than 80 destinations across four countries with low fares aboard two of the youngest fleets in the industry. For more in-depth information on Frontier Airlines, please visit its Web site at [FrontierAirlines.com](http://FrontierAirlines.com).

#### **Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:**

Statements contained in this press release that are not historical facts may be forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties that could result in actual results differing materially from expected results and represent the Company's expectations and beliefs concerning future events based on information available to the Company as of the date of this press release. The Company undertakes no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this press release. Additional information regarding risk factors that may affect future performance at the Company are contained in the Company's SEC filings, including without limitation, the Company's Form 10-K for its fiscal year ended March 31, 2008.

SOURCE: Frontier Airlines Holdings, Inc.  
Web site: [FrontierAirlines.com](http://FrontierAirlines.com)

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