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REPUBLIC AIRWAYS
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HOLDINGS

March 4, 2009

Frontier Airlines, Inc.
7001 Tower Road
Denver, CO 80249

Attention: Sean Menke, President and Chief Executive Officer
Ted Christie, Chief Financial Officer

Republic/Frontier Term Sheet For Allowance of
Republic Claims and Extension of DIP Loan

You have advised us that Frontier Airlines Holdings, Inc., a Delaware Corporation ("Frontier Holdings"), Frontier Airlines, Inc., a Colorado corporation ("Frontier Airlines") and Lynx Aviation, Inc., a Colorado corporation ("Lynx" and together with Frontier Holdings and Frontier Airlines, the "Borrowers"), each a debtor and debtor-in-possession pursuant to the Cases, desire to enter into a new \$40,000,000 senior secured super-priority debtor in possession credit facility (the "New DIP Facility") to replace its existing Senior Secured Debtor in Possession Credit Agreement dated August 4, 2008 (the "Existing DIP Facility").

Republic Airways Holdings, Inc. ("Republic Airways") is pleased to advise you of its commitment to provide 100% of the New DIP Facility subject to the terms and conditions set forth herein and in Annex A hereto. The New DIP Facility shall replace, amend or amend and restate the Existing DIP Facility. The New DIP Facility shall be on terms identical to those set forth in the Existing DIP Facility, subject to the modifications set forth in Exhibit A hereto.

It shall be a condition to Republic Airways' commitment hereunder that Republic Airlines, Inc.'s ("Republic Airlines") proofs of claim (Claim Nos. 1373 and 1374) shall be allowed in the amount of \$150,000,000 as general unsecured claims against Frontier Airlines and Frontier Holdings, respectively, without setoff, counterclaim, reclassification, subordination or reduction of any nature whatsoever, and any all counterclaims or defenses of the debtors or the estates shall be released and waived (such claims, as allowed, the "Allowed Claims"); *provided* that Republic Airlines agrees that its damages equal \$150,000,000 in the aggregate and therefore it shall not be entitled to recover greater than \$150,000,000 of value on account of the Allowed Claims. Except for the Allowed Claims, none of Republic Airlines nor any of its affiliates shall have any claim or cause of action of any kind against any of the Debtors or their estates arising out of or relating to the Airline Services Agreement dated as of January 11, 2007 or any related agreement.

Republic Airways' commitment hereunder is conditioned upon (i) negotiation, execution and delivery of the New DIP Facility reflecting the terms set forth herein and in Exhibit A hereto and otherwise satisfactory in form and substance to Republic Airways; (ii) the absence of any Default or Event of Default under the New DIP Facility; and (iii) entry of a order by Bankruptcy Court in form and substance satisfactory to Republic Airways approving (a) the New DIP Facility and (b) the Allowed Claims as described in the third paragraph above.


Frontier and Republic Airways agree to use commercially reasonable efforts to obtain Bankruptcy Court approval of the New DIP Facility and the Allowed Claims as soon as possible

subject to and consistent with the Bankruptcy Rules and the Bankruptcy Court's calendar. The New DIP Facility and the allowance of Allowed Claims are non-severable and contingent upon each other. The New DIP Facility shall contain customary bankruptcy provisions, including that the reversal, amendment, stay, vacatur or other modification of the order approving the New DIP Facility and the Allowed Claims shall constitute an Event of Default.

This Letter shall be governed by, and construed in accordance with, the law of the State of New York. This Letter sets forth the entire agreement between the parties with respect to the matters addressed herein and supersedes all prior communications, written or oral, with respect hereto. This Letter may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original and all of which, taken together, shall constitute one and the same Letter. Delivery of an executed counterpart of a signature page to this Letter by telecopier shall be as effective as delivery of a manually executed counterpart of this Letter.


Very truly yours,

REPUBLIC AIRWAYS HOLDINGS, INC.


By: 
Name: Robert H. Cooper
Title: EVP & CFO

ACCEPTED AND AGREED:

FRONTIER AIRLINES, INC.

By: 
Name: EDUARDO CHRISTIE
Title: SVP & CFO

FRONTIER AIRLINES HOLDINGS,
INC.

By: 
Name: EDUARDO CHRISTIE
Title: SVP & CFO

LYNX AVIATION, INC.

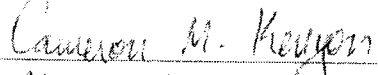
By: 
Name: CAMERON M. KENYON
Title: PRESIDENT + CEO

Exhibit A
Summary of Modifications to Existing DIP Facility¹

Administrative Agent and Collateral Agent:	Wells Fargo Bank Northwest, National Association.
DIP Lenders:	Republic Airways.
Loan Amount:	\$40,000,000
Closing Date:	On or around March 20, 2009, but not later than April 1, 2009.
Maturity:	The earlier of (i) the effective date of a chapter 11 plan of reorganization in the Cases and (ii) December 1, 2009.
Voluntary Prepayment:	At any time at the option of the Borrowers without premium or penalty.
Mandatory Prepayment:	<p>Mandatory prepayment percentages upon the sales or other dispositions of Subject Assets and other assets in Sections 1.2(b)(iii) and (b)(iv) will be increased to 75%.</p> <p>Delete the exclusion of 8 A319 aircraft from the mandatory prepayment requirement in Section 1.2(b)(iii) of the Existing DIP Facility.</p>
Commitment Fee:	\$1,000,000
Interest:	Interest to accrue and be payable (as either Cash Interest at 13% or PIK Interest at 15%) quarterly.
Affirmative Covenants:	Sections 5.10 (Labor Contracts), 5.17 (Fuel Hedging) and 5.18 (Liquidity Initiatives) shall be deleted.
Negative Covenants:	<p>Permit the Borrowers to sell or otherwise dispose of up to four A318 aircraft to Q Aviation and to retain up to \$1.2 million in proceeds thereof (including any termination fee or the like paid in connection therewith).</p> <p>Following the disposition of one or more A318 aircraft above, permit the Borrowers to enter into operating leases for up to an equal number of additional A320 aircraft.</p> <p>Permit the Borrowers to acquire up to 3 Q400 aircraft from Bombardier (and enter into related purchase money financing of such acquisition).</p> <p>Permit the sale/leaseback of Q400 engines, subject to applying 50% of the Net Cash Proceeds of such sale/leaseback to prepay outstanding Loans.</p> <p>Section 6.7(i) of the Existing DIP Facility shall be modified to increase the basket set forth therein to \$3.5 million and to permit liens on cash deposits permitted thereunder to secure any obligation permitted to be incurred under the New DIP Facility.</p>

¹ Capitalized terms used and not otherwise defined herein shall have the meaning specified in the Existing DIP Facility.

Permit the cash collateralization of up to \$12 million in letters of credit issued under, and the repayment in full of the principal amount of loans outstanding under, the Credit Agreement dated as of March 31, 2005 between Frontier Airlines, the Lenders party thereto and West LB, AG, New York Branch (together with accrued and unpaid interest and fees), resulting in the release of existing liens thereunder.

- Financial Covenants:** To be extended through the Maturity Date at levels to be agreed.
- The "Contingency Budget" amount in Part (b) of Annex E shall be increased to \$20 million.
- Carve-Out** The reference to \$18 million in the definition of "Carve-Out" shall be changed to \$13 million.
- Assignments:** All assignments shall be subject to the consent of the Borrower, not to be unreasonably withheld or delayed.
- Miscellaneous:** All references to Stage II Availability shall be removed (and conforming changes made).
- Definition of "Projections" shall be revised to refer to updated projections to be delivered prior to the Closing Date.
- Conditions:** Payment to Republic Airways of (i) the fee referred to above, (ii) PIK Interest accrued through the Closing Date and (iii) Republic Airway's fees and expenses pursuant to Section 13.3 of the DIP Loan Agreement in an amount not to exceed \$125,000, provided that the transaction closes substantially on the terms set forth herein.
- Republic Airways to be granted first priority security interest in spare parts and any other assets that may not be subject to the DIP Lenders' liens due to restrictive covenants that are no longer applicable (e.g. Restructuring of West LB Facility).
- Representations set forth in the New DIP Facility shall be true and correct as of the Closing Date, subject to limited exceptions to be agreed.
- The other conditions precedent set forth in the term sheet to which this Summary of Modifications is attached.