



## NEWS

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**Contact**  
Corporate Communications  
Frontier Airlines  
720-374-4560  
[media@flyfrontier.com](mailto:media@flyfrontier.com)

**Frontier Airlines, Inc.**  
Frontier Center One  
7001 Tower Road  
Denver, CO 80249  
P 720.374.4200 F 720.374.4375  
[frontierairlines.com](http://frontierairlines.com)

# Frontier Airlines Receives Commitment for \$75 Million in DIP Financing from Affiliate of Perseus LLC

## *Perseus Also Agrees To Serve As Equity Sponsor for Frontier's Emergence from Bankruptcy*

**DENVER (July 25, 2008)** – Frontier Airlines Holdings, Inc. today announced it has received a \$75 million commitment in post-petition debtor-in-possession (DIP) financing from Perseus LLC, a private investment firm based in Washington, D.C. with offices in Evergreen, Colorado, New York and Munich. Perseus has also agreed to serve as equity sponsor for Frontier's plan of reorganization, allowing Perseus to purchase 79.9% of the equity in the reorganized company for \$100 million. The DIP facility and plan sponsorship are subject to bankruptcy court approval and to various conditions.

"Today's announcement is a major boost to Frontier and builds momentum toward its emergence from bankruptcy as a viable enterprise. The \$75 million commitment in DIP financing from Perseus is a significant vote of confidence in the employees of Frontier, our product and business plan," said Sean Menke, Frontier President and Chief Executive Officer. "Despite the current challenges facing the airline industry, these transactions help point the way towards Frontier's emergence from bankruptcy as a competitive, sustainable airline."

"We are enthusiastic about the opportunity to invest in the future of Frontier," said Brian Leitch, Senior Managing Director of Perseus. "We believe that Frontier has the highest-quality affordable coach product in the domestic airline industry. We are impressed by Frontier's excellent employees and friendly customer service, as well as the numerous product characteristics that distinguish Frontier from its competitors. Industry data supports our conclusion that when given a choice, the majority of coach travelers prefer Frontier over the competitive options. The airline industry is in a state of transition and some degree of turmoil. Although Frontier has been buffeted by recent fuel price increases and certain

other issues, we believe that Frontier has proven that it deserves a chance to succeed in this challenging market, and we are proud to help it do so.”

Leitch continued, “We have named our acquisition affiliate Go Flip Go, L.L.C, as a symbol of our desire to encourage and preserve Frontier’s unique cultural attributes. Of course, we also want to support Larry, Hector, Grizwald, Jack, Sally, the penguins and all the other Frontier animals.”

Frontier filed a motion today with the U.S. Bankruptcy Court for the Southern District of New York. Upon court approval, Perseus will provide funding under the proposed DIP credit facility in two installments to support the company’s working capital needs.

The proposed DIP funding, coupled with Frontier’s negotiations with partners to improve liquidity, reduce expenses, and preserve cash, is expected to provide sufficient working capital for the Company’s operations. The Company continues to work with its partners and employees to obtain additional liquidity, reduce expenses and enhance revenues.

“We are grateful that many of our key vendors and business partners, as well as all of our employees, have stepped up and made financial sacrifices to help provide Frontier with a lot of staying power,” Menke said. “Through a variety of transactions and business initiatives, we have improved our liquidity over a very short period of time. All of this support reaffirms the fundamental business changes we have been making since the beginning of the year. We continue to adjust capacity and realign our route network to leverage our brand strengths and market awareness during a period of severe industry turmoil.”

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 Perseus LLC**

Perseus LLC is a private equity fund management company headquartered in Washington, D.C., with offices in Evergreen, Colorado, New York and an affiliate office in Munich. Since its inception in 1995, Perseus has invested in numerous buyout and growth equity transactions in the United States, Canada, and Western Europe. Perseus manages seven investment funds with capital commitments exceeding \$2.0 billion.

#### **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 item 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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