

**FRONTIER AIRLINES HOLDINGS, INC.
DIRECTOR AND OFFICER SEVERANCE PLAN**

I. INTRODUCTION

The purpose of this Frontier Airlines Holdings, Inc. Director and Officer Severance Plan (this “**Plan**”) is to provide senior employees of Frontier Airlines Holdings, Inc. and its affiliates (collectively the “**Company**”) with severance benefits in the event that they lose their employment under certain conditions. This Plan sets forth certain eligibility requirements as a condition for receipt of severance payments and benefits hereunder.

II. ELIGIBILITY

A. General Eligibility Requirements. An employee is eligible for payments and benefits under this Plan only if:

- the employee is classified according to the Company’s Human Resources records as an employee of Frontier Airlines Holdings, Inc. (“**Frontier**”), or any of its subsidiaries, occupying the position of Director (or its equivalent) or above;
- the employee’s employment with the Company is terminated pursuant to a Qualified Termination (as defined below);
- the employee waives all rights under any other severance arrangement to which the employee may be a party as of the effective date of this Plan, including, but not limited to, rights under any offer letter, if applicable; and
- prior to the receipt of any benefits under this Plan, the employee signs and delivers to the Company no later than 45 days following the date of his or her Qualified Termination and has not revoked a valid release of claims in the form provided by the Company (the “**Release of Claims**”).

B. Qualified Termination. An employee’s termination of employment will be deemed a “**Qualified Termination**” under this Plan only if:

- prior to the occurrence of a Change in Control (as defined in Attachment A to this Plan), his or her employment is terminated by the Company other than for Cause (as defined below); or
- following the occurrence of a Change in Control,
 - his or her employment is terminated by the Company other than for Cause, or

- he or she terminates employment for Good Reason (as defined below).

“Cause” means the employee’s:

- refusal to obey written directions of the Company (or, in the case of the Chief Executive Officer, the written or oral directions of the Company’s Board of Directors) (so long as the directions do not involve illegal acts), or
- violation of the Company’s Drug and Alcohol Policy, as set forth in the Company’s Employee Handbook and Policy Guide; or
- fraud or dishonesty that injures the Company; or
- conviction or guilty plea in respect of any felony crime (whether in connection with the Company’s affairs or otherwise) or misdemeanor crime (in connection with the Company’s affairs); or
- misrepresentation of a fact or omission of a material fact, concerning the employee’s professional qualifications or experience, the termination of any prior employment, or any litigation proceedings commenced against or by the employee involving actual or alleged illegal behavior, whether made in the employee’s resume or in other written materials.

“Good Reason” means the occurrence of any of the following without the employee’s consent:

- a material reduction in the employee’s base salary (other than pursuant to a reduction by a uniform percentage of the salary of all similarly situated employees of (a) the Company or (b) in the case of an acquisition, the Company’s acquiror);
- a material diminution of the employee’s duties, responsibilities or authority;
or
- a relocation of more than 50 miles from the employee’s office location in effect immediately prior to the Change in Control;

provided, however, that, in each case, the employee provides the Company with written notice of his or her intent to terminate his employment for Good Reason within 60 days of becoming aware of any circumstances set forth above and, in the case of either of the first two triggering events set forth above, that the employee provides the Company with at least 30 days following receipt of such notice to remedy such circumstances.

III. AMOUNT AND TIMING OF SEVERANCE PAY AND SEVERANCE BENEFITS

A. Amount of Severance Pay. In the event of a Qualified Termination, an employee will be eligible for severance pay (“**Severance Pay**”) in the amount set forth below (as applicable):

- for any employee whose position is identified as a “Group A” position on Attachment B to this Plan (any such employee, a “**Group A Employee**”), Severance Pay shall be in the amount of \$144,180;
- for any employee whose position is identified as a “Group B” position on Attachment B to this Plan (any such employee, a “**Group B Employee**”), Severance Pay shall be in an amount equal to nine Months’ of Base Salary (as defined below), *provided, however, that* in no event shall a Group B Employee’s Severance Pay exceed \$144,180;
- for any employee whose position is identified as a “Group C” position on Attachment B to this Plan (any such employee, a “**Group C Employee**”), Severance Pay shall be in an amount equal to six Months’ of Base Salary (as defined below), *provided, however, that* in no event shall a Group C Employee’s Severance Pay exceed \$144,180.

“**Base Salary**” with respect to any employee means the employee’s annualized base salary rate as of the date of his or her termination of employment, or, if higher, the employee’s annualized base salary rate as in effect on April 30, 2008.

A “**Month of Base Salary**” means the employee’s Base Salary divided by 12.

The employee’s entitlement to Severance Pay will be subject to the satisfaction of the conditions set forth in Section II above and his or her continuing compliance with the terms of his or her Release of Claims and the off-set, confidentiality and non-solicitation provisions set forth in Sections III.E., III.F. and III.G. below, respectively. In addition, Severance Pay will be off-set by any payments required to be made pursuant to The Workers Adjustment and Retraining Notification Act and any applicable state law equivalent. For the avoidance of doubt, Severance Pay will not be off-set by any amounts that relate to the employee’s earned but unpaid salary or accrued but unused vacation time as of the date of the employee’s termination of employment, which amounts will be paid in a manner consistent with the Company’s regular practice.

B. Timing of Severance Pay. Payment of an employee’s Severance Pay will commence as soon as administratively feasible following the employee’s Qualified Termination (such date of commencement, the “**Commencement Date**”) but will not be paid prior to the expiration of any applicable review and revocation period provided for in the Release of Claims. Severance Pay shall be

payable in ratable installments over the Severance Period (as defined below) in accordance with the employee's regular payroll cycle and shall be subject to all applicable tax and other withholding.

C. COBRA Assistance. In the event of a Qualified Termination, an employee will be eligible to receive COBRA assistance as described below.

Employees who have a separation from employment are offered the right to continue applicable medical, dental and vision coverage in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). For a period not to exceed the Severance Period, as further described below, the Company will pay a portion of the premiums for medical, dental and/or vision COBRA coverage elected by the employee or his eligible dependents. The Company's portion of the COBRA premiums will equal the difference between the full cost of the COBRA premiums *minus* an amount equal to the employee's contribution toward his or her medical, dental and/or vision coverage (as applicable depending on the employee's elections) at any time applicable to active employees in a similar position. The COBRA statute, COBRA regulations and COBRA provisions of the Company's medical, dental and vision plans will, in all cases, govern whether an employee or his dependents are eligible for COBRA coverage and accordingly whether such employee or dependent will receive any assistance by the Company with the payment of COBRA premiums in accordance with this Plan. If the employee and/or dependent fail to meet these requirements, such employee and/or dependent will *not* be eligible for COBRA continuation coverage with or without the Company's assistance.

"Severance Period" means a period that starts with the Commencement Date and ends:

- for Group A Employees, 12 months following the Commencement Date;
- for Group B Employees, nine months following the Commencement Date;
- for Group C Employees, six months following the Commencement Date.

The Company's payment of the Company assistance portion of the COBRA premiums under this Plan will expire on the earliest of:

- the end of the Severance Period;
- the date the employee becomes eligible to receive from another employer or otherwise obtains replacement medical, dental and/or vision coverage (as applicable); *provided, however, that* in the case of a Group A Employee, this provision shall only apply beginning on the ninth week of the Severance Period; or

- the date the employee's or dependents' eligibility for COBRA coverage ceases as provided under COBRA and the terms of the Company's medical, dental and vision plans (as applicable).

The employee's entitlement to the Company assistance portion of the COBRA premiums will be subject to the satisfaction of the conditions set forth in Section II above and the employee's continuing compliance with the terms of his or her Release of Claims.

D. Travel Privileges In the event of a Qualified Termination, an employee will be eligible to receive certain travel privileges as described below.

During the Severance Period, an employee will be eligible for continued travel privileges under the Company's travel policy as in effect for active employees of equivalent seniority and position during such period. Notwithstanding anything in this Plan, all travel privileges shall be governed by all applicable rules and procedures which are generally applicable at the time the travel privileges are used.

The employee's entitlement to travel privileges under this Plan during the Severance Period will be subject to the satisfaction of the conditions set forth in Section II above and the employee's continuing compliance with the terms of his or her Release of Claims.

E. Off-Set. The receipt of any Severance Pay to which an employee may become entitled under this Plan is subject to off-set by the Company in the amount of the employee's gross compensation from a subsequent employer (but cannot be less than zero); *provided, however, that* with respect to Severance Pay paid to a Group A Employee (and in recognition of the lower number of months of severance afforded them under this Plan), such off-set shall begin in the ninth week of the Severance Period. The employee must immediately notify the Company (in a form acceptable to the Company) of a change in his or her employment status following termination of the employee's employment with the Company and include in such notification (or subsequent notification thereto, if applicable) the employee's gross compensation with respect to such employment (and any subsequent change thereto, if applicable).

F. Confidentiality. The receipt of any Severance Pay to which an employee may become entitled under this Plan is subject to the employee's agreement to not, unless otherwise required by law, on behalf of the employee or on behalf of any other person or entity, directly or indirectly, divulge, communicate or in any way make use of any confidential or proprietary information acquired in the performance of the employee's services for the Company, without the prior written consent of the Company.

G. Non-Solicitation. The receipt of any Severance Pay to which an employee may become entitled under this Plan is subject to the employee's

agreement to not, on behalf of the employee or on behalf of any other person or entity, directly or indirectly, during the Severance Period without the prior written consent of the Company, hire, employ, solicit for employment, or participate in the solicitation of any person who is or was employed by the Company at any time within one year prior to the time of the act of such hiring, employment or solicitation (such person, a “**Covered Employee**”); *provided, however, that* general solicitation through advertisement or search firms shall not violate this provision so long as no Covered Employee is hired or employed as a result of such general solicitation.

IV. SECTION 409A OF THE INTERNAL REVENUE CODE

To the extent necessary to avoid the imposition of taxes, interests and penalties under Section 409A of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (together, “**Section 409A**”), notwithstanding any other provision of this Plan, any payment to which an employee is eligible under this Plan shall be adjusted or delayed in such manner as to avoid the imposition of taxes, interests and penalties under Section 409A and maintain the intent of this Plan to the maximum extent possible.

V. PLAN AMENDMENT

The Company reserves the right to amend or terminate this Plan at any time; *provided, however, that*:

- no such amendment or termination may adversely affect the payments or benefits provided hereunder for any employee who has met all of the conditions for the receipt of payments hereunder; and
- while the Company remains a debtor under the protection of the U.S. Bankruptcy Court, the Company will amend this Plan to enhance payments hereunder only upon further order of the U.S. Bankruptcy Court.

Any oral statements or representations made by the Company or any other individual or entity that alter, modify, amend, or are inconsistent with the written terms of this Plan shall be invalid and unenforceable and may not be relied upon by any employee or other individual or entity.

VI. SUCCESSORS AND ASSIGNS

This Plan shall be binding upon the Company’s successors and assigns.

VII. GOVERNING LAW

This Plan is governed by the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), but it is intended to qualify as a plan maintained for the purpose of providing benefits to a select group of management or highly compensated employees. As such, it is exempt from certain provisions of ERISA

pursuant to ERISA Sections 201(2), 301(a)(3), 401(a)(1) and 4021(b) and applicable regulations (including Department of Labor Regulation 2520.104-23).

VIII. PLAN ADMINISTRATION

Attachment C contains further provisions regarding Plan administration, interpretation and claims appeal procedures and shall be considered a part of this Plan as if contained herein.